SUPPLEMENT NO. 1 TO THE BASE PROSPECTUS DATED 29.10.2018

Up to EUR 45,000,000

Unsecured subordinated bonds program

This supplement no. 1 (the **Supplement**) is supplemental to, and must be read in conjunction with, the base prospectus dated 29 October 2018 (the **Prospectus**) prepared by AS LHV Group (an Estonian public limited company, registered in the Estonian Commercial Register under register code 11098261, having its registered address at Tartu mnt 2, 10145 Tallinn, Estonia; the **Company**) in connection with the public offering, listing and the admission to trading of the bonds issued by the Company on the Baltic Bond List of the Nasdaq Tallinn Stock Exchange.

The Supplement has been registered with the Estonian Financial Supervision Authority (the **EFSA**) under the registration number 4.3-4.9/2434, by a resolution of the Management Board of the EFSA dated 20 May 2019.

In connection with this Supplement, investors who have already agreed to purchase or subscribe for the Bonds before the Supplement is published, are entitled within a minimum of 2 business days after the publication of this Supplement, to withdraw their acceptances. Investors may therefore withdraw their acceptances by 24 May 2019. This withdrawal right will only apply to those investors who have agreed to purchase or subscribe the securities in accordance with the Final Terms issued under the Prospectus before the publication of this Supplement and for which the offering period has not yet lapsed or admission to trading on a regulated market has not been obtained as of the date of this Supplement.

This Supplement does not constitute an offer to sell or a solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The distribution of this Supplement and the offering or sale of the Bonds in certain jurisdictions is restricted by law. Persons into whose possession this Supplement or the Prospectus may come are required to inform themselves about and to observe such restrictions.

Investing into the Bonds involves risks. While every care has been taken to ensure that this Prospectus presents a fair and complete overview of the risks related to the Company, the operations of the Company and its subsidiaries (the Group) and to the Bonds, the value of any investment in the Bonds may be adversely affected by circumstances that are either not evident at the date hereof or not reflected in this Prospectus.

The date of this Supplement is 20 May 2019.

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1. SUPPLEMENTARY INFORMATION TO THE PROSPECTUS

1.1. Introduction

The purpose of preparing this Supplement is to:

- to include the audited consolidated financial statements of the Group for the financial year ended on 31 December 2018 to the Prospectus;
- to include the Group's interim financial results for the 3-month period ended on 31 March 2019 to the Prospectus;
- to update the Prospectus with information about other recent events of the Group;
- to provide the updated summary of the Prospectus which includes the new information disclosed in this Supplement.

With effect from the date of this Supplement, the information appearing in, or incorporated by reference into, the Prospectus shall be amended and/or supplemented in the manner described below. References to page numbers are to the pages of the Prospectus.

The Company accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Company (which has taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information. Since the publication of the Prospectus there have been no significant new factors, material mistakes or inaccuracies relating to the information contained in the Prospectus, save as disclosed in this Supplement.

Except where the context otherwise requires, terms defined in the Prospectus have the same meaning when used in this Supplement. Such defined terms can be found in Chapter 12 (Glossary) beginning on page 65 of the Prospectus. This Supplement should be read in conjunction with the Prospectus.

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1.2. Incorporation of 2018 Annual Report and Q1 2019 Report

On 19 February 2019, the Company published its consolidated audited annual report for the year ending 31 December 2018 (the **2018 Annual Report**). The 2018 Annual Report was approved by the General Meeting of Shareholders on 13 March 2019. On 16 April 2019, the Company published its unaudited consolidated statements for Group for the 3-month period ended 31 March 2019 (the **Q1 2019 Report**). The Q1 2019 Report has not been audited by an independent auditor.

By virtue of this Supplement, the 2018 Annual Report and Q1 2019 are incorporated to the Prospectus by reference and are added to the list of documents on display together with the Prospectus and the Supplement and are regarded as part of the Financial Statements and the Interim Financial Statements respectively.

The 2018 Annual Report and the Q1 2019 Report were published through the information system of the Nasdaq Tallinn Stock Exchange.

The 2018 Annual Report is available at:
https://www.nasdaqbaltic.com/market/upload/reports/lhv/2018_ar_en_eur_con_00.pdf.pdf.

The Q1 2019 Report is available at:
https://www.nasdaqbaltic.com/market/upload/reports/lhv/2019_q1_en_eur_con_00.pdf

1.3. Update of certain risk factors

The description of the Concentration risk in Chapter 3 "Risk factors", Section 3.2. "Business Risks" on pages 19-20 of the Prospectus is amended and restated, as set out below:

Concentration Risk. The operations of the Group are subject to concentration risk, which by essence is a risk arising from the overall spread of outstanding accounts over the number and variety of clients. If loans are heavily concentrated in certain economic sector, the Group is exposed to risks inherent to such economic sector. As at 31 December 2018, 27% of the credit portfolio of LHV Pank included loans granted in real estate sector, which is traditionally the field that receives the greatest financing from commercial banks. LHV Pank's real estate development portfolio is well-positioned should market trends change – financed developments are sited in good locations, meaningful share of pre-sales is demanded and the average loan to value ratio is around 50%. The real estate sector is followed by companies operating in the field of manufacturing (11% of corporate credit portfolio as at 31 December 2018) and companies pursuing financial services (11% corporate credit portfolio as at 31 December 2018). The concentration risk may have material adverse effect on the Group's operations, financial condition and results of operations.

The description of the Compliance and Regulatory Change risk in Chapter 3 "Risk factors", Section 3.3. "Political, Economic and Legal risks" on pages 24-26 of the Prospectus is updated and supplemented, as set out below:

In December 2018, Riigikogu (the Estonian Parliament) adopted an amendment to the law lowering the management fee thresholds of compulsory pension funds from current level of 2% to 1.2% and establishing further rules for reductions of management fees calculated on the volume of funds. The rules include (i) mandatory reduction of the management fee based on the total volume of mandatory pension funds under management through applying a minimum of 15% reduction on the management fee in case the total assets under management exceed EUR 100 million for each next asset value of EUR 100 million, but not more than to 0.4% of the fund volume and (ii) introduction of an option to apply success fee which is not subject to the mandatory reduction described above. In a longer perspective, the management fee for compulsory pension funds is intended to be decreased to the average level of European Economic Area or the Organisation for Economic Co-operation and Development (OECD) countries, i.e. to approximately 0.5-

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0.7%.[1] The decrease of fees relating to compulsory pension funds has a significant effect on the profitability and operations of LHV Varahaldus, as compulsory pension funds form the vast majority of funds managed by LHV Varahaldus. Further, considering that the management fees of funds managed by LHV Varahaldus are, in general, higher than the management fees of other funds of the same categories, the effect of lowering the fees is expected to affect the Group more than its competitors. Further, the political parties forming the new government of Estonia after the parliamentary elections in March 2019 that took office in April 2019, have politically agreed in the coalition agreement to change the Estonian mandatory pension funds system in a manner allowing fund investors to exit from the mandatory pension system before retirement upon request and to further reduce the administrative fees of pensions funds. According to the coalition agreement, the above legislative changes are aimed to be adopted by 1 January 2020. There is currently no further information available about the details of the legislative change however such change would have a significant effect on the profitability and operations of LHV Varahaldus.

1.4. Appointment of new auditor for the period 2020-2022

The statutory auditors' information in Chapter 1 "Introductory Information", Section 1.7 "Financial Information" on pages 7-8 of the Prospectus is supplemented with information, as set out below:

Due to the conclusion of the term of the auditing agreement with AS PricewaterhouseCoopers with finishing of auditing the 2019 Annual Report and with the aim to facilitate rotation of the auditors, a tender was organised for appointment of an auditor for the period 2020-2022 which was won by KPMG Baltic OÜ (registered address at Narva mnt 5, 10117, Tallinn, Estonia). On 13 March 2019, the General Meeting of the Company appointed KPMG Baltics OÜ as the auditor for the period 2020–2022. Subsequently, on 19 March 2019, KPMG Baltics OÜ was also appointed as auditor for the period 2020-2022 for the Group Companies. KPMG Baltics OÜ is a member of the Estonian Auditing Board.

1.5. Acquisition of loan portfolio of Versobank (in liquidation)

The significant investment information in Chapter 9 "Principal Markets and Activities", Section 9.5 "Investments on page 55 of the Prospectus is amended and restated, as set out below:

Significant Investments. On 19 December 2018, LHV Pank and Versobank AS (in liquidation) entered into an agreement for the acquisition of the loan portfolio of Versobank AS by LHV Pank. The acquisition was completed on 18 February 2019 for the purchase price of EUR 12.2 million paid as a lump sum. The loan portfolio was acquired as a business (in Estonian: *ettevõte*) and consisted of loan and collateral agreements and two employees related to the portfolio. The loan portfolio contained loans to Estonian companies in the amount of approximately EUR 10.4 million as well as loans to Estonian resident private customers in the amount of approximately EUR 2.8 million.

As at the date of the Supplement, the Group companies have not made any significant investments since 31 March 2019 nor have they made any firm commitments on significant future investments.

1.6. Change in Management Board of LHV Varahaldus

In February 2019, Mr Mihkel Oja, the current Chairman of the Management Board of LHV Varahaldus, informed LHV Varahaldus of his resignation from the position. Mr Mihkel Oja will continue to serve as the

[1] Explanations to the amendment proposal of Investment Funds Act and related acts, available at http://eelnoud.valitsus.ee/, dossier 18-0566.

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Chairman of the Management Board until appointment of the new management board member by the Supervisory Board of LHV Varahaldus.

1.7. Change in shareholding of the founders

The shareholding information of the founders of the Group in Chapter 7 “Corporate information, shares and share capital” Section 7.5. “No Controlling Shareholders” is amended and restated, as set out below:

Mr Rain Lõhmus and Mr Andres Viisemann hold, directly and indirectly through related parties, altogether approximately 34.68% of all the Shares, whereas approximately 24.90% of the Shares are held by Mr Rain Lõhmus and 9.78% by Mr Andres Viisemann.

1.8. Update of the summary of the Prospectus

The Summary of the Programme included in the Prospectus is updated in Appendix 1 to this Supplement.

1.9. Update on the Selected Financial Information

Chapter 10 “Selected Financial Information” on pages 57-62 of the Prospectus is amended and restated as set out below:

The following summary of the selected consolidated financial information of the Group should be read in conjunction with the Financial Statements and the Interim Financial Statements, including the auditors reports and notes thereto. The below tables present only certain selected audited consolidated financial data as of and for the years ended on 31 December 2016, 31 December 2017 and 31 December 2018 and certain selected unaudited interim consolidated financial data as of and for the periods ending on 31 March 2018 and 31 March 2019. The unaudited interim consolidated financial data as of and for the period ending on 31 March 2019 is based on the unaudited consolidated interim financial statements of the Group for the 3-month period ended 31 March 2019.

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1.9.1. Consolidated Statements of Comprehensive Income

(in thousands of euros)	2018	2017[1]	2016	3m 2019	3m 2018
	Audited	Audited	Audited	Unaudited	Unaudited
Interest income	45,622	35,494	35,160	12,913	10,886
Interest expense	-7,471	-5,133	-5,184	-1,968	-1,887
Net interest income	**38,151**	**30,361**	**29,976**	**10,945**	**8,999**
Fee and commission income	32,844	26,402	23,290	8,464	7,142
Fee and commission expense	-7,799	-5,413	-4,104	-2,239	-1,552
Net fee and commission income	**25,045**	**20,989**	**19,186**	**6,225**	**5,590**
Net gains/losses from financial assets measured at fair value	379	714	1,414	198	-72
Foreign exchange rate gains/losses	64	265	-105	-19	-15
Net gains from financial assets	**443**	**979**	**1,309**	**179**	**-87**
Other income	905	36	156	1	7
Other expense	-43	-182	-69	-25	-12
Staff costs	-15,756	-12,991	-12,976	-4,553	-3,746
Administrative and other operating expenses	-16,387	-14,407	-15,940	-4,553	-3,920
Profit before credit losses	**32,358**	**24,785**	**21,642**	**8,219**	**6,831**
Impairment losses on loans and advances	-4,879	-3,584	-1,480	-951	-882
Share of result of associates	0	0	1	0	0
Profit before income tax	**27,479**	**21,201**	**20,163**	**7,268**	**5,949**
Income tax expense	-3,614	-951	-270	-2,265	-1,938
Profit from discontinued operations	3,324	1,927	0	0	244
Profit for the reporting period:	**27,189**	**22,177**	**19,893**	**5,003**	**4,255**
Other comprehensive income/loss:					
Items that may be reclassified subsequently to profit or loss:					
Changes in the fair value of available-for-sale investments	0	76	-17	0	-106
Changes in the fair value of debt instruments measured at FVOCI[2]	-36	0	0	0	0
Items that will not be reclassified to profit or loss:					
Net gains on investments in equity instruments designated at FVOCI	78	0	0	0	0
Total profit and other comprehensive income for the reporting period:	**27,231**	**22,253**	**19,876**	**5,003**	**4,149**
Total profit of the reporting period attributable to:					
Owners of the parent	25,237	19,603	17,815	4,691	3,949
Non-controlling interest	1,952	2,574	2,078	312	306
Total profit for the reporting period:	**27,189**	**22,177**	**19,893**	**5,003**	**4,255**
Total profit and other comprehensive income attributable to:					
Owners of the parent	25,279	19,679	17,798	4,691	3,843
Non-controlling interest	1,952	2,574	2,078	312	306
Total profit and other comprehensive income for the reporting period:	**27,231**	**22,252**	**19,876**	**5,003**	**4,149**
Basic earnings per share (in euros)	0.97	0.77	0.72	0.18	0.15
Diluted earnings per share (in euros)	0.96	0.75	0.70	0.18	0.15
Basic earnings per share (in euros) from continuing operations	0.85	0.69	0.72	0.18	0.15
Diluted earnings per share (in euros) from continuing operations	0.83	0.68	0.70	0.18	0.15

Notes:
[1] Certain figures in the income statement for the financial year 2017 have been re-classified in comparison to the data included in the audited consolidated financial statements of the Group for the financial year ended on 31 December 2017, due to the sale of UAB "Mokilizingas", a subsidiary of LHV Pank, in May 2018.
[2] FVOVI = Assets to be measured subsequently at fair value through other comprehensive income.

1.9.2. Consolidated Statements of Financial Position

(in thousands of euros)	31.12.2018 Audited	31.12.2017 Audited	31.12.2016 Audited	31.03.2019 Unaudited
Assets				
Due from central bank	639,862	920,714	265,127	732,688
Due from credit institutions	25,791	26,312	33,300	25,570
Due from investment companies	17,005	14,186	8,073	6,520
Available-for-sale financial assets	0	775	799	298
Equity instruments at fair value through other comprehensive income	298	0	0	0
Financial assets at fair value through profit or loss	46,856	55,859	75,391	25,907
Loans and advances to customers	918,761	732,043	537,641	990,747
Receivables from customers	3,721	9,800	3,479	7,276
Other financial assets	2,936	2,289	941	2,970
Other assets	1,651	1,516	1,391	2,053
Tangible assets	1,135	1,421	1,191	5,173
Intangible assets	15,470	4,327	4,500	15,497
Goodwill	3,614	3,614	3,614	3,614
Total assets	**1,677,100**	**1,772,856**	**935,447**	**1,818,313**
Liabilities				
Deposits from customers and loans received	1,443,782	1,542,929	777,581	1,588,641
Financial liabilities at fair value through profit or loss	11	2	209	34
Accounts payable and other liabilities	24,644	71,070	19,031	22,291
Subordinated debt	50,900	30,900	30,900	50,900
Total liabilities	**1,519,337**	**1,644,901**	**827,721**	**1,661,866**
Owner’s equity				
Share capital	26,016	25,767	25,356	26,016
Share premium	46,653	46,304	45,892	46,653
Statutory reserve capital	3,451	2,471	1,580	4,713
Other reserves	2,090	1,449	1,244	2,357
Retained earnings/ accumulated deficit	75,430	44,071	28,335	73,396
Total equity attributable to owners of the parent	**153,640**	**120,062**	**102,407**	**153,213**
Non-controlling interest	4,123	7,893	5,319	3,234
Total equity	**157,763**	**127,955**	**107,726**	**156,447**
Total liabilities and equity	**1,677,100**	**1,772,856**	**935,447**	**1,818,313**

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1.9.3. Consolidated Statements of Cash Flows

(in thousands of euros)	**2018** Audited	**2017[1]** Audited	**2016** Audited	**3m 2019** Unaudited	**3m 2018** Unaudited
Cash flows from operating activities					
Interest received	45,007	34,215	34,731	12,844	9,662
Interest paid	-6,781	-4,496	-5,354	-1,821	-737
Fees and commissions received	32,844	26,400	23,291	8,463	7,142
Fees and commissions paid	-7,799	5,412	-4,105	-2,239	-1,552
Other income received	891	-133	86	-98	7
Staff costs paid	-14,647	-11,861	-12,956	-4,095	-3,249
Administrative and other operating expenses paid	-13,415	--13,107	-14,898	-3,494	-3,233
Income tax	-3,070	-951	0	-2,265	-1,938
Cash flows from operating activities before change in operating assets and liabilities	**33,030**	**24,655**	**20,795**	**7,295**	**6,102**
Net increase/(decrease) in operating assets:					
Net increase/(decrease) in financial assets held for trading at fair value through profit or loss / Net acquisition/disposal of trading portfolio	0	278	-287	45	-18
Net increase/(decrease) in financial assets at fair value through profit or loss	-115	0	0	0	0
Loans and advances to customers	-199,259	-190,320	-129,439	-76,383	-36,816
Mandatory reserve at central bank	1,094	-7,639	-1,598	-1,385	-1,834
Security deposits	-647	-1,348	-1	-34	53
Other assets	-597	177	-546	-425	-499
Net increase/(decrease) in operating liabilities:					
Demand deposits of customers	-105,458	785,454	191,312	118,615	188,933
Term deposits of customers	-9,316	-25,052	-31,506	26,131	-508
Loans received	16,250	6,000	0	0	0
Repayments of loans received	-722	-779	-14,731	0	0
Financial liabilities held for trading at fair value through profit and/or loss	8	-207	120	23	373
Other liabilities	-38,413	45,217	-918	-1,686	-44,108
Discontinued operations	-121	-5,330	0	0	-514
Net cash generated from/(used in) operating activities	**-304,415**	**631,106**	**33,201**	**72,196**	**111,164**
Cash flows from investing activities					
Purchase of tangible and intangible assets	-3,450	-1,368	-1,603	-5,049	-572
Disposal of subsidiaries, net of cash disposed	5,046	0	0	0	0
Proceeds from sale of tangible and intangible assets	0	0	10	0	0
Acquisition of subsidiaries, net of cash acquired	0	0	-9,902	0	0
Proceeds from disposal and redemption of investment securities available at fair value through other comprehensive income	520	100	3,608	0	-106
Net changes of investment securities / investments at fair value through profit or loss	9,473	19,962	35,292	20,270	-523
Net cash flow from/(used in) investing activities	**11,589**	**18,694**	**27,405**	**15,221**	**-1,201**
Cash flows from financing activities					
Paid in share capital (incl. share premium)	598	823	13,900	0	0
Paid dividends	-5,295	-3,804	0	-6,664	-1,172
Subordinated loans received	20,000	0	0	0	0
Net cash from financing activities	**15,303**	**-2,981**	**13,900**	**-6,664**	**-1,172**
Effect of exchange rate changes on cash and cash equivalents	**64**	**254**	**-105**	**-19**	**-15**
Net increase/(decrease) in cash and cash equivalents	**-277,459**	**647,073**	**74,401**	**80,734**	**108,776**

Cash and cash equivalents at the beginning of the period	945,837	298,764	224,363	668,378	945,837
Cash and cash equivalents at the end of the period	**668,378**	**945,837**	**298,764**	**749,112**	**1,054,613**

Notes:
[1] Certain figures in the cash flow statement for the financial year of 2017 have been re-classified in comparison to the data included in the audited consolidated financial statements of the Group for the financial year ended on 31 December 2017, due to the sale of UAB "Mokilizingas", a subsidiary of LHV Pank, in May 2018.

1.9.4. Consolidated Statements of Changes in Equity

Consolidated Statements of Changes in Equity (Audited)

(in thousands of euros)	Share capital	Share premium	Statutory reserve capital	Other reserves	Retained earnings	**Total**	Non-controlling interest	**Total equity**
Balance as at 01.01.2016	**23,356**	**33,992**	**895**	**551**	**11,205**	**69,999**	**3,241**	**73,240**
Paid in share capital	2,000	11,900	0	0	0	13,900	0	**13,900**
Transfer to statutory reserve capital	0	0	685	0	-685	0	0	**0**
Share options	0	0	0	710	0	710	0	**710**
Profit for the year	*0*	*0*	*0*	*0*	*17,815*	*17,815*	*2,078*	***19,893***
Other comprehensive loss	*0*	*0*	*0*	*-17*	*0*	*-17*	*0*	***-17***
Total profit and other comprehensive income for 2016	0	0	0	-17	17,815	17,798	2,078	19,876
Balance as at 31.12.2016	**25,356**	**45,892**	**1,580**	**1,244**	**28,335**	**102,407**	**5,319**	**107,726**
Balance as at 01.01.2017	**25,356**	**45,892**	**1,580**	**1,244**	**28,335**	**102,407**	**5,319**	**107,726**
Paid in share capital	411	412	0	0	0	823	0	**823**
Transfer to statutory reserve capital	0	0	891	0	-891	0	0	**0**
Dividends paid	0	0	0	0	-3,804	-3,804	0	**-3,804**
Share options	0	0	0	129	828	957	0	**957**
Profit for the year	*0*	*0*	*0*	*0*	*19,603*	*19,603*	*2,574*	***22,177***
Other comprehensive loss	*0*	*0*	*0*	*76*	*0*	*76*	*0*	***76***
Total profit and other comprehensive income for 2017	0	0	0	76	19,603	19,679	2,574	22,253
Balance as at 31.12.2017	**25,767**	**46,304**	**2,471**	**1,449**	**44,071**	**120,062**	**7,893**	**127,955**
Changes in initial application of IFRS 15[1]	0	0	0	0	10,617	10,617	0	10,617
Balance as at 01.01.2018	**25,767**	**46,304**	**24,71**	**1,449**	**54,688**	**130,679**	**7,893**	**138,572**
Paid in share capital	249	349	0	0	0	598	0	598
Disposal of subsidiary	0	0	0	0	0	0	-4,550	-4,550
Transfer to statutory reserve capital	0	0	980	0	-980	0	0	0
Dividends paid	0	0	0	0	-4,123	-4,123	-1,172	-5,295
Share options	0	0	0	599	608	1207	0	1207
Profit for the year	*0*	*0*	*0*	*0*	*25,237*	*25,237*	*1,952*	*27,189*
including changes on initial application of IFRS 9 (Note 2.1(a))	0	0	0	0	-731	-731	-18	749
Other comprehensive loss	0	0	0	42	0	42	0	42
Total profit and other comprehensive income for 2018	*0*	*0*	*0*	*42*	*25,237*	*25,279*	*1,952*	*27,231*
Balance as at 31.12.2018	**26,016**	**46,653**	**3,451**	**2,090**	**75,430**	**153,640**	**4,123**	**157,763**

Notes:
[1] Further information regarding the impact of initial application of IFRS 15 is provided in Note 2.1(a) of the 2018 Annual Report.

Condensed Consolidated Interim Statements of Changes in Equity (Unaudited)

(in thousands of euros)	Share capital	Share premium	Statutory reserve capital	Other reserves	Accumulated deficit/ retained earnings	**Total**	Non-controlling interest	**Total equity**
Balance as at 01.01.2018	**25,767**	**46,304**	**2,471**	**1,449**	**44,071**	**120,062**	**7,893**	**127,955**
Changes in accounting policies	0	0	0	0	10,617	10,617	0	**10,617**
Disposal of subsidiary	0	0	0	0	0	0	-4,550	**-4,550**
Transfer to statutory reserve capital	0	0	980	0	-980	0	0	**0**
Paid in share capital	249	349	0	0	0	598	0	**598**
Dividends paid	0	0	0	0	-4,123	-4,123	-1172	**-5,295**
Share options	0	0	0	599	608	1,207	0	**1,207**
Profit for the year	*0*	*0*	*0*	*0*	*25,237*	*25,237*	*1,952*	**27,189**
Other comprehensive loss	*0*	*0*	*0*	*42*	*0*	*42*	*0*	**42**
Total profit and other comprehensive income for the reporting period	0	0	0	42	25,237	25,279	1,952	**27,231**
Balance as at 31.12.2018	**26,016**	**46,653**	**3,451**	**2,090**	**75,430**	**153,640**	**4,123**	**157,763**

(in thousands of euros)	Share capital	Share premium	Statutory reserve capital	Other reserves	Accumulated deficit/ retained earnings	Total	Non-controlling interest	**Total equity**
Balance as at 01.01.2019	**26,016**	**46,653**	**3,451**	**2,090**	**75,430**	**153,640**	**4,123**	**157,763**
Transfer to statutory reserve capital	0	0	1,262	0	-1,262	0	0	**0**
Dividends paid	0	0	0	0	-5,463	-5,463	-1,201	**-6,664**
Share options	0	0	0	345	0	345	0	**345**
Profit for the year	*0*	*0*	*0*	*0*	*4,691*	*4,691*	*312*	**5,003**
Other comprehensive loss	*0*	*0*	*0*	*0*	*0*	*0*	*0*	**0**
Total profit and other comprehensive income for the reporting period	0	0	0	0	4,691	4,691	312	**5,003**
Balance as at 31.03.2019	**26,016**	**46,653**	**4,713**	**2,435**	**73,396**	**153,213**	**3,234**	**156,447**

1.9.5. Key Ratios and Indicators

In the opinion of the Management, the below key ratios and indicators are the most appropriate ratios and indicators, considering the markets where the Group companies operate. These ratios and indicators enable adequate evaluation of the profitability of the operations of the Group, considering the business volumes of the Group companies. The Management has decided to publish additional key ratios and indicators in comparison to the information included in the Prospectus to enable better understanding of the risks related to the Group companies: (i) key regulatory ratios as reported to the competent authorities and calculated in accordance with the CRR and CRDIV and other legislative acts (Core Tier 1 CAD%, Tier 1 CAD %, CAD %, MREL %, Leverage ratio, LCR %, NSFR %) and (ii) ratios selected by Nasdaq Tallinn Stock Exchange as basis for evaluating issuers in terms of disclosure and investor relations.

(in millions of euros)	2018 Audited	2017 Audited	2016 Audited	3m 2019 Unaudited	3m 2018 Unaudited
Core Tier 1 CAD %	14.88	14.02	15.10	13.02	10.41
Tier 1 CAD %	14.88	14.02	15.10	13.02	10.41
CAD %	20.91	18.30	20.70	18.27	17.32
MREL %[2]	11.43	7.78	12.25	10.81	7.15
Leverage ratio %	6.56	5.01	6.96	6.98	5.32
LCR %[3]	148.5	121.3	221.5	153.6	115.5
NSFR %[3]	147.6	140.8	-	150.3	140.3
Return on equity (ROE) %[1,4]	18.4	17.6	20.7	12.2	12.4
Return on assets (ROA) %[5]	1.6	1.6	2.4	1.1	0.9
CFROI %[6]	25.4	22.6	23.9	24.7	23.4
Cost to income ratio %[7]	48.3	54.4	57.2	52.6	54.4
Net interest margin (NIM) %[8]	2.34	2.66	3.60	2.6	2.2
Spread %[9]	2.32	2.62	3.52	2.5	2.2
Loan to asset %[10]	55.24	41.61	57.86	54.5	39.7
Loan to deposits %[11]	65.14	48.00	69.68	63.2	44.4
Price to earnings ratio[12]	9.75	13.56	13.29	10.8	9.8
Dividend to net profit ratio %[13]	21.6	21.0	26.7	26.7	26.5
Dividend per share[14]	0.16	0.15	-	0.05	0.04

Notes:
[1] Return on equity is calculated based on LHV Group net profit and equity attributable to owners of the parent and does not include non-controlling interest. Capital adequacy levels are calculated as reported in COREP report as at end of each year
[2] MREL = (own funds + qualifying liabilities) / total liabilities - qualifying liabilities) * 100
[3] LCR, NSFR are calculated as reported in COREP report as of end of each year
[4] Return on equity (ROE) = net profit (attributable to owners of the parent) / average equity (attributable to owners of the parent) * 100
[5] Return on assets (ROA) = net profit / average assets * 100
[6] CFROI = Operating profit / capital (average)
[7] Cost to income ratio = total operating expenses / total income * 100
[8] Net interest margin (NIM) = net interest income/average interest earning assets * 100
[9] Spread = yield on interest earning assets – cost of interest-bearing liabilities
[10] Loan to asset = net loans / total assets * 100
[11] Loan to deposits = net loans / deposits * 100
[12] Price to earnings ratio = share price/net profit/number of shares (average)
[13] Dividend to net profit ratio = dividend/net profit
[14] Dividend per share = dividend payment during calendar year / number of shares at moment of payment

ANNEX I TO THE SUPPLEMENT

UPDATED SUMMARY OF THE BASE PROSPECTUS DATED 29.10.2018

This Summary is a brief overview of the information disclosed in this Prospectus. This summary is made up on the basis of the applicable disclosure requirements known as “Elements”. These Elements are numbered in the Sections A – E (A.1 – E.7). This Summary contains all Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding that Element. In this case, a short description of the Element is included in this Summary with the mention of “not applicable”.

Section A – Introduction and Warnings

Element	Title	Disclosure
A.1	Introduction and warnings	This Summary should be read as an introduction to the Prospectus and any decision to invest in the Bonds should be based on consideration of the Prospectus as a whole by an investor. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff might, under Estonian legislation, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have prepared the Summary, including any translation thereof, but only if the Summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Bonds.
A.2	Use of Prospectus for subsequent resale of Bonds	Not applicable; the Prospectus cannot be used for the resale of the Bonds.

Section B – Issuer

Element	Title	Disclosure
B.1	Legal and commercial name	AS LHV Group
B.2	Domicile/ legal form/ legislation/ country of incorporation	The Company has been established and is currently operating under the laws of the Republic of Estonia in the form of a public limited company (in Estonian: *aktsiaselts* or *AS*) and is established for an indefinite term.
B.4b	Known trends affecting the	The Management is not aware of any trends having material adverse effect on the operations of the Group for the current financial year.

	Company and industry	
B.5	Group description; position of the Company within the Group	The Company is the holding company of the Group with limited operations of its own. The Company is engaged in investor relations management and ensuring necessary capitalisation for the Group companies. The Company has three fully-owned Subsidiaries – LHV Pank (a licensed credit institution) and LHV Varahaldus (a licensed fund manager) and Cuber Technology OÜ. LHV Pank holds 65% shares in LHV Finance, an Estonian financial institution offering hire-purchase services in the Estonian market. A branch of LHV Pank was opened in the United Kingdom in 2018.
B.9	Profit forecast	Not applicable, no profit forecast or estimate is included in the Prospectus.
B.10	Qualifications in audit report on the historical financial information	Not applicable.
B.12	Selected historical key financial information. Changes in prospects and financial position	

(in millions of euros)	**2018**	**2017**	**2016**	**3m 2019**	**3m 2018**
	Audited	Audited	Audited	Unaudited	Unaudited
Net profit[1]	27.2	22.2	19.9	5.0	4.3
Net profit attributable to owners of the parent	25.2	19.6	17.8	4.7	3.9
Basic earnings per share (EUR)	0.97	0.77	0.72	0.18	0.15
Diluted earnings per share (EUR)	0.96	0.75	0.70	0.18	0.15
Core Tier 1 CAD %	14.88	14.02	15.10	13.02	10.41
Tier 1 CAD %	14.88	14.02	15.10	13.02	10.41
CAD %	20.91	18.30	20.70	18.27	17.32
MREL %[3]	11.43	7.78	12.25	10.81	7.15
Leverage ratio %	6.56	5.01	6.96	6.98	5.32
LCR %[4]	148.5	121.3	221.5	153.6	115.5
NSFR %[4]	147.6	140.8	-	150.3	140.3
Return on equity (ROE) %[2,5]	18.4	17.6	20.7	12.2	12.4
Return on assets (ROA) %[6]	1.6	1.6	2.4	1.1	0.9
CFROI %[7]	25.4	22.6	23.9	24.7	23.4
Cost to income ratio %[8]	48.3	54.4	57.2	52.6	54.4
Net interest margin (NIM) %[9]	2.34	2.66	3.60	2.6	2.2
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Loan to deposits %[12]	65.14	48.00	69.68	63.2	44.4
Price to earnings ratio[13]	9.75	13.56	13.29	10.8	9.8
Dividend to net profit ratio %[14]	21.6	21.0	26.7	26.7	26.5

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		Dividend per share[15] 0.16 0.15 - 0.05 0.04 [1] Includes discontinued operations [2] Return on equity is calculated based on LHV Group net profit and equity attributable to owners of the parent and does not include non-controlling interest. Capital adequacy levels are calculated as reported in COREP report as at end of each year [3] MREL = (own funds + qualifying liabilities) / total liabilities * 100 [4] LCR, NSFR are calculates as reported in COREP report as of end of each year [5] Return on equity (ROE) = net profit (attributable to owners of the parent) / average equity (attributable to owners of the parent) * 100 [6] Return on assets (ROA) = net profit / average assets * 100 [7] CFROI = Operating profit / capital (average) [8] Cost to income ratio = total operating expenses / total income * 100 [9] Net interest margin (NIM) = net interest income/average interest earning assets * 100 [10] Spread = yield on interest earning assets – cost of interest-bearing liabilities [11] Loan to asset = net loans / total assets * 100 [12] Loan to deposits = net loans / deposits * 100 [13] Price to earnings ratio = share price/net profit/number of shares (average) [14] Dividend to net profit ratio = dividend/net profit [15] Dividend per share = dividend payment during calendar year / number of shares at moment of payment In the opinion of the Management, the key ratios and indicators are the most appropriate ratios and indicators, considering the markets where the Group companies operate. These ratios and indicators enable adequate evaluation of the profitability of the operations of the Group, considering business volumes of the Group companies. As at the date of the Prospectus, there has been no material adverse change in the prospects of the Group since 31 December 2018. Further, as at the date of the Prospectus, there have been no significant changes to the Group's financial condition and operating results since 31 March 2019.
B.13	Recent events relevant to evaluation of solvency of the Company	According to the knowledge of the Management, there are no recent events relevant to the evaluation of solvency of the Company.
B.14	Dependency upon Group companies	The Company is a holding company conducting its operations through the Subsidiaries. The Company itself does not own significant assets other than investments into the Subsidiaries. Therefore, in order to be able to meet its obligations arising from the Bonds, the Company is dependent on the receipt of dividends, interest payments or payments from share capital decrease from its Subsidiaries.
B.15	Principal activities	According to the latest available annual report of the Company, i.e. the annual report for the financial year ended on 31 December 2018, the field of activity of the Company was "activities of holding companies" (EMTAK 64201). The consolidated fields of activity of the Group were "security and commodity contracts brokerage" (EMTAK 66121), "credit institutions (banks, granting loans)" (EMTAK 64191), "finance lease" (EMTAK 64911) and "fund management" (EMTAK 66301). The Group companies operate in five business segments and two geographical markets. The business segments of the Group are banking, asset management, hire-purchase and consumer finance and treasury activities. The Group companies operate in Estonia and, as from the first quarter of 2018, in the United Kingdom.

B.16	Controlling shareholders of the Company	The Management is as at the date of this Prospectus not aware of any person directly or indirectly controlling the Company, nor of any arrangements or circumstances which may at a subsequent date result in a change in control over the Company. The founders of the Group – Mr Rain Lõhmus and Mr Andres Viisemann hold, directly and indirectly through related parties, altogether approximately 34.68% of all the Shares, whereas approximately 24.90% of the Shares are held by Mr Rain Lõhmus and 9.78% by Mr Andres Viisemann.
B.17	Credit ratings of the Bonds	Not applicable.

Section C – Securities

Element	Title	Disclosure
C.1	Type and class of securities and security identification number	The Bonds are subordinated bonds with the nominal value of EUR 1,000 each. The Bonds represent unsecured debt obligation of the Company before the bondholder.
C.2	Currency of the Bonds	The Bonds are denominated in euro.
C.5	Restrictions on free transferability of Bonds	The Bonds are freely transferrable; however, any bondholder wishing to transfer the Bonds must ensure that any offering related to such transfer would not be qualified as a public offering in the essence of the applicable law. According to the Bond Terms, ensuring that any offering of the Bonds does not fall under the definition of public offering under the applicable law is the obligation and liability of the bondholder.
C.8	Rights attached to the Bonds; ranking and limitations to rights	The rights attached to the Bonds have been established by the Bond Terms. The main rights of bondholders arising from the Bonds and the Bond Terms are the right to the redemption of the Bonds and the right to interest. In addition, the bondholders are entitled to access the annual and quarterly reports of the Company, which shall be made available at the website of the Company. Upon a delay in making any payments due under the Bond Terms, the bondholders are entitled to a delay interest in accordance with the Bond Terms. The Bonds constitute and will constitute direct and unsecured obligations of the Company and rank and will rank *pari passu* without any preference among themselves. The claims arising from the Bonds are subordinated to all unsubordinated claims against the Company. No bondholder shall be entitled to demand premature redemption of any Bonds or to exercise any right of set-off against moneys owed by the Company in respect of the Bonds. The rights arising from the Bonds can be exercised by the bondholders in accordance with the Bond Terms and the applicable law.
C.9	Interest, maturity date, yield and representative of Bond holders	In accordance with the Final Terms.

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C.10	Impact of derivative component in the interest payment	Not applicable.
C.11	Admission to trading in regulated market	The Company intends to apply for the listing and the admission to trading of the Bonds on the Baltic Bond List of the Nasdaq Tallinn Stock Exchange. The Company will to take all necessary measures in order to comply with the Nasdaq Tallinn Stock Exchange rules so that its application(s) would be approved; however, the Company cannot ensure that the Bonds are listed and admitted to trading on the Baltic Bond List of the Nasdaq Tallinn Stock Exchange.

Section D – Risks

Element	**Title**	**Disclosure**
D.2	Key risks specific to the Company	Counterparty Credit Risk. Counterparty credit risk is inherent to the core operations of the Group – counterparty credit risk is the risk of potential loss which may arise from counterparty's inability to meet its obligations to the Group companies. Concentration Risk. The operations of the Group are subject to concentration risk, which by essence is a risk arising from the overall spread of outstanding accounts over the number and variety of clients. If loans are heavily concentrated in certain economic sector, the Group is exposed to risks inherent to such economic sector. Geographical Markets Risk. As most of the activities and services of the Group are concentrated to the Estonian Market, any adverse event or development in Estonia may have material adverse effect on the Group's operations, financial condition and results of operations. In addition, the Group's activities on the market of the United Kingdom are subject to uncertainties associated with the decision of the United Kingdom to withdraw from the European Union. Market Risk. Market risk arises from the Group's trading and investment activities in the financial markets, primarily in interest rate products, foreign exchange and stock markets as well as from borrowing activities and other means of taking in financial resources. Further description of the types of market risk is provided below. *Foreign Currency Risk*. Foreign currency risk arises primarily from the acquisition of securities denominated in foreign currencies or from foreign currency receivables and liabilities. *Price Risk*. The Group holds positions in different financial instruments, which are subject to fluctuations in market price arising from various circumstances beyond the control of the Group. *Interest Rate Risk*. The operations of the Group and foremost the operations of LHV Pank are inherently exposed to interest rate risk. Interest rates are affected by numerous factors beyond the control of the Group companies, which may not be estimated adequately. Liquidity Risk and Dependence on Access to Funding Resources. Liquidity risk relates to the ability of the Group to meet its contractual obligations on time and it arises from differences between maturities of

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		assets and liabilities. The Group's risk policies and internal procedures may not be adequate or sufficient in order to ensure the Group's access to funding resources when needed, to the extent needed or on favourable terms in order to ensure sufficient liquidity. Operational Risk. Operational risk is a risk of potential loss caused by human, process or information system failures and flaws. In addition to human, process or information system failures and flaws, the operational risk embraces risk of corporate fraud and misconduct. Strategic Risk. Strategic risk is a possible source of loss that might arise from the pursuit of wrong strategic decisions. For reasons of corporate growth, the Group's strategic risk is estimated to exceed the strategic risk of a bank positioned in a stable stage. Reputational Risk. Reputational risk is a risk of loss resulting from any deterioration of the Group's reputation. Reputational risk can, above all, be attributed to the materialisation of other risks, such as operational, strategic, compliance risks or exposure to civil liability. Dependency on Information Technology Systems and Risk of Cyber-Attacks. The Group has developed and uses a variety of custom-made information technology systems and web-based solutions in carrying out its everyday business operations and providing services to its clients. Failures of or significant disruptions to the Group's information technology systems could prevent it from conducting its operations. Furthermore, should the Group experience a cyber-attack, significant security breakdown or other significant disruption to its information technology systems, sensitive information could be compromised. Dependency on Cash-Flows from Subsidiaries. The Company is a holding company conducting its operations through the Subsidiaries. The Company itself does not own significant assets other than investments into the Subsidiaries. Therefore, in order to be able to pay dividends to shareholders and meet its own obligations, the Company is dependent on the receipt of dividends, interest payments or payments from share capital decrease from its Subsidiaries, which in turn may be influenced by the compliance with the capital adequacy ratios applicable in respect of certain Subsidiaries and subject to change from time to time. Dependency on Qualified Staff. The results of operations of the Group companies depend highly on the ability to engage and retain qualified, skilled and experienced staff. In the highly competitive environment, the Group companies must make continuous efforts to attract new qualified personnel and motivate existing management and employees. Competitive Market. The Group operates in a highly competitive market. Exposure to Conduct of Other Market Participants. The Group's access to financing, investment and derivative transactions may be adversely affected by market practises of other market participants. Control over Joint Venture. The operations of LHV Finance may be adversely affected by the joint venture partner of the Company. Changes in Economic Environment. Each of the Group's operating segments is affected by general economic and geopolitical conditions. Compliance and Regulatory Change Risks. The Group operates in highly regulated fields of business and its operations are subject to a number of laws, regulations, policies, guidance and voluntary codes of practice,

		which are subject to changes. Further, several local and European authorities, including financial supervision, consumer protection, anti-money laundering, tax, and other authorities, regularly perform investigations, examinations, inspections and audits of the Group's business, including, but not limited to regarding capital requirements, standards of consumer lending, anti-money laundering, anti-bribery, payments, reporting, corporate governance, etc. Maintaining Capital Adequacy Ratios. Credit institutions and investment firms are subject to strict capital adequacy requirements subject to frequent reforms and changes. Risks relating to Abuse of Financial System. The Group operates in a sector subject to strict and constantly tightening requirements concerning money laundering, the financing of terrorism and financial sanctions. Contractual Risks. The operations of the Group are materially dependent on the validity and enforceability of the transactions and agreements entered into by the Group. Exposure to Civil Liability. The Group operates in a legal and regulatory environment that exposes it to significant risk of claims, disputes and legal proceedings. Tax Regime Risks. Tax regimes of the geographical markets where the Group operates are from time to time subject to change, some of which may be dictated by short-term political needs and may therefore be unexpected and unpredictable.
D.3	Key risks specific to the Bonds	Credit Risk. An investment into the Bonds is subject to credit risk, which means that the Company may fail to meet its obligations arising from the Bonds in a duly and timely manner. Subordination Risk. The Bonds are subordinated to all unsubordinated claims against the Company. The subordination of the Bonds means that upon the liquidation or bankruptcy of the Company, all the claims arising from the Bonds shall fall due in accordance with the Terms of the Bonds and shall be satisfied only after the full satisfaction of all unsubordinated recognised claims against the Company in accordance with the applicable law. Early Redemption Risk. According to the Terms of the Bonds, the Bonds may be redeemed prematurely on the initiative of the Company. The Bonds may; however, be redeemed prematurely by the Company only if the EFSA (or the European Central Bank if it is in the competence thereof) has granted its consent to the early redemption. Bail-in Risk. If a Group company meets the conditions for the initiation of resolution proceedings (i.e. fails or is likely to fail and certain other conditions are met), the bail-in powers may be exercised by a relevant authority, through which: (i) the amount outstanding of the Bonds could be reduced, including to zero; (ii) the Bonds could be converted into shares, other securities or other instruments of the Company or another person; (iii) the Bonds or the outstanding amounts of the Bonds could be cancelled; (iv) the terms of the Bonds could be varied (e.g. the maturity date or interest rate of the Bonds could be changed). No Ownership Rights. An investment into the Bonds is an investment into debt instruments, which does not confer any legal or beneficial interest in the equity of the Company or any of the Subsidiaries thereof or any

		voting rights or rights to receive dividends or other rights which may arise from equity instruments. Tax Regime Risks. Adverse changes in the tax regime applicable in respect of transacting with the Bonds or receiving interest or principal payments based on the Bonds may result in an increased tax burden of the bondholders and may therefore have adverse effect on the rate of return from the investment into the Bonds. Cancellation of Offering. Although best efforts will be made by the Company to ensure that each Offering is successful, the Company cannot provide any assurance that an Offering will be successful and that the investors will receive the Offer Bonds they subscribed for. Bond Price and Limited Liquidity of Bonds. Though every effort will be made to ensure that the admission of the Bonds to trading on the Baltic Bond List of the Nasdaq Tallinn Stock Exchange will occur, the Company cannot provide any assurance in that respect. Further, the Estonian market has limited liquidity and the bondholders may not be able to sell their Bonds at the desired price, or at all. The value of the Bonds can fluctuate on the securities market due to events and the materialisation of risks related to the Group, but also because of events outside the Group's control. Lack of Adequate Analyst Coverage. There is no guarantee of continued (or any) analyst research coverage for the Company. Negative or insufficient third-party reports would be likely to have an adverse effect on the market price and the trading volume of the Bonds.

Section E – Offer

Element	Title	Disclosure
E.2b	Reasons for offer; use of proceeds	The overall purpose of the Program and the Offering is to strengthen the capital structure of the Group and ensure stable access to additional capital to support the further growth and market position of the Group, increase the business volumes of the Group and ensure conservative capital buffer for the Group companies. The proceeds from the Offerings may also be used for the premature redemption of the existing unsecured subordinated bonds issued by the Company, provided that the Company is entitled to redeem such bonds prematurely in accordance with the applicable bond terms. Provided that the Company decides to announce Offerings for all the Bonds (i.e. up to 45,000 Bonds) and that all the Bonds are subscribed for and issued by the Company, the expected amount of gross proceeds of the Program is up to approximately EUR 45 million. Expenses directly related to the Program and the Offerings are estimated to be EUR 0.5-0.7 million.
E.3	Terms and conditions of offer	In the course of several Offerings, up to 45,000 Bonds issued in accordance with the Program may be offered to retail and institutional investors in Estonia. Each Offering, the volume and other terms and conditions thereof will be announced separately through the information system of the Nasdaq Tallinn Stock Exchange and through the Company's website (https://investor.lhv.ee/en/) at the latest before the start of each Offering Period.

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		The nominal amount of each Offer Bond is EUR 1,000. The Issue Price will be determined in the relevant Final Terms. The Company will decide on the allocation of the Offer Bonds after the expiry of each Offering Period. The Offer Bonds will be allocated to the investors participating in the Offering in accordance with the following principles: (i) under the same circumstances, all investors shall be treated equally, whereas dependant on the number of investors and interest towards the Offering, the Company may set minimum and maximum number of the Offer Bonds allocated to one investor; which will apply equally to both – the investors participating in the Institutional Offering and the investors participating in the Retail Offering; (ii) the allocation shall be aimed to create a solid and reliable investor base for the Company; (iii) the Company shall be entitled to prefer Estonian investors to foreign investors who may participate in the Institutional Offering; (iv) the Company shall be entitled to prefer its existing shareholders and bondholders of the Company to other investors; and (v) the Company shall be entitled to prefer the clients of LHV Pank and LHV Varahaldus to other investors.
E.4	Interests material to issue/ offer	According to the knowledge of the Management, there are no personal interests of the persons involved in the Offering material to the Offering. The Management is unaware of any conflicts of interests related to the Offering.
E.7	Estimated expenses charged to investor	Not applicable; no expenses are charged to the investor by the Company.

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