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# SHAREHOLDER REPORT INTERIM REPORT AS AT 31/03/2016

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BANK FÜR TIROL UND VORARLBERG AG



3 Banken Gruppe

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### IMPORTANT DATES FOR BTV SHAREHOLDERS

Annual General Meeting	11/05/2016, 10 am, Stadtforum, Innsbruck The dividend will be published on the BTV homepage and in the gazette of the Wiener Zeitung the day after the Annual General Meeting.
Ex-dividend date	18/05/2016
Payment of dividend	20/05/2016
Interim report as at 31/03/2016	Published on 20/05/2016 (www.btv.at)
Half-year Financial Report to 30/06/2016	Published on 26/08/2016 (www.btv.at)
Interim report as at 30/09/2016	Published on 25/11/2016 (www.btv.at)

## The BTV Group at a glance

EARNINGS	31/03/2016	31/03/2015*	% change
in EUR million			
Net interest income	38.9	44.0	-11.7%
Loan-loss provisions in the credit business	-0.4	-4.3	-91.1%
Net commission income	11.7	13.2	-11.5%
Operating expenses	-42.1	-39.1	+7.7%
Other operating profit	21.9	23.5	-7.0%
Net pre-tax profit for the period	30.5	41.1	-25.8%
Group profit for the period	26.1	32.5	-19.7%

BALANCE SHEET	31/03/2016	31/12/2015	% change
in EUR million			
Total assets	9,536	9,426	+1.2%
Loans and advances to clients after loan loss provisions	6,470	6,360	+1.7%
Primary funds	7,056	7,021	+0.5%
of which savings deposits	1,236	1,201	+2.9%
of which securitised debt including subordinated capital	1,410	1,378	+2.3%
Equity	1,190	1,149	+3.6%
Managed deposits	12,734	12,732	+0.0%

REGULATORY CAPITAL (CRR)	31/03/2016	31/12/2015	Change as %
in EUR million			
Risk-weighted assets	6,283	6,263	+0.3%
Equity	966	978	-1.2%
of which common equity (CET1)	930	951	-2.2%
of which total core capital (CET1 and AT1)	930	951	-2.2%
Common equity Tier 1 ratio	14.81%	15.18%	-0.37 pp
Core capital ratio	14.81%	15.18%	-0.37 pp
Equity ratio	15.37%	15.61%	-0.24 pp

COMPANY KEY FIGURES	31/03/2016	31/12/2015	Change in percentage points
in percentage points			
Return on equity before tax (RoE)	10.47%	15.88%	-5.41 pp
Return on Equity after tax	8.97%	12.77%	-3.80 pp
Cost/income ratio	57.2%	58.6%	-1.4 pp
Risk/earnings ratio	1.0%	9.7%	-8.7 pp

RESOURCES	31/03/2016	31/12/2015	Change Number
Number			
Weighted average number of employees	1,415	1,354	+61
Number of branches	36	36	+0

KEY INDICATORS FOR BTV SHARES	31/03/2016	31/03/2015*
Number of ordinary no par value shares	25,000,000	22,500,000
Number of preference shares	2,500,000	2,500,000
Top price of ordinary/preference share in EUR	21.30/20.00	22.40/18.60
Bottom price of ordinary/preference share in EUR	20.70/19.01	21.35/18.10
Closing price of ordinary/preference share in EUR	21.10/19.01	22.00/18.60
Market capitalisation in millions of euros	575	542
IFRS EPS in EUR	3.16	4.49
P/E ratio, ordinary share	6.7	4.9
P/E ratio, preference share	6.0	4.1

\* 31/03/2015 adjusted to the changed consolidation scope.

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## Management report and notes on BTV Group business trends in 2016

### Economic environment

As a result of turbulence in the markets and global uncertainties, the general economic background darkened in the first quarter of 2016, and the downside risks for the world economy clearly grew. Economic concerns were increased by the further fall of an already low oil price, that was initially regarded as likely to stimulate economic growth. But the fear was that the industrial regions would drift further apart from the commodity-dependent emerging nations in terms of economic development. The global differences in economic development and negative trends in growth rates for global trade volumes and industrial production lead us to expect growth to peter out.

The economy in the eurozone continued to be stable in the first quarter of 2016, even if leading indicators also pointed to a slowing down in growth. The sentiment became less optimistic, and the weaker economies in the emerging nations, together with the slower growth in the industrial areas weighed on overseas trade. In order to further support economic growth in the eurozone, and to move inflation (once again turned negative) away from -0.1% and towards the target level of +2%, the ECB decided on further easing measures.

The US economy started out the year worse than expected. The weak economic growth in the emerging nations and the strong US dollar helped to brake the economic upturn in the US somewhat.

### Interest rates

An inflation rate that again turned negative, and falling inflation forecasts, triggered the ECB decision to employ further expansionary measures. The main refinancing rate was reduced by 5 base points to 0.00% and the deposit rate, at which commercial banks can deposit money with the ECB, was pushed 10 base points deeper into negative territory at -0.40%. In addition, another series of targeted longer-term refinancing operations (TLTRO II) will be started from June 2016. Moreover, the existing bond purchase programme will be extended. From April 2016, EUR 80 billion of European bonds will be bought back each month. The list of assets that the

ECB can purchase has also been extended: The ECB will also buy investment grade corporate bonds denominated in euro from the non-banking sector. The measures will especially help sovereign bonds from the peripheral euro countries and corporate borrowers, as their risk premiums will clearly fall. The ECB's extremely expansive monetary policy, together with global economic risks and uncertainties in the financial markets made it difficult for the US Fed to raise its key prime rate again. Falling interest rate expectations meant the returns on 10-year US Treasury bonds fell in the first quarter to 1.66%.

In the first quarter of 2016, the long-term euro interest rates fell sharply (-44 base points to 0.56% for 10-year euro swaps). The money market rates (3-month Euribor) fell compared to 31/12/2015 by -11 base points to -0.24%.

### Currencies

In the first quarter, the EUR/USD exchange rate fluctuated between 1.07 and 1.14 and so remained within a similar range to the 2nd half of 2015. The currency exchange rates were heavily driven by expectations of what the major central banks, the Fed and ECB, would do. Despite the measures introduced by the ECB, the euro fell only briefly against the US dollar. Looking at the fundamentals, the heavy undervaluation of the euro against the US dollar and the expectation of sound economic development in the eurozone ought to decide this trend in future. In addition, market expectations that the Fed will raise interest rates for a second time any time soon fell away during the 1st quarter, and the ECB appears to have run out of further options in the direction of expansionary measures. The EUR/CHF exchange rate in the 1st quarter moved within the range 1.08 to 1.12. Even though the positive economic data from the eurozone and the general overvaluation of the Swiss Franc helped to support the euro, the Swiss Franc has still not lost its appeal as a safe haven currency in times of crisis. The SNB therefore intervened once again in the currency markets in order to prevent the franc strengthening.

### Profit trend

BTV has always - strictly speaking since 1904 - attached great importance to acting in a prudent manner.

That is why BTV last year decided to opt for a restructuring of its own equity holdings, in order to strengthen its equity capital. This helps with future customer loan growth and also with security for savers. This results further down the road, as already announced by the BTV board in 2015, in reductions in interest income.

### Interest earnings after risk provisions

The lion's share of income comes from interest earnings excluding at-equity earnings. At EUR 29.5 million, this was EUR -6.9 million lower than in Quarter 1 of 2015. This fall was the result of the reported restructuring of the securities holdings, with the resulting reduction in future interest income. Earnings from companies valued at equity, with an increase of EUR +1.7 million to EUR 9.4 million, are well above the previous year's figure.

The current low level of company insolvencies and the risk-aware business policies at BTV have led to a further fall in loan-loss provisions in the first three months of 2016 compared to the previous year, falling by EUR -3.9 to EUR -0.4 million.

### Net commission income

With a proportion of 48% of total commissions earnings, the trends in the security trading business clearly dominates overall commissions earnings. High volatility on the stock markets in the first quarter affected customer behaviour. The result is that earnings from equity trading, at EUR 5.6 million is EUR -1.0 million lower than the same period last year, when the stock markets were attractive to investors.

The earnings on currency, foreign exchange and precious metals trading last year were strongly affected by the revaluation of the CHF. The lack of this effect in 2016 can be seen clearly in the year-on-year comparison, causing a fall of EUR -0.5 million.

And payment transaction business is also slightly below last year's levels. At EUR 2.9 million, this has fallen by -5.9%.

We were able to increase earnings from the lending business substantially, by +19.4% to EUR 1.5 million. Other services remained steady compared to last year at EUR 1.0 million.

In total, earnings from commissions fell compared to the previous year to EUR 11.7 million compared

to EUR 13.2 million.

### Trading income

Trading income fell compared to last year to EUR 1.1 million, a reduction of EUR -2.3 million. It was again the unusual situation with the Swiss Franc being heavily revalued in 2015 that was the main cause of this.

### Operating expenses

Compared to the previous year, operating expenses rose by EUR +3.0 million, or +7.7%, to EUR 42.1 million. Staff costs rose by EUR +1.2 million compared to the previous year. Due to the impact of sizeable investments, depreciation showed the relatively largest increase of +14.0% to EUR 6.8 million compared to quarter 1 of 2015. Costs of materials were also higher: EUR 12.8 million as of 31/03/2016, which is a rise of EUR +1.0 million or +8.4%.

### Other operating profit

Other operating profits at EUR 21.9 million were EUR -1.6 million down on the previous year's level.

### Income from financial assets

After the creation of undeclared reserves last year, the earnings from financial assets in 2016 will be clearly heading lower. At EUR -0.7 million at the end of the quarter, we are well below the previous year's level of EUR 0.2 million.

### Tax position

The amounts recorded under „Taxes on income and profit“ include the current cost of Austrian corporation tax, and otherwise relate primarily to the accrual and prepayment provisions for deferred taxes, in accordance with IFRS. Compared with the previous year, the tax liability fell by EUR -4.2 million to EUR 4.4 million as at 31/03/2016. The effective tax rate was thus 14.4% (20.9% in previous year).

### Group income

Pre-tax profits for the period, at EUR 30.5 million, are -25.8% below the previous year. After tax, earnings were EUR 26.1 million, representing a drop of -19.7% or EUR -6.4 million.

The cost-income ratio fell slightly compared to year-end 2015 from 58.6% to 57.2%. The return on equity (RoE) before tax fell from 15.9% to 10.5%. The risk-earnings ratio reached a historic low at 1.0%, compared to 9.7% as of 31/12/2015.

### Balance sheet performance

Total assets rose as of 31/03/2016

by EUR +110 million to EUR 9,536 million.

The first three months showed an increase in customer receivables, which at the end of March 2016 were EUR +112 million higher than the value at the end of 2015.

If we look at the major segments, it is above all the business customers where a clear increase appeared.

The customer receivables from private customers in fact fell back slightly over the same period.

Receivables from credit institutions did not show any particular trend, and at 334 million were around +14 million higher than the level at the end of 2015.

The inventory of loan loss provisions for the lending business, at – EUR 198 million, is slightly higher than the level at 31/12/2015.

In the first quarter cash reserves fell back. They fell by –12.0% to EUR 129 million.

Financial assets reduced slightly. As of 31/03/2016 they were EUR –22 million or –1% lower than their value at the end of 2015.

Primary deposits rose in the first quarter of 2016 by EUR +35 million to EUR 7,056 million. This creates a loan deposit ratio (ratio of customer loans after loan loss provisions to primary deposits) of 91.7%.

Customer funds on deposit, the total of primary deposits and deposit volumes, at the end of March 2016 reached a level of EUR 12,734 million which puts them EUR +2 million above the 2015 year-end level. The volume of deposits fell by EUR –33 million to EUR 5,678 million. Earnings were mainly determined by the volatile stock markets which, on the one hand, had a direct impact on price levels, and on the other hand also reduced customers' eagerness to invest.

Liabilities to credit institutions fell back, due to the decline in financial assets, by EUR 122 million to EUR 1,273 million.

Balance sheet equity rose, mainly due to the earnings for the period, by EUR +41 million to EUR 1,190 million.

The credit institution group's qualifying equity under CRR (Basel 3) was EUR 966 million as of 31/03/2016. Compared to year-end 2015, this represents a fall in qualifying assets of EUR -12 million or -1.2%. The common equity (CET1) of the banking group as defined in CRR as of 31 March 2016 was EUR 930 million. Total risk-weighted assets rose by EUR +21 million to EUR 6,283 million. From this, the common equity ratio is calculated at 14.18% compared with 15.81% at the 2015 year-end. The equity ratio fell by -24 basis points to 15.37% due to the reduced qualifying equity.

### Outlook

BTV is continuing its successful growth strategy in the growth markets of Vienna, Bavaria, Baden-Württemberg, Eastern Switzerland, South Tyrol and Veneto (out of Innsbruck). BTV is already the market leader in the main target groups in Tyrol and Vorarlberg. Here, this position must continue to be consolidated and further market shares must be gained.

For the 2016 business year we expect, as stated in the business forecast report in 2015, provided this is not derailed by any unexpected economic turbulence, that the annual earnings before tax will fall within the range of 77 to 82 million, which is well below the previous year's earnings. Thanks to the reorganisation of the securities held by the bank, and the related exceptional gains last year, the interest rate yields are lower in 2016, and no earnings on sales of securities were budgeted.

## Abridged consolidated financial statements

### Balance Sheet at 31 March 2016

ASSETS	31/03/2016	31/12/2015	Absolute change	Change in %
in EUR thousand				
Cash reserves	129,135	146,757	-17,622	-12.0%
Loans and advances to banks <sup>1 [see notes]</sup>	333,537	319,764	+13,773	+4.3%
Loans and advances to clients <sup>2</sup>	6,668,403	6,556,443	+111,960	+1.7%
Loan loss provisions <sup>3</sup>	-198,285	-196,882	-1,403	+0.7%
Trading assets <sup>4</sup>	27,592	25,104	+2,488	+9.9%
Financial assets – at fair value through profit or loss <sup>5</sup>	142,000	149,957	-7,957	-5.3%
Financial assets – available for sale <sup>6</sup>	1,449,058	1,477,027	-27,969	-1.9%
Financial assets – held to maturity <sup>7</sup>	0	0	+0	+0.0%
Shares in at-equity-valued companies <sup>8</sup>	479,674	468,488	+11,186	+2.4%
Intangible fixed assets	4,096	4,136	-40	-1.0%
Property, plant and equipment	284,128	280,662	+3,466	+1.2%
Properties held as financial investments	52,274	51,551	+723	+1.4%
Current tax refunds	115	201	-86	-42.8%
Deferred tax refunds	28,616	23,951	+4,665	+19.5%
Other assets	135,558	119,164	+16,394	+13.8%
<b>Total assets</b>	<b>9,535,901</b>	<b>9,426,323</b>	<b>+109,578</b>	<b>+1.2%</b>

LIABILITIES	31/03/2016	31/12/2015	Change as value	Change as %
in EUR thousand				
Liabilities to banks <sup>9</sup>	999,631	981,843	+17,788	+1.8%
Liabilities to clients <sup>10</sup>	5,645,965	5,642,782	+3,183	+0.1%
Securitised debt <sup>11</sup>	1,127,628	1,101,111	+26,517	+2.4%
Trading liabilities <sup>12</sup>	12,783	9,964	+2,819	+28.3%
Reserves and provisions <sup>13</sup>	124,285	124,532	-247	-0.2%
Current tax refunds	11,190	10,879	+311	+2.9%
Deferred tax refunds	5,593	5,653	-60	-1.1%
Other liabilities	136,795	124,011	+12,784	+10.3%
Subordinated capital <sup>14</sup>	281,997	276,815	+5,182	+1.9%
Equity <sup>15</sup>	1,190,034	1,148,733	+41,301	+3.6%
Non-controlling interests	37,718	33,501	+4,216	+12.6%
Owners of the parent company	1,152,316	1,115,232	+37,084	+3.3%
<b>Total liabilities</b>	<b>9,535,901</b>	<b>9,426,323</b>	<b>+109,578</b>	<b>+1.2%</b>

\* 2015 adjusted to the changed consolidation scope.

## Comprehensive income statement as of 31 March 2016

COMPREHENSIVE INCOME STATEMENT in thousands of euro	01/01– 31/03/2016	01/01– 31/03/2015*	Change as value	Change as %
Interest and similar income	43,463	52,601	–9,138	–17.4%
Interest and similar expenses	–13,987	–16,244	+2,257	–13.9%
Income from at-equity valued companies	9,385	7,672	+1,713	+22.3%
Net interest income <sup>16</sup>	38,861	44,029	–5,168	–11.7%
Loan-loss provisions <sup>17</sup>	–377	–4,253	+3,876	–91.1%
Commission income	12,793	14,428	–1,635	–11.3%
Commission expenses	–1,085	–1,204	+119	–9.9%
Net commission income <sup>18</sup>	11,708	13,224	–1,516	–11.5%
Trading income <sup>19</sup>	1,128	3,393	–2,265	–66.8%
Operating expenses <sup>20</sup>	–42,058	–39,066	–2,992	+7.7%
Other operating income <sup>21</sup>	21,879	23,526	–1,647	–7.0%
Income from financial assets – at fair value through profit or loss <sup>22</sup>	–455	323	–778	>–100%
Income from financial assets – available for sale <sup>23</sup>	–234	–109	–125	>+100%
Income from financial assets – held to maturity <sup>24</sup>	0	0	+0	+0.0%
Net pre-tax profit for the period	30,452	41,067	–10,615	–25.8%
Taxes on earnings and profit	–4,377	–8,590	+4,213	–49.0%
<b>Group profit for the period</b>	<b>26,075</b>	<b>32,477</b>	<b>–6,402</b>	<b>–19.7%</b>
Non-controlling interests	4,519	4,790	–271	–5.7%
Owners of the parent company	21,556	27,687	–6,131	–22.1%

\* 2015 adjusted to the changed consolidation scope.



ADDITIONAL COMPREHENSIVE INCOME	01/01- 31/03/2016	01/01- 31/03/2015*
in EUR thousand		
Group profit for the period	<b>26,075</b>	<b>32,477</b>
Revaluation from performance-oriented pension plans	713	-105
Changes in at-equity valued companies recognised directly in equity	4,367	-5,101
Gains/losses with regard to deferred taxes, applied directly against equity	-178	0
Total of items which could subsequently not be allocated into profit or loss	4,902	-5,206
Unrealised profit/loss on assets held for disposal (AfS reserve)	11,168	-14,547
Changes in at-equity valued companies recognised directly in equity	-1,582	3,610
Unrealised gains/losses from adjustments in currency conversion	-156	1,590
Gains/losses with regard to deferred taxes, applied directly against equity	2,051	-6,231
Total of items which could subsequently be allocated into profit or loss	11,481	-15,578
Total of other comprehensive income	16,383	-20,784
<b>Comprehensive income for the period</b>	<b>42,458</b>	<b>11,694</b>
Non-controlling interests	4,519	4,790
Owners of the parent company	37,939	6,904

KEY FIGURES	31/03/2016	31/03/2015*
EPS in EUR <sup>26</sup>	0.78	1.11
RoE before tax	10.47%	16.33%
RoE after tax	8.97%	12.91%
Cost/income ratio	57.2%	46.4%
Risk/earnings ratio	1.0%	9.7%

\* 2015 adjusted to the changed consolidation scope.

## Statement of change in equity

STATEMENT OF CHANGES IN EQUITY in thousands of euro	Subscribed capital	Reserves	Retained earnings	Available for sale Reserve	Actuarial profit/loss	Total owners of the parent company	Non-controlling interests	Equity
Equity as at 01/01/2015*	50,000	61,133	835,492	75,641	-31,379	990,887	33,138	1,024,026
Capital increases	0	0	0	0	0	0	0	0
Comprehensive income for the period								
Revenue	0	0	27,687	0	0	27,687	4,790	32,477
Other income	0	0	-6,132	-14,547	-105	-20,784	0	-20,784
Distributions	0	0	0	0	0	0	0	0
Own shares	0	68	0	0	0	68	0	68
Other changes with a neutral effect on results	0	0	-70	0	0	-70	-239	-309
<b>Equity at 31/03/2015</b>	<b>50,000</b>	<b>61,202</b>	<b>856,977</b>	<b>61,094</b>	<b>-31,484</b>	<b>997,789</b>	<b>37,689</b>	<b>1,035,478</b>

STATEMENT OF CHANGES IN EQUITY in EUR thousand	Subscribed capital	Reserves	Retained earnings	AfS reserve	Actuarial profit/loss	Total owners of the parent company	Non-controlling interests	Equity
Equity at 01/01/2016	55,000	107,060	972,113	11,002	-29,943	1,115,232	33,501	1,148,733
Capital increases	0	0	0	0	0	0	0	0
Comprehensive income for the period								
Revenue	0	0	21,556	0	0	21,556	4,519	26,075
Other income	0	0	4,502	11,168	713	16,383	0	16,383
Distributions	0	0	0	0	0	0	0	0
Own shares	0	1	0	0	0	1	0	1
Other changes with a neutral effect on results	0	0	-855	0	0	-855	-303	-1,158
<b>Equity at 31/03/2016</b>	<b>55,000</b>	<b>107,061</b>	<b>997,316</b>	<b>22,170</b>	<b>-29,230</b>	<b>1,152,317</b>	<b>37,717</b>	<b>1,190,034</b>

\* 01/01/2015 adjusted for the changed consolidation scope.

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## Cash flow statement as of 31 March 2016

CASH FLOW STATEMENT in thousands of euros	01/01- 31/03/2016	01/01- 31/03/2015*
Cash position at the end of the previous period	146,757	173,002
Operating cash flow	-11,715	-79,338
Investment cash flow	-10,958	-28,024
Financing cash flow	5,051	5,397
Cash position at the end of the period	129,135	71,037

\* 2015 adjusted to the changed consolidation scope.

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## BTV Group: notes to the accounts 2016

### Accounting and valuation principles

The present interim BTV Group accounts as at 31/03/2016 have been drawn up according to IFRS regulations and Interpretations by the International Financial Reporting Interpretations Committee (IFRIC) that exempt from preparation of consolidated financial statements as defined by section 59a of the Austrian Banking Act (Bankwesengesetz - BWG) in conjunction with section 245a of the Austrian Commercial Code (Unternehmensgesetzbuch - UGB) and in accordance with IAS 34 (Interim Financial Reporting).

The Bank für Tirol und Vorarlberg AG is an , Aktiengesellschaft' (public limited company) headquartered in Austria. The company's registered office is Stadtforum in 6020 Innsbruck. The main activities of the company and its subsidiaries include asset management, corporate and retail banking, the holding of participations and the operation of funicular railways and other tourism firms. The segment reporting contains more detailed information on this.

The accounting and valuation methods applied uniformly across the group comply with the standards for European balance sheets, so that the informative value of these group financial statements equates to those pursuant to the provisions of the Austrian Commercial Code (UGB), in conjunction with the provisions of the Austrian Banking Act (BWG). The group interim report was prepared according to the same accounting principles as those applied to the audited annual BTV Group accounts 2015.

### Principles of consolidation and scope of consolidation

All significant subsidiaries which are controlled by BTV under IFRS 10 are consolidated in the group financial statements, pursuant to IFRS 10. The Group controls a company if it is exposed to fluctuating returns on its commitment to the company or possesses rights thereon and has the ability to influence these returns using its power of control over the company. In accordance with the principles of IFRS 3, the consolidation of capital in the context of the acquisition method is performed by offsetting the consideration against the proportionally identified assets and liabilities. The assets and liabilities of the subsidiaries are stated at their respective fair market values at the time of acquisition. As part of the consideration, shares of other associates are valued with their share in the identified assets and liabilities. The difference between the acquisition costs and the net asset recorded at fair value is capitalised as goodwill. The capitalised goodwill is subject to an annual impairment test pursuant to the provisions of IFRS 3, in connection with IAS 36 and IAS 38. Subsidiaries of lesser significance for the asset, financial and income situation of the group are not fully consolidated.

The scope of full consolidation has not changed compared with 31/12/2015. This includes the following holdings as of 31/03/2016.

FULLY CONSOLIDATED COMPANIES	Share in %	Voting rights in %
BTV Leasing Gesellschaft m.b.H., Innsbruck	100.00%	100.00%
BTV Real-Leasing Gesellschaft m.b.H., Vienna	100.00%	100.00%
BTV Real-Leasing I Gesellschaft m.b.H., Innsbruck	100.00%	100.00%
BTV Real-Leasing II Gesellschaft m.b.H., Innsbruck	100.00%	100.00%
BTV Real-Leasing III Nachfolge GmbH & Co KG, Innsbruck	100.00%	100.00%
BTV Real-Leasing IV Gesellschaft m.b.H., Innsbruck	100.00%	100.00%
BTV Real-Leasing V Gesellschaft m.b.H., Innsbruck	100.00%	100.00%
BTV Anlagenleasing 1 GmbH, Innsbruck	100.00%	100.00%
BTV Anlagenleasing 2 GmbH, Innsbruck	100.00%	100.00%
BTV Anlagenleasing 3 Gesellschaft m.b.H., Innsbruck	100.00%	100.00%
BTV Anlagenleasing 4 GmbH, Innsbruck	100.00%	100.00%
BTV Leasing Deutschland GmbH, Munich	100.00%	100.00%
BTV Leasing Schweiz AG, Staad	99.99%	99.99%
BTV Hybrid I GmbH, Innsbruck	100.00%	100.00%
BTV Hybrid II GmbH, Innsbruck	100.00%	100.00%
MPR Holding GmbH, Innsbruck	100.00%	100.00%
TiMe Holding GmbH, Innsbruck	100.00%	100.00%
VoMoNoSi Beteiligungs AG, Innsbruck	100.00%	100.00%
Silvretta Montafon GmbH, Gaschurn	100.00%	100.00%
Silvretta Montafon Gastronomie GmbH, Gaschurn	100.00%	100.00%
Silvretta Skischule GmbH, Gaschurn	100.00%	100.00%
Silvretta Verwaltungs GmbH, Gaschurn	100.00%	100.00%
Silvretta Montafon Sporthotel GmbH & Co. KG, Gaschurn	100.00%	100.00%
HJB Projektgesellschaft mbH, St. Gallenkirch	100.00%	100.00%
Josefsheim Projektentwicklungsgesellschaft mbH, St. Gallenkirch	100.00%	100.00%
Silvretta Sportservice GmbH, Schruns	51.00%*	51.00%
Skischule Silvretta Montafon St. Gallenkirch GmbH, St. Gallenkirch	50.00%	50.00%
BTV Beteiligungsholding GmbH, Innsbruck	100.00%	100.00%
BTV 2000 Beteiligungsverwaltungsgesellschaft m.b.H., Innsbruck	100.00%	100.00%
Mayrhofner Bergbahnen AG, Mayrhofen	50.52%	50.52%

Leasing companies and the companies of the Silvretta Montafon Bergbahnen Group were included in the Business Forecast as at 30/09, in accordance with their divergent financial year. The balance sheet date of Skischule Silvretta Montafon St. Gallenkirch GmbH is 31/05. BTV Beteiligungsholding GmbH, BTV 2000 Beteiligungsverwaltungsgesellschaft m.b.H. and Mayrhofner Bergbahnen AG finish their financial year on 30/11. The companies of Silvretta Montafon and Mayrhofner Bergbahnen AG have a divergent accounting date due to their seasonal activity. Owing to the structural situation in the group organisation, there is a different reporting date for both the leasing companies and BTV Beteiligungsholding GmbH.

The remaining fully consolidated companies were consolidated using the reporting date of 31 December.

MPR Holding GmbH held 100% of the shares in VoMoNoSi Beteiligungs AG as at 31/12/2015. There are only indirect minority interests, which are the result of the holding in Silvretta Sportservice GmbH and Skischule Silvretta Montafon St. Gallenkirch GmbH.

\*Silvretta Montafon GmbH holds 51% of the shares in Silvretta Sportservice GmbH based in Schruns. As part of the company agreement, with regard to the remaining shares in the amount of 49%, a call-option was agreed for the acquisition of Silvretta Montafon GmbH and a put-option was agreed for the purchase of the remaining company shares in Silvretta Montafon GmbH. Based on the estimates of the management of Silvretta Montafon GmbH, all shares in Silvretta Sportservice GmbH will be recognised as group shares in the consolidated financial statements. In addition, Silvretta Montafon GmbH holds 50% of the shares in Skischule Silvretta Montafon St. Gallenkirch GmbH based in St. Gallenkirch.

BTV Beteiligungsholding GmbH holds 100% of the shares in BTV 2000 Beteiligungsverwaltungsgesellschaft m.b.H. BTV 2000 Beteiligungsverwaltungsgesellschaft m.b. H. holds 50.52% of Mayrhofner Bergbahnen AG. There are direct minority interests which result from the holding in Mayrhofner Bergbahnen AG.

The share of earnings for the period allocated to minority interests amounts to EUR 4,519 thousand.

At the Annual General Meeting of the Mayrhofner Bergbahnen AG on 02/07/2015, a dividend of EUR 200,000 was agreed, of which EUR 99,000 was assigned to minority interests.

Significant holdings over which BTV has a major influence are recorded by the equity method. As a rule, a stake of between 20% and 50% is considered to be a significant influence („associated companies“). According to the equity method, holdings in associated companies are included in the financial statements at acquisition cost plus any changes in the group's share of the net assets of the associated company after the initial consolidation.

The following holdings were included using the equity method:

AT EQUITY CONSOLIDATED COMPANIES	Share in %	Voting rights in %
BKS Bank AG, Klagenfurt	18.89%	19.57%
Oberbank AG, Linz	16.24%	17.49%
Drei-Banken Versicherungs-Aktiengesellschaft, Linz	20.00%	20.00%
Moser Holding AG, Innsbruck	24.99%	24.99%

BKS Bank AG based in Klagenfurt and Oberbank AG based in Linz are regional universal banks and together with BTV form the 3 Banken Group. In addition, the Drei-Banken Versicherungs-Aktiengesellschaft is the common insurance company of the 3 Banken Group. Moser Holding AG is active in publishing with a focus on print (daily newspapers, free weekly newspapers and magazines) and online.

The holdings in Oberbank AG and BKS Bank AG have been included in the group financial statements for the following reasons, despite the fact that they are below the 20% holding threshold: For the holding in Oberbank AG, there is a syndication contract between BTV, BKS Bank AG and Wüstenrot Wohnungswirtschaft reg. Gen.m.b.H., or for the holding in BKS Bank AG, there are syndicate agreements between BTV, Oberbank AG and Generali 3 Banken Holding AG, the purpose of which is to maintain the autonomy of the institutions.

In this way, for both of the cited companies, there is the possibility of exercising a significant influence. For the purposes of drawing up the financial statements in a timely fashion, at-equity valued companies are included for the period from 01/10/2015 to 31/12/2015.

Receivables and liabilities, expenses and income internal to the group are eliminated except where they are insignificant. An interim net profit elimination has been waived, since material interim net profit figures were not available.

Alpenländische Garantie-Gesellschaft m.b.H. is classed as joint operations. The company has a concession under Section 1 para. 1, line 8, of the Austrian Banking Act (BWG). Its exclusive corporate object is the granting of guarantees, sureties and other liabilities for lending businesses of the 3 Banken Group. The 3 Banken Group is the only substantial source for payment flows that contribute to the continued activities of the arrangement. It is therefore classed as a joint operation in accordance with IFRS 11.B29-32. The proportional assets and liabilities of the company are considered on the reporting date of 31 March.

PROPORTIONALLY CONSOLIDATED COMPANIES	Share in %	Voting rights in %
Alpenländische Garantie-Gesellschaft m.b.H.	25.00%	25.00%

#### Main business events in the period reported

With reference to the resolutions adopted at the 98th Annual General Meeting of the Bank für Tirol und Vorarlberg AG on 11/05/2016, please see the BTV Homepage ([www.btv.at](http://www.btv.at)) under the heading „Company“.

Since the date of the interim financial statement there have not been any activities or events in the BTV Group which are relevant to the report because of their form or content, and which would affect the picture of the asset, financial and earnings situation conveyed by this report.



## Balance sheet – Assets

1 LOANS AND ADVANCES TO BANKS in thousands of euro	31/03/2016	31/12/2015
Loans to domestic credit institutions	55,516	133,101
Loans to foreign credit institutions	278,021	186,663
<b>Loans to Credit Institutions</b>	<b>333,537</b>	<b>319,764</b>

2 LOANS TO CLIENTS in thousands of euro	31/03/2016	31/12/2015
Loans to Austrian clients	4,522,375	4,327,435
Loans to foreign clients	2,146,028	2,229,008
<b>Loans to clients</b>	<b>6,668,403</b>	<b>6,556,443</b>

3 LOAN LOSS PROVISIONS in thousands of euro	31/03/2016	31/12/2015
Opening balance of loan transactions at 01/01.	196,882	199,274
– Releases	–1,762	–12,894
+ Allocation	4,212	22,358
– Application	–1,018	–11,271
(+/-) Changes arising from currency differences	–29	274
(+/-) Other reclassifications/Change in consolidation scope	0	–859
<b>Loan loss provisions in the credit business</b>	<b>198,285</b>	<b>196,882</b>
Opening balance of credit business reserves at 01/01.	35,626	38,657
– Releases	–3,119	–217
+ Allocation	821	6,367
– Application	0	0
(+/-) Changes arising from currency differences	–1	–9,196
(+/-) Other reclassifications/Change in consolidation scope	–510	15
<b>Credit transactions reserves</b>	<b>32,817</b>	<b>35,626</b>
<b>Overall Total Risk Provisions</b>	<b>231,102</b>	<b>232,508</b>

4 TRADING ASSETS in thousands of euro	31/03/2016	31/12/2015
Debenture bonds and other fixed-interest securities	0	0
Equities and other variable-interest securities	0	0
Positive market values arising from derivative transactions – Trading	7,583	7,453
Positive market values arising from derivative transactions – Fair value option	20,009	17,651
<b>Trading assets</b>	<b>27,592</b>	<b>25,104</b>

5 FINANCIAL ASSETS – AT FAIR VALUE THROUGH PROFIT OR LOSS in thousands of euro	31/03/2016	31/12/2015
Debenture bonds and other fixed-interest securities	113,020	120,634
Equities and other variable-interest securities	28,980	29,323
<b>Financial assets - at fair value through profit or loss</b>	<b>142,000</b>	<b>149,957</b>

6 FINANCIAL ASSETS – AVAILABLE FOR SALE in thousands of euro	31/03/2016	31/12/2015
Debenture bonds and other fixed-interest securities	1,347,583	1,375,787
Equities and other variable-interest securities	10,533	10,351
Other shareholdings	52,716	52,732
Other affiliated shareholdings	38,226	38,157
<b>Financial assets - available for sale</b>	<b>1,449,058</b>	<b>1,477,027</b>

7 FINANCIAL ASSETS – HELD TO MATURITY in thousands of euro	31/03/2016	31/12/2015
Debenture bonds and other fixed-interest securities	0	0
<b>Financial assets – held to maturity</b>	<b>0</b>	<b>0</b>

8 SHARES IN AT-EQUITY VALUED COMPANIES in thousands of euro	31/03/2016	31/12/2015
Credit institutions	461,917	451,752
Non-credit institutions	17,757	16,736
<b>Shares in at-equity valued companies</b>	<b>479,674</b>	<b>468,488</b>

## Balance sheet – Liabilities

9 LIABILITIES TO BANKS in thousands of euro	31/03/2016	31/12/2015
Austrian credit institutions	491,433	562,995
Foreign credit institutions	508,198	418,848
<b>Liabilities to credit institutions</b>	<b>999,631</b>	<b>981,843</b>

10 LIABILITIES TO CLIENTS in thousands of euro	31/03/2016	31/12/2015
Savings deposits		
Austrian	1,055,632	1,034,868
foreign	180,368	165,937
Sub-total savings deposits	1,236,000	1,200,805
Other deposits		
Austrian	3,272,062	3,345,920
foreign	1,137,903	1,096,057
Sub-total other deposits	4,409,965	4,441,977
<b>Liabilities to clients</b>	<b>5,645,965</b>	<b>5,642,782</b>

11 SECURITISED DEBT in thousands of euro	31/03/2016	31/12/2015
Debentures	830,075	850,064
Domestic bonds	297,553	251,047
<b>Securitised debt</b>	<b>1,127,628</b>	<b>1,101,111</b>
of which fair value	404,630	413,294

12 TRADING LIABILITIES in thousands of euro	31/03/2016	31/12/2015
Negative market values arising from derivative transactions – Trading	6,962	3,292
Negative market values arising from derivative transactions – Fair value option	5,821	6,672
<b>Trading liabilities</b>	<b>12,783</b>	<b>9,964</b>

13 RESERVES AND PROVISIONS in thousands of euro	31/03/2016	31/12/2015
Long-term payroll reserves	84,132	84,773
Other reserves and provisions	40,153	39,759
<b>Reserves and provisions</b>	<b>124,285</b>	<b>124,532</b>

14 SUBORDINATED CAPITAL in thousands of euro	31/03/2016	31/12/2015
subordinated capital	281,997	276,815
<b>subordinated capital</b>	<b>281,997</b>	<b>276,815</b>
of which fair value	219,819	210,259

The consolidated capital of the Group is reported in accordance with the provisions of Basel III. This is based on EU Regulation 575/2013 (Capital Requirements Regulation – CRR), in conjunction with the Austrian CRR accompanying regulation. The capital according to CRR consists of the common equity (Common Equity Tier 1 – CET1), the additional core capital (Additional Tier 1 – AT1) and supplementary capital (Tier 2 – T2). The respective capital ratios are determined by contrasting the corresponding regulatory capital component after taking into account all regulatory deductions and transitional provisions of the overall measure of risk. Under the provisions of the CRR a minimum requirement of 4.5% is planned for CET1 which will be increased by the capital buffer

defined in accordance with CRD IV (Capital Requirements Directive IV). For the entire core capital, a minimum requirement of 6.0% is provided; the total capital must reach a value of 8.0%.

The leverage ratio indicates the ratio of the common equity (Tier 1) to the leverage exposure (unweighted asset items of the balance sheet and off-balance-sheet transactions pursuant to CRR). The provisions for calculating and disclosure of the leverage ratio within the EU are implemented by BTV as part of their disclosure obligations.

CONSOLIDATED EQUITY ACCORDING TO CRR in millions of euro	31/03/2016	31/12/2015
<b>Common equity (CET1)</b>		
Capital instruments qualifying as CET1	150.8	150.8
Proprietary CET1 instruments	-9.5	-9.5
Retained earnings and other surplus reserves	927.2	927.2
Aggregated other income	19.4	19.4
Other reserves	127.6	127.6
Transitional changes owing to the transitional provisions for CET1 capital instruments	3.0	3.5
Goodwill	0.0	0.0
Prudential Filters	0.8	0.8
Other intangible assets	0.0	0.0
Regulatory changes in connection with CET1 instruments of financial companies, in which the bank holds a substantial interest	-362.3	-351.8
Other transitional changes to CET1	73.3	82.9
<b>Common equity (CET1)</b>	<b>930.3</b>	<b>950.9</b>
<b>Additional core capital (Additional Tier 1)</b>		
Changes owing to the transitional provisions for Additional Tier 1 capital instruments	21.0	24.5
Other transitional changes to Additional Tier 1	-21.0	-24.5
<b>Additional core capital (Additional Tier 1)</b>	<b>0.0</b>	<b>0.0</b>
<b>Core capital (Tier 1): sum of common equity (CET1) and additional (AT1) core capital</b>	<b>930.3</b>	<b>950.9</b>
<b>Supplementary capital (Tier 2)</b>		
Paid-up capital instruments and subordinated loans	95.7	97.1
Direct positions in supplementary capital instruments	-0.3	-0.4
Changes owing to the transitional provisions for supplementary capital instruments and subordinated loans	10.2	15.1
Other transitional changes to supplementary capital	-69.9	-84.8
<b>Supplementary capital (Tier 2)</b>	<b>35.7</b>	<b>27.0</b>
<b>Total qualifying equity</b>	<b>966.0</b>	<b>977.9</b>
<b>Total risk-weighted assets</b>	<b>6,283.2</b>	<b>6,262.7</b>
Common equity Tier 1 ratio	14.81%	15.18%
Core capital ratio	14.81%	15.18%
Equity ratio	15.37%	15.61%

## Comprehensive income statement Notes

16 NET INTEREST INCOME in thousands of euro	01/01- 31/03/2016	01/01- 31/03/2015
<b>Interest and similar income from</b>		
Lending and money market transactions with credit institutions	2,242	1,750
Lending and money market transactions with clients	34,966	36,024
Debenture bonds and fixed-interest securities	1,123	10,056
Equities and variable-rate securities	164	171
Other shareholdings	308	676
Other transactions	4,660	3,924
<b>Sub-total interest and similar income</b>	<b>43,463</b>	<b>52,601</b>
<b>Interest and similar expenses on</b>		
Credit institutions deposits	-1,553	-1,736
Customer deposits	-4,549	-5,775
Securitised debt	-41	-799
subordinated capital	-3,074	-3,573
Other trades	-4,770	-4,361
<b>Sub-total interest and similar expenses</b>	<b>-13,987</b>	<b>-16,244</b>
Income from at-equity valued companies	9,385	7,672
<b>Net interest income</b>	<b>38,861</b>	<b>44,029</b>

17 LOAN LOSS PROVISIONS in thousands of euro	01/01- 31/03/2016	01/01- 31/03/2015
Allocation of on-balance sheet provision	-4,195	-5,487
Allocation of off-balance sheet provision	-821	-19
Loan loss insurance premiums	0	0
Release of on-balance sheet provisions	1,762	1,078
Release of off-balance sheet provisions	3,119	165
Direct amortisation	-248	-37
Income from amortised receivables	6	47
<b>Loan-loss provisions in the credit business</b>	<b>-377</b>	<b>-4,253</b>

The allocations to and write backs from provisions for off-balance sheet loan risks are contained in the above figures.

18 COMMISSION INCOME in thousands of euro	01/01- 31/03/2016	01/01- 31/03/2015
Credit transaction	1,512	1,267
Payment transactions	2,923	3,107
Securities trading	5,563	6,606
Currency, foreign exchange and precious metals trading	709	1,249
Other services business	1,001	995
<b>Net commission income</b>	<b>11,708</b>	<b>13,224</b>

19 TRADING INCOME in thousands of euro	01/01- 31/03/2016	01/01- 31/03/2015
Income from derivatives	618	1,758
Income from securities	108	124
Income from foreign exchange and notes and coins transactions	402	1,511
<b>Trading income</b>	<b>1,128</b>	<b>3,393</b>

20 OPERATING EXPENSES in thousands of euro	01/01- 31/03/2016	01/01- 31/03/2015
Payroll	-22,470	-21,305
Materials	-12,803	-11,808
Amortisation	-6,785	-5,953
<b>Operating expenses</b>	<b>-42,058</b>	<b>-39,066</b>

20a AVERAGE NUMBER OF EMPLOYEES, WEIGHTED BY person-years	31/03/2016	31/03/2015
White collar	921	915
Blue collar	494	474
<b>Payroll</b>	<b>1,415</b>	<b>1,389</b>

The level of the workforce was reduced by the number of employees delegated to subsidiaries outside the circle of companies covered by the IFRS consolidation.



21 OTHER OPERATING INCOME in thousands of euro	01/01- 31/03/2016	01/01- 31/03/2015
Other operating income	32,462	29,931
Other operating expenses	-10,588	-6,440
Hedge accounting income	5	35
Earnings from revaluation of derivate investment book	0	0
<b>Other operating profit</b>	<b>21,879</b>	<b>23,526</b>

22 PROFIT ARISING FROM FINANCIAL ASSETS – AT FAIR VALUE THROUGH PROFIT OR LOSS in thousands of euro	01/01- 31/03/2016	01/01- 31/03/2015
Profit arising from financial assets – at fair value through profit or loss	-455	323
<b>Profit arising from financial assets – at fair value through profit or loss</b>	<b>-455</b>	<b>323</b>

23 PROFIT ARISING FROM FINANCIAL ASSETS – AVAILABLE FOR SALE in thousands of euro	01/01- 31/03/2016	01/01- 31/03/2015
Profit arising from financial assets – available for sale	-234	-109
<b>Profit arising from financial assets – available for sale</b>	<b>-234</b>	<b>-109</b>

24 PROFIT ARISING FROM FINANCIAL ASSETS – HELD TO MATURITY in thousands of euro	01/01- 31/03/2016	01/01- 31/03/2015
Profit arising from financial assets – held to maturity	0	0
<b>Profit arising from financial assets – held to maturity</b>	<b>0</b>	<b>0</b>

25 PERFORMANCE BONDS AND CREDIT RISKS in thousands of euro	31/03/2016	31/03/2015
Securities/guarantees	237,337	225,973
Credit risks	1,274,992	1,262,564
<b>Performance bonds and credit risks</b>	<b>1,512,329</b>	<b>1,488,537</b>

**Creditworthiness by sector of selected countries**  
The following table illustrates the volume of receivables owed by borrowers in selected countries, categorised by sectors. Against the backdrop of recent trends in the

financial markets, the loan, insurance and public authority sectors have been highlighted. There was no liability to Portugal, Ukraine or Greece on the reporting date of 31/03/2016.

**TOTAL CREDIT RISK: CREDITWORTHINESS STRUCTURE BY SECTORS OF SELECTED COUNTRIES AT 31/03/2016**

Sectors in thousands of euro	Italy	Ireland	Spain	Greece	Total
Loans and insurance	27,351	2,993	0	0	30,344
Public sector	0	0	0	0	0
Remaining sectors	127,174	79	215	3	127,471
<b>Total</b>	<b>154,525</b>	<b>3,072</b>	<b>215</b>	<b>3</b>	<b>157,815</b>

26 EPS (ORDINARY AND PREFERENCE SHARES)	31/03/2016	31/03/2015
Equities (ordinary and preference shares)	27,500,000	25,000,000
Average float (ordinary and preference shares)	27,468,795	24,989,975
Net Group income in thousands of euro	21,556	27,687
<b>EPS (Earnings per share) in EUR</b>	<b>0.78</b>	<b>1.11</b>
Diluted earnings per share in EUR (ordinary and preference shares)	0.78	1.11

The diluted earnings per share are the same as the undiluted earnings per share as no financial instruments with diluting effect were issued.

These means that there is no difference between the values „earnings per share“ and „diluted earnings per share“.

The financial instruments reported at fair value are classified at fair value in the three-tier valuation hierarchy as follows.

This hierarchy reflects the significance of the input data used for the valuation and is classified as follows:

**Quoted prices in active markets (Level 1):**

This category contains equity, corporate bonds and government lending listed on major exchanges. The fair value of financial instruments traded in active markets is calculated on the basis of quoted prices, in so far as these represent prices applied within the context of regular and current transactions.

An active market must fulfil cumulatively the following conditions:

- the products traded on the market are homogenous,
- normally willing contractual buyers and sellers can be found any time and
- prices are available to the public.

A financial instrument is seen as listed on an active market if its prices are available easily and regularly from a stock exchange, a trader or broker, an industry group, a price service agency or a supervisory authority and these prices represent actual and regularly occurring market transactions.

**Valuation procedure through observable parameters (Level 2):**

This category includes OTC derivative contracts, receivables and issued debt securities of the Group classified at fair value.

**Valuation procedures through significant unobservable parameters (Level 3):**

The financial instruments in this category show input parameters which are based on unobservable markets.

The allocation of certain financial instruments to the categories requires a systematic assessment, especially if the valuation is based on both observable as well as unobservable market parameters. The instrument classification may also change over time in consideration of changes to the market parameters.

For securities and other investments which are valued at fair value, the following valuation processes are applied:

**Level 1**

The fair value is derived from the transaction prices as traded on the stock exchange.

**Level 2**

Securities which are not traded in an active market are valued by means of the discounted cash flow method. This means that the future projected cash flows are discounted by means of suitable discount factors in order to calculate the fair value. The discount factors contain both the credit curve without credit risk as well as the credit spreads which follow the credit rating and the rank of the issuer. The interest curve for discounting contains securities account, money-market futures and swap rates as observable on the market. The calculation of the credit spread follows a 3-step process:

- 1) If there is for the issuer a bond of the same rank and of the same remaining term which is actively traded on the market, this credit spread is used.
- 2) if there is no comparable bond which is actively traded on the market, the credit default swap spread (CDS spread) with a similar term is applied.
- 3) If there is neither a comparable bond traded on the market nor an actively traded CDS, then the credit spread from a comparable issuer is applied (level 3). This approach is currently not being used at the BTV group.

### Level 3

The accompanying current values of the mentioned financial assets in the third stage where determined in accordance with generally recognised valuation processes. Significant parameters are the depreciation rate as well as long-term success and capitalisation values with consideration of the experience of the management as well as knowledge of the market conditions of the specific industry.

The issues are categorised at level 2 and the valuation takes place in accordance with the following process:

### Level 2

The own issues are not subject to active trade on the capital market. Instead they are retail issues and private placements. The valuation consequently takes place by means of a discounted cash flow valuation model. This is based on an interest curve based on money market interest rates and swap interest as well as BTV's credit spreads. The credit spreads align themselves with the spreads that are payable at the time for an interest rate hedging transaction (interest spread on swap).

The derivatives are also categorised at level 2. The following valuation processes are applied:

### Level 2

Derivative financial instruments are divided into derivatives with a symmetrical payment profile as well as derivatives with an asymmetrical payment profile.

At BTV, derivatives with a symmetrical payment profile contain interest derivatives (interest swaps and interest rate forwards) and foreign currency derivatives (FX Swaps, cross currency swaps and FX outright transactions). These derivatives are calculated by means of the discounted cash flow method which is based on money market interest rates, money market futures-interest rates, swap interest rates as well as basis spreads which can be observed continually on the market.

At BTV, derivatives with an asymmetrical payment profile contain interest derivatives (caps and floors). The calculation of the fair value occurs here by means of the Black-76-Option price model. All inputs are either completely directly observable on the market (money market rates, money market futures- interest rates as well as swap interest rates) or derived from input factors observable on the market (caps / floor volatilities implicitly deducted from option prices).

The following tables show the fair value valuation methods used in order to determine the fair value of the balance sheet financial instruments.

FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS WHICH ARE VALUED AT FAIR VALUE AS AT 31/03/2016	Prices listed in active markets	Valuation methods based on market data	Valuation meth- ods not based on market data
in thousands of euro			
	Level 1	Level 2	Level 3
<b>Financial assets stated at fair value</b>			
Trading portfolio securities	0	0	0
Positive market values from derivative financial instruments	0	105,519	0
Assets classified at fair value	116,110	25,889	0
Financial assets available for sale	1,316,928	41,188	65,285
<b>Overall financial assets classified at fair value</b>	<b>1,433,038</b>	<b>172,596</b>	<b>65,285</b>
<b>Financial liabilities stated at fair value</b>			
Negative market values from derivative financial instruments	0	42,985	0
Liabilities classified at fair value	0	624,449	0
<b>Overall liabilities classified at fair value</b>	<b>0</b>	<b>667,434</b>	<b>0</b>

FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS WHICH ARE VALUED AT FAIR VALUE AS AT 31/12/2015	Prices listed in active markets	Valuation methods based on market data	Valuation meth- ods not based on market data
in thousands of euro			
	Level 1	Level 2	Level 3
<b>Financial assets stated at fair value</b>			
Trading portfolio securities	0	0	0
Positive market values from derivative financial instruments	0	89,163	0
Assets classified at fair value	124,115	25,781	61
Financial assets available for sale	1,345,074	41,064	65,285
<b>Overall financial assets classified at fair value</b>	<b>1,469,189</b>	<b>156,008</b>	<b>65,345</b>
<b>Financial liabilities stated at fair value</b>			
Negative market values from derivative financial instruments	0	36,608	0
Liabilities classified at fair value	0	623,554	0
<b>Overall liabilities classified at fair value</b>	<b>0</b>	<b>660,162</b>	<b>0</b>

MOVEMENTS IN LEVEL 3 OF FINANCIAL INSTRUMENTS ASSESSED AT FAIR VALUE in thousands of euro	Jan 16	Earnings on P&L	Success from other operating income	Purchases	Sales, repay- ments	Transfer to level 3	Transfer from level 3	Currency conver- sion	March 16
Trading portfolio securities	0	0	0	0	0	0	0	0	0
Positive market values from de- rivative financial instruments	0	0	0	0	0	0	0	0	0
Assets classified at fair value	61	-1	0	0	-60	0	0	0	0
Financial assets available for sale	65,285	0	0	0	0	0	0	0	65,285
<b>Overall financial assets classified at fair value</b>	<b>65,345</b>	<b>-1</b>	<b>0</b>	<b>0</b>	<b>-60</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>65,285</b>

**Movements between level 1, level 2 and level 3**  
In the current reporting year 2016,  
there have not been any movements  
between the individual levels.

Repayments of EUR 60 thousand resulting  
from the redemption of fund shares.

#### 28 FAIR VALUE OF FINANCIAL INSTRUMENTS, WHICH ARE NOT VALUED AT FAIR VALUE

In the following table for each balance sheet item  
the fair market value is compared to the book  
value. The market value is the amount, which in  
an active market could be raised from the sale of  
a financial instrument or which would need to be  
paid to make an equivalent purchase.

For positions without a contractually fixed term  
the relevant book value was applied. If no market  
prices exist, then generally accepted valuation  
models were applied, in particular analysis using  
discounted cash flow and the option price model.

ASSETS in EUR thousand	Fair value 31/03/2016	Book value 31/03/2016	Fair value 31/12/2015	Book value 31/12/2015
Cash reserves	129,135	129,135	146,757	146,757
Loans to Credit Institutions	334,257	333,537	320,115	319,764
Loans to clients	7,082,674	6,668,403	6,922,973	6,556,443
Financial assets – held to maturity	0	0	0	0

LIABILITIES in EUR thousand	Fair value 31/03/2016	Book value 31/03/2016	Fair value 31/12/2015	Book value 31/12/2015
Liabilities to credit institutions	1,006,093	999,631	1,001,151	981,843
Liabilities to clients	5,661,783	5,645,965	5,658,150	5,642,782
Securitised debt	721,190	722,998	685,266	687,817
subordinated capital	62,212	62,178	66,638	66,557

Segment reporting is provided by BTV Group as required by the information and valuation rules of IFRS 8. Segment information is based on what is known as the „Management Approach“. This requires segment information to be presented according to internal reporting as it is regularly used by the company's key decision-makers for decisions on allocation of resources to the segments and to assess their performance. The qualitative and quantitative thresholds defined in IFRS 8 are met by this segment reporting. The business areas are reported as independent businesses.

Segment reporting is based on internal divisional accounting for the corporate and retail customers business areas; on the overall bank report for the institutional clients and banks business area; on the Reporting Package and the monthly report for the BTV Leasing subgroup; on the relevant monthly report for the Silvretta Montafon Group and on the relevant monthly report for Mayrhofner Bergbahnen AG. These reports reflect the structure of management responsibilities within BTV in 2016. These internal reports to the Board of Directors, which only satisfy IFRS accounting standards in part, are supplied monthly and are almost totally automated by preparatory systems and interfaces. The reporting dates for the data are the respective period closing dates of the subsidiaries included in the consolidated financial statements. The information of the internal and external accounting system is based on the same base data and is agreed in the Finance and Controlling division for the reports. A reciprocal check, current agreements or plausibility checks between the Sales and Strategy Controlling, Risk Controlling, Reporting and Balance Sheet Presentation and Tax and Accounting groups are therefore guaranteed. The criterion for the separation of business areas is primarily the

responsibility for looking after clients. Changes in this responsibility can also lead to changes in attribution to a segment during the course of a year. These effects were, where insignificant, not corrected in the comparison with last year.

**In 2016, the following business areas have been defined within BTV:**

The corporate client business area is responsible for small, medium and large business clients and chartered accountants and auditors. The retail client business area is responsible for the retail clients, freelance professionals and micro-companies market segments. The institutional clients and banks division mainly includes treasury and trading activities. BTV Leasing brings together all leasing operations of BTV AG. The cable cars sector includes the Silvretta Montafon Group and Mayrhofner Bergbahnen, which contain all of the two companies' tourism activities. The results of these segments also include transactions between segments, particularly between the corporate customer segment and leasing and the cable cars. Services are transferred at market prices. Alongside these five reporting segments, is the „Other segments/Consolidations/Misc.“ heading. This item reports the results from service areas across BTV, such as Finance and Controlling, Legal and Investments, Quality Management, Marketing and Communications and Group Auditing etc. In addition, the effects of consolidation and fully consolidated companies below the thresholds (Alpenländische Garantie-Gesellschaft m.b.H., BTV Hybrid I GmbH and BTV Hybrid II GmbH as well as TiMe Holding GmbH) are allocated to this segment.

The results of the five reporting segments are described below.

### Corporate client segment

The corporate client sector is the largest division in terms of earnings at BTV. Thanks to business operations in the first quarter of 2016, the pre-tax earnings for the period rose substantially by +10.8% compared to the same quarter in the previous year, to EUR 22.0 million.

In the corporate business segment, operating interest income forms the main revenue component. The average volume compared to the first quarter 2015 on an annualised basis rose significantly in the financing business, making interest earnings rise by EUR +0.6 million to EUR 21.9 million.

The major factor influencing profits during the reporting quarter were the loan loss provisions in the credit business. Allocations to provisions exceeded write-backs, making the net total EUR +1.3 million (prior year: EUR -1.9 million). On the one hand, BTV was affected by only a few insolvencies or bankruptcies, on the other hand there were only a few major changes in ratings.

Net provision income fell in 2016 by EUR -0.3 million to EUR 6.2 million. The increased loan business could not fully compensate for the fall-off in securities revenues.

A further decisive factor for earnings is the administrative costs. These rose in this segment, mainly because of staff costs and physical expansion, by EUR +1.2 million to EUR 7.3 million. In total this led to a clearly increased profit for the period of EUR 22.0 million, (EUR +2.1 million on the previous year).

The segment's receivables grew because of the robust new business by EUR +119 million to EUR 4,491 million. The segment liabilities increased from EUR 2,026 million to EUR 2,184 million.

### Retail client segment

The second pillar of BTV, the retail client business, developed positively in the reporting quarter. Interest operations earnings showed a rise of EUR +0.2 million to EUR 9.8 million, thanks to a slightly improved level of interest rates, while the average volume in the financing business fell back

modestly. Meanwhile, risk remained under control. Loan loss provisions in the lending business reduced by EUR -1.3 million.

After a clear increase in the previous year, commission income fell in the first quarter of 2016. Above all, securities trading was hit by falling turnover, because of uncertainty created among customers by the turbulent start to the year in the financial markets. Overall, net commissions stood at EUR 7.0 million, a fall of EUR 0.8 million against the same quarter last year.

The retail client segment is typically highly cost intensive because of the high staff and premises resources required. In the reporting year, costs were kept under control and operating expenses were reduced by EUR 0.2 million to EUR 11.9 million.

Other operating profits remained stable at EUR 0.2 million, the same as the previous year.

In total, pre-tax profit in this segment increased by EUR +1.0 million or +23.3% to EUR 5.2 million.

### Institutional Clients and Banks Segment

The sale of the bulk of bonds held in the securities inventory during the 3rd quarter of 2015 led in the reporting period to a clear drop in earnings in the segment for the business area of institutional clients and banks. Above all, the reorganisation of the securities inventory (lower coupons) caused the interest income to fall by EUR -7.8 million to EUR 3.1 million. In addition, income from financial assets, including trading income, fell to EUR 0.4 million, leaving it EUR 3.1 million below the level in the previous year.

Loan loss provisions in this segment consist only of portfolio impairments. In comparison to the same quarter in the previous year, these were lower by EUR -0.3 million, with additional allocations in the first quarter of EUR 0.8 million. Administrative expenses were down EUR -0.1 million, to EUR 0.5 million.

In total, this led to a profit before tax for the period of EUR 2.3 million, which was EUR -10.5 million below the previous year's profit.



SEGMENT REPORTING in thousands of euro	Year	Corporate clients	Retail clients	Institutional clients and banks	Leasing	Cable cars	Reporting segments	Other segments/ Consolida- tion/Misc. Other	Group Balance sheet/P&L
Net interest income	03/2016	21,873	9,805	3,124	4,342	-250	38,894	-9,418	29,476
	03/2015	21,306	9,604	10,913	4,187	-280	45,730	-9,373	36,357
Income from at-equity valued companies	03/2016	0	0	0	0	0	0	9,385	9,385
	03/2015	0	0	0	0	0	0	7,672	7,672
Loan-loss provisions in the credit business	03/2016	1,252	-27	-787	6	0	444	-821	-377
	03/2015	-1,856	-1,345	-1,093	60	0	-4,234	-19	-4,253
Net commission income	03/2016	6,178	7,046	0	680	0	13,904	-2,196	11,708
	03/2015	6,505	7,828	0	109	0	14,442	-1,218	13,224
Operating expenses	03/2016	-7,273	-11,862	-476	-1,584	-14,825	-36,019	-6,039	-42,058
	03/2015	-6,070	-12,091	-556	-1,568	-13,025	-33,310	-5,756	-39,066
Other operating profit	03/2016	0	194	0	1,104	27,415	28,713	-6,834	21,879
	03/2015	0	185	0	239	25,569	25,993	-2,467	23,526
Profit arising from financial assets and trading profit	03/2016	0	0	421	18	0	439	0	439
	03/2015	0	0	3,563	26	0	3,607	0	3,607
Result for the period before tax	03/2016	22,030	5,157	2,282	4,566	12,340	46,374	-15,922	30,452
	03/2015	19,885	4,181	12,827	3,053	12,264	52,209	-11,142	41,067
Segment loans	03/2016	4,491,209	1,320,495	1,980,320	798,364	13,517	8,603,905	99,017	8,702,922
	03/2015	4,372,447	1,340,056	2,358,671	749,259	17,849	8,838,282	402,250	9,240,532
Segment liabilities	03/2016	2,183,505	3,016,218	2,272,808	749,157	86,510	8,308,198	-240,194	8,068,004
	03/2015	2,026,423	2,996,311	3,021,154	705,424	58,436	8,807,748	-795,233	8,012,515

Changes in this responsibility can lead to changes in attribution to a segment. These effects are not corrected in the year-on-year comparison.

### Segment Leasing

BTV's leasing subsidiary can look back on a positive 1st quarter. Given the robust new business, the trend in the asset business stands out, where the customer volume in present value terms was increased by EUR +49 million to EUR 798 million. At EUR 4.3 million, the net interest income exceeded the previous year's level by EUR +0.2 million.

Another decisive factor is the other operating income, which rose by EUR +0.9 million to EUR 1.1 million. Loan loss provisions fell slightly by EUR -0.1 million and the administrative expenses remained stable at EUR 1.6 million. Commission income rose by EUR +0.6 million to EUR 0.7 million.

Overall, the pre-tax profits for the period, at EUR 4.6 million, rose by EUR +1.5 million compared to the previous year's level.

### Cable cars segment

Mayrhofner Bergbahnen and the Silvretta Montafon Group form the cable cars segment, with Mayrhofner Bergbahnen being reported for the first time in quarter 03/2015, used for comparison (previous year adjusted). The business performance of tourism dominates in both companies, with strong seasonal fluctuation in earnings in every quarter.

Other operating profit mainly includes the revenues. At EUR 27.4 million, the profits rose against the previous year's quarter by EUR +1.8 million. These earnings are also the decisive factors for Silvretta Montafon with its average of 420 employees in the reporting year and Mayrhofner Bergbahnen with its average 201 employees.

The administrative costs rose on the same scale as the revenue (EUR +1.8 million to EUR 14.8 million), so that the pre-tax profits for the period, with a stable interest income, were EUR 12.3 million, the same as in last year's quarter.

Changes in this responsibility can lead to changes in attribution to a segment. These effects are not corrected in the year-on-year comparison.

### Segment reporting: explanatory notes

The net interest income is allocated according to the market interest method. Sales figures are included in the corporate and retail clients for management reasons, among other items. Income from at-equity valued companies is allocated to the „Other segments/Consolidation/Misc.“ area. Net commission income is determined by the assignment of the internal divisional accounting (including all manual entries being assigned to commission). Costs are allocated to the respective segments in which they were incurred and the expenses of BTV Leasing GmbH or Silvretta Montafon Group and Mayrhofner Bergbahnen are directly allocated in accordance with the management reports. Costs that cannot be directly allocated are shown under „Other segments/consolidation/Misc.“ The other operating income includes, among other things, the revenue from the Silvretta Montafon Group and Mayrhofner Bergbahnen and, under „Other Segments/Consolidation/Misc.“, in addition to the consolidation effects, essentially the stability tax and rental operations.

The segment receivables include the entries for loans and advances to banks, loans and advances to clients, trading assets and all fixed-interest securities, guarantees and liabilities. The „Other segments/Consolidation/Misc.“ column includes loan loss provisions, since the internal control considers the liabilities as net figures in contrast to the balance sheet. The postings resulting from consolidation are also found here. The entries for liabilities to banks, liabilities to clients, trading liabilities, securitised debt, trading liabilities and subordinated capital are allocated to the liabilities segment. Consolidating entries are also included here in the „Other segments/Consolidation/Misc.“ column.

The success of the business field concerned is measured by the before-tax annual net profit generated by that segment.

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## Declaration by the statutory representatives pursuant to Section 82 (4) and 87 (1) BörseG (Stock Exchange Act)

We confirm that, to the best of our knowledge, the abridged interim group financial statements drawn up in accordance with the relevant accounting standards convey as faithful a picture as possible of the asset, financial and earnings position of the BTV group, and that the report paints as faithful a picture as possible of the asset, financial and earnings position of the BTV group with reference to the important events during the first three months of the financial year and their effects on the abridged interim group financial statements with respect to the main risks and uncertainties to which the group is exposed.

Execution of an audit and/or an examination of the interim report by an auditor has been waived.

Innsbruck, May 2016

The Board of Directors



Gerhard Burtscher  
Chairman of the Board

Spokesman for the Board and responsible for Corporate Client business; Institutional Clients and Banks, Group Audit, Marketing and Communications, Personnel Management; Compliance and money laundering.



Mario Pabst  
Member of the Board

Member of the Board of Directors with responsibility for risk, process, IT and cost management; The departments for finance and controlling, legal matters and investments and group audit; Compliance and money laundering.



Michael Perger  
Member of the Board

Member of the Board, responsible for Retail Customer business; Group audit division; Compliance and money laundering.

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## BTV shares as at 31 March 2016

### Bad start to the year on world stock markets

The international stock markets had a turbulent start to the new year and were hit by significant losses in the first few weeks. The reason for this was the flare-up of renewed doubts about China's economic growth, caused by heavy losses on the Chinese exchanges. In addition, falling prices in the commodities sector, geopolitical worries and general concern about economic trends caused uncertainty among investors. Worse than expected economic trend data from the US, and the spread of economic weakness from emerging countries to the industrial regions led to an increase in downside risk for the global economy. At the end of the day, it was probably the sum total of all these varied factors that led to the negative market sentiment. From the middle of February the markets finally began to recover, eliminating many of the price losses of the first few weeks of the year. The continuing uncertainties, however, continued to cause strong price fluctuations even during the recovery period.

The established European share indices, despite the price recovery from the middle of February onwards, almost all showed a loss at the end of the first quarter. The Euro Stoxx 50 lost –8.0% in the first quarter and the leading German index, the DAX, –7.2%. The Italian Index FTSE MIB was especially hard hit with –15.4%. This trend was disappointing after the huge price gains in the previous year. The US stock exchanges were able to recover fully from the weak start to the year, and closed out the quarter slightly ahead. The S&P 500 gained +0.8% and the Dow Jones +1.5%. The Japanese Nikkei 225, that had grown particularly well in the previous year, suffered a clear blow of –12.0% in the 1st quarter. The Swiss SMI share index lost –11.5% from the start of the year, and so joined the list of losers in the first quarter.

In the first quarter of 2016, BTV's ordinary shares fell by -1.4% to EUR 21.10 and the preference shares rose by +0.1% to EUR 19.01.

## Overview of 3 Banken Group – Group information

PROFIT AND LOSS in EUR million	BKS Bank		Oberbank		BTB	
	01/01- 31/03/2016	01/01- 31/03/2015	01/01- 31/03/2016	01/01- 31/03/2015	01/01- 31/03/2016	01/01- 31/03/2015
Net interest income	37.4	36.1	83.7	86.5	38.9	44.0
Loan-loss provisions in the credit business	-8.8	-6.2	-1.9	-20.4	-0.4	-4.3
Commission income	12.9	13.7	33.0	35.2	11.7	13.2
Operating expenses	-26.9	-26.2	-65.4	-59.7	-42.1	-39.1
Other operating profit	-3.8	-0.3	0.9	2.4	21.9	23.5
Net pre-tax profit for the period	10.9	18.8	52.5	48.9	30.5	41.1
Group profit for the period	8.5	12.3	42.5	40.6	26.1	32.5

  

BALANCE SHEET FIGURES in millions of euros	31/03/2016	31/12/2015	31/03/2016	31/12/2015	31/03/2016	31/12/2015
Total assets	7,100.9	7,063.4	18,478.9	18,243.3	9,535.9	9,426.3
Loans and advances to clients after loan loss provisions	4,913.4	4,920.1	12,635.0	12,351.7	6,470.1	6,359.6
Primary funds	5,164.4	5,109.8	12,754.4	12,620.0	7,055.6	7,020.7
of which savings deposits	1,624.9	1,629.8	2,931.4	2,912.6	1,236.0	1,200.8
of which securitised debt including subordinated capital	772.2	758.1	2,060.1	2,098.5	1,409.6	1,377.9
Equity	864.7	860.2	1,969.0	1,925.7	1,190.0	1,148.7
Managed deposits	13,059.2	13,212.1	25,358.1	25,245.1	12,733.9	12,732.4
of which customer deposits	7,894.8	8,102.3	12,603.7	12,625.1	5,678.3	5,711.6

  

REGULATORY CAPITAL in millions of euros	31/03/2016	31/12/2015	31/03/2016	31/12/2015	31/03/2016	31/12/2015
Basis for measuring capital	4,834.0	4,883.4	12,580.6	12,216.7	6,283.2	6,262.7
Equity	593.9	599.9	2,193.6	2,158.0	966.0	977.8
of which common equity (CET1)	546.0	575.6	1,688.4	1,650.8	930.3	950.9
of which total core capital (CET1 and AT1)	546.0	575.6	1,765.0	1,733.3	930.3	950.9
Common equity ratio in %	11.30%	11.79%	13.42%	13.51%	14.81%	15.18%
Core capital ratio in %	11.30%	11.79%	14.03%	14.19%	14.81%	15.18%
Total capital ratio in %	12.29%	12.28%	17.44%	17.66%	15.37%	15.61%

  

COMPANY KEY INDICATORS in %	31/03/2016	31/12/2015	31/03/2016	31/12/2015	31/03/2016	31/12/2015
Return on equity before tax (RoE)	6.12%	7.33%	10.85%	11.20%	10.47%	15.88%
Return on Equity after tax	5.34%	6.48%	8.78%	9.73%	8.97%	12.77%
Cost/income ratio	57.6%	48.7%	54.6%	50.5%	57.2%	58.6%
Risk/earnings ratio	23.5%	29.2%	2.3%	12.4%	1.0%	9.7%

  

NUMBER of resources	31/03/2016	31/12/2015	31/03/2016	31/12/2015	31/03/2016	31/12/2015
Weighted average number of employees	927	923	2,048	2,025	1,415	1,354
Number of branches	60	59	158	156	36	36

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## Imprint

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### Notes

Any reference in the interim report to the masculine form is intended to apply equally to women and men.

In the BTV interim report there may be slightly differing values between tables or graphics due to rounding. charts.

This report contains forward-looking statements relating to the future performance of BTV. These statements reflect estimates which have been made on the basis of all information available to us on the reporting date. Should the assumptions underlying such forward-looking statements prove incorrect, or should risks materialise to an extent not anticipated, actual results may vary from those expected at present.

### Media owner (Publisher)

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Further details pursuant to Section 25 of the Austrian Media Act can be found at [www.btv.at/impressum](http://www.btv.at/impressum).

### Principle objective

Display and presentation of the company and information about the key products and services of the Bank für Tirol und Vorarlberg Aktiengesellschaft.

### Contents

BTV Finance and Controlling  
Hanna Meraner  
MA (Ms) Reinhard Auer

### Design

BTV Quality Management  
Marketing & Communications  
Andreas Moser

### Final version

6. May 2016

