SHAREHOLDERS‘ REPORT
INTERIM FINANCIAL REPORT
AS AT 30 JUNE 2014

BANK FÜR TIROL UND VORARLBERG AG

BTV VIER LÄNDER BANK

3 Banken Gruppe

Contents

IMPORTANT DATES FOR BTV SHAREHOLDERS

Annual General Meeting	14 May 2014, 10.00 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	19 May 2014
Payment of dividend	22 May 2014
Interim report as at 31 March 2014	Published on 23 May 2014 (www.btv.at)
Interim financial report as at 30 June 2014	Published on 22 August 2014 (www.btv.at)
Interim report as at 30 September 2014	Published on 28 November 2014 (www.btv.at)

The BTV Group at a glance

INCOME in € million	30/06/2014	30/06/2013	Change in %
Net interest income	89.4	89.6	–0.2%
Loan-loss provisions in the credit business	–17.3	–21.9	–21.2%
Net commission income	21.7	22.6	–4.0%
Operating expenses	–76.0	–48.0	+58.2%
Other operating profit	31.3	–1.0	>+100%
Net pre-tax profit for the period	49.2	45.5	+8.1%
Group profit for the period	40.3	37.8	+6.5%

BALANCE SHEET in € million	30/06/2014	31/12/2013	Change in %
Total assets	9,342	9,589	–2.6%
Loans and advances to clients after loan loss provisions	6,072	6,197	–2.0%
Primary funds	6,384	6,716	–4.9%
of which savings deposits	1,148	1,176	–2.4%
of which securitised debt including subordinated capital	1,365	1,288	+6.0%
Equity	957	913	+4.8%
Managed deposits	11,541	11,546	–0.0%

REGULATORY CAPITAL in € million	30/06/2014	31/12/2013	Change in %
Risk-weighted assets	6,243	6,055	+3.1%
Equity	1,115	964	+15.6%
of which common equity (CET1)	783	-	-
of which total core capital (CET1 and AT1)	848	807	+5.1%
Common equity Tier 1 ratio	12.55%	-	-
Core capital ratio	13.59%	13.33%	+0.26 pp
Equity ratio	17.86%	15.93%	+1.93 pp

COMPANY KEY FIGURES in percentage points	30/06/2014	30/06/2013	Change in percentage points
Return on equity before tax (RoE)	10.61%	10.72%	–0.11 pp
Return on equity after tax	8.69%	8.90%	–0.21 pp
Risk/earnings ratio	19.3%	24.5%	–5.2 pp

RESOURCES Number	30/06/2014	31/12/2013	Change Number
Number of branches	37	37	+0

KEY INDICATORS FOR BTV SHARES	30/06/2014	30/06/2013
Number of ordinary no par value shares	22,500,000	22,500,000
Number of preference shares	2,500,000	2,500,000
Top price of ordinary/preference share in EUR	21.50/16.91	18.20/16.10
Bottom price of ordinary/preference share in EUR	19.60/16.50	17.20/15.40
Closing price of ordinary/preference share in EUR	21.50/16.70	18.00/16.10
Market capitalisation in millions of euros	526	445
IFRS EPS in EUR	3.22	3.05
P/E ratio, ordinary share	6.7	5.9
P/E ratio, preference share	5.2	5.3

Management report and notes on BTV Group business development in 2014

Economic environment

Following weaker than expected growth in the US and the eurozone in the first quarter, a steady improvement is expected over the next few months. Based on a range of economic and sentiment indicators, a strong rebound is expected in the US. Along with the important ISM Purchasing Managers' Index for industry, the marked increase in consumer confidence in June also points to solid growth in the US economy. There are also signs of continuing recovery in the real estate and employment markets. For instance, according to the latest employment report, 288,000 new non-farm jobs were created. Unemployment also fell to 6.1%.
The recovery in the eurozone remains shaky, however. France in particular is giving rise to concerns due to the stagnating economy and high unemployment, while Germany remains the main driver for growth. Although the ECB will continue to boost economic recovery through its expansive monetary policy, concerns about deflation continue to loom large. Besides low inflation in the eurozone, which remained stable at 0.5% in June, a continuing credit squeeze in many southern European nations and a strong euro still prevail. Therefore, over the next few months, the ECB will wait for the quantitative easing measures decided upon at the beginning of June to take effect. If inflation does not improve, the central bank will not shrink from taking further unconventional steps.

Interest rates

On 5 June, the European Central Bank lowered its key rate by 10 basis points to 0.15%, introducing a negative deposit rate of -0.10% for the first time for short-term deposits of commercial banks with the central bank. Consequently, the key rate is now at a record low. The ECB has also announced a raft of measures, including extending the allocation for short-term bank refinancing until at least the end of 2016 and longer-term refinancing operations (tenders) for commercial banks in September and December. There are also plans for a purchasing programme for securitised loans.

This low interest policy on the part of the ECB and, in particular, the prospect of additional central bank liquidity in the autumn led to a further fall in yields on government bonds from peripheral and core European nations. Yields on 10-year German federal bonds, for instance, are just 10 basis points above their all-time low. Yields on 10-year Spanish government bonds also fell below the level of corresponding US bonds in June. This trend is intensified by weaker than expected economic data, more moderate tones from the Fed and the Bank of England regarding future interest rate trajectories and the crises in Ukraine and the Arab region. However, over the next few months the continuing recovery of the global economy should lead to a rise in yields on medium to long-term US government bonds.

In the first half of 2014, long-dated euro interest rates fell considerably (–71 basis points to 1.45% on the 10-year euro swap). Money market interest rates (3-month Euribor) fell slightly compared to 31 December 2013 by 8 basis points to 0.21%.

Currencies

The ECB will continue to adopt an expansionary monetary policy for the time being. Meanwhile, across the Atlantic, the Fed is running on autopilot. Bond buying is being gradually reduced, although there is no sign of early interest rate rises at present. As both these trends have already been factored in by the market, there have been no major changes in the EUR/USD exchange rate.

Nor are any significant changes expected in the EUR/CHF rate in the foreseeable future. The SNB is maintaining its minimum rate of 1.20. This was confirmed in its recent assessment of monetary policy in June. Meanwhile, the ECB remains on an expansionary course, recently creating new long-term refinancing opportunities for banks. This is warding off the depreciation of the Swiss franc against the euro.

Profit trend

Consolidation

The combined profit and loss account and the balance sheet of the BTV Group were influenced by changes in the scope of consolidation (cf. p. 12ff); the values for the previous year correspond to the scope of consolidation at that time. This should be noted in the individual detailed items.

Net interest income

BTV's pre-tax half-year earnings were up by EUR 3.7 million to EUR 49.2 million compared to the position on 30 June 2013. Interest income is a key factor here: interest income fell slightly by EUR 0.2 million or 0.2% to EUR 89.4 million. Interest income also includes income from at-equity valued companies. This result including the effects of changes in the scope of consolidation was EUR 15.6 million overall.

Loan-loss provisions in the credit business

Loan-loss provisions for credit business represent the balance of inflows and releases of loss provisions, including direct write-downs on receivables. They are supplemented by income from debt that had previously been written off.

So far in 2014, the requirement for loan-loss provisions for credit transactions (individual and portfolio value corrections) fell by 21.2% to EUR 17.3 million. Broken down by segments, EUR 15.1 million in loan loss provisions was allocated to corporate clients and at EUR 1.9 million to the retail business. There were no loan loss provisions for credit transactions for institutional clients and banks.

Net commission income

The total net commission income fell by EUR -0.9 million to EUR 21.7 million. Securities trading (EUR -0.9 million), payment transactions (EUR -0.5 million) and the forex, foreign notes and coins and precious metals business (EUR -0.1 million) were all down. Lending business was up (EUR +0.4 million), as was other services business (EUR +0.2 million),

Trading income

Trading income was at EUR 0.0 million, EUR -0.4 million below the previous year. The main reason for this decline was reduced income from foreign exchange and notes and coins transactions.

Operating expenses

Operating expenses were up EUR +28.0 million in the reporting period to EUR 76.0 million. The rise in personnel costs, expenditure on materials, amortisation and depreciation mainly resulted from the inclusion of VoMoNoSi Beteiligungs AG in the scope of full consolidation.

Personnel costs increased in the year to date (2014) by EUR +10.9 million or to EUR 41.9 million. The collective agreement for banks applying since 1 April 2014 increased the salaries of employees of BTV AG covered by the agreement by +2.2% on average. Operating expenses increased year-on-year by EUR +8.4 million to EUR 22.2 million. Depreciation was EUR 11.9 million in the reporting period. With an increase of EUR +8.7 million, this has more than tripled due to the reported change in the scope of full consolidation.

Other operating profit

The result for other operating profit improved by EUR +32.3 million to EUR 31.3 million. The increase was the result of including VoMoNoSi Beteiligungs AG in the scope of full consolidation. This position includes the revenues of the Silvretta Montafon Group. Also included is the Austrian stability tax for BTV AG (EUR 3.1 million to end June 2014), up by EUR +1.2 million year on year.

Income from financial assets

The income from financial assets as at 30 June 2014 was EUR 3.8 million down on the previous year, at EUR 0.2 million.

Tax position

Besides the ongoing effect of Austrian corporation tax, the amounts recorded at „Taxes on income and profit" relate primarily to the latent taxes to be paid on accruals and prepayment adjustments, in accordance with IFRS.
By 30 June 2014, tax liability grew by +15.7% to EUR 8.9 million in comparison to the previous year. The effective tax rate for the first half year is 18.2%.

Group income: stable result

Overall, these developments led to a gain of EUR +3.7 million, or +8.1%, to EUR 49.2 million pre-tax profit for the period. After tax, Group income for the period was EUR 40.3 million (+6.5%).

The cost/income ratio of the BTV Group was around 53.4% as at 30 June 2014 and the risk/earnings ratio 19.3%. The return on equity before tax was 10.6%.

Balance sheet performance

Total assets at 30 June 2014 were EUR 9,342 million, down EUR 247 million or -2.6% on the comparative figure for year-end 2013.

In comparison to year-end, cash reserves decreased by EUR 194 million, to EUR 36 million, due to reduced credit with central banks (ECB: negative deposit rates).

BTV continues to hold back from the inter-bank market. Loans to banks fell by EUR 86 million, to EUR 236 million, compared to 31 December 2013.

In the second quarter, demand for credit grew by EUR 46 million following a weak start to the year. However, the „loans to clients“ item fell by EUR 109 million to EUR 6,296 million compared to year end 2013. Within the segments, lending to retail and institutional clients fell. Split according to domestic and international business, loans and advances to domestic clients fell by EUR 49 million to EUR 4,258 million, while loans and advances to international clients fell by EUR 60 million to EUR 2,039 million.

Loan loss provisions for lending increased, primarily due to the allocated portfolio value adjustment, by EUR 18 million to EUR 225 million.

There was hardly any change in financial assets and interests, including trading assets, in the 2nd quarter since the majority of new investments for 2014 were carried out in the first quarter. Compared to year end 2013, this item gained EUR 5 million to EUR 2,619 million. Regarding the reinvestment of expiring securities, primarily fixed interest medium and longer term securities with excellent credit ratings were purchased, which may be used for tender and repo transactions.

Other assets and other liabilities primarily rose on account of the full consolidation of the VoMoNoSi Beteiligungs AG.

Primary funds formed the basis of BTV‘s refinancing. At the end of the first half of 2014, these fell by 4.9% to a total of EUR 6,384 million, mainly due to the reduced volume of business with institutional customers.

Low interest rates are leading many clients to switch to the successful BTV Asset Management. Deposits increased in the first six months by EUR 328 million, or 6.8%, to EUR 5,158 million.

Liabilities to banks fell by EUR 53 million in comparison to year-end 2013, to EUR 1,700 million owing to the declining credit with central banks.

Reserves and provisions increased mainly due to the inclusion of ALPENLÄNDISCHEN GARANTIE-GESELLSCHAFT M.B.H. in the scope of consolidation as joint operations

Balance sheet equity increased by EUR 44 million to EUR 957 million, mainly thanks to the good result for the period.

As at 30 June 2014, the credit institution group‘s qualifying net equity under CRR (Basel III) was EUR 1,115 million as per Basel III, being above EUR 1.1 billion for the first time. Overall, it increased by roughly 15.6% compared to 31 December 2013 (Basel II).

On 30 June 2014, the Tier 1 core capital of the banking group as per CRR amounted to EUR 848 million. Of this, common equity (CET1) accounted for EUR 783 million and the additional core capital (AT1) for EUR 65 million. Total risk-weighted assets rose to EUR 6,243 million (EUR +187 million compared to 31 December 2013). From this the common equity is calculated at 12.55%, the core capital ratio at 13.59% and the equity ratio at 17.86%. The legally required minimum ratios are comfortably met.

Outlook

BTV is continuing its successful growth strategy in the growth markets of Vienna, Bavaria, Baden-Württemberg and Eastern Switzerland and South Tyrol. BTV is already the market leader in the main target groups in Tyrol and Vorarlberg. This position continues to be reinforced.
As explained in the outlook in the 2013 annual report, for the financial year 2014 we expect that the annual net profit before tax will be at least equal to that of 2013, provided there are no unexpected economic upsets.

Abridged consolidated financial statements

Balance Sheet at 30 June 2014

ASSETS in thousands of euros	30/06/2014	31/12/2013	Change absolute	Change in %
Cash reserves	36,117	229,545	–193,428	–84.3%
Loans and advances to banks [1] [Notes]	236,256	321,850	–85,594	–26.6%
Loans and advances to clients [2]	6,296,144	6,404,543	–108,399	–1.7%
Loan-loss provisions[3]	–224,527	–207,146	–17,381	+8.4%
Trading assets [4]	25,673	27,208	–1,535	–5.6%
Financial assets – at fair value through profit or loss [5]	147,728	155,223	–7,495	–4.8%
Financial assets – available for sale [6]	1,265,691	1,251,189	+14,502	+1.2%
Financial assets – held to maturity [7]	825,046	846,262	–21,216	–2.5%
Shares in at-equity-valued companies [8]	355,062	333,672	+21,390	+6.4%
Intangible fixed assets	6,341	51	+6,290	>+100%
Property, plant and equipment	165,609	85,364	+80,245	+94.0%
Properties held as financial investments	44,854	46,754	–1,900	–4.1%
Tax refunds	454	224	+230	>+100%
Other assets	161,259	93,786	+67,473	+71.9%
Total assets	**9,341,707**	**9,588,525**	**–246,818**	**–2.6%**

LIABILITIES in thousands of euros	30/06/2014	31/12/2013	Change absolute	Change in %
Liabilities to banks [9]	1,700,403	1,752,704	–52,301	–3.0%
Liabilities to clients [10]	5,018,755	5,427,569	–408,814	–7.5%
Securitised debt [11]	965,390	880,491	+84,899	+9.6%
Trading liabilities [12]	19,688	21,443	–1,755	–8.2%
Reserves and provisions [13]	115,298	69,601	+45,697	+65.7%
Tax debts	15,767	15,030	+737	+4.9%
Other liabilities	149,766	100,781	+48,985	+48.6%
Subordinated capital [14]	399,811	407,841	–8,030	–2.0%
Equity [15]	956,829	913,065	+43,764	+4.8%
Non-controlling interests	763	0	+763	>+100%
Owners of the parent company	956,066	913,065	+43,001	+4.7%
Total liabilities	**9,341,707**	**9,588,525**	**–246,818**	**–2.6%**

Combined profit and loss account as at 30 June 2014

COMBINED PROFIT AND LOSS ACCOUNT in thousands of euros	01/01 - 30/06/2014	01/01 - 30/06/2013	Change absolute	Change in %
Interest and similar income	103,903	126,414	–22,511	–17.8%
Interest and similar expenses	–30,138	–53,189	+23,051	–43.3%
Income from at-equity valued companies	15,602	16,328	–726	–4.4%
Net interest income [16]	89,367	89,553	–186	–0.2%
Loan-loss provisions [17]	–17,266	–21,914	+4,648	–21.2%
Commission income	24,032	26,224	–2,192	–8.4%
Commission expenses	–2,335	–3,630	+1,295	–35.7%
Net commission income [18]	21,697	22,594	–897	–4.0%
Trading income [19]	–35	319	–354	>–100%
Operating expenses [20]	–76,005	–48,048	–27,957	+58.2%
Other operating income [21]	31,272	–953	+32,225	>+100%
Income from financial assets – at fair value through profit or loss [22]	–784	2,259	–3,043	>–100%
Income from financial assets – available for sale [23]	964	1,720	–756	–44.0%
Income from financial assets – held to maturity [24]	0	0	+0	+0.0%
Net pre-tax profit for the period	49,210	45,530	+3,680	+8.1%
Taxes on earnings and profit	–8,932	–7,720	–1,212	+15.7%
Group profit for the period	**40,278**	**37,810**	**+2,468**	**+6.5%**
Non-controlling interests	433	0	+433	>+100%
Owners of the parent company	39,845	37,810	+2,035	+5.4%

ADDITIONAL OVERALL PROFIT in thousands of euros	01/01 - 30/06/2014	01/01 - 30/06/2013
Group profit for the period	40,278	37,810
Revaluation from performance-oriented pension plans	0	–24
Changes in at-equity valued companies recognised directly in equity	–181	–1,158
Profits/losses with regard to deferred taxes, applied directly against equity	0	6
Total headings which could subsequently not be allocated into profit or loss	–181	–1,176
Unrealised profit/loss on assets retained for disposal (AfS reserve)	14,140	–13,605
Changes in at-equity valued companies recognised directly in equity	–519	1,625
Unrealised profits/losses from adjustments due to currency conversions	88	–205
Profits/losses with regard to deferred taxes, applied directly against equity	–3,535	4,814
Total of the items which can subsequently be allocated to profit or loss	10,174	–7,371
Sum other comprehensive income	9,993	–8,547
Comprehensive income for the period	**50,271**	**29,263**
Non-controlling interests	49,838	29,263
Owners of the parent company	433	0

Quarterly financial data

COMBINED PROFIT & LOSS ACCOUNT in thousands of euros	II. Q 2014	I. Q 2014	IV. Q 2013	III. Q 2013	II. Q 2013
Interest and similar income	51,512	52,391	56,073	59,324	67,034
Interest and similar expenses	–15,111	–15,027	–17,290	–20,147	–29,905
Income from at-equity valued companies	7,651	7,951	3,747	4,449	12,346
Net interest income [16]	44,052	45,315	42,530	43,626	49,475
Loan-loss provisions [17]	–7,825	–9,441	–13,964	–11,006	–12,438
Commission income	12,075	11,957	12,639	12,391	13,086
Commission expenses	–1,183	–1,152	–1,076	–1,269	–1,871
Net commission income [18]	10,892	10,805	11,563	11,122	11,215
Trading income [19]	5	–40	48	634	–32
Operating expenses [20]	–44,068	–31,937	–23,942	–24,037	–24,589
Other operating income [21]	25,195	6,077	–470	–849	–572
Income from financial assets – at fair value through profit or loss [22]	–1,290	506	9	250	1,214
Income from financial assets – available for sale [23]	299	665	–273	1,368	599
Income from financial assets – held to maturity [24]	0	0	–1	–22	0
Net pre-tax profit for the period	27,260	21,950	15,500	21,086	24,872
Taxes on earnings and profit	–4,679	–4,253	–2,948	–7,080	–3,372
Group profit for the period	**22,581**	**17,697**	**12,552**	**14,006**	**21,500**
Non-controlling interests	389	44	0	0	0
Owners of the parent company	22,192	17,653	12,552	14,006	21,500

KEY FIGURES	30/06/2014	30/06/2013
EPS in EUR [26]	1.60	1.51
RoE before tax	10.61%	10.72%
RoE after tax	8.69%	8.90%
Cost/income ratio*	53.4%	43.1%
Risk/earnings ratio	19.3%	24.5%

* Other operating profit for 2014 is now included in the calculation of the cost/income ratio. The value for the previous year has been adjusted.

Statement of changes in equity

STATEMENT OF CHANGES IN EQUITY in thousands of euros	Subscribed capital	Reserves	Retained earnings	AfS reserve	Actuarial profit/loss	Total owners of the parent company	Non-controlling interests	Equity
Equity at 1 January 2013	50,000	60,935	647,147	99,745	–12,302	845,524	0	845,524
Capital increases	0	0	0	0	0	0	0	0
Comprehensive income for the period	0	0	42,893	–13,605	–24	29,263	0	29,263
Distributions	0	0	–7,500	0	0	–7,500	0	–7,500
Own shares	0	–115	0	0	0	–115	0	–115
Other changes with a neutral effect on results	0	0	–9	0	0	–9	0	–9
Equity at 30.06.2013	**50,000**	**60,820**	**682,531**	**86,138**	**–12,326**	**867,163**	**0**	**867,163**

STATEMENT OF CHANGES IN EQUITY in thousands of euros	Subscribed capital	Reserves	Retained earnings	AfS reserve	Actuarial profit/loss	Total owners of the parent company	Non-controlling interests	Equity
Equity at 01.01.2014	50,000	60,707	692,376	125,008	–15,026	913,065	0	913,065
Capital increases	0	0	0	0	0	0	0	0
Comprehensive income for the period	0	0	35,698	14,140	0	49,837	433	50,271
Distributions	0	0	–7,500	0	0	–7,500	0	–7,500
Own shares	0	4	0	0	0	4	0	4
Other changes with a neutral effect on results	0	0	659	0	0	659	330	989
Equity at 30.06.2014	**50,000**	**60,711**	**721,233**	**139,148**	**–15,026**	**956,066**	**763**	**956,829**

Cash flow statement as of 30 June 2014

CASH FLOW STATEMENT in thousands of euros	01/01 - 30/06/2014	01/01 - 30/06/2013
Cash position at end of previous period	229,545	109,068
Operating cash flow	–179,361	79,069
Investment cash flow	–9,621	–125,903
Financing cash flow	–4,446	–22,551
Cash position at end of the period	36,117	39,683

Cash flow from investment activity includes a cash flow of EUR 18,086 thousand from the acquisition of associated companies.

BTV Group: notes 2014

Accounting and valuation principles

The present interim BTV Group accounts as at 30 June 2014 have been drawn up according to IFRS regulations and Interpretations by the International Financial Reporting Interpretations Committee (IFRIC) as exempting 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 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). During the year under review, the new version of IAS 27 and 28 and the new IFRS 10, 11 and 12 standards were applied for the first time. Moreover, the group interim report has been prepared according to the same accounting principles as those applied to the audited annual BTV Group accounts 2013.

Principles of consolidation and scope of consolidation

All significant subsidiaries which are under the financial control of the Bank für Tirol und Vorarlberg AG (BTV) are fully consolidated in the group financial statements, pursuant to IFRS 10. The consolidation of equity is carried out pursuant to the principles of IFRS 3, within the context of the acquisition method, by offsetting the acquisition costs against the identified assets and liabilities allocated to the parent company on a proportional basis. The assets and liabilities of the subsidiaries are stated at their respective fair market values at the time of acquisition. 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 changed in 2014. Due to the resolution of the vote trust agreement, MPR Holding GmbH gained control over VoMoNoSi Beteiligungs AG as at 1 January 2014. TiMe Holding GmbH was established in March 2014 and is a subsidiary of MPR Holding GmbH. Its purpose is to hold the participation in Moser Holding AG.

As at 30 June 2014, the scope of full consolidation includes the following holdings:

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 (formerly: Gewerbegebiet Hall Immobilien GmbH, 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, Augsburg	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 Bergbahnen AG, 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%
Silvretta Montafon Infrastruktur GmbH, Gaschurn	100.00%	100.00%
Josefsheim Projektentwicklungsgesellschaft mbH, St. Gallenkirch	100.00%	100.00%
HJB Projektgesellschaft mbH, St. Gallenkirch	100.00%	100.00%
Silvretta Sportservice GmbH, Schruns	51.00%	51.00%
Process Engineering SMT GmbH, Dornbirn	51.00%	51.00%
Skischule Silvretta Montafon St. Gallenkirch GmbH, St. Gallenkirch	50.00%	50.00%

Leasing companies and the companies of the Silvretta Montafon Bergbahnen Group have been included in the report based on their respective first half year, in accordance with their divergent financial year. The balance sheet date of the leasing companies and the Silvretta Montafon Bergbahnen Group is 30 September. The companies of Silvretta Montafon have a divergent accounting date due to their seasonal activity. The leasing companies have a divergent period closing date due to a structural factor in the organisation of the group.

As at 30 June 2014 the Group does not disclose any direct minority interests owing to the acquisition of the remaining minority interests in VoMoNoSi Beteiligungs AG in March 2014. MPR Holding GmbH holds 100% of the shares in VoMoNoSi Beteiligungs AG as at 30 June 2014. There are only indirect minority interests, which are the result of the holding in Silvretta Sportservice GmbH, Process Engineering SMT GmbH and Skischule Silvretta Montafon St. Gallenkirch GmbH. Silvretta Montafon Bergbahnen AG holds 51% of the shares in Silvretta Sportservice GmbH, based in Schruns, 51% of the shares in Process Engineering SMT GmbH, based in Dornbirn and 50% of the shares in Skischule Silvretta Montafon St. Gallenkirch GmbH based in St. Gallenkirch. The result for the period that is allocated to the indirect minority interests is EUR 433 thousand.

As the ordinary general meeting of 2 December 2013, Silvretta Sportservice GmbH resolved to distribute dividends of EUR 700 thousand, of which EUR 343 thousand was allocated to minority interests. With the circular resolution to shareholders on 13 January 2014, Process Engineering SMT GmbH resolved to distribute EUR 70 thousand of dividends to shareholders. Of this, EUR 34 thousand was allocated to minority interests.

Skischule Silvretta Montafon St. Gallenkirch GmbH only began operating in the 2013/2014 financial year.

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 company“). 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.

There are also changes in associated companies as in 2014. Moser Holding AG is included at equity in the consolidated financial statements for the first time. The purchase of 24.99% of shares in Moser Holding AG closed on 27 March 2014. Moser Holding AG has a divergent financial year with a year-end date of 30 June and is included in the interim report as of 31 March 2014.

VoMoNoSi Beteiligungs AG was included in the scope of full consolidation and as such no longer appears under the companies reported at-equity.

The company ALPENLÄNDISCHE GARANTIE-GESELLSCHAFT M.B.H. is no longer included at equity as from 2014, but is classed a company acting jointly and therefore reported in the prorated assets and debts.

The following holdings were included using the equity method:

AT-EQUITY CONSOLIDATED COMPANIES	Share in %	Voting rights in %
BKS Bank AG, Klagenfurt	18.90%	18.90%
Oberbank AG, Linz	13.95%	13.95%
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 is a syndicate agreement 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 purpose of drawing up the annual financial statements in a timely fashion, at-equity valued companies are included for the period from 1 October 2013 to 31 March 2014. 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.

The ALPENLÄNDISCHE GARANTIE-GESELLSCHAFT M.B.H. is classed as joint operations after IFRS 11 came into effect on 1 January 2014. The company ALPENLÄNDISCHE GARANTIE-GESELLSCHAFT M.B.H. 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 primarily the only source for payment flows that contribute to the continued activities of the arrangement and is therefore classed as joint operations in accordance with IFRS 11.B29-32.

COMPANIES OPERATING JOINTLY	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 96th Annual General Meeting of the Bank für Tirol und Vorarlberg AG on 14 May 2014, please see the the BTV Homepage (www.btv.at) under the heading „Company“.

Events after the interim financial statement date

Since the date of the interim report 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 euros	30/06/2014	31/12/2013
Loans to domestic credit institutions	46,919	134,817
Loans to foreign credit institutions	189,337	187,033
Loans to Credit Institutions	**236,256**	**321,850**

2 LOANS TO CLIENTS in thousands of euros	30/06/2014	31/12/2013
Loans to Austrian clients	4,257,623	4,306,350
Loans to foreign clients	2,038,521	2,098,193
Loans to clients	**6,296,144**	**6,404,543**

3 LOAN LOSS PROVISIONS in thousands of euros	2014	2013
Opening balance of credit transactions as at 1 January	207,146	194,492
– Releases	–3,790	–587
+ Allocation	15,444	22,013
– Application	–2,736	–6,178
(+/–) Changes arising from currency differences	3	–14
(+/–) Reclassification from consolidation	8,460	0
Loan loss provisions at 30 June	**224,527**	**209,726**
Opening balance commitments at 1 January	1,552	1,107
– Releases	0	–16
+ Allocation	5,448	0
– Application	0	0
Reclassification from consolidation	33,866	0
Changes arising from currency differences	0	0
Reserves and provisions commitments at 30 June	**40,866**	**1,091**
Total loan loss provisions at 30 June	**265,393**	**210,817**

4 TRADING ASSETS in thousands of euros	30/06/2014	31/12/2013
Debenture bonds and other fixed-interest securities	0	0
Equities and other variable-interest securities	0	0
Positive market values arising from derivative financial instruments – Trading	1,388	6,023
Positive market values arising from derivative transactions – Fair value option	24,285	21,185
Trading assets	**25,673**	**27,208**

5 FINANCIAL ASSETS – AT FAIR VALUE THROUGH PROFIT OR LOSS in thousands of euros	30/06/2014	31/12/2013
Debenture bonds and other fixed-interest securities	138,366	145,773
Equities and other variable-interest securities	9,362	9,450
Financial assets – at fair value through profit or loss	**147,728**	**155,223**

6 FINANCIAL ASSETS – AVAILABLE FOR SALE in thousands of euros	30/06/2014	31/12/2013
Debenture bonds and other fixed-interest securities	1,038,419	980,290
Equities and other variable-interest securities	35,153	72,835
Other shareholdings	24,476	30,335
Other affiliated shareholdings	167,643	167,729
Financial assets - available for sale	**1,265,691**	**1,251,189**

7 FINANCIAL ASSETS – HELD TO MATURITY in thousands of euros	30/06/2014	31/12/2013
Debenture bonds and other fixed-interest securities	825,046	846,262
Financial assets - held to maturity	**825,046**	**846,262**

8 SHARES IN AT-EQUITY VALUED COMPANIES in thousands of euros	30/06/2014	31/12/2013
Credit Institutions	338,707	329,656
Non-credit institutions	16,355	4,016
Shares in at-equity valued companies	**355,062**	**333,672**

Balance Sheet – Liabilities

9 LIABILITIES TO BANKS in thousands of euros	30/06/2014	31/12/2013
Austrian credit institutions	822,287	679,439
Foreign credit institutions	878,116	1,073,265
Liabilities to credit institutions	**1,700,403**	**1,752,704**

10 LIABILITIES TO CLIENTS in thousands of euros	30/06/2014	31/12/2013
Savings deposits		
Austrian	1,015,041	1,039,940
Foreign	132,668	135,843
Sub-total savings deposits	1,147,709	1,175,783
Other deposits		
Austrian	2,836,656	3,081,270
Foreign	1,034,390	1,170,516
Sub-total other deposits	3,871,046	4,251,786
Liabilities to clients	**5,018,755**	**5,427,569**

11 SECURITISED DEBT in thousands of euros	30/06/2014	31/12/2013
Debentures	767,067	681,527
Domestic bonds	198,323	198,964
Securitised debt	**965,390**	**880,491**
of which fair value	426,989	401,711

12 TRADING LIABILITIES in thousands of euros	30/06/2014	31/12/2013
Negative market values arising from derivative transactions – Trading	7,363	8,969
Negative market values arising from derivative transactions – Fair value option	12,325	12,474
Trading liabilities	**19,688**	**21,443**

13 RESERVES AND PROVISIONS in thousands of euros	30/06/2014	31/12/2013
Long-term payroll reserves	67,426	65,590
Other reserves and provisions	47,872	4,011
Reserves and provisions	**115,298**	**69,601**

14 SUBORDINATED CAPITAL in thousands of euros	30/06/2014	31/12/2013
Supplementary capital	318,806	326,798
Hybrid capital	81,005	81,043
Subordinated capital	**399,811**	**407,841**
of which fair value	154,045	153,085

15 REGULATORY CAPITAL AND DEBT LEVELS

As of 2014, 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. In accordance with 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%.
Pursuant to the CRR accompanying regulation, for Austria, different minimum requirements are set from those specified by the CRR, i.e. 4.0% for common equity and 5.5% for the entire core capital.
The minimum requirement for total capital remains unchanged at 8.0%. Additional regulatory capital buffers are not defined for the 2014 reporting period. With regard to the debt ratio (leverage ratio), a revised version of the guidelines for the determination and disclosure of the leverage ratio was published in January 2014. It is expected to be adopted into the European regulatory framework in 2015. Within BTV the future impact will be examined and the appropriate requirements in terms of disclosure from 1 January 2015 prepared.

CONSOLIDATED EQUITY OF THE BTV CI GROUP in millions of euros	30/06/2014 Basel 3	31/12/2013 Basel 2
Common equity (CET1)	783.4	-
Additional core capital (AT1)	64.8	-
Core capital (Tier 1): sum of common equity (CET1) and additional (AT1) core capital	848.2	807.0
Supplementary capital (Tier 2)	266.9	157.3
Equity applied under Section 23 para 14 line 7 BWG (Tier 3)	-	0.1
Total regulatory capital	**1,115.1**	**964.4**
Risk-adjusted assessment basis	5,860.9	5,651.9
Risk-adjusted assessment basis	1.1	1.5
Risk-adjusted assessment basis	380.7	402.0
Total risk-weighted assets	**6,242.7**	**6,055.4**
Common equity Tier 1 ratio	12.55%	-
Core capital ratio	13.59%	13.33%
Equity ratio	17.86%	15.93%

The structure of regulatory capital is based on the final proposal of the guidelines of the EBA (European Banking Authority); the values are assessed on the basis of the scope of consolidation required by supervisory regulations.

The comparative figures with Basel 2 are limited to the total items, since the structure of equity under Basel 3 differs considerably from that under Basel 2.

Income statement: Notes

16 NET INTEREST INCOME in thousands of euros	01/01 - 30/06/2014	01/01 - 30/06/2013
Interest and similar income from		
Lending and money market transactions with credit institutions	3,783	4,642
Lending and money market transactions with clients	76,624	74,532
Debenture bonds and fixed-interest securities	21,676	24,941
Equities and variable-rate securities	332	637
Other shareholdings	763	711
Other transactions	725	20,951
Sub-total interest and similar income	103,903	126,414
Interest and similar expenses on		
Credit institutions deposits	–4,945	–5,227
Customer deposits	–13,812	–16,879
Securitised debt	–2,637	–1,573
Subordinated capital	–6,647	–6,593
Other trades	–2,097	–22,917
Sub-total interest and similar expenses	–30,138	–53,189
Income from at-equity valued companies	15,602	16,328
Net interest income	**89,367**	**89,553**

17 LOAN LOSS PROVISIONS in thousands of euros	01/01 - 30/06/2014	01/01 - 30/06/2013
Allocation of on-balance sheet provision	–15,445	–22,013
Allocation of off-balance sheet provision	–5,448	0
Loan loss insurance premiums	0	–2,169
Release of on-balance sheet provisions	3,790	2,431
Release of off-balance sheet provisions	0	16
Direct amortisation	–302	–338
Income from amortised receivables	139	159
Loan-loss provisions in the credit business	**–17,266**	**–21,914**

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 euros	01/01 - 30/06/2014	01/01 - 30/06/2013
Credit transactions	3,057	2,651
Payment transactions	5,977	6,520
Securities trading	9,999	10,851
Currency, foreign exchange and precious metals trading	1,296	1,414
Other services business	1,368	1,158
Net commission income	**21,697**	**22,594**

19 TRADING INCOME in thousands of euros	01/01 - 30/06/2014	01/01 - 30/06/2013
Income from derivatives	–551	–406
Income from securities	167	129
Income from foreign exchange and notes and coins transactions	349	596
Trading income	**–35**	**319**

20 OPERATING EXPENSES in thousands of euros	01/01 - 30/06/2014	01/01 - 30/06/2013
Payroll	–41,881	–31,008
thereof salaries and wages	–31,465	–22,839
thereof legal social contributions	–8,615	–6,235
thereof other personnel costs	–993	–1,301
thereof expenditures for long-term personnel deferrals	–808	–633
Materials	–22,178	–13,819
Amortisation	–11,946	–3,221
Operating expenses	**–76,005**	**–48,048**

20a AVERAGE NUMBER OF EMPLOYEES, WEIGHTED ACCORDING to personnel years	2014	2013
White collar	904	767
Blue collar	424	27
Payroll	**1,328**	**794**

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 euros	01/01 - 30/06/2014	01/01 - 30/06/2013
Other operating income	49,727	3,101
Other operating expenses	–18,451	–4,017
Hedge accounting income	–4	–37
Other operating profit	**31,272**	**–953**

22 PROFIT ARISING FROM FINANCIAL ASSETS – AT FAIR VALUE THROUGH PROFIT OR LOSS in thousands of €	01/01 - 30/06/2014	01/01 - 30/06/2013
Profit arising from financial assets – at fair value through profit or loss	–784	2,259
Profit arising from financial assets – at fair value through profit or loss	**–784**	**2,259**

23 PROFIT ARISING FROM FINANCIAL ASSETS – AVAILABLE FOR SALE in thousands of euros	01/01 - 30/06/2014	01/01 - 30/06/2013
Profit arising from financial assets – available for sale	964	1,720
Profit arising from financial assets – available for sale	**964**	**1,720**

24 PROFIT ARISING FROM FINANCIAL ASSETS – HELD TO MATURITY in thousands of euros	01/01 - 30/06/2014	01/01 - 30/06/2013
Profit from financial assets – held to maturity	0	0
Profit from financial assets – held to maturity	**0**	**0**

25 PERFORMANCE BONDS AND CREDIT RISKS in thousands of euros	30/06/2014	30/06/2013
Performance guarantees	233,135	273,286
Credit risks	1,061,252	943,187
Performance bonds and credit risks	**1,294,387**	**1,216,473**

Creditworthiness by sector of selected countries

The following table illustrates the volume of receivables owed by debtors in the countries of Italy, Ireland and Spain, categorised by sectors.

Against the backdrop of recent trends on the financial markets the loan, insurance and public authority sectors have been highlighted.

TOTAL CREDIT RISK: CREDITWORTHINESS STRUCTURE BY SECTORS OF THE SELECTED COUNTRIES AT 30 JUNE 2014

There was no credit risk exposure to Greece, Portugal or Ukraine. The Irish liability is almost entirely accounted for by a US group, the financial services subsidiary of which is headquartered in Ireland.

Sectors in thousands of euros	Italy	Ireland	Russia	Spain	Total
Loans and Insurance	48,614	8,592	0	0	57,206
Public sector	0	0	0	0	0
Remaining sectors	120,114	86	509	491	121,200
Total	**168,728**	**8,678**	**509**	**491**	**178,406**

26 EPS (ORDINARY AND PREFERENCE SHARES)	30/06/2014	30/06/2013
Number of shares (common and preference shares)	25,000,000	25,000,000
Average float (ordinary and preference shares)	24,964,261	24,973,346
Net Group income in thousands of euros	39,845	37,810
EPS (Earnings per share) in €	1.60	1.51
Diluted earnings per share in € (ordinary and preference shares)	1.60	1.51

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

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 30 JUNE 2014 in thousands of euros	Prices listed in active markets Level 1	Valuation methods based on market data Level 2	Valuation methods not based on market data Level 3
Financial assets stated at fair value			
Trading portfolio securities	0	0	0
Positive market values from derivative financial instruments	0	85,563	0
Assets classified at fair value	121,197	26,414	117
Financial assets available for disposal	927,260	146,312	192,119
Overall financial assets classified at fair value	1,048,457	258,289	192,236
Financial liabilities stated at fair value			
Negative market values from derivative financial instruments	0	61,731	0
Liabilities classified at fair value	0	581,034	0
Overall liabilities classified at fair value	0	642,765	0

FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS WHICH ARE VALUED AT FAIR VALUE AS AT 31 DECEMBER 2013 in thousands of euros	Prices listed in active markets Level 1	Valuation methods based on market data Level 2	Valuation methods not based on market data Level 3
Financial assets stated at fair value			
Trading portfolio securities	0	0	0
Positive market values from derivative financial instruments	0	77,401	0
Assets classified at fair value	129,100	25,822	301
Financial assets available for disposal	891,804	127,321	232,064
Overall financial assets classified at fair value	1,020,904	230,544	232,365
Financial liabilities stated at fair value			
Negative market values from derivative financial instruments	0	62,883	0
Liabilities classified at fair value	0	554,796	0
Overall liabilities classified at fair value	0	617,679	0

MOVEMENTS IN LEVEL 3 OF FINANCIAL INSTRUMENTS ASSESSED AT FAIR VALUE in thousands of euros	December 2013	Success in profit and loss	Success from other operating income	Purchases	Sales, re-payments	Transfer to level 3	Transfer from level 3	Currency conversion	June 2014
Trading portfolio securities	0	0	0	0	0	0	0	0	0
Positive market values from derivative financial instruments	0	0	0	0	0	0	0	0	0
Assets classified at fair value	301	–184	0	0	0	0	0	0	117
Financial assets available for disposal	232,064	0	–23	6,401	–12,388	65	–34,000	0	192,119
Overall financial assets classified at fair value	**232,365**	**–184**	**–23**	**6,401**	**–12,388**	**65**	**–34,000**	**0**	**192,236**

Movements between level 1, level 2 and level 3

In the current reporting year of 2014, financial assets available of EUR 34,030 thousand were reclassified for disposal owing to effects of consolidation and EUR 35 thousand transferred to Level 3 due to the establishment of a company.

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 thousands of euros	Fair value 30 June 2014	Book value 30 June 2014	Fair value 31 December 2013	Book value 31/12/2013
Cash reserves	36,117	36,117	229,545	229,545
Loans to Credit Institutions	237,928	236,256	323,088	321,850
Loans to clients	6,761,861	6,296,144	6,881,828	6,404,543
Financial assets – held to maturity	871,971	825,046	875,006	846,262

LIABILITIES in thousands of euros	Fair value 30 June 2014	Book value 30/06/2014	Fair value 31 December 2013	Book value 31/12/2013
Liabilities to credit institutions	1,695,177	1,700,403	1,744,778	1,752,704
Liabilities to clients	5,053,289	5,018,755	5,431,697	5,427,569
Securitised debt	534,117	538,401	467,988	478,781
Subordinated capital	228,650	245,766	253,086	254,756

BTV adapted its segment reporting in 2014. This was based on the newly developed overall bank management reports and due to the inclusion of VoMoNoSi Beteiligungs AG (includes the Silvretta Montafon group) in the scope of full consolidation and BTV Leasing crossing the qualitative and quantitative thresholds defined in IFRS 8 (previously reported in corporate banking).

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 and on the respective monthly report for the Silvretta Montafon Bergbahnen Group. These reports reflect the structure of management responsibilities within BTV in 2014. 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 for the reports between Controlling and the accounting and reporting departments. This also means that there is mutual checking by the two teams. The criterion for the separation of business areas is primarily 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 are not corrected in the year-on-year comparison insofar as they are immaterial.

In 2014, the following business areas are defined within BTV:
The corporate client business area is responsible for small, medium and large business clients and chartered accountants and auditors. The retail customer 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 Silvretta Montafon Bergbahnen Group contains all of its tourism activities. The results of these segments also include transactions between segments, particularly between the corporate customer segment and leasing and the Silvretta Montafon Group. Services are transferred at market prices.
Alongside these five reporting segments, there 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, 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.

Corporate clients

In the first half of 2014, the corporate client segment benefited in particular from an increase in interest income, together with lower costs and risks compared to the previous year. Moderately increased volumes and margins in the financing business increased net interest income by EUR +1.6 million to EUR 43.1 million. Loan loss provisions in the lending business fell by EUR -4.0 million and administrative costs by EUR -0.4 million. Commission income rose by EUR +0.2 million to EUR 11.0 million. Overall the result for the period in the corporate client area before tax improved by EUR +6.1 million to EUR 24.9 million.

Retail clients

In the retail client area, the reduced commission result (EUR -2.4 million to EUR 13.4 million) reduced the result for the period before tax by EUR -2.6 million to EUR 8.6 million. Net interest income performed sideways in the first half-year due to reduced loan-loss provisions (EUR –0.8 million).

Institutional clients and banks

Net interest income fell year-on-year by EUR -9.3 million to EUR 22.1 million. The trading result including income from financial assets also fell (EUR –4.1 million). Given that administrative expenses increased by EUR +0.2 million, pre-tax income for this segment amounted to EUR 21.0 million.

Leasing

Buoyed by higher customer cash values (EUR +46 million), net interest income rose by EUR +0.8 million to EUR 7.7 million. Another decisive factor is the other operating income, which was up by EUR +0.3 million to EUR 1.9 million. Costs and loan-loss provisions remained at around the same level year on year. Overall, pre-tax profit grew by EUR +1.1 million to EUR 6.9 million.

Silvretta Montafon

The result of the Silvretta Montafon Group is reported for the first time due to full consolidation. Consequently there are no comparable values for 2013.
As the business is dominated by tourism, there is a strong seasonal fluctuation in results. As at 30 June 2014 the months of October 2013 to March 2014 for Silvretta Montafon Bergbahnen Group are included in the interim report.

The materially decisive factors of Silvretta Montafon, with its average 396 employees in the reporting quarter, are revenues, which are shown in Other operating income (EUR 37.0 million) and Administrative costs (EUR 26.7 million). Overall, the pre-tax result for the period with a slightly negative net interest income (EUR -0.4 million) was around EUR 9.9 million.

SEGMENT REPORTING IN thousands of euros	Year	Corporate clients	Retail clients	Institutional clients and banks	Leasing	Silvretta Montafon	Reporting segments	Others segments/ consolida-tion/misc.	Group balance sheet/P&L
Net interest income	06/2014	43,131	19,020	22,084	7,691	–407	91,519	–17,754	73,765
	06/2013	41,580	18,982	31,378	6,871	0	98,811	–25,586	73,225
Income from at-equity valued companies	06/2014	0	0	0	0	0	0	15,602	15,602
	06/2013	0	0	0	0	0	0	16,328	16,328
Loan-loss provisions in the credit business	06/2014	–15,076	–1,905	0	–66	0	–17,047	–219	–17,266
	06/2013	–19,038	–2,746	0	–130	0	–21,914	0	–21,914
Net commission income	06/2014	11,005	13,439	0	422	0	24,866	–3,169	21,697
	06/2013	10,807	15,888	0	289	0	26,984	–4,390	22,594
Operating expenses	06/2014	–14,118	–22,349	–1,199	–2,991	–26,658	–67,315	–8,690	–76,005
	06/2013	–14,523	–21,165	–1,005	–2,823	0	–39,515	–8,533	–48,048
Other operating profit	06/2014	0	440	0	1,856	36,950	39,246	–7,974	31,272
	06/2013	0	301	0	1,542	0	1,843	–2,796	–953
Result from financial assets and trading result	06/2014	0	0	164	–19	0	145	0	145
	06/2013	0	0	4,245	53	0	4,298	0	4,298
Result for the period before tax	06/2014	24,942	8,645	21,049	6,893	9,885	71,414	–22,204	49,210
	06/2013	18,826	11,260	34,618	5,802	0	70,507	–24,977	45,530
Segment loans	06/2014	4,280,511	1,298,804	2,535,799	711,084	5,506	8,831,704	–64,338	8,767,366
	06/2013	4,221,755	1,351,710	2,345,948	664,687	0	8,584,100	318,029	8,902,129
Segment liabilities	06/2014	1,600,837	2,764,236	3,020,054	664,044	33,769	8,082,940	21,107	8,104,047
	06/2013	1,475,737	2,874,117	2,986,169	637,704	0	7,973,727	301,991	8,275,718

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 are directly allocated in accordance with the management reports. Costs not directly imputable are shown under „Other segments/consolidation/misc." The other operating income includes, among other things, the turnover of the Silvretta Montafon Group and essentially the stability tax and rental and underground operations under „Other segments/consolidation/misc."

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. Also included in this column are consolidating entries. The entries for liabilities to banks, liabilities to clients, securitised debt, trading liabilities and subordinated capital are allocated to the liabilities segment. Consolidating entries are also included in this item in the „Other segments/consolidation/misc." column. The success of the business field concerned is measured by the pre-tax annual net profit generated by that segment. The result of the investment in the Silvretta Montafon Group was included in 2013 in the at-equity result and not yet part of the full consolidation, therefore the comparative figures for the „Silvretta Montafon" segment for 2013 are stated as 0.

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

We confirm that, to the best of our knowledge, the abridged intermediate 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 occurrences during the first six months of the financial year and their effects on the abridged intermediate 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, August 2014

The Board of Directors

Peter Gaugg
Board Spokesperson

Spokesperson for the Board of Directors with responsibility for corporate client business in Innsbruck, Tyrolean Unterland, Oberland and Ausserfern, South Tyrol, Vienna and Southern Germany; Corporate clients, Group audit, Human resources, Marketing & Communications divisions; BTV Leasing; Compliance and money laundering.

Mag. Matthias Moncher
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, credit management, the service centre, group audit; Compliance and money laundering.

Gerhard Burtscher
Member of the Board

Member of the Board, responsible for private client business in Tyrol, Vorarlberg, Vienna, Southern Germany and Italy; Corporate client business in Vorarlberg; Corporate and retail client business in Switzerland; Institutional Clients and Banks, Group audit; Compliance and money laundering.

BTV shares as at 30 June 2014

Booming stock markets

In June, the leading share indices reached record highs.   Apart from further quantitative easing on the part of the ECB, this is due to the continuing economic recovery in industrial nations and the emerging stabilisation of the Chinese economy. However, the likelihood of short-term corrections has increased due to historic low volatility. In terms of valuation, European and US markets in particular are already above the historical average. However, if we look at returns, equities remain attractive. DAX companies currently offer an average dividend yield of 2.9% compared to a yield of 2.0% for corporate bonds with a BBB rating.

The Swiss SMI and the Euro Stoxx 50 both gained around 4% year on year. The American Dow Jones gained 2%. Vienna's ATX index was down slightly by 2%. After the sharp increase in 2013 (+39%), profit-taking caused the Japanese market to fall by 7% compared to the beginning of the year.

BTV's ordinary shares have risen by 10.3% since 1 January 2014
to EUR 21.50 and preference shares by 1.2%
to EUR 16.70.

Overview of 3 Banken Group – Group information

	BKS Bank		Oberbank		BTV	
PROFIT AND LOSS in € million	01/01 - 30/06/2014	01/01 - 30/06/2013	01/01 - 30/06/2014	01/01 - 30/06/2013	01/01 - 30/06/2014	01/01 - 30/06/2013
Net interest income	78.3	70.5	172.5	167.8	89.4	89.6
Loan-loss provisions in the credit business	–27.0	–21.9	–35.8	–32.3	–17.3	–21.9
Commission income	23.6	22.3	59.5	58.1	21.7	22.6
Operating expenses	–52.0	–50.2	–116.4	–114.2	–76.0	–48.0
Other operating profit	–1.8	–0.5	5.5	–3.2	31.3	–1.0
Net pre-tax profit for the period	24.6	23.3	87.2	78.5	49.2	45.5
Group profit for the period	21.1	20.8	73.6	66.4	40.3	37.8

BALANCE SHEET FIGURES in millions of euros	30/06/2014	31/12/2013	30/06/2014	31/12/2013	30/06/2014	31/12/2013
Total assets	6,900.0	6,743.8	17,543.8	17,531.8	9,341.7	9,588.5
Loans and advances to clients after loan loss provisions	4,873.0	4,874.2	11,655.1	11,277.9	6,071.6	6,197.4
Primary funds	4,943.7	4,597.5	11,742.5	12,250.4	6,384.0	6,715.9
of which savings deposits	1,721.9	1,741.2	3,203.5	3,352.1	1,147.7	1,175.8
of which securitised debt including subordinated capital	839.3	813.9	2,301.1	2,224.4	1,365.2	1,288.3
Equity	732.8	714.2	1,489.3	1,421.0	956.8	913.1
Managed deposits	12,634.4	11,383.4	22,766.8	22,787.5	11,541.5	11,545.8
of which customer deposits	7,690.7	6,785.9	11,024.3	10,537.1	5,157.5	4,829.9

REGULATORY CAPITAL in millions of euros	30/06/2014	31/12/2013	30/06/2014	31/12/2013	30/06/2014	31/12/2013
Basis for measuring capital	4,912.8	4,423.3	11,748.8	10,734.0	6,242.7	6,055.4
Equity	738.5	707.6	1,852.9	1,824.8	1,115.1	964.4
of which common equity (CET1)	606.7	-	1,225.2	-	783.4	-
of which total core capital (CET1 and AT1)	616.4	662.5	1,283.5	1,320.6	848.2	807.0
Common equity ratio in %	12.35%	-	10.43%	-	12.55%	-
Core capital ratio in %	12.55%	13.92%	10.92%	12.30%	13.59%	13.33%
Total capital ratio in %	15.03%	16.00%	15.77%	17.00%	17.86%	15.93%

COMPANY KEY INDICATORS in %	30/06/2014	31/12/2013	30/06/2014	31/12/2013	30/06/2014	31/12/2013
Return on Equity before tax	6.92%	6.49%	12.05%	10.31%	10.61%	9.34%
Return on equity after tax	6.08%	5.79%	10.18%	8.91%	8.69%	7.32%
Risk/earnings ratio	34.5%	29.2%	20.8%	21.1%	19.3%	26.7%

NUMBER of resources	30/06/2014	31/12/2013	30/06/2014	31/12/2013	30/06/2014	31/12/2013
Number of branches	56	56	153	150	37	37

Imprint

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Notes

Any reference in the interim report to a person (e.g. he, him) is intended to apply equally to men and women.

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

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.

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Further details pursuant to Section 25 of the Austrian Media Act can be found at 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

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MMag. Daniel Stöckl-Leitner

Design

BTV Marketing and Communication
Mag. (FH) Nicola Dander

Final version

7 August 2014