SHAREHOLDER REPORT
INTERIM REPORT
AS AT 30.09.2015

BANK FÜR TIROL UND VORARLBERG AG

BTV VIER LÄNDER BANK

3 Banken Gruppe

Contents

IMPORTANT DATES FOR BTV SHAREHOLDERS

Annual General Meeting	13 May 2015, 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	22.05.2015
Payment of dividend	26.05.2015
Interim report as at 31 March 2015	Published on 22 May 2015 (www.btv.at)
Interim Financial Report up to 30 June 2015	Published on 21 August 2015 (www.btv.at)
Interim report as at 30 September 2015	Published on 27 November 2015 (www.btv.at)

The BTV Group at a glance

INCOME in millions of euros	30.09.2015	30.09.2014	Change in %
Net interest income	129.3	139.5	–7.3 %
Loan-loss provisions in the credit business	–9.5	–18.5	–48.8 %
Net commission income	37.9	31.9	+18.8 %
Operating expenses	–108.0	–106.3	+1.6 %
Other operating profit	29.5	31.3	–5.8 %
Net pre-tax profit for the period	160.0	78.3	>+100 %
Group profit for the period	141.0	62.4	>+100 %

BALANCE SHEET in millions of euros	30.09.2015	31.12.2014	Change in %
Total assets	9,271	9,598	–3.4 %
Loans and advances to clients after loan loss provisions	6,269	6,187	+1.3 %
Primary funds	6,605	6,919	–4.5 %
of which savings deposits	1,199	1,176	+2.0 %
of which securitised debt including subordinated capital	1,419	1,392	+1.9 %
Equity	1,095	1,004	+9.0 %
Managed deposits	12,175	12,155	+0.2 %

REGULATORY CAPITAL (CRR) in millions of euros	30.09.2015	31.12.2014	Change in %
Risk-weighted assets	6,298	6,213	+1.4 %
Equity	885	930	–4.8 %
of which common equity (CET1)	818	796	+2.7 %
of which total core capital (CET1 and AT1)	818	796	+2.7 %
Common equity Tier 1 ratio	12.98 %	12.81 %	+0.17 pp
Core capital ratio	12.98 %	12.81 %	+0.17 pp
Equity ratio	14.06 %	14.97 %	–0.91 pp

COMPANY KEY FIGURES in percentage points	30.09.2015	30.09.2014	Change in percentage points
Return on equity before tax (RoE)	20.37 %	10.95 %	+9.42 pp
Return on Equity after tax	17.95 %	8.73 %	+9.22 pp
Cost/income ratio	54.1 %	52.4 %	+1.7 pp
Risk/earnings ratio	7.3 %	13.3 %	–6.0 pp

RESOURCES Number	30.09.2015	31.12.2014	Change Number
Weighted average number of employees	1,237	1,232	+5
Number of branches	36	38	–2

KEY INDICATORS FOR BTV SHARES	30.09.2015	30.09.2014
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	22.40/21.00	21.90/16.91
Bottom price of ordinary/preference share in EUR	21.20/18.10	19.60/16.50
Closing price of ordinary/preference share in EUR	21.20/20.00	21.70/16.60
Market capitalisation in millions of euros	527	530
IFRS EPS in EUR	7.51	3.32
P/E ratio, ordinary share	2.8	6.5
P/E ratio, preference share	2.7	5.0

Management report and notes on BTV Group business development in 2015

Economic environment

After a strong second quarter, the third quarter proceeded weaker than the previous quarter, with an annualised growth rate of 1.5%. Private consumption, which accounts for about two-thirds of US GDP and therefore represents an important pillar for US economic growth, rose by 3.2% in the third quarter. The employment market was able to achieve further improvements; an unemployment rate of 5.1% is already close to full employment. Although the US economic recovery is on a firm footing, the economic slowdown in emerging markets (especially China) and the strong US dollar are having a negative impact on performance. Head of the Federal Reserve Janet Yellen confirmed this assessment with her decision in September to postpone the US rate increase to a later date.

Economic growth in the eurozone is forecast at +1.5% on the previous year for 2015. The positive sentiment among consumers and entrepreneurs is continuing and therefore indicates a progressive improvement of the economic situation. The two greatest challenges of the eurozone show a different trend: while the unemployment rate improved slowly but steadily, the inflation rate was once again negative in September. Although low commodity prices greatly contributed to the decline in prices, pressure on the ECB to achieve its inflation target of about 2% is rising. Looking at the individual Member States of the eurozone, Germany continues to be the growth driver. However, Europe‘s peripheral countries are not to be underestimated, since they also form a key pillar of European economic growth. Some structural reforms (e.g. labour market, pension and administrative reforms) have been implemented and led to success, as shown by positive economic data.

Interest rates

As a result of the ECB‘s record-low leading interest rates, yields on European government bonds remained low in the third quarter. Statements by the head of the ECB Mario Draghi that the central bank could expand its current bond purchase programme with regard to its composition, scope and duration, ensured declining government bond yields. In particular, declining inflation could force the ECB to take action, according to investors‘ speculations. The yield on 10-year German government bonds fluctuated in the third quarter between 0.50% and 0.90%. The Italian and Spanish counterparts experienced significant declines in yields in this third quarter, but remained far from the lows of mid-April. Even 10-year US government bond yields gave lower returns, with just 2% in the third quarter, significantly lower than at the end of the second quarter. The decisive factor here is the further postponement of the US interest rate hike by the Federal Reserve. Nevertheless, a rate hike is considered likely in the context of the upcoming interest rate decisions, which in future indicates rising US government bond yields.
In the third quarter of 2015, the long-term euro interest rates fell slightly (-19 basis points to 0.96% on the 10-year euro swap). Money market interest rates (3-month Euribor) fell slightly compared with 31 December 2014 by 12 basis points to –0.04%.

Currencies

In the third quarter, the EUR/USD exchange rate fluctuated between 1.08 and 1.17 and remained far from its mid-March low of 1.05. The exchange rate movements were strongly driven by speculation about the date of the first US rate hike. While expectations of an imminent US interest rate hike or speculation about an extension of the ECB's asset purchase programme weakened the single currency, positive economic data from the eurozone and weaker-than-expected US economic indicators again ensured for a stronger euro. Measured against purchasing power parity, the euro is undervalued compared with the US dollar. Nevertheless, the opposing monetary policies of the Federal Reserve and the ECB are arguments against a sustained upward movement of the EUR/USD exchange rate.
After the EUR/CHF exchange rate moved within a narrow band around 1.05 in the second quarter, it has since risen steadily and by mid-September exceeded the 1.10 mark. At that time, the currency pair was fluctuating between 1.08 and 1.10. The Swiss franc has thus fallen against the single currency to the weakest level since the abolition of the exchange rate floor in January this year. The main reason for the slightly stronger euro is the divergent growth momentum in the eurozone and Switzerland. While the upward trend continued in the eurozone, the Swiss economy was clearly struggling with the strong franc. It should be noted however, that the Swiss National Bank continued to intervene in the foreign exchange market to mitigate appreciation pressures.

Profit trend

Pre-tax profit for the period doubled compared to the previous year from EUR 81.7 million to EUR 160.0 million. The result of the financial assets, resulting from the restructuring of the Bank's own securities, was largely responsible for this increase.

Net interest income

Net interest income, at EUR 129.3 million as at 30 September 2015, is EUR 10.2 million down on the previous year. The net interest income is significantly affected by low interest rates, which represents a challenge for every bank and lowers the interest margin. This effect is somewhat counteracted by the volume growth in the private client business. A key driver is the restructuring of the Bank's own securities, which contributed EUR 4.2 million to the decline in earnings. Income from at-equity valued enterprises performed positively. This rose by EUR 3.0 million compared to last year.

Loan loss provisions in the credit business

As in the first half of the year, the downward trend in risks and loan loss provisions in the credit business were a significant factor in the results. BTV's consistent and forward-looking risk policy is directly reflected in the allocation to loan loss provisions. Loss provisions for credit represent the balance of inflows and releases of loss provisions, including direct write-downs on receivables and fell by EUR 9.0 million compared to the previous year to EUR 9.5 million.

Net commission income

Net commission income proved to be a supportive element in the operational business. Its positive development continued in the third quarter, when the euphoria of the first few months on the stock markets following strong corrections in the summer had gone. The net commission income saw a total increase of EUR 6.0 million, or +18.8%, to EUR 37.9 million.

More than half of net commission income (EUR 19.1 million) comes from the securities business. Low interest rates led to investors seeking returns to increasingly invest in securities, which meant that the result in the securities business rose by EUR 4.2 million. Income from foreign exchange transactions also performed well, benefitting from the appreciation of the Swiss franc, especially in the first few months, and rising by EUR 1.0 million. Credit commission increased by EUR 1.0 million to EUR 5.3 million.

Trading income

Trading income increased EUR 3.1 million compared to the previous year to reach EUR 3.2 million and is heavily influenced by market volatility, particularly on the currency markets. The main driver was the income from foreign exchange and notes and coins transactions, which rose by EUR 1.7 million compared with the previous year. Income from derivative hedging transactions also increased by EUR 1.3 million.

Operating expenses

Operating expenses (personnel, expenditure on materials, amortisation and depreciation) were up EUR 1.7 million, or 1.6%, in the reporting period to EUR 108.0 million. The driver of this result was mainly higher personnel expenses, which increased by EUR 1.3 million. At EUR 62.2 million, this was up 2.1% on the previous year. Expenditure on materials rose by EUR 1.0, or 3.1% to EUR 31.9 million. The increase in both expenditure items was counteracted by the EUR 0.6 million drop in depreciation and amortisation to EUR 13.9 million.

Other operating profit

At EUR 29.5 million, other operating profit was EUR 1.8 million down on the previous year‘s level.

Income from financial assets

Income from financial assets had a particular impact on net income for the period. In the second half of the year, a restructuring of the Bank‘s own securities was undertaken to strengthen capital adequacy. However, this also means that net interest income for the coming years is anticipated and the net operating interest income is significantly reduced. Whereas income from financial assets was EUR 0.3 million in the previous year, it contributes significantly to net income at EUR 77.6 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. Compared with the previous year, the tax liability rose by 19.7% to EUR 19.0 million as at 30 September 2015. The effective tax rate was thus 11.9% (previous year: 20.3%).

Group income

Compared with the previous year, pre-tax group profit grew by EUR 81.7 million, to EUR 160.0 million. The income from financial assets and the continued declining loan loss provisions were the main contributors. Even after taxes, an increase of EUR 78.5 million was achieved, whereby the net group income for the period was EUR 141.0 million.

The cost-income ratio fell slightly compared to year-end by 0.3 percentage points to 54.1%. The return on equity (RoE) before tax improved from 9.3% to 20.4% in the same period. The risk-earnings ratio fell to 7.3% as a result of the lower loan loss provisions.

Balance sheet performance

As at 30 September 2015, total assets fell by 3.4%, or EUR 326 million, to EUR 9,271 million, compared with the 2014 year-end. The main reason for this decline was the restructuring of the Bank's own securities.

In the customer lending business, the strong growth of the first two quarters could not be continued. In the current year, loans and advances to customers recorded a growth of EUR 77 million or +1.2%. However, this is a significantly lower figure than the first half of the year. The effect of the appreciation of the Swiss franc against the euro also decreased during the course of the year. Consequently, the CHF/EUR exchange rate rose from 1.04 as at 30 June 2015 to 1.09 as at 30 September 2015 - equivalent to a devaluation of 5%. The euro equivalent of Swiss franc financing was reduced accordingly. The currency effect was EUR 97 million on the reporting date.

In the detailed assessment of the lending business by segment, growth can be noted in both the corporate and retail segment. The retail business grew more strongly at +3.5% or EUR 46 million. The corporate client business grew by EUR 40 million, or +0.8%, to EUR 5,085 million in the same period. Loans to domestic customers fell by EUR 39 million to EUR 4,212 million, while loans to foreign customers rose by EUR 116 million to EUR 2,252 million.

Loans and advances to banks rose by EUR 176 million to EUR 450 million.

Loan loss provisions for lending reduced by EUR 5 million to EUR 195 million.

Cash reserves remained almost unchanged at EUR 175 million compared with 31 December 2014.

Extensive changes have been made in the financial assets and interests, including trading assets. With the beginning of the second half of the year, a strategic realignment of the Bank's own securities was completed, in the course of which hidden reserves were realised and reinvestment was increasingly carried out in floating-rate bonds. The full amount was not reinvested. This meant that, as at 30 September, these balance sheet items comprise a total of EUR 2,005 million. That is EUR 607 million, or 23.2%, less than year-end 2014. The lower level of securities held by the Bank is also the main driver for the decline in total assets.
Primary funds are used by BTV as a main source of funding. The guiding principle of refinancing customer loans via customer deposits, i.e. primary funds, continues to apply. Similar to the development of loans and advances to customers in the third quarter, the volume of primary funds also decreased. Compared to year-end 2014, a decrease of EUR 314 million or -4.5% to EUR 6,605 million. It is mainly payables to customers that characterise the change in primary funds, with a decrease of EUR 341 million to EUR 5,186 million. The change is largely determined by redeemed investment funds from institutional clients. Unlike corporate funds, investments in the retail business could be expanded.

In this regard, the development of total managed client assets is interesting. This could be increased by EUR 20 million (+0.2%) to EUR 12,175 million despite declining primary funds. The growth therefore occurred entirely on securities custody accounts. Compared to traditional forms of savings such as the passbook or savings account, which currently only offer low returns owing to low interest rates, the securities volume increased significantly. This increased by EUR 334 million, or 6.4%, to EUR 5,571 million.

The guiding principle of refinancing customer loans via customer deposits, i.e. primary funds, is still met. The related key figure, the loan deposit ratio, was 94.9% as at 30 September 2015.

Liabilities to banks were somewhat scaled back due to the decline in financial assets by EUR 122 million to EUR 1,273 million.

Balance sheet equity increased, in particular as a result of the realisation of hidden reserves in the Bank's own securities and the resulting good quarterly result, by EUR 91 million to EUR 1,095 million.
As at 30 September 2015, the banking group's qualifying net equity under CRR (Basel III) was EUR 885.5 million. Compared with the 2014 year-end, this represents a drop in qualifying net equity of EUR 44.6 million, or –4.8%. As at 30 June 2015, the banking group's common equity (CET1) under CRR amounted to EUR 817.8 million. Total risk-weighted assets rose by EUR 85.1 million to EUR 6,297.9 million. From this the common equity is calculated at 12.98% compared with 12.81% at the 2014 year-end. The equity ratio fell by 91 basis points to 14.06% owing to the reduced qualifying net equity.

Outlook

The aim of restructuring the Bank's own securities is to strengthen the capital base. Together with the capital increase carried out in autumn, the common equity Tier 1 ratio will be between 14.5% and 15.0% by the end of the year.
Annual profit will be at an excellent level between EUR 165 million and EUR 170 million due to this measure.

Abridged consolidated financial statements

Balance Sheet as at 30 September 2015

ASSETS in thousands of euros	30.09.2015	31.12.2014	Change absolute	Change in %
Cash reserves	175,264	173,002	+2,262	+1.3 %
Loans and advances to banks [1] [Notes]	450,434	273,979	+176,455	+64.4 %
Loans and advances to clients [2]	6,463,920	6,386,508	+77,412	+1.2 %
Loan loss provisions [3]	–194,692	–199,274	+4,582	–2.3 %
Trading assets [4]	39,895	38,433	+1,462	+3.8 %
Financial assets – at fair value through profit or loss [5]	149,963	142,208	+7,755	+5.5 %
Financial assets – available for sale [6]	1,357,268	1,263,076	+94,192	+7.5 %
Financial assets – held to maturity [7]	0	741,772	–741,772	–100.0 %
Shares in at-equity-valued companies [8]	458,202	426,931	+31,271	+7.3 %
Intangible fixed assets	4,554	5,543	–989	–17.8 %
Property, plant and equipment	169,400	165,818	+3,582	+2.2 %
Properties held as financial investments	49,581	52,807	–3,226	–6.1 %
Current tax refunds	86	87	–1	–1.1 %
Deferred tax refunds	21,441	17,008	+4,433	+26.1 %
Other assets	126,022	109,804	+16,217	+14.8 %
Total assets	**9,271,338**	**9,597,702**	**–326,364**	**–3.4 %**

LIABILITIES in thousands of euros	30.09.2015	31.12.2014	Change absolute	Change in %
Liabilities to banks [9]	1,273,177	1,394,692	–121,515	–8.7 %
Liabilities to clients [10]	5,185,883	5,527,031	–341,148	–6.2 %
Securitised debt [11]	1,093,491	1,012,571	+80,920	+8.0 %
Trading liabilities [12]	12,496	15,806	–3,310	–20.9 %
Reserves and provisions [13]	131,781	127,366	+4,415	+3.5 %
Current tax refunds	1,112	1,732	–620	–35.8 %
Deferred tax refunds	5,184	5,184	+0	+0.0 %
Other liabilities	148,048	129,973	+18,075	+13.9 %
Subordinated capital [14]	325,133	378,952	–53,819	–14.2 %
Equity [15]	1,095,033	1,004,395	+90,638	+9.0 %
Non-controlling interests in owners of the parent company	894	541	+353	+65.3 %
	1,094,139	1,003,854	+90,285	+9.0 %
Total liabilities	**9,271,338**	**9,597,702**	**–326,364**	**–3.4 %**

Statement of comprehensive income as at 30 September 2015

COMBINED PROFIT AND LOSS ACCOUNT in thousands of euros	01.01.– 30.09.2015	01.01.– 30.09.2014*	Change absolute	Change in %
Interest and similar income	141,744	156,944	–15,200	–9.7 %
Interest and similar expenses	–42,086	–44,137	+2,051	–4.6 %
Income from at-equity valued companies	29,630	26,679	+2,951	+11.1 %
Net interest income [16]	129,288	139,486	–10,198	–7.3 %
Loan-loss provisions [17]	–9,465	–18,496	+9,031	–48.8 %
Commission income	41,541	35,442	+6,099	+17.2 %
Commission expenses	–3,645	–3,551	–94	+2.6 %
Net commission income [18]	37,896	31,891	+6,005	+18.8 %
Trading income [19]	3,188	129	+3,059	>+100 %
Operating expenses [20]	–108,033	–106,316	–1,717	+1.6 %
Other operating income [21]	29,455	31,255	–1,800	–5.8 %
Profits arising from financial assets – at fair value through profit or loss [22]	–1,570	–344	–1,226	>+100 %
Income from financial assets – available for sale [23]	79,195	1,102	+78,093	>+100 %
Income from financial assets – held to maturity [24]	0	–414	+414	–100.0 %
Net pre-tax profit for the period	159,954	78,293	+81,661	>+100 %
Taxes on earnings and profit	–18,995	–15,874	–3,121	+19.7 %
Group profit for the period	**140,959**	**62,419**	**+78,540**	**>+100 %**
Non-controlling interests	566	377	+189	+50.2 %
Owners of the parent company	140,393	62,042	+78,351	>+100 %

ADDITIONAL OVERALL PROFIT in thousands of euros	01.01.- 30.09.2015	01.01.- 30.09.2014*
Group profit for the period	140,959	62,419
Revaluation from performance-oriented pension plans	724	–2,002
Changes in at-equity valued companies recognised directly in equity	–9,163	–486
Profits/losses with regard to deferred taxes, applied directly against equity	–181	501
Total of the items which can not subsequently be allocated to profit or loss	–8,620	–1,987
Unrealised profit/loss on assets retained for disposal (AfS reserve)	–44,318	16,747
Changes in at-equity valued companies recognised directly in equity	2,606	417
Unrealised profits/losses from adjustments due to currency conversions	1,746	177
Profits/losses with regard to deferred taxes, applied directly against equity	5,825	–4,688
Total of the items which can subsequently be allocated to profit or loss	–34,141	12,653
Sum other comprehensive income	–42,761	10,666
Comprehensive income for the period	**98,198**	**73,085**
Non-controlling interests	97,632	72,708
Owners of the parent company	566	377

* In 2014 adjusted to the changed consolidation scope.

Quarterly financial data

COMBINED PROFIT AND LOSS ACCOUNT in thousands of euros	III. Q 2015	II. Q 2015	I. Q 2015	IV. Q 2014	III. Q 2014*
Interest and similar income	41,331	47,760	52,653	51,859	52,505
Interest and similar expenses	–10,878	–15,059	–16,149	–16,617	–14,006
Income from at-equity valued companies	11,111	10,847	7,672	7,540	9,446
Net interest income [16]	41,564	43,548	44,176	42,782	47,945
Loan-loss provisions [17]	–5,109	–103	–4,253	–10,545	–1,230
Commission income	13,073	14,036	14,432	13,383	11,410
Commission expenses	–1,100	–1,341	–1,204	–1,545	–1,216
Net commission income [18]	11,973	12,695	13,228	11,838	10,194
Trading income [19]	–504	299	3,393	636	164
Operating expenses [20]	–30,402	–45,360	–32,271	–33,292	–30,310
Other operating income [21]	–880	26,565	3,770	–1,299	–17
Income from financial assets – at fair value through profit or loss [22]	–1,587	–288	305	553	440
Income from financial assets – available for sale [23]	77,700	1,604	–109	802	138
Income from financial assets – held to maturity [24]	0	0	0	0	–414
Net pre-tax profit for the period	92,755	38,960	28,239	11,475	26,910
Taxes on earnings and profit	–7,117	–6,496	–5,382	2,187	–6,832
Group profit for the period	**85,638**	**32,464**	**22,857**	**13,662**	**20,078**
Non-controlling interests	–20	547	39	–166	–57
Owners of the parent company	85,658	31,917	22,818	13,828	20,135

KEY FIGURES	30.09.2015	30.09.2014*
EPS in EUR [26]	5.62	2.49
RoE before tax	20.37 %	10.95 %
RoE after tax	17.95 %	8.73 %
Cost/income ratio	54.1 %	52.4 %
Risk/earnings ratio	7.3 %	13.3 %

* In 2014 adjusted to the changed consolidation scope.

Statement of change in equity

STATEMENT OF CHANGE 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	Total equity
Equity at 1 January 2014	50,000	60,707	692,376	125,008	–15,026	913,065	0	913,065
Consolidation effects*	0	0	48,773	–29,137	0	19,636	0	19,636
Equity at 1 January 2014	50,000	60,707	741,149	95,871	–15,026	932,702	0	932,702
Capital increases	0	0	0	0	0	0	0	0
Comprehensive income for the period								
Revenue	0	0	62,042	0	0	62,042	377	62,419
Other income	0	0	–4,078	16,747	–2,002	10,666	0	10,666
Distributions	0	0	–7,500	0	0	–7,500	0	–7,500
Own shares	0	105	0	0	0	105	0	105
Other changes with a neutral effect on results	0	0	659	0	0	659	330	989
Equity at 30 September 2014	**50,000**	**60,812**	**792,272**	**112,618**	**–17,028**	**998,674**	**707**	**999,381**

STATEMENT OF CHANGE IN EQUITY in thousands of euros	Subscribed capital	Retained earnings	Revenue earnings	Depreciated reserves	Actuarial profit/loss	Total owners of the parent company	Non-controlling interests	Total equity
Equity at 1 January 2015	50,000	61,133	812,914	111,124	–31,318	1,003,854	541	1,004,395
Capital increases	0	0	0	0	0	0	0	0
Comprehensive income for the period								
Revenue	0	0	140,393	0	0	140,393	566	140,959
Other income	0	0	833	–44,318	724	–42,761	0	–42,761
Distributions	0	0	–7,500	0	0	–7,500	0	–7,500
Own shares	0	70	0	0	0	70	0	70
Other changes with a neutral effect on results	0	–4	87	0	0	83	–213	–130
Equity at 30 September 2015	**50,000**	**61,199**	**946,727**	**66,806**	**–30,594**	**1,094,139**	**894**	**1,095,033**

* 01.01.2014 adjusted to the changed consolidation scope.

Cash flow statement as at 30 September 2015

CASH FLOW STATEMENT in thousands of euros	01.01.- 30.09.2015	01.01.- 30.09.2014
Cash position at the end of the previous period	173,002	229,545
Operating cash flow	81,403	–196,981
Investment cash flow	–27,521	40,734
Financing cash flow	–51,620	–14,624
Cash position at the end of the period	175,264	58,674

BTV Group: notes 2015

Accounting and valuation principles

The present interim BTV Group accounts as at 30 September 2015 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 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 2014.

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 changed compared with 31 December 2014. As at 11 March 2015, Process Engineering SMT GmbH (in liquidation) (subsidiary of Silvretta Montafon Bergbahnen GmbH), with registered office in Dornbirn, was deleted from the commercial register and therefore no longer appears in the full scope of consolidation of BTV. As at 30 September 2015, 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	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 Bergbahnen 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 %

Leasing companies and the companies of the Silvretta Montafon Bergbahnen Group have been included in the report based on their respective first three quarter years, in accordance with their divergent financial year. The balance sheet date of the leasing companies and the companies of the Silvretta Montafon Bergbahnen Group is 30 September, with the exception of Skischule Silvretta Montafon St. Gallenkirch GmbH, which is 31 May. BTV Beteiligungsholding GmbH's accounting year ends on 30 November. The companies of Silvretta Montafon 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.

As at 30 September 2015, the Group does not disclose any direct minority interests; there are only indirect minority interests. MPR Holding GmbH holds 100% of the shares in VoMoNoSi Beteiligungs AG as at 30 September 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 Bergbahnen GmbH holds 51% of the shares in Silvretta Sportservice GmbH, based in Schruns, 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 566 thousand. At the annual general meeting of 18 December 2014, Silvretta Sportservice GmbH resolved to distribute dividends of EUR 300 thousand, of which EUR 147 thousand was allocated 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. In May 2015, a capital increase was carried out at Oberbank AG, Linz, in respect of the associated companies. BTV's share in this capital increase is EUR 12.89 million. The capital share has consequently changed to 16.82%, while the share in voting rights is now 18.20%.

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	16.82 %	18.20 %
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 purpose of drawing up the annual financial statements in a timely fashion, at-equity valued companies are included for the period from 1 October 2014 to 30 June 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 primarily the only 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 30 September.

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 97th Annual General Meeting of the Bank für Tirol und Vorarlberg AG on 13 May 2015, please see the BTV Homepage (www.btv.at) under the heading „Company".

Events after the interim financial statement date

In the fourth quarter BTV AG is undertaking a capital increase, in which up to 2,500,000 new ordinary no par value shares are being issued with an offer price of EUR 20.54 and an exchange ratio of 10:1.

In October, a capital increase was carried out at Oberbank AG, Linz. BTV's share in this capital increase is EUR 868 thousand.

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 as a result 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	30.09.2015	31.12.2014
Loans to domestic credit institutions	171,840	79,782
Loans to foreign credit institutions	278,594	194,197
Loans to Credit Institutions	**450,434**	**273,979**

2 LOANS TO CLIENTS in thousands of euros	30.09.2015	31.12.2014
Loans to Austrian clients	4,211,542	4,250,336
Loans to foreign clients	2,252,378	2,136,172
Loans to clients	**6,463,920**	**6,386,508**

3 LOAN LOSS PROVISIONS in thousands of euros	2015	2014
Opening balance of credit transactions at 1 January	199,274	207,146
– Releases	–7,352	–8,568
+ Allocation	13,569	28,279
– Application	–11,027	–40,289
(+/–) Changes arising from currency differences	228	6
(+/–) Splitting	0	12,700
Loan loss provisions at 30 September | 31 December	**194,692**	**199,274**
Opening balance of credit business reserves at 1 January	38,657	1,552
– Releases	–117	–1,379
+ Allocation	3,037	9,791
– Application	–75	0
(+/–) Splitting	0	28,693
(+/–) Changes arising from currency differences	14	0
Credit business reserves at 30 September | 31 December	**41,516**	**38,657**
Total loan loss provisions at 30 September | 31 December	**236,208**	**237,931**

4 TRADING ASSETS in thousands of euros	30.09.2015	31.12.2014
Debenture bonds and other fixed-interest securities	0	7,122
Equities and other variable-interest securities	0	0
Positive market values arising from derivative transactions – Trading	21,040	6,516
Positive market values arising from derivative transactions – Fair value option	18,855	24,795
Trading assets	**39,895**	**38,433**

5 FINANCIAL ASSETS – AT FAIR VALUE THROUGH PROFIT OR LOSS in thousands of euros	30.09.2015	31.12.2014
Debenture bonds and other fixed-interest securities	121,524	132,873
Equities and other variable-interest securities	28,439	9,335
Financial assets - at fair value through profit or loss	**149,963**	**142,208**

6 FINANCIAL ASSETS – AVAILABLE FOR SALE in thousands of euros	30.09.2015	31.12.2014
Debenture bonds and other fixed-interest securities	1,195,734	1,104,186
Equities and other variable-interest securities	9,300	7,254
Other shareholdings	46,848	46,246
Other affiliated shareholdings	105,386	105,390
Financial assets - available for sale	**1,357,268**	**1,263,076**

7 FINANCIAL ASSETS – HELD TO MATURITY in thousands of euros	30.09.2015	31.12.2014
Debenture bonds and other fixed-interest securities	0	741,772
Financial assets – held to maturity	**0**	**741,772**

8 SHARES IN AT-EQUITY VALUED COMPANIES in thousands of euros	30.09.2015	31.12.2014
Credit institutions	441,554	409,623
Non-credit institutions	16,648	17,309
Shares in at-equity valued companies	**458,202**	**426,931**

Balance sheet – Liabilities

9 LIABILITIES TO BANKS in thousands of euros	30.09.2015	31.12.2014
Austrian credit institutions	744,875	732,408
Foreign credit institutions	528,302	662,284
Liabilities to credit institutions	**1,273,177**	**1,394,692**

10 LIABILITIES TO CLIENTS in thousands of euros	30.09.2015	31.12.2014
Savings deposits		
Austrian	1,034,173	1,024,949
Foreign	165,300	151,308
Sub-total savings deposits	1,199,473	1,176,257
Other deposits		
Austrian	2,852,096	3,241,688
Foreign	1,134,314	1,109,086
Sub-total other deposits	3,986,410	4,350,774
Liabilities to clients	**5,185,883**	**5,527,031**

11 SECURITISED DEBT in thousands of euros	30.09.2015	31.12.2014
Debentures	850,184	811,994
Domestic bonds	243,307	200,578
Securitised debt	**1,093,491**	**1,012,572**
of which fair value	420,309	424,874

12 TRADING LIABILITIES in thousands of euros	30.09.2015	31.12.2014
Negative market values arising from derivative transactions – Trading	4,964	4,786
Negative market values arising from derivative transactions – Fair value option	7,532	11,020
Trading liabilities	**12,496**	**15,806**

13 RESERVES AND PROVISIONS in thousands of euros	30.09.2015	31.12.2014
Long-term payroll reserves	83,900	85,077
Other reserves and provisions	47,881	42,289
Reserves and provisions	**131,781**	**127,366**

14 SUBORDINATED CAPITAL in thousands of euros	30.09.2015	31.12.2014
subordinated capital	325,133	378,952
subordinated capital	**325,133**	**378,952**
of which fair value	210,659	195,833

15 REGULATORY CAPITAL AND DEBT LEVELS

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%. As regards the leverage ratio, reference is made to the disclosure pursuant to Part 8 of Regulation (EU) No 575/2013 (CRR). 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.

CONSOLIDATED EQUITY ACCORDING TO CRR in € million	Basel III 30.09.2015	Basel III 31.12.2014
Common equity (CET1)		
Capital instruments qualifying as CET1	99.5	99.5
Proprietary CET1 instruments	–1.4	–1.5
Retained earnings and other surplus reserves	794.9	778.5
Aggregated other income	60.3	60.3
Other reserves	128.7	128.7
Transitional changes owing to the transitional provisions for CET1 capital instruments	3.5	4.0
Goodwill	0.0	0.0
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	–355.0	–324.7
Other transitional changes to CET1	87.3	51.3
Common equity (CET1)	817.8	796.1
Additional core capital (Additional Tier 1)		
Changes owing to the transitional provisions for Additional Tier 1 capital instruments	56.7	64.8
Other transitional changes to Additional Tier 1	–56.7	–64.8
Additional core capital (Additional Tier 1)	0.0	0.0
Core capital (Tier 1): sum of common equity (CET1) and additional (AT1) core capital	817.8	796.1
Supplementary capital (Tier 2)		
Paid-up capital instruments and subordinated loans	103.9	141.1
Direct positions in supplementary capital instruments	–0.5	–0.9
Changes owing to the transitional provisions for supplementary capital instruments and subordinated loans	49.9	71.8
Other transitional changes to supplementary capital	–85.5	–78.0
Supplementary capital (Tier 2)	67.7	134.0
Total qualifying equity	885.5	930.1
Total risk-weighted assets	6,297.9	6,212.8
Common equity Tier 1 ratio	12.98 %	12.81 %
Core capital ratio	12.98 %	12.81 %
Equity ratio	14.06 %	14.97 %

Income Statement: Notes

16 NET INTEREST INCOME in thousands of euros	01.01.- 30.09.2015	01.01.- 30.09.2014
Interest and similar income from		
Lending and money market transactions with credit institutions	3,970	5,270
Lending and money market transactions with clients	100,820	115,814
Debenture bonds and fixed-interest securities	24,728	33,074
Equities and variable-rate securities	536	38
Other shareholdings	2,625	1,682
Other transactions	9,065	1,066
Sub-total interest and similar income	141,744	156,944
Interest and similar expenses on		
Credit institutions deposits	–9,588	–6,914
Customer deposits	–10,899	–20,138
Securitised debt	–1,905	–3,688
subordinated capital	–10,850	–10,161
Other trades	–8,844	–3,236
Sub-total interest and similar expenses	–42,086	–44,137
Income from at-equity valued companies	29,630	26,679
Net interest income	**129,288**	**139,486**

17 LOAN LOSS PROVISIONS in thousands of euros	01.01.- 30.09.2015	01.01.- 30.09.2014
Allocation of on-balance sheet provision	–13,569	–19,134
Allocation of off-balance sheet provision	–3,037	–5,710
Release of on-balance sheet provisions	7,352	6,651
Release of off-balance sheet provisions	117	71
Direct amortisation	–472	–543
Income from amortised receivables	144	169
Loan-loss provisions in the credit business	**–9,465**	**–18,496**

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.-30.09.2015	01.01.-30.09.2014
Credit transaction	5,308	4,274
Payment transactions	9,204	9,156
Securities trading	19,125	14,932
Currency, foreign exchange and precious metals trading	2,971	2,007
Other services business	1,288	1,522
Net commission income	**37,896**	**31,891**

19 TRADING INCOME in thousands of euros	01.01.-30.09.2015	01.01.-30.09.2014
Income from derivatives	518	–786
Income from securities	339	284
Income from foreign exchange and notes and coins transactions	2,331	631
Trading income	**3,188**	**129**

20 OPERATING EXPENSES in thousands of euros	01.01.-30.09.2015	01.01.-30.09.2014
Payroll	–62,222	–60,922
thereof salaries and wages	–46,536	–45,448
thereof legal social contributions	–12,902	–12,652
thereof other personnel costs	–1,444	–1,469
thereof expenditures for long-term personnel deferrals	–1,340	–1,353
Materials	–31,924	–30,952
Amortisation	–13,887	–14,442
Operating expenses	**–108,033**	**–106,316**

20a AVERAGE NUMBER OF EMPLOYEES, WEIGHTED ACCORDING to personnel years	30.09.2015	30.09.2014
White collar	897	895
Blue collar	340	337
Payroll	**1,237**	**1,232**

The number of staff was reduced by the number of employees delegated to subsidiaries outside the group of companies covered by the IFRS consolidation.

21 OTHER OPERATING INCOME in thousands of euros	01.01.-30.09.2015	01.01.-30.09.2014
Other operating income	57,799	56,530
Other operating expenses	–28,310	–25,253
Hedge accounting income	–34	–23
Other operating profit	**29,455**	**31,254**

22 INCOME FROM FINANCIAL ASSETS – AT FAIR VALUE THROUGH PROFIT OR LOSS in €'000	01.01.-30.09.2015	01.01.-30.09.2014
Profit arising from financial assets – at fair value through profit or loss	–1,570	–344
Profit arising from financial assets – at fair value through profit or loss	**–1,570**	**–344**

23 PROFIT ARISING FROM FINANCIAL ASSETS – AVAILABLE FOR SALE in thousands of euros	01.01.-30.09.2015	01.01.-30.09.2014
Profit arising from financial assets – available for sale	79,195	1,102
Profit arising from financial assets – available for sale	**79,195**	**1,102**

24 PROFIT ARISING FROM FINANCIAL ASSETS – HELD TO MATURITY in thousands of euros	01.01.-30.09.2015	01.01.-30.09.2014
Profit arising from financial assets – held to maturity	0	–414
Profit arising from financial assets – held to maturity	**0**	**–414**

25 PERFORMANCE BONDS AND CREDIT RISKS in thousands of euros	30.09.2015	31.12.2014
Securities/guarantees	244,561	224,183
Credit risks	1,370,583	1,085,749
Performance bonds and credit risks	**1,615,144**	**1,309,932**

Creditworthiness by sector of selected countries

The following table illustrates the volume of receivables owed by debtors in selected countries categorised by sectors. Against the backdrop of recent trends on 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 30 September 2015.

TOTAL CREDIT RISK: CREDITWORTHINESS STRUCTURE BY SECTORS OF THE SELECTED COUNTRIES AT 30 SEPTEMBER 2015.

Sectors in thousands of euros	Italy	Ireland	Spain	Russia	Total
Loans and insurance	15,369	2,998	0	0	18,367
Public sector	0	0	0	0	0
Remaining sectors	132,758	81	537	378	133,754
Total	**148,127**	**3,079**	**537**	**378**	**152,121**

26 EPS (ORDINARY AND PREFERENCE SHARES)	30.09.2015	30.09.2014
Equities (ordinary and preference shares)	25,000,000	25,000,000
Average float (ordinary and preference shares)	24,990,242	24,966,101
Net Group income in thousands of euros	140,393	62,042
EPS (Earnings per share) in €	5.62	2.49
Diluted earnings per share in € (ordinary and preference shares)	5.62	2.49

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“.

27 FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS WHICH ARE VALUED AT FAIR VALUE

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 hereby 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 SEPTEMBER 2015 in thousands of euros	Prices listed in active markets	Valuation methods based on market data	Valuation methods not based on market data
	Level 1	Level 2	Level 3
Financial assets stated at fair value			
Trading portfolio securities	0	0	0
Positive market values from derivative financial instruments	0	107,856	0
Assets classified at fair value	124,346	25,549	68
Financial assets available for disposal	1,108,925	96,109	152,234
Overall financial assets classified at fair value	1,233,271	229,514	152,302
Financial liabilities stated at fair value			
Negative market values from derivative financial instruments	0	41,172	0
Liabilities classified at fair value	0	630,968	0
Overall liabilities classified at fair value	0	672,140	0

FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS WHICH ARE VALUED AT FAIR VALUE AS AT 31 DECEMBER 2014 in thousands of euros	Prices listed in active markets	Valuation methods based on market data	Valuation methods not based on market data
	Level 1	Level 2	Level 3
Financial assets stated at fair value			
Trading portfolio securities	0	7,122	0
Positive market values from derivative financial instruments	0	111,854	0
Assets classified at fair value	115,935	26,145	128
Financial assets available for disposal	984,509	126,932	151,635
Overall financial assets classified at fair value	1,100,444	272,053	151,763
Financial liabilities stated at fair value			
Negative market values from derivative financial instruments	0	54,833	0
Liabilities classified at fair value	0	620,707	0
Overall liabilities classified at fair value	0	675,540	0

MOVEMENTS IN LEVEL 3 OF FINANCIAL INSTRUMENTS ASSESSED AT FAIR VALUE in thousands of euros	December 2014	Success in profit and loss	Success from other operating income	Purchases	Sales, re-payments	Transfer to level 3	Transfer from level 3	Currency conver-sion	Sept. 2015
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
Classified at fair value - assets	128	–5	0	0	–55	0	0	0	68
Available for sale financial assets	151,635	0	0	600	–1	0	0	0	152,234
Overall financial assets classified at fair value	**151,763**	**–5**	**0**	**600**	**–56**	**0**	**0**	**0**	**152,302**

Movements between level 1, level 2 and level 3

In the current reporting year 2015, there have not been any movements between the individual levels.

Purchases totalling EUR 600 thousand resulting from access to equity instruments as a result of a share-holder contribution.

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 Septem-ber 2015	Book value 30 Septem-ber 2015	Fair value 31 December 2014	Book value 31 Decem-ber 2014
Cash reserves	175,264	175,264	173,002	173,002
Loans to Credit Institutions	451,616	450,434	276,423	273,979
Loans to clients	6,816,278	6,463,920	6,916,304	6,386,508
Financial assets – held to maturity	0	0	800,149	741,772

LIABILITIES in thousands of euros	Fair value 30 Septem-ber 2015	Book value 30.09.2015	Fair value 31 December 2014	Book value 31.12.2014
Liabilities to credit institutions	1,320,876	1,273,177	1,442,880	1,394,692
Liabilities to clients	5,203,771	5,185,883	5,551,723	5,527,031
Securitised debt	670,515	673,181	580,884	587,697
Subordinated capital	114,632	114,474	183,507	183,119

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 2015. 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. 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 are not corrected in the year-on-year comparison insofar as they are immaterial.

In 2015, 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 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 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 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 clients

In the first three quarters of 2015, income from corporate clients rose by EUR 13.9 million overall to EUR 54.1 million, compared with the previous year. This considerable increase was mainly due to the reduced loan loss provision for the credit business, increased net commission income and the reduced operating expenses. Interest income fell by EUR 0.5 million, to EUR 64.5 million. Loan loss provisions in the credit business fell by EUR 10.5 million to EUR 6.5 million. Compared with the previous year, net commission income grew by EUR +1.3 million. Operating expenses were down EUR 2.6 million.

Retail clients

Interim earnings as at 30 September also managed to surpass the previous year's figure in the retail clients business. For the first three quarters of 2015, pre-tax profit for the period was EUR 15.8 million, compared with EUR 15.5 million the previous year. The main decisive factors were the increase in net commission income of EUR 3.3 million, or 16.6%, to EUR 23.3 million and the EUR 1.2 million reduction in loan loss provisions. Interest income rose by EUR 0.6 million to EUR 29.4 million, owing to the increase in the financing volume. The increase in operating expenses had a negative effect on the profit for the period.

Institutional clients and banks

The sale of the majority of bonds held in the Bank's own portfolio led to a growth in earnings of the Institutional clients and banks business unit as at 30 September 2015. Income from financial assets including trading income was EUR 80.5 million for the first three quarters. Net interest income, at EUR 31.8 million was also a decisive factor. Loan loss provisions increased by EUR 0.5 million to EUR 2.0million compared to the previous year. Operating expenses were down EUR 0.3 million, or 16.9%, to EUR 1.5 million. The pre-tax result for the period with was EUR 112.8 million on the reporting date.

Leasing

Buoyed by higher customer cash values (up EUR 44 million), net interest income rose by EUR 1.1 million to EUR 12.7 million. Another decisive factor is the other operating income, which rose from EUR 2.7 million to EUR 3.7 million. Loan loan provisions, which rose by EUR 0.8 million and amounted to EUR 0.5 million at the time of reporting, in addition to the EUR 0.6 million increase in operating expenses totalling EUR 5.0 million, had a negative effect on results. Overall, pre-tax profit grew by EUR 0.8 million to EUR 11.4 million.

Silvretta Montafon

Owing to the course of business being dominated by tourism, the result fell drastically due to the season.
Despite the late arrival of winter and the poor earnings for December as a result, the winter season concluded on a positive note. Earnings for the period rose by EUR 2.4 million to EUR 9.9 million. At EUR 42.6 million, other operating profit, which mainly includes the revenues, was up year-on-year by EUR 3.1 million, or 7.8%, in the first three quarters of 2015. These are the decisive factors for Silvretta Montafon with its average of 440 employees in the quarter under review. Operating expenses rose by EUR 0.8million to EUR 32.0 million.

SEGMENT REPORTING in thousands of euros	Year	Corporate clients	Retail clients	Institutional clients and banks	Leasing	Silvretta Montafon	Reporting segments	Other segments/ consolida-tion/misc.	Group balance sheet/P&L
Net interest income	09/2015	64,459	29,353	31,761	12,710	–670	137,613	–37,955	99,658
	09/2014	64,980	28,713	32,441	11,642	–732	137,044	–24,238	112,806
Income from at-equity valued companies	09/2015	0	0	0	0	0	0	29,630	29,630
	09/2014	0	0	0	0	0	0	26,679	26,679
Loan-loss provisions in the credit business	09/2015	–6,521	–1,862	1,954	–516	0	–6,945	–2,520	–9,465
	09/2014	–17,001	–699	1,435	265	0	–16,000	–2,496	–18,496
Net commission income	09/2015	16,723	23,250	0	302	0	40,275	–2,379	37,896
	09/2014	15,420	19,940	0	479	0	35,839	–3,948	31,891
Operating expenses	09/2015	–20,536	–35,408	–1,491	–5,023	–32,013	–94,471	–13,562	–108,033
	09/2014	–23,143	–33,012	–1,795	–4,464	–31,239	–93,653	–12,662	–106,315
Other operating profit	09/2015	0	447	0	3,700	42,595	46,742	–17,287	29,455
	09/2014	0	532	0	2,721	39,497	42,750	–11,496	**31,254**
Result from financial assets and trading result	09/2015	0	0	80,539	274	0	80,813	0	80,813
	09/2014	0	0	478	–5	0	473	0	473
Result for the period before tax	09/2015	54,125	15,780	112,763	11,447	9,912	204,027	–44,073	159,954
	09/2014	40,256	15,474	32,559	10,638	7,526	106,453	–28,160	78,293
Segment loans	09/2015	4,388,567	1,311,212	1,951,617	753,597	2,631	8,407,624	73,953	8,481,577
	09/2014	4,268,313	1,287,289	2,360,856	709,775	3,625	8,629,858	130,023	8,759,881
Segment liabilities	09/2015	1,854,643	2,946,012	2,453,176	707,953	26,622	7,988,406	–98,226	7,890,180
	09/2014	1,795,118	2,791,227	2,680,731	666,997	41,122	7,975,195	155,425	8,130,620

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 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." Other operating income includes, among other things, the turnover of the Silvretta Montafon Group and essentially the stability tax and rental 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, trading liabilities, 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 before-tax annual net profit generated by that segment.

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 profit position of the BTV group, and that the report paints as faithful a picture as possible of the asset, financial and profit position of the BTV group with reference to the important occurrences during the first nine 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, November 2015

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, Quality Management, Marketing & Communications divisions; BTV Leasing; Compliance and money laundering.

Mag. Matthias Moncher
Member of the Board

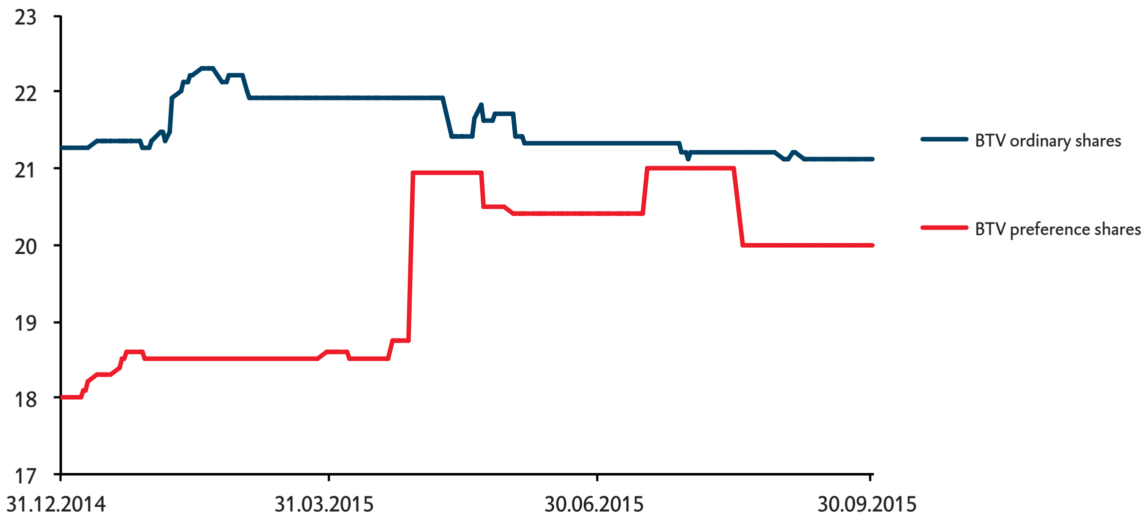
Member of the Board of Directors with responsibility for risk, process, IT and cost management; the departments for finance and controlling, legal matters and investments, credit management, the service centre, group audit; Compliance and money laundering.

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 private customer business in Switzerland; Institutional Clients and Banks, Group audit; Compliance and money laundering.

BTV shares as at 30 September 2015

PERFORMANCE OF BTV SHARES SINCE 31 DECEMBER 2014 in €



Correction on the equity markets continued

The price correction observable since mid-April and the volatility on the international equity markets continued to intensify in the third quarter. Fears of a worse-than-expected performing global economy ensured troubled sentiment among investors. While the economies of the major industrial regions of the eurozone, USA and Japan are on a firm path to recovery, the dynamics in emerging markets are on the wane. The decision of the Federal Reserve to further postpone the first US rate hike increased investors' concerns. Yet another factor for the international price falls was the turmoil on the Chinese stock markets. In addition, the weaker economic data and the completed devaluation of the renminbi by the Chinese central bank also created elevated nervousness in the markets.

The sharp correction on the international stock markets in the third quarter caused any price gains achieved at the beginning of the year to disappear. The majority of established stock indices recorded a slight drop during the course of the year. The Euro Stoxx 50 lost 1.5%, as did the DAX. The Italian stock exchange stands out from the other European indices with on annual increase of 12%. US indexes were also strongly affected by the price losses in the third quarter. The S&P 500 recorded a decline of 6.7% for the year and the Dow Jones fell by 8.6%. The Japanese Nikkei 225 has completely ceded the huge price gains that were achieved in the first quarter and has thus moved sideways since the beginning of the year. The Swiss SMI share index had to accept a 5.2% drop over the year.

On 30 September 2015 BTV ordinary shares stood at EUR 21.12, therefore 0.70% down on 31 December 2014. Preference shares rose by +11.11% to EUR 20.00.

Overview of 3 Banken Group – Group information

	BKS Bank		Oberbank		BTV	
PROFIT AND LOSS in € million	01.01.-30.09.2015	01.01.-30.09.2014	01.01.-30.09.2015	01.01.-30.09.2014	01.01.-30.09.2015	01.01.-30.09.2014
Net interest income	119.5	119.2	283.5	262.6	129.3	139.5
Loan-loss provisions in the credit business	–25.2	–40.2	–33.7	–53.5	–9.5	–18.5
Commission income	39.2	35.0	99.7	87.7	37.9	31.9
Operating expenses	–79.2	–76.9	–181.8	–175.0	–108.0	–106.3
Other operating profit	–9.2	–4.1	–30.5	1.4	29.5	31.3
Net pre-tax profit for the period	50.2	37.8	146.6	126.3	160.0	78.3
Group profit for the period	44.0	32.7	125.9	107.4	141.0	62.4

BALANCE SHEET FIGURES in millions of euros	30.09.2015	31.12.2014	30.09.2015	31.12.2014	30.09.2015	31.12.2014
Total assets	6,995.7	6,854.6	18,272.7	17,774.9	9,271.3	9,597.7
Loans and advances to clients after loan loss provisions	4,913.8	4,815.8	12,250.6	11,801.8	6,269.2	6,187.2
Primary funds	4,991.5	5,013.0	12,296.0	12,288.6	6,604.5	6,918.6
of which savings deposits	1,654.1	1,705.5	2,963.0	3,098.5	1,199.5	1,176.3
of which securitised debt including subordinated capital	779.4	789.1	2,185.8	2,295.0	1,418.6	1,391.5
Equity	836.6	795.8	1,799.8	1,534.1	1,095.0	1,004.4
Managed deposits	12,924.3	12,972.0	24,621.9	23,441.9	12,175.0	12,155.4
of which customer deposits	7,932.8	7,959.0	12,325.9	11,153.3	5,570.5	5,236.8

REGULATORY CAPITAL in millions of euros	30.09.2015	31.12.2014	30.09.2015	31.12.2014	30.09.2015	31.12.2014
Basis for measuring capital	4,945.9	4,846.6	12,019.0	11,935.2	6,297.9	6,212.8
Equity	534.3	580.9	1,972.9	1,874.4	885.5	930.1
of which common equity (CET1)	510.6	543.7	1,463.1	1,306.9	817.8	796.1
of which total core capital (CET1 and AT1)	510.6	543.7	1,536.8	1,385.2	817.8	796.1
Common equity ratio in %	10.32 %	11.22 %	12.17 %	10.95 %	12.98 %	12.81 %
Core capital ratio in %	10.32 %	11.22 %	12.79 %	11.61 %	12.98 %	12.81 %
Total capital ratio in %	10.80 %	11.99 %	16.41 %	15.70 %	14.06 %	14.97 %

COMPANY KEY INDICATORS in%	30.09.2015	31.12.2014	30.09.2015	31.12.2014	30.09.2015	31.12.2014
Return on equity before tax (RoE)	8.98 %	7.22 %	11.77 %	10.68 %	20.37 %	10.95 %
Return on Equity after tax	7.90 %	6.51 %	10.11 %	9.25 %	17.95 %	8.73 %
Cost/income ratio	52.3 %	51.9 %	50.2 %	50.1 %	54.1 %	52.4 %
Risk/earnings ratio	21.1 %	31.5 %	11.9 %	20.9 %	7.3 %	13.3 %

NUMBER of resources	30.09.2015	31.12.2014	30.09.2015	31.12.2014	30.09.2015	31.12.2014
Weighted average number of employees	922	915	2,025	2,004	1,237	1,232
Number of branches	59	57	154	156	36	38

Imprint

Bank für Tirol und Vorarlberg Aktiengesellschaft
Stadtforum 1
6020 Innsbruck

T +43/5 05 333-0
F +43/5 05 333-1180
SWIFT/BIC: BTVAAT22
Routing no.: 16000
Data processing register: 0018902
Commercial register no.: 32.942w
Tax ID: ATU 317 12 304
btv@btv.at
www.btv.at

Notes

Any reference in the interim report to a person (e.g. he, him) 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)

Bank für Tirol und Vorarlberg Aktiengesellschaft
Stadtforum 1
6020 Innsbruck

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

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

Design

BTV Quality Management
Marketing & Communications
Andreas Moser

Final version

10 November 2015