

---

# SHAREHOLDERS' REPORT INTERIM REPORT AS AT 30/09/2016

---

BANK FÜR TIROL UND VORARLBERG AG

---

## Contents

|  |    |
|--|----|
| Diary dates for BTV shareholders in 2016.....            | 02 |
| The BTV Group at a glance.....                           | 03 |
| Management Report and notes on BTV Group business trends |    |
| Economic environment and BTV shares.....                 | 04 |
| Business trends .....                                    | 06 |
| Abridged consolidated financial statements               |    |
| Balance sheet .....                                      | 08 |
| Comprehensive income statement.....                      | 09 |
| Key indicators .....                                     | 10 |
| Statement of change in equity.....                       | 11 |
| Cash flow statement .....                                | 12 |
| BTV Group: Notes .....                                   | 13 |
| Accounting and valuation principles .....                | 13 |
| Main business events in the period reported .....        | 16 |
| Events after the interim financial statement date .....  | 16 |
| Balance sheet – Assets .....                             | 17 |
| Balance sheet – Liabilities.....                         | 19 |
| Comprehensive income statement Notes.....                | 23 |
| Other notes .....  | 26 |
| Segment reporting .....                                  | 31 |
| Statements by the statutory representatives .....        | 35 |
| Overview of 3 Banken Group .....                         | 36 |
| Imprint .....  | 37 |

---

## IMPORTANT DATES FOR BTV SHAREHOLDERS

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

## The BTV Group at a glance

| EARNINGS                                    | 30/09/2016 | 30/09/2015* | % change |
|---|------------|-------------|----------|
| <i>in EUR million</i>                       |            |             |          |
| Net interest income                         | 108.6      | 128.9       | -15.7 %  |
| Loan-loss provisions in the credit business | -12.9      | -9.5        | +36.2 %  |
| Net commission income                       | 35.3       | 37.9        | -6.9 %   |
| Operating expenses                          | -131.9     | -124.9      | +5.6 %   |
| Other operating profit                      | 69.9       | 58.9        | +18.7 %  |
| Net pre-tax profit for the period           | 72.6       | 172.1       | -57.8 %  |
| Group profit for the period                 | 59.9       | 150.0       | -60.0 %  |

| BALANCE SHEET  | 30/09/2016 | 31/12/2015 | % change |
|--|------------|------------|----------|
| <i>in EUR million</i>                                    |            |            |          |
| Total assets   | 9,846      | 9,426      | +4.4 %   |
| Loans and advances to clients after loan loss provisions | 6,589      | 6,360      | +3.6 %   |
| Primary funds  | 7,167      | 7,021      | +2.1 %   |
| of which savings deposits                                | 1,243      | 1,201      | +3.5 %   |
| of which securitised debt including subordinated capital | 1,496      | 1,378      | +8.6 %   |
| Equity   | 1,211      | 1,149      | +5.4 %   |
| Managed deposits   | 13,108     | 12,732     | +2.9 %   |

| REGULATORY CAPITAL (CRR)                   | 30/09/2016 | 31/12/2015 | % change |
|--|------------|------------|----------|
| <i>in EUR million</i>                      |            |            |          |
| Risk-weighted assets                       | 6,547      | 6,263      | +4.5 %   |
| Equity                                     | 953        | 978        | -2.5 %   |
| of which common equity (CET1)              | 921        | 951        | -3.1 %   |
| of which total core capital (CET1 and AT1) | 921        | 951        | -3.1 %   |
| Common equity Tier 1 ratio                 | 14.07 %    | 15.18 %    | -1.11 pp |
| Core capital ratio                         | 14.07 %    | 15.18 %    | -1.11 pp |
| Equity ratio                               | 14.56 %    | 15.61 %    | -1.05 pp |

| COMPANY KEY FIGURES               | 30/09/2016 | 31/12/2015 | Change in percentage points |
|-----------------------------------|------------|------------|-----------------------------|
| <i>in percentage points</i>       |            |            |                             |
| Return on equity before tax (RoE) | 8.22 %     | 15.88 %    | -7.66 pp                    |
| Return on Equity after tax        | 6.79 %     | 12.77 %    | -5.98 pp                    |
| Cost/income ratio                 | 60.7 %     | 58.6 %     | +2.1 pp                     |
| Risk/earnings ratio               | 11.9 %     | 9.7 %      | +2.2 pp                     |

| RESOURCES                            | 30/09/2016 | 31/12/2015 | Change figure |
|--------------------------------------|------------|------------|---------------|
| <i>Number</i>                        |            |            |               |
| Weighted average number of employees | 1,424      | 1,354      | +70           |
| Number of branches                   | 36         | 36         | +0            |

| KEY INDICATORS FOR BTV SHARES                     | 30/09/2016  | 30/09/2015* |
|---|-------------|-------------|
| Number of ordinary no par value shares            | 25,000,000  | 22,500,000  |
| Number of preference shares                       | 2,500,000   | 2,500,000   |
| Top price of ordinary/preference share in EUR     | 21.30/20.00 | 22.40/21.00 |
| Bottom price of ordinary/preference share in EUR  | 20.70/19.00 | 21.20/18.10 |
| Closing price of ordinary/preference share in EUR | 20.80/19.20 | 21.20/20.00 |
| Market capitalisation in millions of euros        | 568         | 527         |
| IFRS EPS in EUR                                   | 2.71        | 7.76        |
| P/E ratio, ordinary share                         | 7.7         | 2.7         |
| P/E ratio, preference share                       | 7.1         | 2.6         |

\* 30/09/2015 adjusted to the change in the scope of consolidation.

---

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

### Economic environment

Based on the reported economic data, the European economy in the third quarter was unexpectedly robust, despite the Brexit vote in late June. This was reflected in a stable and, in the end, even attractive mood for investors, consumers and companies. Despite rising domestic consumption and positive business confidence, consumer prices only rose by 0.2% compared to the previous year. This low inflation was once again influenced by a negative contribution from energy prices. Unemployment in the last few years has constantly fallen, but in the third quarter was unable to show any further fall and is currently at 10.1%. This means that there is still room for improvement.

Inflation in the third quarter also proved more stable in the United States than in the Eurozone. The increase in prices across the Atlantic, on an annualised basis in July and August, was approximately 1% and in September even reached 1.5%. Alongside the approaching inflation target of 2%, the US central bank also looks at the labour market. An unemployment level of 5% and an average hourly wage that is growing faster than inflation are indications of a robust labour market. Despite the slightly weaker economic data in the summer, the expectations of market players of a further increase in interest rates this year have again risen.

China's economy developed surprisingly well in the last quarter. With year-on-year economic growth of +6.7% in the third quarter, China met its growth targets. The growth in industrial production and retail turnover picked up in August, and exceeded analysts' expectations. The conversion away from industry and towards a service society appears not to be delivering the economic breakdown that many spectators expected. Here an expansive fiscal policy in particular took hold, with the infrastructure projects that were initiated also providing support.

### Interest rates

In July, investors once again saw new all-time lows in European, US and Japanese bond yields. Later during the third quarter rates did, however, show signs of rising. This can be explained by the widely held opinion that the European Central Bank (ECB) and the Bank of Japan (BoJ) had already largely run out of room to manoeuvre. In addition, the ECB is under considerable pressure from the US, which is aiming for a higher level of interest rates. The market players in the Eurozone would rather see economic growth and inflation at higher levels, and therefore were hoping for further measures from the ECB. These expectations were quashed by ECB President Mario Draghi in the last quarter. The monthly purchases of EUR 80 billion will indeed be continued until end March 2017, but any extension was left hanging. Draghi stressed that this monetary policy could not be implemented forever, and other fiscal measures were necessary.

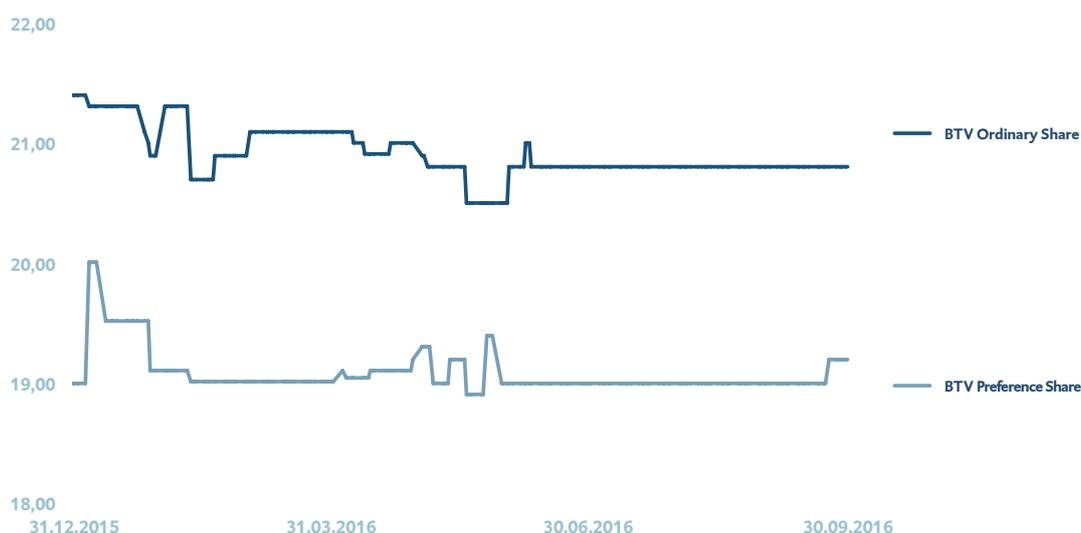
### Currencies

After a really turbulent second quarter for the currency markets, which were exposed to large swings up and down due to the market jitters caused by Brexit, the third quarter was relatively peaceful throughout for the euro, and also for the US dollar, Swiss franc and Japanese yen. The euro showed some more strength faced with the summertime US economic dip, and the accompanying delays in any raise in key interest rates, and was able to pick up about +1.2%.

Against the Swiss franc too, the euro showed a marginal increase of +0.7%. The interventions by the Swiss National Bank to keep the franc weaker against the euro were therefore still having an effect. Barely a month passed without some new record value being reached by the SNB's currency reserves. By the end of August these had peaked at approximately 640 billion francs, meaning a rise since abandoning the minimum rate of over 100 billion francs.

## BTV shares as at 30 September 2016

### PERFORMANCE OF BTV SHARES SINCE 31/12/2015 in EUR



It was only against the Japanese yen that the euro lost ground, by  $-0.60\%$ . After the flight to the yen following the Brexit vote, and the related weakening of the euro, the focus shifted once more to the monetary policy decisions of the central banks. The expected easing measures by the Bank of Japan (BoJ), as well as the non-occurrence of additional expansion of monetary policy in the Eurozone turned out to be responsible for the brief rise of the euro to 117.73 in July. However, the BoJ fell below market expectations with its decisions to expand quantitative easing, and the yen rose again. The EUR/JPY exchange rate ended the third quarter at 113.09.

#### Equities

The third quarter of this year closed with a positive trend, despite the normally weak summer months of August and September: A majority of the global leading indices were able to recoup their Brexit losses, and at the end of the third quarter were once again at pre-Brexit levels. Among the established European share indices, the leading German index, the DAX, the Swiss SMI share index and the Austrian ATX were able to rise above their pre-Brexit levels by the end of September, and so compensate for all their losses following the British referendum. Within Europe, the Euro Stoxx 50, the Italian FTSE MIB and the British FTSE 100 all trailed. Overall we

saw another quarter with high volatility where the indices were influenced mainly by the price of oil, the US election and the decisions of the important central banks. The DAX showed a rise of  $+8.6\%$  in the third quarter, and the ATX showed an impressive increase of  $+14.8\%$ . The Swiss SMI share index only rose by  $+0.6\%$ . As it was not hit so hard by the Brexit referendum in the first place, this, the lowest trend within Europe, was still enough to cancel out Brexit losses. The Italian FTSE MIB Index, with  $+1.70\%$ , even did better than that, and the British FTSE 100 also showed an acceptable performance at  $+2.3\%$ . The Euro Stoxx 50 reported an increase of  $+4.8\%$ . Outside Europe, the S&P 500 rose by  $+1.9\%$  and the Dow Jones by  $+0.7\%$ . The Japanese Nikkei 225 managed an increase in value of  $+6.0\%$ .

The ordinary shares in BTV fell over 2016 so far by  $-2.8\%$  to EUR 20.8. The preference shares, on the other hand, increased by  $+1.1\%$  and listed at EUR 19.20.

#### Balance sheet performance

The core operational business at BTV was again successful in the third quarter. Both customer receivables and primary deposits are well above the previous year.

Total assets increased compared to the end of 2015 by +4.4%, or EUR +419 million to EUR 9,845 million.

Customer receivables rose in the third quarter by EUR +235 million to EUR 6,792 million. In the corporate client sector, customer receivables increased compared to 31/12/2015 by EUR +224 million, and in the retail customer sector by EUR +14 million.

The volume of loan loss provisions for lending activities, at EUR –203 million, was slightly above the position on 31/12/2015 of EUR –197 million.

Cash reserves grew further. At EUR 327 million, the overall figure was clearly above the previous year by EUR +180 million.

Financial assets continued to hold steady, and at a level of EUR 2,088 million were EUR –33 million below the level at year-end 2015.

The growth in primary funds continued in the third quarter. This meant an overall increase of EUR +146 million compared to 31/12/2015. The ratio of customer loans to primary funds, the loan-deposit ratio, rose slightly because of the greater expansion in customer loans, from 90.6% at the end of 2015 to 91.9%.

Customer funds on deposit, the total of primary deposits and deposit volumes, as of 30/09/2016 stood at EUR 13,108 million which puts them over EUR 13 billion for the first time. Compared to the end of 2015, this represents an increase of +2.9% or EUR +375 million. The volume of deposits climbed much more steeply than in the first half of the year. After a volatile start to the year, in the third quarter substantial growth was achieved overall. This meant that the volume of deposits, at EUR 5,940 million, reached a level which was EUR +229 million higher than at 31/12/2015. Liabilities to credit institutions rose by EUR +208 million from the 2015 year-end level, reaching EUR 1,190 million. Balance sheet equity increased by EUR +62 million to EUR 1,211 million.

As at 30 September 2016, the banking group's qualifying net equity under CRR (Basel III) was EUR 953.2 million. Overall, it fell by EUR –24.7 million, or –2.5%, compared with the 2015 year-end. As at 30 September 2016, the banking group's common equity (CET1) under CRR amounted to EUR 921.0 million. This therefore fell by EUR –29.9 million, or –3.1%.

Total risk-weighted assets rose by EUR +284.2 million to EUR 6,546.9 million. From this, the core capital ratio is calculated to be 14.07% and the overall equity ratio is 14.56%.

#### Profit trend

Both customer receivables and primary deposits are well above the levels of 31/12/2015. Nevertheless, the pre-tax profit for the period fell by EUR –99.5 million, or –57.8%, compared to the previous year. As already announced several times in BTV's financial reports, it is mainly the decline in interest earnings along with the earnings from financial assets that are affecting the P&L. It must be borne in mind that the reorganisation of the own-account securities in the previous year meant the removal of future interest income, which is of course reflected in the figures for the whole of 2016.

#### Interest earnings after risk provisions

The „Interest earnings excluding at-equity income“ fell compared to 30/09/2015 by EUR –23.7 million or –19.9%. The sale of the hidden reserves led to the loss of future interest income, and this is reflected in the item „Interest income excluding at-equity income“. This fell compared to the previous year by EUR –20.2 million or –20.3%. Earnings from companies valued at equity, at EUR 29.5 million are at the same level as the previous year. The loan loss provisions continue to be at a very low level. The EUR –12.9 million that has so far been consumed for credit risks, represents an increase of EUR –3.4 million over 2015.

#### Net commission income

The main driver for commission earnings is the securities business, which in 2016 cannot compete with the previous year. The news from the stock exchanges has been highly volatile, with heavy drops in prices, especially in the first quarter, and even good news from the exchanges, e.g. record levels of the Dow Jones, was not able to turn around this negative momentum. The earnings in the securities business, at EUR 17.0 million are EUR –2.1 million or –11.1% lower than in the same period of 2015.

The second-largest source of earnings in the commissions area, payments processing, is at the same level as last year at EUR 9.2 million. The earnings of EUR 5.0 million from lending represents a fall of EUR 0.3 million compared to the strong performance in 2015. Last year, the profit on currency, foreign

exchange and precious metals was rose sharply due to the revaluation of the CHF, and without this exceptional effect, there is a small drop of EUR –0.1 million to EUR 2.9 million year on year. The Other service activities at EUR 1.2 million are close to last year's level (EUR 1.3 million). In total, earnings from commissions, compared to the prior year, which was assisted by stock markets that encouraged investment, were clearly lower at EUR 35.3 million, compared to EUR 37.9 million. The fall in the securities business was partially offset by the favourable trends in lending and the currency, foreign exchange and precious metals business.

#### Trading income

Earnings from trading rose compared to 2015 by EUR +0.3 million to EUR 3.5 million.

#### Operating expenses

Compared to the previous year, operating expenses rose in the reporting period by EUR +7.0 million, or +5.6%, to EUR 131.9 million. Personnel expenditure showed the largest increase in absolute figures. At EUR 70.7 million, this item exceeds the previous year's figure by EUR +2.5 million. The collective agreement for banks that has applied since 1 April 2016 increased the salaries of BTV AG employees covered by the collective agreement by +1.24% on average. The comparatively high cost for a bank of operating expenses and depreciation is due to the fully consolidated (cable car) companies Mayrhofner Bergbahnen and Silvretta Montafon. Both P&L items rose compared to the previous year by EUR +2.0 million to EUR 39.8 million and depreciation by EUR +2.4 million to EUR 21.4 million.

#### Other operating profit

Other business earnings increased compared to the previous year by EUR +11.0 million or +18.7%, to EUR 69.9 million. This item is headed up by the two cable railway companies, who accounted for a significant part of the growth.

#### Income from financial assets

At EUR +0.1 million, income from financial assets reached a figure that is EUR –77.5 million below the previous year. As already mentioned, it was the hidden reserves, sold in 2015, that dominated this P&L position, which means that any comparison is meaningless.

#### Tax position

The amounts recorded under „Taxes on income and profit“ include the current cost of Austrian corporation tax, and otherwise relate primarily to the accrual and prepayment provisions for deferred taxes, in accordance with IFRS. As at 30/09/2016, the tax liability was down –42.8% compared to the previous year, at EUR –12.7 million. The effective tax rate was thus 17.5%.

#### Group income

Pre-tax profit for the period fell by EUR –99.5 million, or –57.8%, to EUR 72.6 million. Given the impact of the significantly reduced earnings from financial assets, it is primarily the interest earnings that define the level of earnings for the period. The group profit for the period, at EUR 59.9 million, is EUR –90.0 million lower than in 2015. This reflects a fall of –60.0% and therefore is within the expected range.

Owing to the low interest earnings compared to the end of 2015, the cost-income ratio rose from 58.6% to 60.7%. The Return on Equity before tax, given that 2015 was driven by the extraordinary result from financial assets, fell from 15.9% to 8.2%. The risk/earnings ratio increased on the other hand from 9.7% to 11.9%.

#### Outlook

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

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

## Abridged consolidated financial statements

### Balance Sheet as at 30 September 2016

| ASSETS<br>in EUR thousand  | 30/09/2016       | 31/12/2015       | Absolute<br>change | Change<br>in % |
|--|------------------|------------------|--------------------|----------------|
| Cash reserves  | 326,532          | 146,757          | +179,775           | >+100 %        |
| Loans and advances to banks <sup>1 [see notes]</sup>                 | 320,687          | 319,764          | +923               | +0.3 %         |
| Loans and advances to clients <sup>2</sup>                           | 6,791,920        | 6,556,443        | +235,477           | +3.6 %         |
| Loan loss provisions <sup>3</sup>                                    | -202,730         | -196,882         | -5,848             | +3.0 %         |
| Trading assets <sup>4</sup>  | 25,302           | 25,104           | +198               | +0.8 %         |
| Financial assets – at fair value through profit or loss <sup>5</sup> | 138,044          | 149,957          | -11,913            | -7.9 %         |
| Financial assets – available for sale <sup>6</sup>                   | 1,429,852        | 1,477,027        | -47,175            | -3.2 %         |
| Financial assets – held to maturity <sup>7</sup>                     | 0                | 0                | +0                 | +0.0 %         |
| Shares in at-equity-valued companies <sup>8</sup>                    | 494,504          | 468,488          | +26,016            | +5.6 %         |
| Intangible fixed assets  | 3,573            | 4,136            | -563               | -13.6 %        |
| Property, plant and equipment  | 288,908          | 280,662          | +8,246             | +2.9 %         |
| Properties held as financial investments                             | 52,862           | 51,551           | +1,311             | +2.5 %         |
| Current tax refunds  | 113              | 201              | -88                | -43.8 %        |
| Deferred tax refunds   | 32,863           | 23,951           | +8,912             | +37.2 %        |
| Other assets   | 143,053          | 119,164          | +23,889            | +20.0 %        |
| <b>Total assets</b>  | <b>9,845,483</b> | <b>9,426,323</b> | <b>+419,160</b>    | <b>+4.4 %</b>  |

| LIABILITIES<br>in EUR thousand        | 30/09/2016       | 31/12/2015       | Absolute<br>change | Change<br>in % |
|---------------------------------------|------------------|------------------|--------------------|----------------|
| Liabilities to banks <sup>9</sup>     | 1,189,601        | 981,843          | +207,758           | +21.2 %        |
| Liabilities to clients <sup>10</sup>  | 5,671,167        | 5,642,782        | +28,385            | +0.5 %         |
| Securitised debt <sup>11</sup>        | 1,231,656        | 1,101,111        | +130,545           | +11.9 %        |
| Trading liabilities <sup>12</sup>     | 8,531            | 9,964            | -1,433             | -14.4 %        |
| Reserves and provisions <sup>13</sup> | 133,577          | 124,532          | +9,045             | +7.3 %         |
| Current tax liabilities               | 919              | 10,879           | -9,960             | -91.6 %        |
| Deferred tax liabilities              | 6,172            | 5,653            | +519               | +9.2 %         |
| Other liabilities                     | 128,482          | 124,011          | +4,471             | +3.6 %         |
| Subordinated capital <sup>14</sup>    | 264,351          | 276,815          | -12,464            | -4.5 %         |
| Equity <sup>15</sup>                  | 1,211,027        | 1,148,733        | +62,294            | +5.4 %         |
| Non-controlling interests             | 37,265           | 33,501           | +3,763             | +11.2 %        |
| Owners of the parent company          | 1,173,762        | 1,115,232        | +58,531            | +5.2 %         |
| <b>Total liabilities</b>              | <b>9,845,483</b> | <b>9,426,323</b> | <b>+419,160</b>    | <b>+4.4 %</b>  |

## Comprehensive income statement as at 30 September 2016

| COMPREHENSIVE INCOME STATEMENT<br>in EUR thousand                                    | 01/01–<br>30/09/2016 | 01/01–<br>30/09/2015* | Absolute<br>change | Change<br>in % |
|--|----------------------|-----------------------|--------------------|----------------|
| Interest and similar income  | 111,775              | 141,604               | –29,829            | –21.1 %        |
| Interest and similar expenses  | –32,702              | –42,328               | +9,626             | –22.7 %        |
| Income from at-equity valued companies   | 29,533               | 29,630                | –97                | –0.3 %         |
| Net interest income <sup>16</sup>  | 108,606              | 128,906               | –20,300            | –15.7 %        |
| Loan-loss provisions <sup>17</sup>   | –12,889              | –9,465                | –3,424             | +36.2 %        |
| Commission income  | 38,691               | 41,527                | –2,836             | –6.8 %         |
| Commission expenses  | –3,423               | –3,645                | +222               | –6.1 %         |
| Net commission income <sup>18</sup>  | 35,268               | 37,882                | –2,614             | –6.9 %         |
| Trading income <sup>19</sup>   | 3,460                | 3,188                 | +272               | +8.5 %         |
| Operating expenses <sup>20</sup>   | –131,866             | –124,910              | –6,956             | +5.6 %         |
| Other operating income <sup>21</sup>   | 69,903               | 58,895                | +11,008            | +18.7 %        |
| Income from financial assets – at fair value through<br>profit or loss <sup>22</sup> | –1,180               | –1,557                | +377               | –24.2 %        |
| Income from financial assets – available for sale <sup>23</sup>                      | 1,309                | 79,195                | –77,886            | –98.3 %        |
| Income from financial assets – held to maturity <sup>24</sup>                        | 0                    | 0                     | +0                 | +0.0 %         |
| Net pre-tax profit for the period  | 72,611               | 172,134               | –99,523            | –57.8 %        |
| Taxes on earnings and profit   | –12,673              | –22,163               | +9,490             | –42.8 %        |
| <b>Group profit for the period</b>   | <b>59,938</b>        | <b>149,971</b>        | <b>–90,033</b>     | <b>–60.0 %</b> |
| Non-controlling interests  | 4,189                | 5,018                 | –829               | –16.5 %        |
| Owners of the parent company   | 55,749               | 144,953               | –89,204            | –61.5 %        |

\* 2015 adjusted to the changed scope of consolidation.

| OTHER COMPREHENSIVE INCOME   | 01/01-<br>30/09/2016 | 01/01-<br>30/09/2015* |
|--|----------------------|-----------------------|
| in EUR thousand  |                      |                       |
| Group profit for the period  | 59,938               | 149,971               |
| Revaluation from performance-oriented pension plans                          | -5,395               | 407                   |
| Changes in at-equity valued companies recognised directly in equity          | 4,795                | -9,163                |
| Gains/losses with regard to deferred taxes, applied directly against equity  | 1,349                | -102                  |
| Total of items which could subsequently not be allocated into profit or loss | 749                  | -8,858                |
| Unrealised profit/loss on assets held for sale (AFS reserve)                 | 17,175               | -57,699               |
| Changes in at-equity valued companies recognised directly in equity          | -3,162               | 4,595                 |
| Unrealised gains/losses from adjustments in currency conversion              | -134                 | 1,746                 |
| Gains/losses with regard to deferred taxes, applied directly against equity  | -2,828               | -485                  |
| Total of items which could subsequently be allocated into profit or loss     | 11,051               | -51,843               |
| Total of other comprehensive income  | 11,800               | -60,701               |
| <b>Comprehensive income for the period</b>                                   | <b>71,738</b>        | <b>89,270</b>         |
| Non-controlling interests  | 4,189                | 5,018                 |
| Owners of the parent company   | 67,549               | 84,252                |

| KEY FIGURES              | 30/09/2016 | 30/09/2015* |
|--------------------------|------------|-------------|
| EPS in EUR <sup>26</sup> | 2.03       | 5.80        |
| RoE before tax           | 8.22 %     | 21.79 %     |
| RoE after tax            | 6.79 %     | 18.83 %     |
| Cost/income ratio        | 60.7 %     | 54.6 %      |
| Risk/earnings ratio      | 11.9 %     | 7.3 %       |

\* 2015 adjusted to the changed scope of consolidation.

## Statement of change in equity

| STATEMENT OF<br>CHANGES IN EQUITY<br>in EUR thousand | Subscribed<br>capital | Reserves      | Retained<br>earnings | AfS<br>reserve | Actuarial<br>profit/loss | Total owners<br>of the parent<br>company | Non-<br>controlling<br>interests | Equity           |
|--|-----------------------|---------------|----------------------|----------------|--------------------------|--|----------------------------------|------------------|
| Equity as at 01/01/2015*                             | 50,000                | 61,133        | 835,492              | 75,642         | -31,379                  | 990,888                                  | 33,138                           | 1,024,026        |
| Capital increases                                    | 0                     | 0             | 0                    | 0              | 0                        | 0  | 0                                | 0                |
| Comprehensive income<br>for the period               |                       |               |                      |                |                          |  |                                  |                  |
| Revenue  | 0                     | 0             | 144,953              | 0              | 0                        | 144,953                                  | 5,018                            | 149,971          |
| Other income   | 0                     | 0             | -3,409               | -57,699        | 407                      | -60,701                                  | 0                                | -60,701          |
| Distributions  | 0                     | 0             | -7,601               | 0              | 0                        | -7,601                                   | 0                                | -7,601           |
| Own shares   | 0                     | 70            | 0                    | 0              | 0                        | 70                                       | 0                                | 70               |
| Other changes with a neutral<br>effect on results    | 0                     | -4            | 86                   | 0              | 0                        | 82                                       | -614                             | -532             |
| <b>Equity at 30/09/2015*</b>                         | <b>50,000</b>         | <b>61,199</b> | <b>969,521</b>       | <b>17,943</b>  | <b>-30,972</b>           | <b>1,067,691</b>                         | <b>37,542</b>                    | <b>1,105,233</b> |

| STATEMENT OF<br>CHANGES IN EQUITY<br>in EUR thousand | Subscribed<br>capital | Reserves       | Retained<br>earnings | AfS<br>reserve | Actuarial<br>profit/loss | Total owners<br>of the parent<br>company | Non-<br>controlling<br>interests | Equity           |
|--|-----------------------|----------------|----------------------|----------------|--------------------------|--|----------------------------------|------------------|
| Equity at 01/01/2016                                 | 55,000                | 107,060        | 972,113              | 11,002         | -29,943                  | 1,115,232                                | 33,501                           | 1,148,733        |
| Capital increases                                    | 0                     | 0              | 0                    | 0              | 0                        | 0  | 0                                | 0                |
| Comprehensive income<br>for the period               |                       |                |                      |                |                          |  |                                  |                  |
| Revenue  | 0                     | 0              | 55,749               | 0              | 0                        | 55,749                                   | 4,189                            | 59,938           |
| Other income   | 0                     | 0              | 20                   | 17,175         | -5,395                   | 11,800                                   | 0                                | 11,800           |
| Distributions  | 0                     | 0              | -8,351               | 0              | 0                        | -8,351                                   | -109                             | -8,459           |
| Own shares   | 0                     | -66            | 0                    | 0              | 0                        | -66                                      | 0                                | -66              |
| Other changes with a neutral<br>effect on results    | 0                     | 0              | -602                 | 0              | 0                        | -602                                     | -317                             | -919             |
| <b>Equity at 30/09/2016</b>                          | <b>55,000</b>         | <b>106,994</b> | <b>1,018,929</b>     | <b>28,177</b>  | <b>-35,338</b>           | <b>1,173,762</b>                         | <b>37,265</b>                    | <b>1,211,027</b> |

\* 01/01/2015 and 30/09/2015 each adjusted for the change in the scope of consolidation.

---

## Cash flow statement as at 30 September 2016

| CASH FLOW STATEMENT in EUR thousand             | 01/01-<br>30/09/2016 | 01/01-<br>30/09/2015* |
|---|----------------------|-----------------------|
| Cash position at the end of the previous period | 146,757              | 173,002               |
| Operating cash flow                             | 233,831              | 108,412               |
| Investment cash flow                            | -29,515              | -54,242               |
| Financing cash flow                             | -24,541              | -51,621               |
| Cash position at the end of the period          | 326,532              | 175,551               |

\* 2015 adjusted to the changed scope of consolidation.

---

## BTV Group: notes to the accounts 2016

### Accounting and valuation principles

The present interim BTV Group accounts as at 30/09/2016 have been drawn up according to IFRS regulations and Interpretations by the International Financial Reporting Interpretations Committee (IFRIC) that exempt from preparation of consolidated financial statements as defined by section 59a of the Austrian Banking Act (Bankwesengesetz - BWG) in conjunction with section 245a of the Austrian Commercial Code (Unternehmensgesetzbuch - UGB) and in accordance with IAS 34 (Interim Financial Reporting).

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

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

### Principles of consolidation and scope of consolidation

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

The scope of full consolidation has not changed compared with 31/12/2015. The company Josefsheim Projektentwicklungsgesellschaft mbH was renamed „Das Schruns“ Hotelprojektentwicklungsgesellschaft mbH. As at 30 September 2016, the group of consolidated companies 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 in Liqu., Innsbruck                                  | 100.00 %   | 100.00 %           |
| MPR Holding GmbH, Innsbruck   | 100.00 %   | 100.00 %           |
| TiMe Holding GmbH, Innsbruck  | 100.00 %   | 100.00 %           |
| VoMoNoSi Beteiligungs AG, Innsbruck                                     | 100.00 %   | 100.00 %           |
| Silvretta Montafon GmbH, Gaschurn                                       | 100.00 %   | 100.00 %           |
| Silvretta Montafon Gastronomie GmbH, Gaschurn                           | 100.00 %   | 100.00 %           |
| Silvretta Skischule GmbH, Gaschurn                                      | 100.00 %   | 100.00 %           |
| Silvretta Verwaltungs GmbH, Gaschurn                                    | 100.00 %   | 100.00 %           |
| Silvretta Montafon Sporthotel GmbH & Co. KG, Gaschurn                   | 100.00 %   | 100.00 %           |
| HJB Projektgesellschaft mbH, St. Gallenkirch                            | 100.00 %   | 100.00 %           |
| „Das Schruns“ Hotelprojektentwicklungsgesellschaft mbH, St. Gallenkirch | 100.00 %   | 100.00 %           |
| Silvretta Sportservice GmbH, Schruns                                    | 51.00 %*   | 51.00 %            |
| Skischule Silvretta Montafon St. Gallenkirch GmbH, St. Gallenkirch      | 50.00 %    | 50.00 %            |
| BTV Beteiligungsholding GmbH, Innsbruck                                 | 100.00 %   | 100.00 %           |
| BTV 2000 Beteiligungsverwaltungsgesellschaft m.b.H., Innsbruck          | 100.00 %   | 100.00 %           |
| Mayrhofner Bergbahnen AG, Mayrhofen                                     | 50.52 %    | 50.52 %            |

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

The remaining fully consolidated companies were considered to have a reporting date for their financial statements of 31 December.

MPR Holding GmbH holds 100% of the shares in VoMoNoSi Beteiligungs AG as at 30 September 2016. There are only indirect minority interests, which are the result of the holding in Silvretta Sportservice GmbH and Skischule Silvretta Montafon St. Gallenkirch GmbH.

\*Silvretta Montafon GmbH holds 51% of the shares in Silvretta Sportservice GmbH with its registered office in Schruns. As part of the articles of association, with regard to the remaining shares amounting to 49%, a call option was agreed for the acquisition of Silvretta Montafon GmbH and a put option was agreed for the purchase of the remaining company shares in Silvretta Montafon GmbH. Based on estimates by the management of Silvretta Montafon GmbH, all shares of Silvretta Sportservice GmbH are included in the group accounts as group shares.

In addition, Silvretta Montafon GmbH holds 50% of the shares in the Skischule Silvretta Montafon St Gallenkirch GmbH, with its registered office in St. Gallenkirch.

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

The share of earnings for the period allocated to minority interests amounts to EUR 4,189 thousand.

At the Annual General Meeting of Mayrhofner Bergbahnen AG on 01/07/2016, a dividend of EUR 200,000 was agreed, of which EUR 99,000 was assigned to minority interests.

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

The following holdings were included using the equity method:

| AT EQUITY CONSOLIDATED COMPANIES            | Share in % | Voting rights in % |
|---|------------|--------------------|
| BKS Bank AG, Klagenfurt                     | 18.89 %    | 19.57 %            |
| Oberbank AG, Linz                           | 16.24 %    | 17.49 %            |
| Drei Banken Versicherungsagentur GmbH, 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. Drei-Banken Versicherungs-Agentur GmbH was renamed (formerly: Drei-Banken Versicherungs-Aktiengesellschaft). 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: There are syndicate agreements in place between BTV, BKS Bank AG and Wüstenrot Wohnungswirtschaft reg. Gen.m.b.H. for the holding in Oberbank AG and between BTV, Oberbank AG and Generali 3 Banken Holding AG for the holding in BKS Bank AG, the purpose of which is to maintain the autonomy of the institutions.

In this way, for both of the cited companies, there is the possibility of exercising a significant influence.

For the purposes of drawing up the annual financial statements in a timely fashion, at-equity valued companies are included for the period from 1 October 2015 to 30 June 2016. 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

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

In October, a capital increase was carried out at BKS Bank AG, Klagenfurt. BTV's share in this capital increase is EUR 10,823 thousand.

In October, the merger of MPR Holding GmbH and VoMoNoSi Beteiligungs AG was recorded in the Companies Register. In the 4th quarter of 2016 the consolidation scope of BTV will change.

Apart from this, since the date of the interim report there have not been any other activities or events in the BTV Group which are required to be reported due to their form or content, and which affected the picture of the asset, financial and earnings situation conveyed by this report.

## Balance sheet – Assets

| 1 LOANS AND ADVANCES TO BANKS in EUR thousand | 30/09/2016     | 31/12/2015     |
|---|----------------|----------------|
| Loans to domestic credit institutions         | 78,979         | 133,101        |
| Loans to foreign credit institutions          | 241,708        | 186,663        |
| <b>Loans to credit institutions</b>           | <b>320,687</b> | <b>319,764</b> |

| 2 LOANS TO CLIENTS in EUR thousand | 30/09/2016       | 31/12/2015       |
|------------------------------------|------------------|------------------|
| Loans to Austrian clients          | 4,462,531        | 4,327,435        |
| Loans to foreign clients           | 2,329,389        | 2,229,008        |
| <b>Loans to clients</b>            | <b>6,791,920</b> | <b>6,556,443</b> |

| 3 LOAN LOSS PROVISIONS in EUR thousand                      | 30/09/2016     | 31/12/2015     |
|---|----------------|----------------|
| Opening balance of loan transactions at 01/01.              | 196,882        | 199,274        |
| – Releases  | –7,297         | –12,894        |
| + Allocation  | 19,584         | 22,358         |
| – Application   | –6,427         | –11,271        |
| (+/-) Other reclassifications/Change in consolidation scope | 0              | –859           |
| (+/-) Changes arising from currency differences             | –12            | 274            |
| <b>Loan loss provisions in the credit business</b>          | <b>202,730</b> | <b>196,882</b> |
| Opening balance of credit business reserves at 01/01.       | 35,626         | 38,657         |
| – Releases  | –10,918        | –217           |
| + Allocation  | 10,614         | 6,367          |
| – Application   | 0              | 0              |
| (+/-) Other reclassifications/Change in consolidation scope | –1,816         | –9,196         |
| (+/-) Changes arising from currency differences             | –1             | 15             |
| <b>Credit transactions reserves</b>                         | <b>33,505</b>  | <b>35,626</b>  |
| <b>Overall total risk provisions</b>                        | <b>236,235</b> | <b>232,508</b> |

| 4 TRADING ASSETS in EUR thousand  | 30/09/2016    | 31/12/2015    |
|---|---------------|---------------|
| Debenture bonds and other fixed-interest securities                             | 0             | 0             |
| Equities and other variable-interest securities                                 | 0             | 0             |
| Positive market values arising from derivative transactions – Trading           | 7,004         | 7,453         |
| Positive market values arising from derivative transactions – Fair value option | 18,298        | 17,651        |
| <b>Trading assets</b>   | <b>25,302</b> | <b>25,104</b> |

| 5 FINANCIAL ASSETS – AT FAIR VALUE THROUGH PROFIT OR LOSS in EUR thousand | 30/09/2016     | 31/12/2015     |
|---|----------------|----------------|
| Debenture bonds and other fixed-interest securities                       | 108,144        | 120,634        |
| Equities and other variable-interest securities                           | 29,900         | 29,323         |
| <b>Financial assets - at fair value through profit or loss</b>            | <b>138,044</b> | <b>149,957</b> |

| 6 FINANCIAL ASSETS – AVAILABLE FOR SALE in EUR thousand | 30/09/2016       | 31/12/2015       |
|---|------------------|------------------|
| Debenture bonds and other fixed-interest securities     | 1,333,449        | 1,375,787        |
| Equities and other variable-interest securities         | 5,315            | 10,351           |
| Other shareholdings                                     | 52,816           | 52,732           |
| Other affiliated shareholdings                          | 38,272           | 38,157           |
| <b>Financial assets - available for sale</b>            | <b>1,429,852</b> | <b>1,477,027</b> |

| 7 FINANCIAL ASSETS – HELD TO MATURITY in EUR thousand | 30/09/2016 | 31/12/2015 |
|---|------------|------------|
| Debenture bonds and other fixed-interest securities   | 0          | 0          |
| <b>Financial assets – held to maturity</b>            | <b>0</b>   | <b>0</b>   |

| 8 SHARES IN AT-EQUITY VALUED COMPANIES in EUR thousand | 30/09/2016     | 31/12/2015     |
|--|----------------|----------------|
| Credit institutions                                    | 478,184        | 451,752        |
| Non-credit institutions                                | 16,320         | 16,736         |
| <b>Shares in at-equity valued companies</b>            | <b>494,504</b> | <b>468,488</b> |

## Balance sheet – Liabilities

| 9 LIABILITIES TO BANKS in EUR thousand    | 30/09/2016       | 31/12/2015     |
|---|------------------|----------------|
| Austrian credit institutions              | 550,948          | 562,995        |
| Foreign credit institutions               | 638,653          | 418,848        |
| <b>Liabilities to credit institutions</b> | <b>1,189,601</b> | <b>981,843</b> |

| 10 LIABILITIES TO CLIENTS in EUR thousand | 30/09/2016       | 31/12/2015       |
|---|------------------|------------------|
| Savings deposits                          |                  |                  |
| Austrian                                  | 1,067,205        | 1,034,868        |
| Foreign                                   | 175,921          | 165,937          |
| Sub-total savings deposits                | 1,243,126        | 1,200,805        |
| Other deposits                            |                  |                  |
| Austrian                                  | 3,238,468        | 3,345,920        |
| Foreign                                   | 1,189,573        | 1,096,057        |
| Sub-total other deposits                  | 4,428,041        | 4,441,977        |
| <b>Liabilities to clients</b>             | <b>5,671,167</b> | <b>5,642,782</b> |

| 11 SECURITISED DEBT in EUR thousand | 30/09/2016       | 31/12/2015       |
|-------------------------------------|------------------|------------------|
| Debentures                          | 873,759          | 850,064          |
| Domestic bonds                      | 357,897          | 251,047          |
| <b>Securitised debt</b>             | <b>1,231,656</b> | <b>1,101,111</b> |
| of which fair value                 | 411,883          | 413,294          |

| 12 TRADING LIABILITIES in EUR thousand  | 30/09/2016   | 31/12/2015   |
|---|--------------|--------------|
| Negative market values arising from derivative transactions – Trading           | 4,656        | 3,292        |
| Negative market values arising from derivative transactions – Fair value option | 3,875        | 6,672        |
| <b>Trading liabilities</b>  | <b>8,531</b> | <b>9,964</b> |

| 13 RESERVES AND PROVISIONS in EUR thousand | 30/09/2016     | 31/12/2015     |
|--|----------------|----------------|
| Long-term payroll reserves                 | 90,002         | 84,773         |
| Other reserves and provisions              | 43,575         | 39,759         |
| <b>Reserves and provisions</b>             | <b>133,577</b> | <b>124,532</b> |

| 14 SUBORDINATED CAPITAL in EUR thousand | 30/09/2016     | 31/12/2015     |
|---|----------------|----------------|
| Subordinated capital                    | 264,351        | 276,815        |
| <b>Subordinated capital</b>             | <b>264,351</b> | <b>276,815</b> |
| of which fair value                     | 206,898        | 210,259        |

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

a minimum requirement of 4.5% is planned for CET1 which will be increased by the capital buffer defined in accordance with CRD IV (Capital Requirements Directive IV). For the entire core capital, a minimum requirement of 6.0% is provided; the total capital must reach a value of 8.0%.

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

| CONSOLIDATED EQUITY UNDER CRR in EUR million   | 30/09/2016     | 31/12/2015     |
|--|----------------|----------------|
| <b>Common equity (CET1)</b>  |                |                |
| Capital instruments qualifying as CET1   | 150.8          | 150.8          |
| Proprietary CET1 instruments   | -9.5           | -9.5           |
| Retained earnings and other surplus reserves   | 935.1          | 927.2          |
| Aggregated other income  | 19.4           | 19.4           |
| Other reserves   | 121.5          | 127.6          |
| Transitional changes owing to the transitional provisions for CET1 capital instruments   | 3.0            | 3.5            |
| Prudential filters   | 0.8            | 0.8            |
| Goodwill   | 0.0            | 0.0            |
| Other intangible assets  | 0.0            | 0.0            |
| Regulatory changes in connection with CET1 instruments of financial companies.<br>in which the bank holds a substantial interest | -376.1         | -351.8         |
| Other transitional changes to CET1   | 76.1           | 82.9           |
| <b>Common equity (CET1)</b>  | <b>921.0</b>   | <b>950.9</b>   |
| <b>Additional core capital (Additional Tier 1)</b>   |                |                |
| Changes owing to the transitional provisions for Additional Tier 1 capital instruments   | 21.0           | 24.5           |
| Other transitional changes to Additional Tier 1  | -21.0          | -24.5          |
| <b>Additional core capital (Additional Tier 1)</b>   | <b>0.0</b>     | <b>0.0</b>     |
| <b>Core capital (Tier 1): sum of common equity (CET1) and additional (AT1) core capital</b>                                      | <b>921.0</b>   | <b>950.9</b>   |
| <b>Supplementary capital (Tier 2)</b>  |                |                |
| Paid-up capital instruments and subordinated loans   | 94.7           | 97.1           |
| Direct positions in supplementary capital instruments  | 0.0            | -0.4           |
| Changes owing to the transitional provisions for supplementary capital instruments<br>and subordinated loans                     | 10.2           | 15.1           |
| Other transitional changes to supplementary capital  | -72.7          | -84.8          |
| <b>Supplementary capital (Tier 2)</b>  | <b>32.2</b>    | <b>27.0</b>    |
| <b>Total qualifying equity</b>   | <b>953.2</b>   | <b>977.9</b>   |
| <b>Total risk-weighted assets</b>  | <b>6,546.9</b> | <b>6,262.7</b> |
| Common equity Tier 1 ratio   | 14.07 %        | 15.18 %        |
| Core capital ratio   | 14.07 %        | 15.18 %        |
| Equity ratio   | 14.56 %        | 15.61 %        |

## Comprehensive income statement Notes

| 16 NET INTEREST INCOME in EUR thousand                         | 01/01-<br>30/09/2016 | 01/01-<br>30/09/2015 |
|--|----------------------|----------------------|
| <b>Interest and similar income from</b>                        |                      |                      |
| Lending and money market transactions with credit institutions | 6,379                | 3,988                |
| Lending and money market transactions with clients             | 96,516               | 100,557              |
| Debenture bonds and fixed-interest securities                  | 3,288                | 24,744               |
| Equities and variable-rate securities                          | 494                  | 536                  |
| Other shareholdings  | 2,020                | 2,713                |
| Other transactions   | 3,078                | 9,066                |
| <b>Sub-total interest and similar income</b>                   | <b>111,775</b>       | <b>141,604</b>       |
| <b>Interest and similar expenses on</b>                        |                      |                      |
| Credit institutions deposits                                   | -3,867               | -9,842               |
| Customer deposits  | -12,188              | -10,887              |
| Securitised debt   | -5,490               | -1,905               |
| Subordinated capital   | -3,437               | -10,850              |
| Other trades   | -7,720               | -8,844               |
| <b>Sub-total interest and similar expenses</b>                 | <b>-32,702</b>       | <b>-42,328</b>       |
| Income from at-equity valued companies                         | 29,533               | 29,630               |
| <b>Net interest income</b>                                     | <b>108,606</b>       | <b>128,906</b>       |

| 17 LOAN LOSS PROVISIONS in EUR thousand            | 01/01-<br>30/09/2016 | 01/01-<br>30/09/2015 |
|--|----------------------|----------------------|
| Allocation of on-balance sheet provision           | -19,808              | -13,569              |
| Allocation of off-balance sheet provision          | -10,614              | -3,037               |
| Loan loss insurance premiums                       | 0                    | 0                    |
| Release of on-balance sheet provisions             | 7,306                | 7,352                |
| Release of off-balance sheet provisions            | 10,918               | 117                  |
| Direct amortisation                                | -817                 | -472                 |
| Income from amortised receivables                  | 126                  | 144                  |
| <b>Loan-loss provisions in the credit business</b> | <b>-12,889</b>       | <b>-9,465</b>        |

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

| 18 COMMISSION INCOME in EUR thousand                   | 01/01-<br>30/09/2016 | 01/01-<br>30/09/2015 |
|--|----------------------|----------------------|
| Credit transaction                                     | 4,998                | 5,308                |
| Payment transactions                                   | 9,226                | 9,190                |
| Securities trading                                     | 16,993               | 19,125               |
| Currency, foreign exchange and precious metals trading | 2,853                | 2,971                |
| Other services business                                | 1,198                | 1,288                |
| <b>Net commission income</b>                           | <b>35,268</b>        | <b>37,882</b>        |

| 19 TRADING INCOME in EUR thousand                             | 01/01-<br>30/09/2016 | 01/01-<br>30/09/2015 |
|---|----------------------|----------------------|
| Income from derivatives                                       | 1,992                | 518                  |
| Income from securities  | 357                  | 339                  |
| Income from foreign exchange and notes and coins transactions | 1,111                | 2,331                |
| <b>Trading income</b>   | <b>3,460</b>         | <b>3,188</b>         |

| 20 OPERATING EXPENSES in EUR thousand | 01/01-<br>30/09/2016 | 01/01-<br>30/09/2015 |
|---------------------------------------|----------------------|----------------------|
| Payroll                               | -70,666              | -68,135              |
| Materials                             | -39,822              | -37,846              |
| Amortisation                          | -21,378              | -18,929              |
| <b>Operating expenses</b>             | <b>-131,866</b>      | <b>-124,910</b>      |

| 20a AVERAGE NUMBER OF EMPLOYEES, WEIGHTED by person-years | 30/09/2016   | 30/09/2015   |
|---|--------------|--------------|
| White collar  | 933          | 897          |
| Blue collar   | 491          | 340          |
| <b>Payroll</b>  | <b>1,424</b> | <b>1,237</b> |

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

| 21 OTHER OPERATING INCOME in EUR thousand | 01/01-<br>30/09/2016 | 01/01-<br>30/09/2015 |
|---|----------------------|----------------------|
| Other operating income                    | 100,327              | 90,083               |
| Other operating expenses                  | -30,381              | -31,154              |
| Hedge accounting income                   | -43                  | -34                  |
| <b>Other operating profit</b>             | <b>69,903</b>        | <b>58,895</b>        |

| 22 INCOME FROM FINANCIAL ASSETS – AT FAIR VALUE THROUGH<br>PROFIT OR LOSS in EUR thousand | 01/01-<br>30/09/2016 | 01/01-<br>30/09/2015 |
|---|----------------------|----------------------|
| Profit arising from financial assets – at fair value through profit or loss               | -1,180               | -1,557               |
| <b>Profit arising from financial assets – at fair value through profit or loss</b>        | <b>-1,180</b>        | <b>-1,557</b>        |

| 23 PROFIT ARISING FROM FINANCIAL ASSETS – AVAILABLE FOR SALE in EUR thousand | 01/01-<br>30/09/2016 | 01/01-<br>30/09/2015 |
|--|----------------------|----------------------|
| Profit arising from financial assets – available for sale                    | 1,309                | 79,195               |
| <b>Profit arising from financial assets – available for sale</b>             | <b>1,309</b>         | <b>79,195</b>        |

| 24 PROFIT ARISING FROM FINANCIAL ASSETS – HELD TO MATURITY in EUR thousand | 01/01-<br>30/09/2016 | 01/01-<br>30/09/2015 |
|--|----------------------|----------------------|
| Profit arising from financial assets – held to maturity                    | 0                    | 0                    |
| <b>Profit arising from financial assets – held to maturity</b>             | <b>0</b>             | <b>0</b>             |

| 25 PERFORMANCE BONDS AND CREDIT RISKS in EUR thousand | 30/09/2016       | 30/09/2015       |
|---|------------------|------------------|
| Securities/guarantees                                 | 255,930          | 244,561          |
| Credit risks  | 1,261,621        | 1,370,583        |
| <b>Performance bonds and credit risks</b>             | <b>1,517,551</b> | <b>1,615,144</b> |

#### Creditworthiness by sector of selected countries

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

financial markets, the loan, insurance and public authority sectors have been highlighted. There was no liability to Portugal or Ukraine on the reporting date of 30/09/2016. The liability to the United Kingdom was represented due to Brexit.

#### TOTAL CREDIT RISK: CREDITWORTHINESS STRUCTURE BY SECTORS OF SELECTED COUNTRIES AT 30/09/2016

| Sectors in EUR thousand | Italy          | UK            | Ireland      | Spain      | Greece   | Russia   | Total          |
|-------------------------|----------------|---------------|--------------|------------|----------|----------|----------------|
| Loans and insurance     | 17,013         | 6,409         | 3,010        | 0          | 0        | 0        | 26,432         |
| Public sector           | 0              | 0             | 0            | 0          | 0        | 0        | 0              |
| Remaining sectors       | 106,397        | 5,491         | 77           | 202        | 3        | 1        | 112,171        |
| <b>Total</b>            | <b>123,410</b> | <b>11,900</b> | <b>3,087</b> | <b>202</b> | <b>3</b> | <b>1</b> | <b>138,603</b> |

| 26 EPS (ORDINARY AND PREFERENCE SHARES)                            | 30/09/2016  | 30/09/2015  |
|--|-------------|-------------|
| Equities (ordinary and preference shares)                          | 27,500,000  | 25,000,000  |
| Average float (ordinary and preference shares)                     | 27,469,040  | 24,990,242  |
| Net Group income in EUR thousand                                   | 55,749      | 144,953     |
| <b>EPS (Earnings per share) in EUR</b>                             | <b>2.03</b> | <b>5.80</b> |
| Diluted earnings per share in EUR (ordinary and preference shares) | 2.03        | 5.80        |

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

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

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

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

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

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

An active market must fulfil cumulatively the following conditions:

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

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

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

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

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

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

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

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

**Level 1**

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

**Level 2**

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

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

### Level 3

The accompanying current values of the mentioned financial assets in the third stage were 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<br>WHICH ARE VALUED AT FAIR VALUE<br>AS OF 30/09/2016 in EUR thousand | Prices listed in<br>active markets | Valuation<br>methods<br>based on<br>market data | Valuation<br>methods<br>not based on<br>market data |
|---|------------------------------------|---|---|
|   | Level 1                            | Level 2   | Level 3   |
| <b>Financial assets stated at fair value</b>  |                                    |   |   |
| Trading portfolio securities  | 0                                  | 0   | 0   |
| Positive market values from derivative financial instruments  | 0                                  | 104,015   | 0   |
| Assets classified at fair value   | 112,729                            | 25,315  | 0   |
| Financial assets available for sale   | 1,258,988                          | 79,776  | 65,272  |
| <b>Overall financial assets classified at fair value</b>  | <b>1,371,717</b>                   | <b>209,106</b>                                  | <b>65,272</b>                                       |
| <b>Financial liabilities stated at fair value</b>   |                                    |   |   |
| Negative market values from derivative financial instruments  | 0                                  | 38,457  | 0   |
| Liabilities classified at fair value  | 0                                  | 618,781   | 0   |
| <b>Overall liabilities classified at fair value</b>   | <b>0</b>                           | <b>657,238</b>                                  | <b>0</b>  |

| FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS<br>WHICH ARE VALUED AT FAIR VALUE<br>AS AT 31/12/2015 in EUR thousand | Prices listed in<br>active markets | Valuation<br>methods<br>based on<br>market data | Valuation<br>methods<br>not based on<br>market data |
|---|------------------------------------|---|---|
|   | Level 1                            | Level 2   | Level 3   |
| <b>Financial assets stated at fair value</b>  |                                    |   |   |
| Trading portfolio securities  | 0                                  | 0   | 0   |
| Positive market values from derivative financial instruments  | 0                                  | 89,163  | 0   |
| Assets classified at fair value   | 124,115                            | 25,781  | 61  |
| Financial assets available for sale   | 1,345,074                          | 41,064  | 65,285  |
| <b>Overall financial assets classified at fair value</b>  | <b>1,469,189</b>                   | <b>156,008</b>                                  | <b>65,346</b>                                       |
| <b>Financial liabilities stated at fair value</b>   |                                    |   |   |
| Negative market values from derivative financial instruments  | 0                                  | 36,608  | 0   |
| Liabilities classified at fair value  | 0                                  | 623,554   | 0   |
| <b>Overall liabilities classified at fair value</b>   | <b>0</b>                           | <b>660,162</b>                                  | <b>0</b>  |

| MOVEMENTS IN LEVEL 3 OF FINANCIAL INSTRUMENTS ASSESSED AT FAIR VALUE<br>in EUR thousand | Jan 16        | Success in profit and loss | Success from other operating income | Purchases | Sales, re-payments | Transfer to level 3 | Transfer from level 3 | Currency conversion | Sep 16        |
|---|---------------|----------------------------|-------------------------------------|-----------|--------------------|---------------------|-----------------------|---------------------|---------------|
| 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   | 61            | -1                         | 0                                   | 0         | -60                | 0                   | 0                     | 0                   | 0             |
| Available for sale financial assets   | 65,285        | -13                        | 0                                   | 0         | 0                  | 0                   | 0                     | 0                   | 65,272        |
| <b>Overall financial assets classified at fair value</b>                                | <b>65,346</b> | <b>-14</b>                 | <b>0</b>                            | <b>0</b>  | <b>-60</b>         | <b>0</b>            | <b>0</b>              | <b>0</b>            | <b>65,272</b> |

#### Movements between level 1, level 2 and level 3

In the current reporting year 2016, there have not been any movements between the individual levels.

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

Subscription rights of EUR 13,000 in a holding were removed from Financial Assets Held for Sale.

#### 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. Where no market prices are available, approved valuation models were used, especially the analysis of discounted cash flows and option pricing models.

| ASSETS<br>in EUR thousand           | Fair value<br>30/09/2016 | Book value<br>30/09/2016 | Fair value<br>31/12/2015 | Book value<br>31/12/2015 |
|-------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Cash reserves                       | 326,532                  | 326,532                  | 146,757                  | 146,757                  |
| Loans to credit institutions        | 302,759                  | 320,687                  | 320,115                  | 319,764                  |
| Loans to clients                    | 7,164,009                | 6,791,920                | 6,922,973                | 6,556,443                |
| Financial assets – held to maturity | 0                        | 0                        | 0                        | 0                        |

| LIABILITIES<br>in EUR thousand     | Fair value<br>30/09/2016 | Book value<br>30/09/2016 | Fair value<br>31/12/2015 | Book value<br>31/12/2015 |
|------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Liabilities to credit institutions | 1,188,526                | 1,189,601                | 1,001,151                | 981,843                  |
| Liabilities to clients             | 5,684,911                | 5,671,167                | 5,658,150                | 5,642,782                |
| Securitised debt                   | 820,537                  | 819,773                  | 685,266                  | 687,817                  |
| Subordinated capital               | 57,454                   | 57,453                   | 66,638                   | 66,557                   |

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

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

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

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

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

The results of the five reporting segments are described below.

### Corporate client segment

The corporate client sector is the largest division in terms of earnings at BTV. Operating interest income forms its main revenue component. Thanks to the clear increase in volumes in the annual average compared to the third quarter 2015, interest earnings rose by EUR +6.1 million to EUR 70.6 million.

Loan loss provisions in the lending business affect the results in this segment negatively by EUR 7.4 million. Compared with quarter 3 2015, loan loss provisions in the corporate client segment rose by EUR +0.9 million.

Due to reduced earnings from securities, the provision earnings fell by EUR –0.9 million to EUR 15.8 million in the third quarter of 2016. Because of the expansion of both staff and premises, the administrative costs in this segment rose by EUR +1.1 million to EUR 21.6 million. Segment receivables grew by EUR +636 million to EUR 5,025 million because of strong new business. Segment liabilities increased from EUR 1,855 million to EUR 2,144 million. Overall, the pre-tax profit for the period increased clearly by EUR +3.2 million to EUR 57.3 million compared to the previous year.

### Retail client segment

The retail client business is the second pillar of BTV, and contributed stable interest income of EUR 29.4 million to interest profits. The continued uncertainty following the turbulent developments in the financial markets (due to Brexit), above all in equities, also led to a fall in securities turnover in the third quarter. Earnings from commission business of EUR 21.8 million in this important segment showed a fall of EUR –1.4 million. The cost intensity due to the retail sector typically being highly demanding in terms of staff and premises, led to an increase of +2.7% in the administrative overheads of EUR 36.4 million. Other operating profits remained stable and were at the same level as last year at EUR 0.5 million. Compared to the previous year, loan loss provisions for the lending business rose slightly from EUR –1.9 million to EUR –2.2 million. Overall this segment achieved earnings before tax in this period of EUR 13.2 million (previous year EUR 15.8 million).

### Institutional clients and banks segment

The clear fall in the results for the results in this segment in the institutional clients and banks business unit, is due to the sale in quarter 3 of 2015 of the majority of the bonds held in the bank's own portfolio. In particular, due to the reorganised securities holdings with low coupons, the interest earnings at EUR 9.3 million were clearly down by EUR –22.5 million compared to the previous year. Income from financial assets, including trading income, also fell to EUR 2.8 million, (previous year: EUR 80.6 million). Operating expenses in this segment totalled EUR 1.7 million. The pre-tax profit for the period totalled EUR 9.9 million.

### Leasing segment

BTV Leasing showed welcome growth in this reporting quarter. The customer cash volume increased by EUR +93 million to EUR 847 million. Given the robust new business, the asset business shows a moderate increase by EUR +0.2 million to interest earnings of EUR 12.9 million. Net commission income, at EUR 1.2 million, exceeded the same quarter in the previous year by EUR +0.9 million. Loan loss provisions in the lending business fell by EUR –0.2 million and administrative costs by EUR –0.5 million. In total, BTV Leasing achieved pre-tax earnings in the period of EUR 12.1 million, placing it +5.7% over the previous year.

### Cable cars segment

The cable cars sector includes Mayrhofner Bergbahnen AG and the Silvretta Montafon Group. Both companies are dominated by the trends in the tourism sector, and therefore their results are subject to strong seasonal variations. Interest income fell by EUR –0.2 million, to EUR –0.8 million. Other operating profit, which mainly includes the revenues, increased by EUR +4.9 million to EUR 76.8 million. These earnings are also the decisive factors for the Silvretta Montafon Group, with its average of 464 employees in the reporting year, and Mayrhofner Bergbahnen AG, with its average 163 employees. The overheads grew due to seasonal variations by +8.8% to EUR 54.7 million. In total, pre-tax earnings for the period were EUR 21.3 million, which is an increase of +1.6% over the previous year.

| SEGMENT REPORTING<br>in EUR thousand                       | Year    | Corporate<br>clients | Private<br>clients | Institutional<br>clients<br>and banks | Leasing | Cable cars | Reporting<br>segments | Other<br>segments/<br>consolida-<br>tion/misc. | Group<br>Balance<br>sheet/P&L |
|--|---------|----------------------|--------------------|---------------------------------------|---------|------------|-----------------------|--|-------------------------------|
| Net interest income  | 09/2016 | 70,577               | 29,417             | 9,287                                 | 12,895  | -825       | 121,351               | -42,278  | 79,073                        |
|  | 09/2015 | 64,459               | 29,353             | 31,761                                | 12,710  | -646       | 137,637               | -38,361  | 99,276                        |
| Income from at-equity<br>valued companies                  | 09/2016 | 0                    | 0                  | 0                                     | 0       | 0          | 0                     | 29,533   | 29,533                        |
|  | 09/2015 | 0                    | 0                  | 0                                     | 0       | 0          | 0                     | 29,630   | 29,630                        |
| Loan-loss provisions in<br>the credit business             | 09/2016 | -7,415               | -2,184             | -466                                  | -317    | 0          | -10,382               | -2,507   | -12,889                       |
|  | 09/2015 | -6,521               | -1,862             | 1,954                                 | -516    | 0          | -6,945                | -2,520   | -9,465                        |
| Net commission income                                      | 09/2016 | 15,769               | 21,826             | 0                                     | 1,183   | 0          | 38,778                | -3,510   | 35,268                        |
|  | 09/2015 | 16,723               | 23,250             | 0                                     | 302     | 0          | 40,275                | -2,393   | 37,882                        |
| Operating expenses   | 09/2016 | -21,606              | -36,375            | -1,677                                | -4,516  | -54,694    | -118,867              | -12,999  | -131,866                      |
|  | 09/2015 | -20,536              | -35,408            | -1,491                                | -5,023  | -50,291    | -112,749              | -12,161  | -124,910                      |
| Other operating profit                                     | 09/2016 | 0                    | 484                | 0                                     | 2,679   | 76,800     | 79,963                | -10,060  | 69,903                        |
|  | 09/2015 | 0                    | 447                | 0                                     | 3,700   | 71,887     | 76,034                | -17,139  | 58,895                        |
| Profit arising from financial<br>assets and trading profit | 09/2016 | 0                    | 0                  | 2,750                                 | 176     | 0          | 2,926                 | 663  | 3,589                         |
|  | 09/2015 | 0                    | 0                  | 80,552                                | 274     | 0          | 80,826                | 0  | 80,826                        |
| Result for the period<br>before tax                        | 09/2016 | 57,325               | 13,168             | 9,894                                 | 12,100  | 21,281     | 113,769               | -41,159  | 72,611                        |
|  | 09/2015 | 54,125               | 15,780             | 112,776                               | 11,447  | 20,950     | 215,078               | -42,944  | 172,134                       |
| Segment loans  | 09/2016 | 5,025,414            | 1,336,479          | 2,163,377                             | 847,320 | 23,291     | 9,395,881             | -582,446                                       | 8,813,435                     |
|  | 09/2015 | 4,388,567            | 1,311,212          | 1,951,617                             | 753,597 | 7,454      | 8,412,447             | 42,420   | 8,454,867                     |
| Segment liabilities  | 09/2016 | 2,144,317            | 3,185,875          | 2,426,682                             | 796,077 | 93,301     | 8,646,252             | -280,946                                       | 8,365,306                     |
|  | 09/2015 | 1,854,643            | 2,946,012          | 2,453,176                             | 707,953 | 49,572     | 8,011,356             | -129,760                                       | 7,881,596                     |

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

#### Segment reporting: explanatory notes

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

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

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

---

## 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 2016

The Board of Directors



Gerhard Burtscher  
Chairman of the Board

Responsible for:  
Corporate client division;  
Institutional Clients and Banks,  
Group Audit, Marketing and  
Communications, Personnel  
Management; Compliance and  
money laundering.



Mario Pabst  
Member of the Board

Responsible for:  
Risk, process, IT and cost  
management; The departments  
for finance and controlling, legal  
matters and investments and  
group audit; Compliance and  
money laundering.



Michael Perger  
Member of the Board

Responsible for:  
Retail client business;  
Group audit division;  
Compliance and  
money laundering.

## Overview of 3 Banken Group – Group information

| PROFIT AND LOSS in EUR million              | BKS Bank             |                      | Oberbank             |                      | BTV                  |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 01/01-<br>30/09/2016 | 01/01-<br>30/09/2015 | 01/01-<br>30/09/2016 | 01/01-<br>30/09/2015 | 01/01-<br>30/09/2016 | 01/01-<br>30/09/2015 |
| Net interest income                         | 117.2                | 119.5                | 267.7                | 283.5                | 108.6                | 128.9                |
| Loan-loss provisions in the credit business | -25.8                | -25.2                | -14.1                | -33.7                | -12.9                | -9.5                 |
| Commission income                           | 36.6                 | 39.2                 | 96.0                 | 99.7                 | 35.3                 | 37.9                 |
| Operating expenses                          | -80.4                | -79.2                | -198.6               | -181.8               | -131.9               | -124.9               |
| Other operating profit                      | -6.2                 | -9.2                 | -6.8                 | -30.5                | 69.9                 | 58.9                 |
| Net pre-tax profit for the period           | 40.9                 | 50.2                 | 154.7                | 146.6                | 72.6                 | 172.1                |
| Group profit for the period                 | 36.9                 | 44.0                 | 129.8                | 125.9                | 59.9                 | 150.0                |

| BALANCE SHEET FIGURES in EUR million                     | 30/09/2016 | 31/12/2015 | 30/09/2016 | 31/12/2015 | 30/09/2016 | 31/12/2015 |
|--|------------|------------|------------|------------|------------|------------|
| Total assets   | 7,256.8    | 7,063.4    | 18,913.8   | 18,243.3   | 9,845.5    | 9,426.3    |
| Loans and advances to clients after loan loss provisions | 5,066.9    | 4,920.1    | 13,200.7   | 12,351.7   | 6,589.2    | 6,359.6    |
| Primary funds  | 5,238.8    | 5,109.8    | 13,075.7   | 12,620.0   | 7,167.2    | 7,020.7    |
| of which savings deposits                                | 1,573.8    | 1,629.8    | 2,840.6    | 2,912.6    | 1,243.1    | 1,200.8    |
| of which securitised debt including subordinated capital | 756.8      | 758.1      | 2,147.9    | 2,098.5    | 1,496.0    | 1,377.9    |
| Equity   | 884.9      | 860.2      | 2,061.9    | 1,925.7    | 1,211.0    | 1,148.7    |
| Managed deposits   | 13,413.5   | 13,212.1   | 26,018.6   | 25,245.1   | 13,107.6   | 12,732.4   |
| of which customer deposits                               | 8,174.7    | 8,102.3    | 12,942.9   | 12,625.1   | 5,940.4    | 5,711.6    |

| REGULATORY CAPITAL in EUR million          | 30/09/2016 | 31/12/2015 | 30/09/2016 | 31/12/2015 | 30/09/2016 | 31/12/2015 |
|--|------------|------------|------------|------------|------------|------------|
| Basis for measuring capital                | 4,897.9    | 4,883.4    | 12,770.8   | 12,216.7   | 6,546.9    | 6,262.7    |
| Equity                                     | 580.6      | 599.9      | 2,212.3    | 2,158.0    | 953.2      | 977.8      |
| of which common equity (CET1)              | 532.2      | 575.6      | 1,721.4    | 1,650.8    | 921.0      | 950.9      |
| of which total core capital (CET1 and AT1) | 532.2      | 575.6      | 1,798.0    | 1,733.3    | 921.0      | 950.9      |
| Common equity ratio in %                   | 10.87      | 11.79      | 13.48      | 13.51      | 14.07      | 15.18      |
| Core capital ratio in %                    | 10.87      | 11.79      | 14.08      | 14.19      | 14.07      | 15.18      |
| Total capital ratio in %                   | 11.85      | 12.28      | 17.32      | 17.66      | 14.56      | 15.61      |

| COMPANY KEY INDICATORS in %       | 30/09/2016 | 31/12/2015 | 30/09/2016 | 31/12/2015 | 30/09/2016 | 31/12/2015 |
|-----------------------------------|------------|------------|------------|------------|------------|------------|
| Return on equity before tax (RoE) | 6.09 %     | 7.33 %     | 10.42 %    | 11.20 %    | 8.22 %     | 15.88 %    |
| Return on Equity after tax        | 5.31 %     | 6.48 %     | 8.74 %     | 9.73 %     | 6.79 %     | 12.77 %    |
| Cost/income ratio                 | 54.1 %     | 48.7 %     | 54.1 %     | 50.5 %     | 60.7 %     | 58.6 %     |
| Risk/earnings ratio               | 22.0 %     | 29.2 %     | 5.3 %      | 12.4 %     | 11.9 %     | 9.7 %      |

| NUMBER of resources                  | 30/09/2016 | 31/12/2015 | 30/09/2016 | 31/12/2015 | 30/09/2016 | 31/12/2015 |
|--------------------------------------|------------|------------|------------|------------|------------|------------|
| Weighted average number of employees | 925        | 923        | 1,954      | 2,025      | 1,424      | 1,354      |
| Number of branches                   | 60         | 59         | 159        | 156        | 36         | 36         |

---

## 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  
BLZ: 16000  
DVR: 0018902  
FN: 32.942w  
UID: 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 differences.

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](http://www.btv.at/impressum).

### Principle objective

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

### Contents

BTV Finance and Controlling  
Nicole Margreiter, BSc.  
Hanna Meraner  
Carina Zieher, BA  
Hannes Gruber

### Design

BTV Marketing and Communication  
Markus Geets

### Final version

8 November 2016

