THE BANK FÜR TIROL UND VORARLBERG AG
SHAREHOLDERS REPORT: INTERIM REPORT
AS OF 30/09/2017

Interim Report

BTV VIER LÄNDER BANK

3 Banken Gruppe

Contents

Important dates for BTV shareholders

Annual General Meeting	12/05/2017, 10:00 am, Stadtforum, Innsbruck, Austria The dividend will be published on the BTV homepage and in the gazette of the Wiener Zeitung the day after the Annual General Meeting.
Ex-dividend date	19/05/2017
Payment of dividend	23/05/2017
Interim Report as at 31 March 2017	Published on 26 May 2017 (www.btv.at)
Interim Financial Report as at 30 June 2017	Published on 25 August 2017 (www.btv.at)
Interim Report as at 30 September 2017	Published on 24 November 2017 (www.btv.at)

Profit and loss in EUR million	30/09/2017	30/09/2016	% change
Net interest income	123.7	108.6	+13.9%
Loan-loss provisions in the credit business	–8.6	–12.9	–33.4%
Net commission income	37.5	35.3	+6.3%
Operating expenses	–134.6	–131.9	+2.1%
Other operating profit	73.2	69.9	+4.8%
Net pre-tax profit for the period	89.0	72.6	+22.5%
Group profit for the period	71.0	59.9	+18.5%

Balance sheet figures in EUR million	30/09/2017	31/12/2016	% change
Total assets	10,461	10,014	+4.5%
Loans and advances to clients after loan loss provisions	7,100	6,754	+5.1%
Primary funds	7,444	7,323	+1.7%
of which savings deposits	1,257	1,248	+0.7%
of which securitised debt including subordinated capital	1,409	1,393	+1.2%
Equity	1,368	1,219	+12.2%
Managed deposits	13,771	13,238	+4.0%

Regulatory (CRR) equity in EUR million	30/09/2017	31/12/2016	% change
Risk-weighted assets	7,031	6,709	+4.8%
Equity	1,033	988	+4.5%
of which common equity (CET1)	983	975	+0.8%
of which total core capital (CET1 and AT1)	983	975	+0.8%
Common equity Tier 1 ratio	13.98%	14.54%	–0.56 pp
Core capital ratio	13.98%	14.54%	–0.56 pp
Equity ratio	14.69%	14.73%	–0.04 pp

Key indicators in pp	30/09/2017	31/12/2016	Change in percentage points
Return on equity before tax (RoE)	9.19%	6.21%	+2.98 pp
Return on Equity after tax	7.34%	5.39%	+1.95 pp
Cost/income ratio	57.7%	65.4%	–7.7 pp
Risk/earnings ratio	6.9%	11.2%	–4.3 pp

Number of resources	30/09/2017	31/12/2016	Change figure
Weighted average number of employees	1,449	1,350	+99
Number of branches	37	36	+1

Key indicators for BTV shares	30/09/2017	30/09/2016
Number of ordinary no par value shares	28,437,500	25,000,000
Number of preference shares	2,500,000	2,500,000
Top price of ordinary/preference share in EUR	23.40/20.00	21.30/20.00
Bottom price of ordinary/preference share in EUR	21.40/18.40	20.70/19.00
Closing price of ordinary/preference share in EUR	22.40/19.00	20.80/19.00
Market capitalisation in millions of euro	702	568
IFRS EPS in EUR	3.02	2.71
P/E ratio, ordinary share	7.4	7.7
P/E ratio, preference share	6.3	7.1

Economic environment

The sentiment among companies and consumers in the eurozone in the third quarter could hardly have been better. Many positive economic numbers were published, which is why the growth forecasts from major institutions such as the OECD or IMF have been repeatedly revised upwards for 2017. It is also very welcome to see that the growth differentials between individual member states have continued to shrink. For example, unemployment rates – and youth unemployment in particular – have improved in the peripheral eurozone countries. In the eurozone as a whole, unemployment is currently still at 9.1%. Despite the improvements on the labour market and the growth in domestic consumption, there has been only minor wage growth. Inflation is therefore below the ECB target rate of 2%, at 1.5%. The political uncertainties linked to the approaching exit of the UK from the EU, or the separatist plans of Catalonia, currently seem to be having no effect on economic development in the eurozone.

In the US, the lead indicators are showing a likely continuation of the broad economic upturn. Private consumption continues to rise, and with an unemployment rate of 4.4% the labour market is almost at full employment levels. Both hurricanes Harvey and Irma, which briefly caused damage in the US, will have a negative impact on the US‘ economic performance for the second half of 2017. These should, however, only be short-term effects, which will then not further impact the positive trend of US growth. There is uncertainty at present mainly about the future course of US economic policy. For example, it is unclear whether, and to what extent, the Republicans will manage to vote through the intended tax reforms by the end of the year.

Interest rates

The global returns on government bonds in the third quarter, as in the first quarter, showed strong fluctuations. Good economic data and investor speculation about a less expansive monetary policy on the part of the ECB, combined with expectations of US interest rate increases, meant that yields kept rising. Political uncertainty or inflation figures that do not meet analysts‘ expectations led, on the other hand, to reductions in yields. Overall, the bond yields in the third quarter fell back in the main bond segments, meaning there were slight increases in prices.

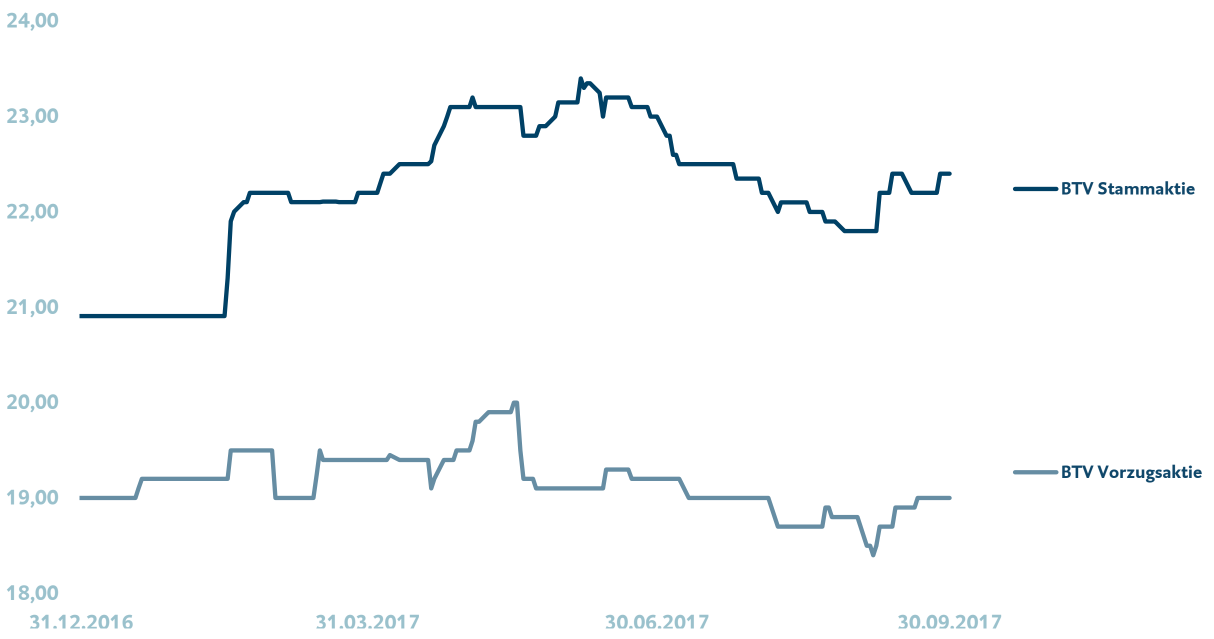
The US Central Bank, the Fed, announced after their interest rate meeting in September that they would start reducing their balance sheet from October. Expiring loans will not be fully replaced, thereby reducing the bond volume by USD 10 billion each month. This volume will be increased each quarter, until a reduction of around USD 50 billion per month is reached in October 2018. With this gradual approach and the fact that the Fed started carefully preparing the markets in June for the balance sheet reduction, there was no disruption to the bond markets. In addition, at the same meeting Fed Chairman Yellen hinted at a further interest raise, probably in December. While the Fed is moving down the path of a more restrictive monetary policy, the European Central Bank is setting a very different course. The ECB is continuing its asset purchase programme for now, but at its meeting at the end of October the ECB opened the door to gradual tapering from 2018.

In the third quarter of 2017, long-term euro interest rates remained unchanged at 0.91% (for 10-year euro swaps). Money market rates (3-month Euribor) fell compared to 31 December 2016 by -1 base point to -0.33%.

Currencies

After the EUR/USD exchange rate had already risen from 1.06 to 1.14 in the first half of the year, the euro picked up a further 3.4% against the US dollar in the third quarter, and rose to over USD 1.18. Briefly the rate even went above 1.20. The significant factors for this revaluation were primarily the positive economic surprises from the eurozone. At the end of September, the balance sheet reductions by the US Central Bank, the Fed, and the renascent hope of actual implementation of the promised US tax reform led to a slight reversal of the exchange rate trend.

Performance of BTV shares in 2017 in EUR



The general strength of the euro against the Swiss franc and the Japanese yen also continued in the third quarter. The negative interest rates from the Swiss National Bank (SNB) made the franc continue to look unattractive as an investment currency, while the generally positive mood in the eurozone meant the common currency appreciated. The EUR/CHF exchange rate crept up towards the 1.15 level in the meantime, and by the end of September the currency pair was listed at over 1.14. The euro even gained about 4.5% against the Swiss franc in the third quarter. The rate between EUR/JPY rose by the end of September to over 132. By applying expansive monetary policy and managing the interest rate curve, the Bank of Japan is continuing to endeavour to keep the yen low.

Equities

In the summer months of July and August, the traditional summer consolidation took hold of the international stock markets. The tax reforms promised by US President Donald Trump therefore failed to have any positive effect on the stock markets, and European stocks with a strong export component suffered from the strong euro. Emerging country indices, on the other hand, showed growth during the summer calm, because they benefited from the weak US dollar. In September all the major stock markets, with the exception of the IBEX-35 Index in Spain, set about catching up rapidly. The broad economic upturn and the positive market sentiment meant that German stocks rose. Emerging countries, on the other hand, suffered a little from the recovery of the US dollar.
For European investors, investment in European securities has paid off especially well since the beginning of the year. The Austrian ATX led the field among the European stock markets, with a gain of +26.6%. The Italian FTSE MIB also showed a major increase with +18.0% and the DAX, with price growth of +11.7%, joined the list of those with double-digit percentages. US and Japanese markets have also shown very positive growth this year. The strong appreciation in the euro since the start of the year has, however, meant that investments in foreign currencies have shown little relative growth despite the good performance of the global stock markets. Expressed in euro, the US S&P 500 index only gained +2.7%, and the Japanese Nikkei turned in +3.3%.

The ordinary shares in BTV have risen so far during 2017 by +7.1%, to EUR 22.40. The preference shares were listed unchanged on 30 September 2017 at EUR 19.00.

Balance sheet performance

By the end of September 2017, total assets rose compared to 31 December 2016 by EUR +447 million to EUR 10,461 million.

There was a clear increase in customer receivables, which at 30 September 2017 were EUR +326 million above the 2016 year-end value, representing growth of +4.7%.

The level of loan-loss provisions for the lending business was EUR -20 million below the position in December 2016, at EUR -188 million.

Financial assets were increased by EUR +153 million to EUR 2,274 million. This occurred primarily back in the first quarter, where the known capital repayments for 2017 have already been replaced by anticipated purchases. Cash reserves as of 30 September 2017 were EUR 326 million, matching the level at the end of 2016. Loans to credit institutions fell by EUR -67 million.

It was again possible to increase the volume of primary funds. On 30 September 2017 BTV had a level of EUR 7,444 million on its books. In relation to the refinancing of customer lending, this resulted in a loan-deposit ratio of 95.4%.
Customer funds under management, the sum of both primary deposits and deposit volumes, at the end of September 2017 were at
EUR 13,771 million. The growth in comparison to 31 December 2016 was therefore +4.0% or EUR +533 million. This increase is mainly due to the growth in the volume of deposits. Custodial securities totalling
EUR 6,327 at the end of the quarter represented an increase of EUR +412 million or +7.0%. Liabilities to credit institutions rose by EUR +176 million in comparison to year-end 2016.

Particularly because of the successful capital increase, the balance sheet equity rose by EUR +149 million, or +12.2%, to EUR 1,368 million.

As at 30 September 2017, the banking group's qualifying net equity under CRR (Basel 3) totalled EUR 1,033 million. Overall, total equity rose by EUR +45 million, or +4.5%, compared with the end of 2016. As at 30 September 2017, the banking group's common equity (CET1) under CRR amounted to EUR 983 million. This meant it grew by EUR +8 million or +0.8%. Total risk-weighted assets rose by EUR +322 million to EUR 7,031 million. From this, the calculated core capital ratio is 13.98% and the overall equity ratio is 14.69% at the reporting date.

Profit trend

Interest earnings after risk provisions

Interest earnings after loan-loss provisions increased as of 30 September 2017, by a very satisfactory EUR +19.4 million to EUR 115.1 million. The main driver for this was the net interest earnings excluding at-equity company earnings, which rose by EUR +10.8 million to EUR 89.9 million. The earnings from companies valued at-equity, at over EUR 33.8 million were EUR +4.3 million higher than the prior year. Loan-loss provisions at EUR 8.6 million were substantially below the previous year's value of EUR 12.9 million.

Net commission income

Securities trading is the main driver for any change in the level of commission earnings, and 2017 has so far proven to be much more investor-friendly than last year. The earnings for securities trading at EUR 18.6 million were EUR +1.6 million higher or +9.6% over the previous year's level. There was growth compared to the previous year of EUR +0.5 million, to EUR 9.7 million in payment processing. The surplus from foreign currencies, cash and precious metal trading at EUR 2.6 million as of 30 September 2017, was EUR -0.2 million lower than the previous year. Lending income increased significantly. At EUR 6.1 million it expanded by EUR +1.1 million or +21.6%. The Other service activities, at EUR 0.4 million, failed to match last year's level, having to settle for a drop of EUR -0.8 million. In total, earnings from commissions at EUR 37.5 million showed clear growth, exceeding the previous year by EUR +2.2 million or +6.3%.

Trading income

The trading results as of 30 September 2017 at EUR -1.2 were below the previous year's value of EUR 3.5 million due to valuation changes.

Operating expenses

During the reporting period, operating expenses rose by EUR +2.8 million compared to the previous year, or +2.1% to EUR 134.6 million. Staff costs, the largest category of expenses by far at BTV, increased compared to the first half of 2016 by EUR +3.0 million, or +4.3%, to EUR 73.7 million. Overheads fell by EUR -0.2 million or -0.5%, while depreciation and amortisation remained stable at EUR 21.3 million.

Other operating profit

Other operating income at EUR 73.2 million increased by EUR +3.3 million over the previous year, or +4.8%.

Income from financial assets

Earnings from financial assets, at EUR -1.1 million were EUR -1.2 million below the previous year.

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 required by IFRS. As of 30 September 2017, the tax liability was up by +5.3% compared to the previous year, at EUR -18.0 million. The effective tax rate was therefore 20.2%.

Group income

The trends in the year so far yielded an increase in earnings before tax for the period of EUR +16.4 million or +22.5%, to EUR 89.0 million. The group profit for the period rose compared to the previous year by EUR +11.1 million or +18.5%, to EUR 71.0 million.

Key indicators

The cost-income ratio fell compared to year-end 2016 from 65.4% to 57.7%. The pre-tax return on equity (RoE) rose from 6.2% at 31 December 2016, to 9.2%. Both KPIs also improved compared to 30 September 2016. The risk-earnings ratio fell significantly to 6.9%, compared to 11.2% as at 31 December 2016.

Outlook

No substantial changes have occurred in the forecast results since the publication of the 2016 Annual Report. For the year 2017, earnings before tax are expected to be higher than in the previous year.

Balance Sheet as at 30 September 2017

Assets in EUR ,000	30/09/2017	31/12/2016	Change as value	Change in %
Cash reserves	325,726	316,527	+9,199	+2.9%
Loans and advances to banks [1] [see notes]	251,462	318,185	–66,723	–21.0%
Loans and advances to clients [2]	7,287,732	6,962,087	+325,645	+4.7%
Loan loss provisions [3]	–187,741	–207,890	+20,149	–9.7%
Trading assets [4]	22,962	18,762	+4,200	+22.4%
Financial assets – at fair value through profit or loss [5]	60,707	133,248	–72,541	–54.4%
Financial assets – available for sale [6]	1,608,806	1,434,553	+174,253	+12.1%
Financial assets – held to maturity [7]	0	0	+0	+0.0%
Shares in at-equity-valued companies [8]	581,727	534,941	+46,786	+8.7%
Intangible fixed assets	2,720	3,471	–751	–21.6%
Property, plant and equipment	291,790	291,176	+614	+0.2%
Properties held as financial investments	57,526	55,357	+2,169	+3.9%
Current tax refunds	149	253	–104	–41.1%
Deferred tax refunds	28,703	27,856	+847	+3.0%
Other assets	128,314	125,242	+3,072	+2.5%
Total assets	**10,460,583**	**10,013,768**	**+446,815**	**+4.5%**

Liabilities in EUR thousand	30/09/2017	31/12/2016	Change as value	Change in %
Liabilities to banks [9]	1,370,717	1,194,270	+176,447	+14.8%
Liabilities to clients [10]	6,035,251	5,930,629	+104,622	+1.8%
Securitised debt [11]	1,254,375	1,179,744	+74,631	+6.3%
Trading liabilities [12]	12,480	11,020	+1,460	+13.2%
Reserves and provisions [13]	126,056	126,375	–319	–0.3%
Current tax owed	8,004	4,340	+3,664	+84.4%
Deferred tax owed	5,887	5,887	+0	+0.0%
Other liabilities	124,847	129,045	–4,198	–3.3%
Subordinated capital [14]	154,642	213,024	–58,382	–27.4%
Equity [15]	1,368,324	1,219,434	+148,890	+12.2%
Non-controlling interests	40,204	35,815	+4,389	+12.3%
Owners of the parent company	1,328,120	1,183,619	+144,501	+12.2%
Total liabilities	**10,460,583**	**10,013,768**	**+446,815**	**+4.5%**

Comprehensive income statement as at 30 September 2017

Comprehensive income statement in EUR ,000	01/01–30/09/2017	01/01–30/09/2016	Change as value	Change in %
Interest and similar income	116,890	112,904	+3,986	+3.5%
Interest and similar expenses	–26,975	–33,831	+6,856	–20.3%
Income from at-equity valued companies	33,811	29,533	+4,278	+14.5%
Net interest income [16]	**123,726**	**108,606**	**+15,120**	**+13.9%**
Loan-loss provisions [17]	–8,588	–12,889	+4,301	–33.4%
Commission income	40,612	38,691	+1,921	+5.0%
Commission expenses	–3,133	–3,423	+290	–8.5%
Net commission income [18]	**37,479**	**35,268**	**+2,211**	**+6.3%**
Trading income [19]	–1,183	3,460	–4,643	>–100%
Operating expenses [20]	–134,643	–131,866	–2,777	+2.1%
Other operating income [21]	73,240	69,903	+3,337	+4.8%
Profits arising from financial assets – at fair value through profit or loss [22]	–1,362	–1,180	–182	+15.4%
Income from financial assets – available for sale [23]	310	1,309	–999	–76.3%
Income from financial assets – held to maturity [24]	0	0	+0	+0.0%
Net pre-tax profit for the period	**88,979**	**72,611**	**+16,368**	**+22.5%**
Taxes on earnings and profit	–17,977	–12,673	–5,304	+41.9%
Group profit for the period	**71,002**	**59,938**	**+11,064**	**+18.5%**
Non-controlling interests	4,515	4,189	+326	+7.8%
Owners of the parent company	66,487	55,749	+10,738	+19.3%

Other comprehensive income in EUR thousand	01/01–30/09/2017	01/01–30/09/2016
Group profit for the period	**71,002**	**59,938**
Revaluation from performance-oriented pension plans	3,635	–5,395
Changes in at-equity valued companies recognised directly in equity	3,366	4,795
Gains/losses with regard to deferred taxes, applied directly against equity	–909	1,349
Total of the items which can not subsequently be allocated to profit or loss	**6,092**	**749**
Unrealised profit/loss on assets held for sale (AfS reserve)	–435	17,175
Changes in at-equity valued companies recognised directly in equity	6,600	–3,162
Unrealised gains/losses from adjustments in currency conversion	–710	–134
Gains/losses with regard to deferred taxes, applied directly against equity	909	–2,828
Total of the items which can subsequently be allocated to profit or loss	**6,364**	**11,051**
Total of other comprehensive income	**12,456**	**11,800**
Comprehensive income for the period	**83,458**	**71,738**
Non-controlling interests	4,515	4,189
Owners of the parent company	78,943	67,549

Key indicators	30/09/2017	30/09/2016
EPS in EUR [26]	2.26	2.03
RoE before tax	9.19%	8.22%
RoE after tax	7.34%	6.79%
Cost/income ratio	57.7%	60.7%
Risk/earnings ratio	6.9%	11.9%

Statement of change in equity

Statement of changes in equity in thousands of euro	Subscribed capital	Retained earnings	Revenue earnings	Available for sale Reserve	Insurance actuarial profit/loss	Total owners of the parent company	Non-controlling interests	Total equity
Equity at 01/01/2016	55,000	107,060	972,113	11,002	–29,943	1,115,232	33,501	1,148,733
Capital increases	0	0	0	0	0	0	0	0
Comprehensive income for the period								
Revenue	0	0	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 effect on results	0	0	–602	0	0	–602	–317	–919
Equity at 30/09/2016	**55,000**	**106,994**	**1,018,929**	**28,177**	**–35,338**	**1,173,762**	**37,265**	**1,211,027**

Statement of changes in equity in EUR thousand	Subscribed capital	Retained earnings	Revenue earnings	Available for sale Reserve	Insurance actuarial profit/loss	Total owners of the parent company	Non-controlling interests	Total equity
Equity at 01/01/2017	55,000	106,996	1,031,836	24,012	–34,225	1,183,619	35,815	1,219,434
Capital increases	6,875	67,719	0	0	0	74,594		74,594
Comprehensive income for the period								
Revenue	0	0	66,487	0	0	66,487	4,515	71,002
Other income	0	0	9,256	–435	3,635	12,456	0	12,456
Distributions	0	0	–8,351	0	0	–8,351	–129	–8,480
Own shares	0	–481	0	0	0	–481	0	–481
Other changes with a neutral effect on results	0	–96	–108	0	0	–204	3	–201
Equity at 30/09/2017	**61,875**	**174,138**	**1,099,120**	**23,577**	**–30,590**	**1,328,120**	**40,204**	**1,368,324**

Cash flow statement as at 30 September 2017

Cash flow statement in EUR thousand	**01/01–30/09/2017**	**01/01–30/09/2016**
Cash position at the end of the previous period	**316,527**	**146,757**
Operating cash flow	86,177	233,831
Investment cash flow	–18,593	–29,515
Financing cash flow	–58,385	–24,541
Cash position at the end of the period	**325,726**	**326,532**

Accounting and valuation principles

The present interim BTV Group accounts as at 30 September 2017 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 245a of the Austrian Banking Act (Bankwesengesetz - BWG) in conjunction with section 59a 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 2016.

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 changed compared to 31 December 2016. BTV Hybrid II GmbH was in liquidation and was deleted from the register of companies on 18 May 2017. The liquidation proceeds of EUR 41,000 are included in the item „Other business revenues“. As at 30 September 2017, 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%
MPR Holding GmbH, Innsbruck	100.00%	100.00%
TiMe Holding GmbH, 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	100.00%	100.00%
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.

As at 30 September 2017 MPR Holding GmbH holds 100% of the shares in Silvretta Montafon GmbH. There are only indirect minority interests, which are the result of the holding in Skischule Silvretta Montafon St. Gallenkirch GmbH.

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

The share of earnings for the period allocated to minority interests amounts to EUR 4,515,000.

At the Annual General Meeting of the Mayrhofner Bergbahnen AG on 26 June 2017, 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:

Companies consolidated at-equity	Share in %	Voting rights in %
BKS Bank AG, Klagenfurt	18.89%	19.50%
Oberbank AG, Linz	16.15%	16.98%
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. Moser Holding AG is active in publishing with a focus on print (daily newspapers, free weekly newspapers and magazines) and online.

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

In this way, for both of the cited companies, there is the possibility of exercising a significant influence. To ensure timely preparation of the financial statements, the companies valued at-equity are included for the period from 1 October 2017 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 a joint operation. 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 at the 99th Annual General Meeting of the Bank für Tirol und Vorarlberg AG, held on 12 May 2017, are published on the BTV website (www.btv.at) under „The Company/Investor Relations".

In Q2 2017, BTV carried out an increase in capital, under which 3,437,500 new ordinary shares were issued at an offer price of EUR 21.70, and a subscription ratio of 8:1. Part of the income from the issue of EUR 74,593,750 million was used to increase the core capital by EUR 6,875,000 million. The share premium of EUR 67,718,750 million was placed in the non-distributable capital reserve

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

1 Loans and advances to banks in EUR thousand	30/09/2017	31/12/2016
Austrian credit institutions	67,198	93,746
Foreign credit institutions	184,264	224,439
Loans to credit institutions	**251,462**	**318,185**

2 Customer receivables in EUR thousand	30/09/2017	31/12/2016
Austrian clients	4,835,438	4,620,991
Foreign clients	2,452,294	2,341,096
Loans to clients	**7,287,732**	**6,962,087**

3 Loan-loss provisions in EUR thousand	30/09/2017	31/12/2016
Opening balance of loan transactions at 01/01.	207,890	196,882
– Releases	–17,226	–16,536
+ Allocation	16,762	35,822
– Application	–19,445	–8,308
(+/–) Other reclassifications/Change in consolidation scope	0	0
(+/–) Changes arising from currency differences	–240	30
Loan loss provisions in the credit business	**187,741**	**207,890**
Opening balance of loan transactions at 01/01.	33,429	35,626
– Releases	–1,857	–5,113
+ Allocation	6,741	827
– Application	–639	0
(+/–) Other reclassifications/Change in consolidation scope	–16	2,088
(+/–) Changes arising from currency differences	14	1
Credit transactions reserves	**37,672**	**33,429**
Overall total risk provisions	**225,413**	**241,319**

4 Trading assets in EUR thousand	30/09/2017	31/12/2016
Debenture bonds and other fixed-interest securities	0	1
Equities and other variable-interest securities	0	0
Positive market values arising from derivative transactions – Trading	14,734	7,479
Positive market values arising from derivative transactions – Fair value option	8,228	11,282
Trading assets	**22,962**	**18,762**

5 Financial assets – at fair value through profit and loss in EUR thousand	30/09/2017	31/12/2016
Debenture bonds and other fixed-interest securities	39,417	112,546
Equities and other variable-interest securities	21,290	20,702
Financial assets - at fair value through profit or loss	**60,707**	**133,248**

6 Financial assets – available for sale in EUR thousand	30/09/2017	31/12/2016
Debenture bonds and other fixed-interest securities	1,496,413	1,337,691
Equities and other variable-interest securities	20,120	6,823
Other shareholdings	53,626	51,400
Other affiliated shareholdings	38,647	38,639
Financial assets - available for sale	**1,608,806**	**1,434,553**

7 Financial assets – held to maturity in EUR thousand	30/09/2017	31/12/2016
Debenture bonds and other fixed-interest securities	0	0
Financial assets – held to maturity	**0**	**0**

8 Shares in companies valued at-equity in EUR thousand	30/09/2017	31/12/2016
Credit institutions	563,913	518,557
Non-credit institutions	17,814	16,384
Shares in at-equity valued companies	**581,727**	**534,941**

9 Liabilities to banks in EUR thousand	30/09/2017	31/12/2016
Austrian credit institutions	885,780	686,931
Foreign credit institutions	484,937	507,339
Liabilities to credit institutions	**1,370,717**	**1,194,270**

10 Liabilities to customers in EUR thousand	30/09/2017	31/12/2016
Savings deposits		
Austrian	1,088,245	1,080,040
Foreign	168,927	168,193
Sub-total savings deposits	**1,257,172**	**1,248,233**
Other deposits		
Austrian	3,388,809	3,367,234
Foreign	1,389,270	1,315,162
Sub-total other deposits	**4,778,079**	**4,682,396**
Liabilities to clients	**6,035,251**	**5,930,629**

11 Securitised debt in EUR thousand	30/09/2017	31/12/2016
Debentures	957,407	886,166
Domestic bonds	296,968	293,578
Securitised debt	**1,254,375**	**1,179,744**
of which fair value	408,783	411,705

12 Trading liabilities in EUR thousand	30/09/2017	31/12/2016
Negative market values arising from derivative transactions – Trading	9,286	8,165
Negative market values arising from derivative transactions – Fair value option	3,194	2,855
Trading liabilities	**12,480**	**11,020**

13 Reserves and provisions in EUR thousand	30/09/2017	31/12/2016
Long-term payroll reserves	82,872	88,721
Other reserves and provisions	43,184	37,654
Reserves and provisions	**126,056**	**126,375**

14 Subordinated capital in EUR thousand	30/09/2017	31/12/2016
Subordinated capital	154,642	213,024
Subordinated capital	**154,642**	**213,024**
of which fair value	118,888	154,696

15 Regulatory capital and debt levels

The consolidated capital of the Group is reported in accordance with the provisions of Basel III. This is based on EU Regulation 575/2013 (Capital Requirements Regulation – CRR), in conjunction with the Austrian CRR accompanying regulation. The capital according to CRR consists of the common equity (Common Equity Tier 1 – CET1), the additional core capital (Additional Tier 1 – AT1) and supplementary capital (Tier 2 – T2). The respective capital ratios are determined by contrasting the corresponding regulatory capital component after taking into account all regulatory deductions and transitional provisions of the overall measure of risk. Under the provisions of the CRR, a minimum requirement of 4.5% is required for CET1, which will be increased by 1.25% by the capital buffer defined in CRD IV (Capital Requirements Directive IV). For the entire core capital

a minimum requirement of 7.25% is provided, the total equity must have a minimum value of 9.25%.

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	30/09/2017	31/12/2016
Common equity (CET1)		
Capital instruments qualifying as CET1	225.4	150.8
Proprietary CET1 instruments	–10.5	–10.0
Retained earnings and other surplus reserves	1,008.3	1,008.3
Aggregated other income	28.0	28.0
Other reserves	125.4	125.4
Transitional changes owing to the transitional provisions for CET1 capital instruments	2.5	3.0
Prudential filters	–0.8	–0.8
Goodwill	0.0	0.0
Other intangible assets	–0.1	–0.1
Regulatory changes relating to instruments in the CET1 core capital of companies in the financial sector, in which the institution has a significant holding	–445.2	–408.6
Other transitional changes to CET1	50.2	79.1
Common equity (CET1)	**983.2**	**975.1**
Additional core capital (Additional Tier 1)		
Changes owing to the transitional provisions for Additional Tier 1 capital instruments	17.5	21.0
Other transitional changes to Additional Tier 1	–17.5	–21.0
Additional core capital (Additional Tier 1)	0.0	0.0
Core capital (Tier 1): sum of common equity (CET1) and additional (AT1) core capital	**983.2**	**975.1**
Supplementary capital (Tier 2)		
Paid-up capital instruments and subordinated loans	98.7	93.8
Direct positions in supplementary capital instruments	–11.8	–11.8
Changes owing to the transitional provisions for supplementary capital instruments and subordinated loans	6.3	10.2
Other transitional changes to supplementary capital	–43.2	–79.2
Supplementary capital (Tier 2)	**49.9**	**13.1**
Total qualifying equity	**1,033.1**	**988.2**
Total risk-weighted assets	**7,031.3**	**6,708.8**
Common equity Tier 1 ratio	13.98%	14.54%
Core capital ratio	13.98%	14.54%
Equity ratio	14.69%	14.73%

16 Net interest income in thousands of euro	01/01–30/09/2017	01/01–30/09/2016
Interest and similar income from		
Lending and money market transactions with credit institutions	5,662	6,840
Lending and money market transactions with clients	97,226	96,568
Debenture bonds and fixed-interest securities	3,946	3,288
Equities and variable-rate securities	375	494
Other transactions	8,922	5,098
Interest earnings on liabilities	759	616
Sub-total interest and similar income	**116,890**	**112,904**
Interest and similar expenses on		
Credit institutions deposits	–3,796	–4,392
Customer deposits	–10,120	–12,279
Securitised debt	–5,378	–5,490
Subordinated capital	–3,013	–3,437
Other trades	–3,901	–7,720
Interest expense from assets	–767	–513
Sub-total interest and similar expenses	**–26,975**	**–33,831**
Income from at-equity valued companies	33,811	29,533
Net interest income	**123,726**	**108,606**

17 Loan-loss provisions in lending business in EUR thousand	01/01–30/09/2017	01/01–30/09/2016
Allocation of on-balance sheet provision	–16,762	–19,808
Allocation of off-balance sheet provision	–6,741	–10,614
Release of on-balance sheet provisions	13,526	7,306
Release of off-balance sheet provisions	1,857	10,918
Direct amortisation	–877	–817
Income from amortised receivables	409	126
Loan-loss provisions in the credit business	**–8,588**	**–12,889**

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

18 Net commission income in EUR thousand	01/01–30/09/2017	01/01–30/09/2016
Credit transactions	6,078	4,998
Payment transactions	9,736	9,226
Securities trading	18,616	16,993
Currency, foreign exchange and precious metals trading	2,626	2,853
Other services business	423	1,198
Net commission income	**37,479**	**35,268**

19 Trading income in EUR thousand	01/01–30/09/2017	01/01–30/09/2016
Income from derivatives	–620	1,992
Income from securities	367	357
Income from foreign exchange and notes and coins transactions	–930	1,111
Trading income	**–1,183**	**3,460**

20 Operating expenses in EUR thousand	01/01–30/09/2017	01/01–30/09/2016
Payroll	–73,687	–70,666
Materials	–39,614	–39,822
Amortisation	–21,342	–21,378
Operating expenses	**–134,643**	**–131,866**

20a Average number of employees, weighted by person-years	30/09/2017	30/09/2016
Office staff	943	933
Blue collar	506	491
Payroll	**1,449**	**1,424**

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	01/01–30/09/2017	01/01–30/09/2016
Other operating income	96,029	100,327
Other operating expenses	–22,811	–30,381
Hedge accounting income	22	–43
Other operating profit	**73,240**	**69,903**

22 Income from financial assets – at fair value through profit or loss in EUR ,000	01/01–30/09/2017	01/01–30/09/2016
Profit arising from financial assets – at fair value through profit or loss	–1,362	–1,180
Profit arising from financial assets – at fair value through profit or loss	**–1,362**	**–1,180**

23 Profit from financial assets – available for sale in EUR thousand	01/01–30/09/2017	01/01–30/09/2016
Profit arising from financial assets – available for sale	310	1,309
Profit arising from financial assets – available for sale	**310**	**1,309**

24 Profit from financial assets – held to maturity in EUR thousand	01/01–30/09/2017	01/01–30/09/2016
Profit arising from financial assets – held to maturity	0	0
Profit arising from financial assets – held to maturity	**0**	**0**

25 Performance bonds and credit risks in thousands of euro	01/01–30/09/2017	01/01–30/09/2016
Securities/guarantees	303,807	255,930
Credit risks	1,495,766	1,261,621
Performance bonds and credit risks	**1,799,573**	**1,517,551**

26 Earnings per share (ordinary and preference shares)	30/09/2017	30/09/2016
Equities (ordinary and preference shares)	30,937,500	27,500,000
Average float (ordinary and preference shares)	29,463,450	27,469,040
Net Group income in thousands of euro	66,487	55,749
EPS (Earnings per share) in EUR	**2.26**	**2.03**
Diluted earnings per share in EUR (ordinary and preference shares)	2.26	2.03

The diluted earnings per share are the same as the undiluted earnings per share as no financial instruments with diluting effect were issued. These means that there is no difference between the values „earnings per share“ and „diluted earnings per share“.

27 Fair value hierarchy of financial instruments which are valued at fair value

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

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

Quoted prices in active markets (Level 1):
This category contains equity, corporate bonds and government lending listed on major exchanges. The fair value of financial instruments traded in active markets is calculated on the basis of quoted prices, in so far as these represent prices applied within the context of regular and current transactions.

An active market must fulfil cumulatively the following conditions:

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

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 includes deposit, money-market futures and swap rates observable on the market. The calculation of the credit spread follows a 3-step process:

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

Level 3
The accompanying current values of the mentioned financial assets in the third stage where determined in accordance with generally recognised valuation processes. Significant parameters are the depreciation rate as well as long-term success and capitalisation values with consideration of the experience of the management as well as knowledge of the market conditions of the specific industry.

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

Level 2
The own issues are not subject to active trade on the capital market. Instead they are retail issues and private placements. The valuation consequently takes place by means of a discounted cash flow valuation model. This is based on an interest curve based on money market interest rates and swap interest as well as BTV's credit spreads. The credit spreads align themselves with the spreads that are payable at the time for an interest rate hedging transaction (interest spread on swap).

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

Level 2
Derivative financial instruments are divided into derivatives with a symmetrical payment profile as well as derivatives with an asymmetrical payment profile.

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

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

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

Fair value hierarchy of financial instruments which are valued at fair value as at 30/09/2017 in thousands of euro	Prices listed in active markets Level 1	Valuation methods based on market data Level 2	Valuation methods not based on market data Level 3
Financial assets stated at fair value			
Trading portfolio securities	0	0	0
Positive market values from derivative financial instruments	0	75,788	0
Assets classified at fair value	49,982	10,724	0
Financial assets available for sale	1,461,083	55,450	63,752
Overall financial assets classified at fair value	**1,511,065**	**141,962**	**63,752**
Financial liabilities stated at fair value			
Negative market values from derivative financial instruments	0	33,518	0
Liabilities classified at fair value	0	527,671	0
Overall liabilities classified at fair value	**0**	**561,189**	**0**

Fair value hierarchy of financial instruments which are valued at fair value as at 31/12/2016 in EUR thousand	Prices listed in active markets Level 1	Valuation methods based on market data Level 2	Valuation methods not based on market data Level 3
Financial assets stated at fair value			
Trading portfolio securities	0	1	0
Positive market values from derivative financial instruments	0	81,918	0
Assets classified at fair value	106,998	26,250	0
Financial assets available for sale	1,263,792	80,722	63,752
Overall financial assets classified at fair value	**1,370,790**	**188,891**	**63,752**
Financial liabilities stated at fair value			
Negative market values from derivative financial instruments	0	33,744	0
Liabilities classified at fair value	0	566,401	0
Overall liabilities classified at fair value	**0**	**600,145**	**0**

Changes in level 3 of financial instruments assessed at fair value in EUR thousand	Jan. 2017	Profit Profit and loss	Success from other operating income	Purchases	Sales, repayments	Transfer to level 3	Transfer from level 3	Currency conversion	September 2017
Securities held for trading	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	0	0	0	0	0	0	0	0	0
Available for sale financial assets	63,752	0	0	0	0	0	0	0	63,752
Overall financial assets classified at fair value	**63,752**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**63,752**

Movements between level 1, level 2 and level 3

In the current reporting year 2017, there have not been any movements between the individual levels.

28 Fair value of financial instruments, which are not valued at fair value

In the following table for each balance sheet item the fair market value is compared to the book value. The market value is the amount, which in an active market could be raised from the sale of a financial instrument or which would need to be paid to make an equivalent purchase. For positions without a contractually fixed term the relevant book value was applied. If no market prices exist, then generally accepted valuation models were applied, in particular analysis using discounted cash flow and the option price model.

Assets in EUR thousand	Fair value 30/09/2017	Book value 30/09/2017	Fair value 31/12/2016	Book value 31/12/2016
Cash reserves	325,726	325,726	316,527	316,527
Loans to credit institutions	251,909	251,462	318,574	318,185
Loans to clients	7,650,489	7,287,732	7,336,962	6,962,087
Financial assets – held to maturity	0	0	0	0

Liabilities in EUR thousand	Fair value 30/09/2017	Book value 30/09/2017	Fair value 31/12/2016	Book value 31/12/2016
Liabilities to credit institutions	1,360,698	1,370,717	1,192,133	1,194,270
Liabilities to clients	6,048,159	6,035,251	5,944,902	5,930,629
Securitised debt	820,489	845,591	765,588	768,039
Subordinated capital	35,182	35,754	58,338	58,328

29 Segment reporting

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 2017. 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. Reciprocal checks, ongoing reconciliations or validation checks between the Sales and Strategy Controlling, Risk Controlling, Statutory and Financial Reporting, and Tax and Accounting teams 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 2017, 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 segment 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, under the „Other segments/consolidations/misc." heading results from service areas across BTV are reported, such as Finance and Controlling, Legal and Investments, Marketing, Communications and Board matters as well as Group Auditing etc. In addition, it is mainly the effects of consolidation and fully consolidated companies below the thresholds (Alpenländische Garantie-Gesellschaft m.b.H., BTV Hybrid I GmbH and TiMe Holding GmbH) that 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. All in all, in the third quarter 2017 the income from interest rose by EUR +2.1 million to EUR 72.7 million.

The loan-loss provisions in the credit business represent a charge of EUR -4.9 million on the results of the quarter. Compared to Q3 2016, the loan-loss provision for corporate lending fell by EUR -2.5 million. Securities trading was responsible for the positive growth in commission earnings by EUR +1.7 million to EUR 17.5 million. Compared to the previous year, operating expenses rose slightly by EUR +0.5 million to EUR 22.1 million. Overall, the pre-tax profit for the period increased clearly by EUR +5.9 million to EUR 63.2 million compared to the previous year.
Segment receivables grew by EUR +411 million to EUR 5,436 million because of strong new business. Segment liabilities increased from EUR 2,144 million to EUR 2,348 million.

Retail client segment

The retail client business is the second pillar of BTV, and contributed stable interest income of EUR 30.3 million to interest profits. Commission income rose by EUR +0.8 million to EUR 22.6 million.

Due to the typically high resources invested in staff and premises in the retail sector, the administrative overheads rose by EUR +0.9 million to EUR 37.3 million. Other operating profits remained stable and were at the same level as last year at EUR 0.5 million. Loan-loss provisions for the lending business during the period increased by EUR +1.0 million. Overall, this segment achieved earnings before tax of EUR 17.1 million in this period.

Institutional clients and banks segment

The interest income in the Institutional Clients and Banks division grew slightly by EUR +0.2 million to EUR 9.5 million. Income from financial assets, including trading income, fell to EUR -2.4 million. Operating expenses for the segment remained stable compared to last year, totalling EUR 1.7 million. The pre-tax profit for the period totalled EUR 4.7 million.

Leasing segment

Customer cash volumes grew by EUR +87 million to EUR 934 million. Given the robust new business, the asset business shows a moderate increase of EUR +0.8 million to interest earnings of EUR 13.7 million. Net commission income at EUR 0.6 million showed a drop of EUR -0.6 compared to the previous year. Operating expenses fell slightly by EUR -0.1 million to EUR 4.4 million. In total, BTV Leasing achieved pre-tax earnings in the period of EUR 11.5 million, representing a fall of EUR -0.6 million compared to 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 -1.0 million. Other operating profit, which mainly includes the revenues, increased by EUR +1.6 million to EUR 78.4 million. These earnings were also the decisive factor for the Silvretta Montafon Group, with its average of 480 employees in the reporting year, and Mayrhofner Bergbahnen AG, which employed an average of 167 employees during the reporting period.
The operating expenses grew due to seasonal fluctuations by EUR +0.9 million to EUR 55.6 million. In total, pre-tax earnings for the period were EUR 21.7 million, which is an increase of EUR +0.4 million over the previous year.

Segment reporting in thousands of euros	Year	Corporate clients	Retail clients	Institutional clients and banks	Leasing	Cable cars	Segments that must be reported	Other segments/ consolidation/ misc.	Group balance sheet/ P&L
Net interest income	09/2017	72,651	30,298	9,533	13,748	–1,031	125,199	–35,284	89,915
	09/2016	70,577	29,417	9,287	12,895	–825	121,351	–42,278	79,073
Earnings from companies valued at-equity	09/2017	0	0	0	0	0	0	33,811	33,811
	09/2016	0	0	0	0	0	0	29,533	29,533
Loan-loss provisions in Credit transactions	09/2017	–4,897	1,015	–762	–771	0	–5,415	–3,173	–8,588
	09/2016	–7,415	–2,184	–466	–317	0	–10,382	–2,507	–12,889
Net commission income	09/2017	17,518	22,599	0	589	0	40,706	–3,227	37,479
	09/2016	15,769	21,826	0	1,183	0	38,778	–3,510	35,268
Operating expenses	09/2017	–22,075	–37,303	–1,697	–4,377	–55,603	–121,055	–13,588	–134,643
	09/2016	–21,606	–36,375	–1,677	–4,516	–54,694	–118,867	–12,999	–131,866
Other operating income	09/2017	0	471	0	2,211	78,360	81,042	–7,802	73,240
	09/2016	0	484	0	2,679	76,800	79,963	–10,060	69,903
Profit arising from financial assets and trading profit	09/2017	0	0	–2,394	91	0	–2,303	68	–2,235
	09/2016	0	0	2,750	176	0	2,926	663	3,589
Result for the period before tax	**09/2017**	**63,197**	**17,080**	**4,680**	**11,491**	**21,726**	**118,174**	**–29,195**	**88,979**
	09/2016	**57,325**	**13,168**	**9,894**	**12,100**	**21,281**	**113,769**	**–41,158**	**72,611**
Segment loans	09/2017	5,436,083	1,331,603	2,211,998	934,333	26,344	9,940,361	–557,364	9,382,996
	09/2016	5,025,414	1,336,479	2,163,377	847,320	23,291	9,395,881	–582,446	8,813,435
Segment liabilities	09/2017	2,347,871	3,409,008	2,516,062	871,166	91,993	9,236,100	–408,635	8,827,465
	09/2016	2,144,317	3,185,875	2,426,682	796,077	93,301	8,646,252	–280,946	8,365,306

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 not directly imputable are shown under „Other segments/consolidation/misc." The other operating income includes, among other things, the earnings from the Silvretta Montafon Group and Mayrhofner Bergbahnen and, in addition to the consolidation effects, essentially the stability tax and rental operations under „Other segments/consolidation/misc."

The segment receivables include the entries for loans and advances to banks, loans and advances to clients, trading assets and all fixed-interest securities, guarantees and liabilities.

The „Other segments/consolidation/misc." column includes loan loss provisions, since the internal control considers the liabilities as net figures in contrast to the balance sheet. The postings resulting from consolidation are also found here. The entries for liabilities to banks, liabilities to customers, trading liabilities, securitised debt, trading liabilities and subordinated capital are allocated to the liabilities segment. Consolidating entries are also included here in the „Other segments/Consolidation/Misc." column.

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

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 2017

The Board of Directors

Michael Perger
Member of the Board

Member of the Executive Board, responsible for retail customer business; 3 Banks Insurance Brokers Group; group audit; compliance and anti-money laundering.

Gerhard Burtscher
Chairman of the Board

Chairman of the Executive Board with responsibility for corporate business and institutional customers and banks; leasing; the areas of staff management; marketing; group auditing; compliance and anti-money laundering.

Mario Pabst
Member of the Board

Member of the Executive Board with responsibility for the back office; the areas of credit management, finance and controlling; legal matters and shareholdings; service centre; effectiveness and efficiency; property and procurement (HQ); group auditing; compliance and anti-money laundering.

Imprint

Bank für Tirol und Vorarlberg Aktiengesellschaft
Stadtforum 1
6020 Innsbruck

T +43 505 333-0
SWIFT/BIC: BTVAAT22
Sort code: 16000
Data processing reg. 0018902
Trade Reg. 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.

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, MSc
Hanna Meraner
Carina Zieher, MSc
Hannes Gruber

Design

BTV Marketing, Communication, Executive Board matters
Markus Geets

Final version

10 November 2017

Bank für Tirol und Vorarlberg
Aktiengesellschaft
Stadtforum 1
6020 Innsbruck
Austria

T +43 505 333 – 0
Email btv@btv.at

A pilot provides safe passage. All our employees have a little BTV pilot‘s flag in their buttonhole.
A meaningful symbol: We guide you on your route to success.

www.btv.at