BANK FÜR TIROL UND VORARLBERG AG SHARE-HOLDERS' REPORT: INTERIM FINANCIAL REPORT AS AT 31 MARCH 2018

Interim Report

BTV VIER LÄNDER BANK

3 Banken Gruppe

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Important dates for BTV shareholders

Annual General Meeting	08/05/2018, 10:00 am, Stadtforum 1, 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	16.05.2018
Payment of dividend	18.05.2018
Interim Report as at 31 March 2018	Published on 25/05/2018 (www.btv.at)
Half-Year Financial Report as at 30 June 2018	Published on 24/08/2018 (www.btv.at)
Interim Report as at 30 September 2018	Published on 30/11/2018 (www.btv.at)

Profit and loss in EUR million	31.03.2018	31.03.2017	% change
Net interest income	42.5	41.0	+3.6 %
Loan-loss provisions in the credit business	0.3	–0.7	>–100 %
Net commission income	13.6	13.1	+3.5 %
Operating expenses	–43.6	–42.7	+2.0 %
Other operating profit	28.9	27.3	+6.0 %
Net pre-tax profit for the period	40.9	37.6	+8.7 %
Group profit for the period	32.7	30.5	+7.3 %

Balance sheet figures in EUR million	31.03.2018	31.12.2017	% change
Total assets	10,767	10,463	+2.9 %
Loans and advances to clients after loan loss provisions	7,283	7,142	+2.0 %
Primary funds	7,634	7,606	+0.4 %
of which savings deposits	1,266	1,266	+0.0 %
of which own issues	1,330	1,318	+0.9 %
Equity	1,465	1,367	+7.1 %
Managed deposits	13,808	13,905	–0.7 %

Regulatory (CRR) equity in EUR million	31.03.2018	31.12.2017	% change
Risk-weighted assets	7,211	7,108	+1.4 %
Equity	1,167	1,125	+3.8 %
of which common equity (CET1)	1,057	1,070	–1.2 %
of which total core capital (CET1 and AT1)	1,071	1,070	+0.1 %
Common equity Tier 1 ratio	14.66 %	15.05 %	–0.39 pp
Core capital ratio	14.85 %	15.05 %	–0.20 pp
Equity ratio	16.19 %	15.83 %	+0.36 pp

Key indicators in pp	31.03.2018	31.12.2017	Change in percentage points
Return on equity before tax (RoE)	11.71 %	7.05 %	+4.66 pp
Return on Equity after tax	9.37 %	5.87 %	+3.50 pp
Cost/income ratio	51.4 %	60.8 %	–9.4 % pp
Risk/earnings ratio	–0.6 %	12.7 %	–13.3 pp

Number of resources	31.03.2018	31.12.2017	Change figure
Weighted average number of employees	1,474	1,401	+73
Number of branches	36	36	+0

Key indicators for BTV shares	31.03.2018	31.03.2017
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	25.40/22.80	22.30/19.50
Bottom price of ordinary/preference share in EUR	23.00/19.40	21.40/19.00
Closing price of ordinary/preference share in EUR	25.40/22.80	22.30/19.40
Market capitalisation in EUR million	779	606
IFRS EPS in EUR	3.61	3.83
P/E ratio, ordinary share	7.0	5.8
P/E ratio, preference share	6.3	5.1

Economic environment
Economic indicators in the eurozone fell from their record levels in the first quarter. Although analysts‘ expectations were not met, sentiment among investors, consumers and entrepreneurs remained at a high level, reinforcing their view of continued strong economic activity. Unemployment, one of the key themes of the eurozone, fell slightly from 8.6% to 8.5% in the first quarter and the youth unemployment rate in the peripheral euro countries continued to improve. Increased lending to consumers and businesses helped private consumption and corporate investment activities. Despite these trends, inflation did not increase and remained well below the target of 2% in the quarter under review. The first progress has been made in the Brexit negotiations: the United Kingdom and the EU agreed in mid-March on a 21-month transition period until 2020.

According to published economic indicators, US economic development was robust in the first quarter, even though the US is already in its ninth year of economic recovery. Strong domestic consumption and a fully-loaded labour market drove inflation to 2.4% year-on-year, reaching the target level. Good economic development was supported by the US tax reform passed in December 2017. However, the US-led trade dispute with China has repeatedly raised concerns about growth and created uncertainty. An escalation of the conflict is likely to remain the biggest economic policy risk under the Trump administration.

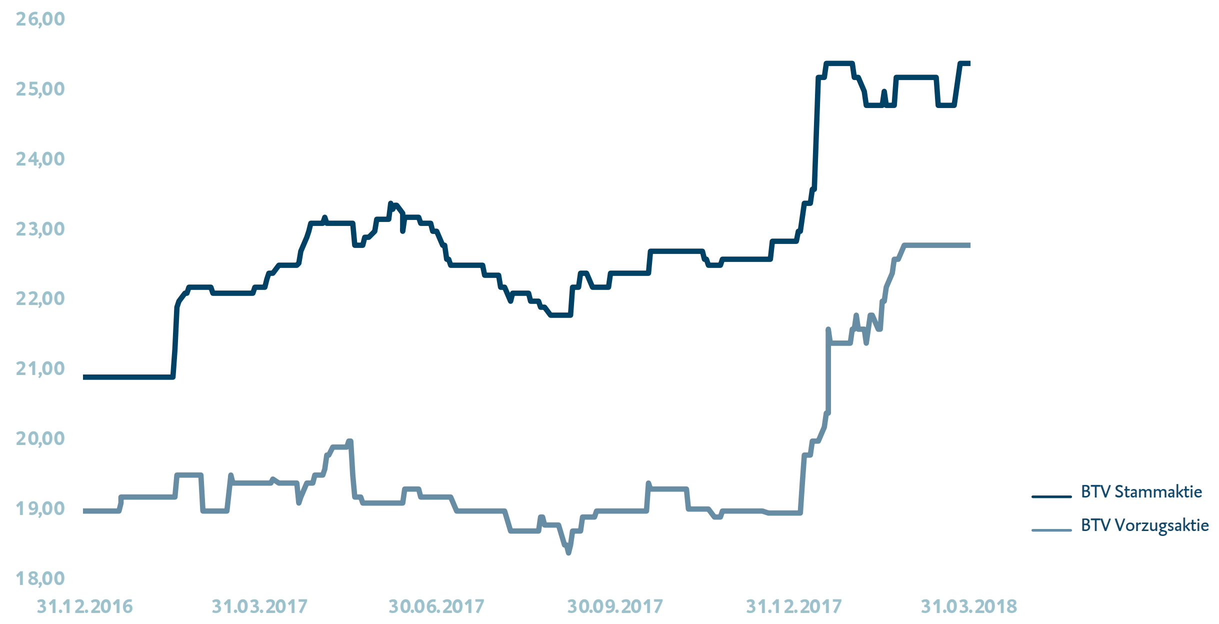
Interest rates
At the beginning of the year, global yield levels rose. Geopolitical turbulence and economic worries, however, led to increased demand for „safe havens“ from February onwards. Thus, investors benefited mainly from the decline in yields in the relatively safe government bond segment. The yield on 10-year German government bonds rose in January from 0.43% to 0.76% and fell again to 0.50% at the end of March. The EUR yield curve thus showed little change at the end of the quarter compared to the beginning of the year. In the US, interest rates rose slightly over all maturities during the first quarter. This was primarily due to another rate hike by the US Federal Reserve. As expected, at the end of March the monetary authorities decided on a further hike of 25 basis points to 1.75%. At least two more interest rate hikes have been announced by the Fed this year. In Europe, everything remained the same: the phasing out of the existing bond purchase programme is still expected at the latest by the end of the year and an initial ECB rate hike is not yet in sight.

In the first quarter of 2018, long-term euro interest rates rose 8 base points to 0.96% (10-year euro swaps). Money market interest rates (3-month Euribor) remained unchanged at -0.33%.

Currencies
The euro continued its upward trend against the US dollar in the first quarter. The EUR/USD exchange rate started at 1.20 at the beginning of the year and rose to 1.23 by the end of the quarter. The interest rate differential between the US and the eurozone, as well as the recent weaker economic data from the currency union, should have supported the US dollar but the euro remained strong. In particular, investors‘ positive sentiment towards the eurozone and the economic uncertainty triggered by the Trump government had given the common currency a tailwind.

Several uncertainties, such as US-led trade disputes or geopolitical turmoil, kept investors in suspense in the first quarter. Nevertheless, the safe haven currencies benefited only temporarily and to a very limited extent. The EUR/CHF exchange rate fluctuated between 1.14 and 1.19 during the first quarter but was almost unchanged at the end of the quarter compared to the end of 2017, at just over 1.17. Against the Japanese yen, the euro depreciated by more than 3% in the first quarter, with the EUR/JPY currency pair ending March at 131. The yen benefited more from recent turbulence than the Swiss franc.

Performance of BTV shares in 2018 in EUR



Equities

The start of the year on the global stock exchanges was excellent, the mood among investors was very good and the economic data underlined the continued positive global economic picture. The emerging market indices in some cases even exceeded expectations with double-digit price gains, but the stock markets of the major industrialised countries also performed very well. At the end of January, however, the euphoria on the markets came to an abrupt end. Sudden inflation concerns, fuelled by stronger than expected US wages, led investors to fear a faster rise in US key interest rates. This was followed by a sharp correction and significantly higher volatility on global stock markets. Although investors' concerns soon proved exaggerated, most of the stock indices could not make up for the losses. Fears of a possible US-China trade war and geopolitical risks dampened market sentiment and continued to increase volatility.

The stock exchanges of the developed countries ended the first quarter mostly down. The broad European market (STOXX 600) lost -4.7%, while the DAX and the SMI lost -6.4% and -6.8%, respectively. The US indices also closed the first quarter negatively. The S&P 500 and the Dow Jones suffered declines of -1.2% and -2.5%, respectively. The Japanese Nikkei 225 also performed weakly, losing -5.8%. By contrast, equity markets in the emerging markets ended the first quarter in positive territory. The Latin American stock exchanges in particular posted an excellent performance of +8.0% (MSCI Latin America).

BTV's ordinary shares rose +11.2% to EUR 25.40 in the first quarter of 2018. Preference shares gained +20.3% and closed the quarter at EUR 22.80.

Balance sheet performance

Due to the new IFRS 9 accounting standard, which has been in force since 1 January 2018, there have been changes in some balance sheet items. The statements in the following management report refer to the balance sheet as at 31 December 2017 according to the old legal situation.

Loans and advances to customers rose by EUR 68 million to EUR 7,404 million in the first three months of 2018.

The item „Risk provisions“ is directly affected by the new accounting guidelines in accordance with IFRS 9. Due to the new impairment standards, portfolio-based allowances were reversed directly in equity. The portfolio therefore declined by EUR 73 million to EUR 122 million.

Other financial assets of EUR 2,197 million as at 31 March 2018 were at the level of the end of the year for 2017.

Liabilities to banks increased significantly, by EUR 169 million to EUR 1,381 million.

Up to now, the volume of primary funds has not increased to the same extent as customer receivables. As of 31 March 2018, BTV reported a level of EUR 7,634 million, which corresponds to an increase of EUR 28 million. 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 deposit volumes and primary funds, decreased by EUR 97 million to EUR 13,808 million. The reason for this was the decline in the custody account volume of EUR -125 million or -2.0%, which was determined by the negative development on the stock markets in the first quarter of 2018.

The changeover to IFRS 9 and the associated revaluation resulted in a significant increase in equity. The initial conversion effects were recognised directly in equity, which led to an increase of EUR 64 million in this item. In comparison with 31 March 2018, at the end of 2017 (according to the old accounting standard), an increase of EUR 97 million to EUR 1,465 million was reported.

As a result of these developments, total assets also increased by EUR 304 million to EUR 10,767 million.

As at 31 March 2018, the credit institution group‘s qualifying net equity under CRR (Basel III) was EUR 1,167 million. Overall, it increased by EUR 42 million, or 3.8%, compared with the 2017 year-end. The banking group‘s common equity (CET1) under CRR stood at EUR 1,071 million at the end of the quarter.

Total risk-weighted assets rose by EUR +103 million to EUR 7,211 million. As of 31 March 2018, this resulted in a Tier 1 core capital ratio of 14.85% and an overall equity ratio of 16.19%.

Profit trend

Interest earnings after risk provisions

Interest income after risk provisions increased by EUR 2.4 million to EUR 42.7 million. The highest increase in this item was in the result of companies valued at equity. With an increase of EUR +1.0 million or +9.7%, earnings of EUR 11.6 million were achieved here. Risk provisions were released in the first three months of 2018, reducing expenses by EUR 0.9 million year-on-year. The operating interest business, net interest earnings excluding at-equity income, was increased by +1.4% or EUR +0.4 million to EUR 30.9 million.

Net commission income

Securities trading remains the main driver for any change in the level of commission earnings, and despite the difficult market environment, earnings in this item increased by EUR 0.9 million to EUR 7.1 million. Payments were stable with an increase EUR +0.1 million, or +2.8%, at EUR 3.4 million. At EUR 0.9 million, earnings from the foreign exchange, foreign currency and precious metals business were slightly below the previous year‘s level. A slightly higher decline of EUR -0.2 million to EUR 1.8 million, albeit compared to a very good first quarter of 2017, was reported by the lending business. At EUR 0.4 million, other services also failed to match the previous year. In total, BTV increased net commission income to EUR 13.6 million, an increase of EUR 0.5 million or 3.6%.

Trading income
At EUR 0.2 million, trading income on 31 March 2018 was down EUR -0.1 million on the previous year.

Income from financial transactions
Profits on financial transactions saw only moderate change compared with the previous year. In total, expenses of EUR 0.6 million were incurred here.

Operating expenses
In the first quarter of 2018, operating expenses rose by EUR +0.9 million or 2.1% compared to the same period in the previous year to EUR 43.6 million. The strongest increase was in personnel expenses, which increased by 3.4% or EUR +0.8 million to EUR 23.7 million. Growth was lower when it came to expenditure on materials, which at EUR 13.2 million were EUR 0.1 million higher than in the previous year. Depreciation remained stable at the level of EUR 6.7 million.

Other operating profit
Other operating profit saw an increase of +5.9% or EUR 1.6 million to EUR 28.9 million, mostly due to the increase in profits of the cable car companies.

Net pre-tax profit for the period
The influencing factors mentioned above caused an increase in profit for the period of EUR 3.3. million to EUR 40.9 million. The strongest drivers of this were interest earnings after loan loss provisions and other operating income.

Tax position
The amounts recorded under „Taxes on income and profit“ include the current cost of Austrian corporation tax, and otherwise relate primarily to the accrual and prepayment provisions for deferred taxes, in accordance with IFRS. Compared with the previous year, the tax liability rose by EUR 1.0 million to EUR 8.2 million as at 31 March 2018. The effective tax rate was therefore 20.0%.

Group income
The trends in the first quarter yielded an increase in earnings for the period of EUR 2.2 million or 7.4%, to EUR 32.7 million. The cost-income ratio fell compared to the same quarter in the previous year from 52.5% to 51.4%. The return on equity (RoE) before tax showed a slight decline from 12.3% to 11.7%. The risk-earnings ratio had a negative value of -0.6% due to the release of risk provisions.

Key indicators
In the key figures analysis, the cost-income ratio improved from 60.8% to 51.4% compared with year-end. The return on equity (RoE) before tax increased from 7.1 % to 11.7 % compared with 31.12.2017. Compared to the first quarter of 2017, there was a slight decline here, mainly due to the increase in equity in connection with the switch to IFRS 9. The risk-earnings ratio fell to -0.6% due to the release of reserves for risk provisioning.

Outlook
BTV expects the economic environment to continue to be stable, which should support the continuation of growth. In the corporate client business, the focus will continue to be on the expansion markets of Germany, Vienna and Switzerland. The strategic principle of fully refinancing customer loans by means of primary funds, will be retained in future. The persistently low interest rate environment encourages investments in securities, which remain an interesting investment alternative despite the turbulent first quarter. No substantial changes have occurred in the forecast results since the publication of the 2017 Annual Report. Net interest income and the services business are expected to remain above the previous year‘s result. Other operating profits should also be stronger than in 2017. The administration costs were expected to increase moderately compared with the previous year. In total, we continue to expect net income before taxes for 2018 to be higher than in the previous year.

Abridged consolidated financial statements

Balance sheet at 31 March 2018

Assets in EUR thousand	**31.03.2018**	**31.12.2017**	**Change as value**	**Change in %**
Cash reserves	581,860	320,708	+261,152	+81.4 %
Loans and advances to banks [1] [see notes]	247,256	288,415	–41,159	–14.3 %
Loans and advances to clients [2]	7,404,466	7,336,377	+68,089	+0.9 %
Other financial assets [3]	1,552,566	n.a.	+1,552,566	+100.0 %
Financial assets - at fair value through profit or loss	n.a.	35,685	–35,685	–100.0 %
Financial assets - available for sale	n.a.	1,545,238	–1,545,238	–100.0 %
Financial assets – held to maturity	n.a.	0	+0	+0.0 %
Shares in at-equity-valued companies [4]	610,325	589,556	+20,769	+3.5 %
Loan loss provisions [5]	–121,838	–194,474	+72,636	–37.3 %
Trading assets [6]	34,261	19,948	+14,313	+71.8 %
Intangible fixed assets	1,028	944	+84	+8.9 %
Property, plant and equipment	297,746	301,410	–3,664	–1.2 %
Properties held as financial investments	57,686	57,785	–99	–0.2 %
Current tax refunds	275	276	–1	–0.4 %
Deferred tax refunds	7,900	29,782	–21,882	–73.5 %
Other assets[7]	93,397	130,958	–37,561	–28.7 %
Total assets	**10,766,928**	**10,462,608**	**+304,320**	**+2.9 %**

Liabilities in EUR thousand	**31.03.2018**	**31.12.2017**	**Change as value**	**Change in %**
Liabilities to banks [8]	1,381,212	1,212,086	+169,126	+14.0 %
Liabilities to clients [9]	6,304,018	6,287,594	+16,424	+0.3 %
Other financial liabilities [10]	1,346,708	n.a.	+1,346,708	+100.0 %
Securitised debt	n.a.	1,156,916	–1,156,916	–100.0 %
Subordinated capital	n.a.	161,209	–161,209	–100.0 %
Trading liabilities [11]	6,681	6,091	+590	+9.7 %
Reserves and provisions [12]	132,536	131,196	+1,340	+1.0 %
Current tax owed	8,730	6,759	+1,971	+29.2 %
Deferred tax owed	5,528	5,535	–7	–0.1 %
Other liabilities[13]	116,856	127,896	–11,040	–8.6 %
Equity [14]	1,464,659	1,367,326	+97,333	+7.1 %
Non-controlling interests	43,526	38,257	+5,269	+13.8 %
Owners of the parent company	1,421,134	1,329,069	+92,065	+6.9 %
Total liabilities	**10,766,928**	**10,462,608**	**+304,320**	**+2.9 %**

Key indicators	**31.03.2018**	**31.03.2017**
RoE before tax	11.71 %	12.31 %
RoE after tax	9.37 %	9.97 %
Cost/income ratio	51.4 %	52.5 %
Risk/earnings ratio	–0.6 %	1.8 %

n.a. = not available due to first-time application of IFRS 9

Comprehensive income statement as at 31 March 2018

Comprehensive income statement in EUR thousand	**01.01.–31.03.2018**	**01.01.–31.03.2017**	**Change as value**	**Change in %**
Interest and similar income	39,582	41,275	–1,693	–4.1 %
Interest and similar expenses	–8,729	–10,836	+2,107	–19.4 %
Income from at-equity valued companies	11,631	10,602	+1,029	+9.7 %
Net interest income, incl. at-equity result [15]	**42,484**	**41,041**	**+1,443**	**+3.5 %**
Loan-loss provisions [16]	255	–686	+941	>–100 %
Commission income	14,784	14,234	+550	+3.9 %
Commission expenses	–1,224	–1,148	–76	+6.6 %
Net commission income [17]	**13,560**	**13,086**	**+474**	**+3.6 %**
Trading income [18]	–217	–83	–134	>+100 %
Income from securities [19]	–596	–405	–191	+47.2 %
Operating expenses [20]	–43,553	–42,658	–895	+2.1 %
Other operating income [21]	28,948	27,331	+1,617	+5.9 %
Net pre-tax profit for the period	**40,881**	**37,626**	**+3,255**	**+8.7 %**
Taxes on earnings and profit	–8,162	–7,149	–1,013	+14.2 %
Group profit for the period	**32,719**	**30,477**	**+2,242**	**+7.4 %**
Non-controlling interests	5,268	4,567	+701	+15.3 %
Owners of the parent company	27,451	25,910	+1,541	+5.9 %

Other comprehensive income in EUR thousand	**01.01.–31.03.2018**	**01.01.–31.03.2017**
Group profit for the period	**32,719**	**30,477**
Revaluations from performance-oriented pension plans	35	–1
Changes in at-equity valued companies recognised directly in equity	–1,041	1,678
Changes in equity instruments recognised directly in equity	2,051	n.a.
Fair-value adjustment of own creditworthiness risk of financial liabilities	126	n.a.
Gains/losses with regard to deferred taxes, applied directly against total profit	–701	0
Total of items which could subsequently not be allocated into profit or loss	**470**	**1,677**
Changes in at-equity valued companies recognised directly in equity	987	7,218
Changes in debt securities recognised directly in equity	–969	n.a.
Unrealised profit/loss on assets held for disposal (AfS reserve)	n.a.	–38
Unrealised gains/losses from adjustments in currency conversion	730	120
Gains/losses with regard to deferred taxes, applied directly against total profit	0	0
Total of items which could subsequently be allocated into profit or loss	**748**	**7,300**
Total of other comprehensive income	**1,218**	**8,977**
Comprehensive income for the period	**33,937**	**39,454**
Non-controlling interests	5,268	4,567
Owners of the parent company	28,669	34,887

Key indicators	**31.03.2018**	**31.03.2017**
Diluted and undiluted earnings per share in EUR [23]	0.89	0.94

n.a. = not available due to first-time application of IFRS 9

Statement of change in equity in EUR thousand	Subscribed capital	Reserves	Retained earnings	Actuarial profit/loss	Available for sale reserve	Total owners of the parent company	Non-controlling interests	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	0	0	0	0	0	0	0	0
Comprehensive income for the period								
Revenue	0	0	25,910	0	0	25,910	4,567	30,477
Other income	0	0	9,016	–38	–1	8,977	0	8,977
Distributions	0	0	0	0	0	0	0	0
Own shares	0	42	0	0	0	42	0	42
Other changes with a neutral effect on results	0	–4	–70	0	0	–74	0	–74
Equity at 31/03/2017	**55,000**	**107,034**	**1,066,692**	**23,974**	**–34,226**	**1,218,474**	**40,382**	**1,258,856**

Statement of change in equity in EUR thousand	Subscribed capital	Reserves	Retained earnings	OCI non-recyclable	OCI recyclable	Total owners of the parent company	Non-controlling interests	Equity
Equity at 31 December 2017	**61,875**	**174,132**	**1,101,960**	**–31,816**	**22,918**	**1,329,069**	**38,257**	**1,367,326**
Reclassifications	0	0	–4,397	–3,435	7,832	0	0	0
IFRS 9 revaluation	0	0	70,820	1,246	–8,115	63,951	0	63,951
Equity at 01/01/2018	**61,875**	**174,132**	**1,168,383**	**–34,005**	**22,635**	**1,393,020**	**38,257**	**1,431,277**
Capital increases	0	0	0	0	0	0	0	0
Comprehensive income for the period								
Revenue	0	0	27,451	0	0	27,451	5,268	32,719
Other income	0	0	0	470	748	1,218	0	1,218
Distributions	0	0	0	0	0	0	0	0
Own shares	0	–657	0	0	0	–657	0	–657
Other changes with a neutral effect on results	0	0	102	0	0	102	0	102
Equity at 31/03/2018	**61,875**	**173,475**	**1,195,936**	**–33,535**	**23,383**	**1,421,134**	**43,525**	**1,464,659**

The items of the statement of change in equity were adjusted as of 31 March 2018 due to the first-time application of IFRS 9.

Cash flow statement as at 31 March 2018

Cash flow statement in EUR thousand	**01.01.– 31.03.2018**	**01.01.– 31.03.2017**
Cash position at the end of the previous period	**320,708**	**316,527**
Operating cash flow	300,286	–80,721
Investment cash flow	–2,233	–2,795
Financing cash flow	–36,901	–38,018
Cash position at the end of the period	**581,860**	**194,993**

Accounting and valuation principles

The present interim BTV Group accounts as at 31 March 2018 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 firms. The segment reporting contains more detailed information on this.

The accounting and valuation methods applied uniformly across the group comply with the standards for European balance sheets, so that the informative value of these group financial statements equates to those pursuant to the provisions of the Austrian Commercial Code (UGB), in conjunction with the provisions of the Austrian Banking Act (BWG). In contrast to the audited BTV consolidated financial statements for 2017, the consolidated financial statements were prepared in accordance with the accounting principles according to the new IFRS 9 standard „Financial Instruments". The impact of the first-time adoption of IFRS 9 is described in detail on pages 16 to 22. All accounting and valuation principles not covered by IFRS 9 remain unchanged.

IFRS 15 „Revenue from Contracts with Customers" came into force on 1 January 2018. The rules determine how and when income is recognised but have no impact on income receipts arising in connection with financial instruments under the rules of IFRS 9. The new regulations had no effect on BTV's consolidated financial statements.

Principles of consolidation and scope of consolidation

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

The scope of full consolidation has changed compared to 31 December 2017. With entry in the commercial register dated 9 November 2017, the balance sheet date of MPR Holding GmbH was brought forward to 30 September. The company will in future assume the holding function for the group of companies of Silvretta Montafon GmbH with headquarters in Gaschurn and be a managing holding company. The name of the company is Silvretta Montafon Holding GmbH. The registered office of the company has been relocated to Schruns.

The company name „Silvretta Montafon GmbH" was changed to „Silvretta Montafon Bergbahnen GmbH" with the entry in the company register on 30 November 2017. „Silvretta Verwaltungs GmbH" was renamed „Silvretta Montafon Sporthotel GmbH" with the registration in the company register of 18 November 2017. Also with the entry in the companies register from 18 November 2017, the company name changed from „HJB Projektgesellschaft mbH" to „Sporthotel Schruns GmbH". With the companies register entry of 24 November 2017, „Silvretta Sports Service GmbH" was renamed „Silvretta Montafon Sportshops GmbH". The scope of consolidation expanded to include the companies „Silvretta Montafon Ferienimmobilien GmbH" and „Silvretta Montafon Bergerlebnisse GmbH" with registration of 22 November 2017 as of the balance sheet date of 31 March 2018.

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 %
TiMe Holding GmbH, Innsbruck	100.00 %	100.00 %
Silvretta Montafon Holding GmbH, Schruns [1]	100.00 %	100.00 %
Silvretta Montafon Bergbahnen GmbH, Schruns [2]	100.00 %	100.00 %
Silvretta Montafon Gastronomie GmbH, Schruns	100.00 %	100.00 %
Silvretta Skischule GmbH, Gaschurn	100.00 %	100.00 %
Silvretta Montafon Sporthotel GmbH, Schruns [3]	100.00 %	100.00 %
Silvretta Montafon Sporthotel GmbH & Co. KG, Gaschurn	100.00 %	100.00 %
Sporthotel Schruns GmbH, Schruns [4]	100.00 %	100.00 %
„Das Schruns“ Hotelprojektentwicklungsgesellschaft mbH, St. Gallenkirch	100.00 %	100.00 %
Silvretta Montafon Sportshops GmbH, Schruns [5]	100.00 %	100.00 %
Silvretta Montafon Ferienimmobilien GmbH, Schruns	100.00 %	100.00 %
Silvretta Montafon Bergerlebnisse 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 %

1 formerly MPR Holding GmbH, Innsbruck
2 formerly Silvretta Montafon GmbH, Gaschurn
3 formerly Silvretta Verwaltungs GmbH, Gaschurn
4 formerly HJB Projektgesellschaft mbH, St. Gallenkirch
5 formerly Silvretta Sportservice GmbH, Schruns

Leasing companies and the companies of the Silvretta Montafon Group were included in the Annual Report as at 30/09, in accordance with their divergent financial year. 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 consolidated using the reporting date of 31 December.

As at 31 March 2018, BTV AG holds 100% of the shares in Silvretta Montafon Holding 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 5.268 million.

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 in liqu., 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 contract between BTV, BKS Bank AG and Wüstenrot Wohnungswirtschaft reg. Gen.m.b.H., or for the holding in BKS Bank AG, there are syndicate agreements between BTV, Oberbank AG and Generali 3 Banken Holding AG, the purpose of which is to maintain the autonomy of the institutions.

In this way, for both of the cited companies, there is the possibility of exercising a significant influence. For the purposes of
drawing up the financial statements in a timely fashion, at-equity
valued companies are included for the period from 01/10/2017 to 31/12/2017.

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 31 March 2018.

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 100th Annual General Meeting of the Bank für Tirol und Vorarlberg AG, held on 8 May 2018, are published on the BTV website (www.btv.at) under „The Company/Investor Relations".

In March 2018, BKS Bank AG, Klagenfurt, completed a cash capital increase, whereby BTV acquired a number of ordinary shares, as a result of which its shareholding after capital in BKS Bank AG remained unchanged.

The impact on the book value of the holding in BKS Bank AG has already been taken into account in these consolidated financial statements.

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.

The following section lists the changes in accounting policies and valuation methods resulting from the application of the new IFRS 9 standard, as well as the reconciliation calculations.

Since 1 January 2018, BTV has applied the regulations of the IFRS 9 „Financial Instruments" standard. The first-time application of IFRS 9 results in material changes for the subsequent valuation of financial assets and financial liabilities. In addition, the application of IFRS 9 results in changes relating to the details and composition of balance sheet and P&L items.

As permitted by the standard, BTV will make use of the exception not to adjust comparative information for previous periods with respect to changes in classification and valuation (including impairment). Differences between the carrying amounts of financial assets and financial liabilities due to the application of IFRS 9 are generally recognised in retained earnings and other aggregated income as of 1 January 2018. The accounting policies and valuation methods that applied in the previous year in accordance with IAS 39 can be found in the 2017 consolidated financial statements.

Reconciliation of the balance sheet items according to IAS 39 with items according to IFRS 9 is shown below. The IFRS 9 revaluation was booked through retained earnings and cumulative other comprehensive income.

Assets in EUR thousand **Balance sheet structure from 1 January 2018**	**01.01.2018**	**IFRS 9 revaluation**	**31 December 2017 after restructuring**	**Splitting**
Cash reserves	320,708	0	320,708	0
Loans to credit institutions	288,415	0	288,415	0
Loans to clients	7,330,090	–6,287	7,336,377	0
Other financial assets	1,634,279	24,977	1,609,302	1,609,302
Shares in at-equity valued companies	589,556	0	589,556	0
Loan loss provisions	–124,027	70,447	–194,474	0
Trading assets	36,544	–5,415	41,959	22,011
Intangible fixed assets	944	0	944	0
Property, plant and equipment	301,410	0	301,410	0
Properties held as financial investments	57,785	0	57,785	0
Current tax refunds	276	0	276	0
Deferred tax refunds	8,526	–21,256	29,782	0
Other assets	84,073	3,505	80,568	0
Total assets	**10,528,579**	**65,971**	**10,462,608**	**1,631,313**

Assets in EUR thousand **Balance sheet structure up to 31 December 2017**	**31.12.2017**	**Splitting**
Cash reserves	320,708	0
Loans to credit institutions	288,415	0
Loans to clients	7,336,377	0
Loan loss provisions	–194,474	0
Trading assets	19,948	0
Financial assets - at fair value through profit or loss	35,685	–35,685
Financial assets - available for sale	1,545,238	–1,545,238
Financial assets – held to maturity	0	0
Shares in at-equity valued companies	589,556	0
Intangible fixed assets	944	0
Property, plant and equipment	301,410	0
Properties held as financial investments	57,785	0
Current tax refunds	276	0
Deferred tax refunds	29,782	0
Other assets	130,958	–50,390
Total assets	**10,462,608**	**–1,631,313**

Liabilities in EUR thousand Balance sheet structure from 1 January 2018	01.01.2018	IFRS 9 revaluation	31 December 2017 after restructuring	Splitting
Liabilities to credit institutions	1,212,086	0	1,212,086	0
Liabilities to clients	6,287,594	0	6,287,594	0
Other financial liabilities	1,336,211	–658	1,336,869	1,336,869
Trading liabilities	6,091	0	6,091	0
Reserves and provisions	133,874	2,678	131,196	0
Current tax owed	6,759	0	6,759	0
Deferred tax owed	5,535	0	5,535	0
Other liabilities	109,152	0	109,152	0
Equity	1,431,277	63,951	1,367,326	0
Non-controlling interests	38,257	0	38,257	0
Owners of the parent company	1,393,020	63,951	1,329,069	0
Total liabilities	**10,528,579**	**65,971**	**10,462,608**	**1,336,869**

Liabilities in EUR thousand Balance sheet structure up to 31 December 2017	31.12.2017	Splitting
Liabilities to credit institutions	1,212,086	0
Liabilities to clients	6,287,594	0
Securitised debt	1,156,916	–1,156,916
Trading liabilities	6,091	0
Reserves and provisions	131,196	0
Current tax owed	6,759	0
Deferred tax owed	5,535	0
Other liabilities	127,896	–18,744
Subordinated capital	161,209	–161,209
Equity	1,367,326	0
Non-controlling interests	38,257	0
Owners of the parent company	1,329,069	0
Total liabilities	**10,462,608**	**–1,336,869**

The IFRS 9 standard is the new regulation for the categorisation and valuation of financial instruments. For financial assets, IFRS 9 provides for three different valuation categories: valuation at cost plus amortisation (AC, amortised cost), fair value through profit and loss (FVP&L) and fair value through other comprehensive income (FVOCI). These three categories replace the previously applicable valuation categories of loans and receivables, fair value through profit or loss, available for sale, and held to maturity. The allocation to one of the three valuation categories depends on the contractual cashflow characteristics (SPPI) and the business model.

The SPPI criterion says that transactions may only be valued at amortised acquisition cost if the payments only cover the remaining capital amount and the fair current value of the money. In BTV, the lending business is allocated to the holding business model in accordance with IFRS 9 and, if the SPPI criterion is met, it is therefore measured at amortised cost, less any impairment. Foreign currency receivables are valued at the ECB exchange rate on the balance sheet date.

The old loan portfolio was assigned to the holding business model. In the event of a breach of defined SPPI criteria, loans in the lending business are valued at fair value through the income statement. For the legacy stock, BTV will not be able to carry out a retrospective benchmark test. For this reason, all loans from the old portfolio with identified SPPI harmfulness were valued at fair value.

For securities on its own account, all three business models (hold, hold and sell, and sell) are used. BTV assigns to the hold business model securities in euros that are SPPI-compliant and suitable for measurement at amortised cost. In the hold and sell business model, securities are denominated both in euro and in foreign currencies, which are carried at fair value through other comprehensive income. Securities in which the fair value option is exercised are recognised in the income statement at fair value.

Interest from securities is delimited on an accrual basis and shown in net interest.

Equity instruments held are in principle to be measured at fair value. However, there is a one-off and irrevocable option to recognise all changes in value in other comprehensive income in equity for all individual instruments with the exception of the trading portfolio. A later recycling is not possible. BTV applies the OCI option for equity instruments in the amount of EUR 113.6 million and designates it at fair value through other comprehensive income (FVOCI). Equity instruments in the amount of EUR 30.9 million are measured at fair value through profit or loss (FVP&L)

Derivatives continue to be carried at fair value in accordance with IFRS 9. This means there are no changes to IAS 39 for BTV.

Reconciliation of the valuation categories for financial assets according to IAS 39 with the categories according to IFRS 9 is shown below:

	IAS 39		IFRS 9	
Financial assets in EUR thousand	**Valuation category**	**Book value 31.12.2017**	**Valuation category**	**Book value 01.01.2018**
Cash reserves	Amortised costs	**320,708**	Amortised costs (AC)	**320,708**
Loans to credit institutions	Amortised costs	**288,415**	Amortised costs (AC)	**288,415**
Loans to clients		**7,336,377**		**7,330,090**
	Amortised costs	7,336,377	Amortised costs (AC)	7,111,999
			fair value through profit and loss (FVP&L)	218,092
Other financial assets		**1,580,923**		**1,583,889**
	Financial assets - available for sale	1,545,238	Amortised costs (AC)	1,064,348
			fair value through other comprehensive income (FVOCI)	449,841
			fair value through profit and loss (FVP&L)	66,864
	Fair-value option	35,685	Fair-value option	2,836
Derivatives	fair value through profit and loss	**50,390**	fair value through profit and loss (FVP&L)	**50,390**
Trading assets	fair value through profit and loss	**19,948**	fair value through profit and loss (FVP&L)	**36,544**

Financial liabilities in EUR thousand	IAS 39 Valuation category	Book value 31.12.2017	IFRS 9 Valuation category	Book value 01.01.2018
Liabilities to credit institutions	Amortised costs	**1,212,086**	Amortised costs (AC)	**1,212,086**
Liabilities to clients	Amortised costs	**6,287,594**	Amortised costs (AC)	**6,287,594**
Other financial liabilities		**1,318,125**		**1,317,467**
	Securitised debt -amortised costs	752,968	Amortised costs (AC)	822,655
	Subordinated capital - amortised costs	36,328		
	Securitised debt - fair-value option	403,948	Fair-value option	494,812
	Subordinated capital - fair-value option	124,881		
Derivatives	fair value through profit and loss	**18,744**	fair value through profit and loss (FVP&L)	**18,744**
Trading liabilities	fair value through profit and loss	**6,091**	fair value through profit and loss (FVP&L)	**6,091**

The following reconciliations show the impact of IFRS 9 on risk provisions and equity:

Impacts, loan-loss provisions in EUR thousand	**Loan loss provisions acc. to balance sheet**
Loan-loss provisions on 31 December 2017 acc. to IAS 39	194,474
Change due to recategorisation	–6,176
Change due to introduction of the ECL model	–64,271
Level 1	10,856
Level 2	7,517
Resolution of portfolio impairments	–82,644
Loan-loss provisions on 1 January 2018 acc. to IFRS 9	**124,027**
Reserves for guarantees and credit on 31 December 2017 acc. to IAS 39	40,661
Change due to introduction of the ECL model	2,678
Level 1	186
Level 2	2,492
Reserves for guarantees and credit on 1 January 2018 acc. to IFRS 9	**43,339**

Impacts on equity in EUR thousand	**Total equity acc. to balance sheet**
Equity on 31 December 2017 acc. to IAS 39	1,367,326
IFRS 9 amendments from	63,951
Categorisation and valuation	23,614
Loan loss provisions	61,593
Deferred tax effects from	–21,256
Categorisation and valuation	–5,903
Loan loss provisions	–15,353
Equity on 1 January 2018 acc. to IFRS 9	**1,431,277**

Deferred tax effects had an impact on retained earnings of EUR -15.869 million and on accumulated other comprehensive income of EUR -5.387 million.

1 Loans and advances to banks in EUR thousand	31.03.2018	31.12.2017
Amortised costs	247,256	288,415
Loans to credit institutions	**247,256**	**288,415**

2 Customer receivables in EUR thousand	31.03.2018	31.12.2017
Amortised costs	7,181,044	7,336,377
Mandatorily at fair value	223,422	n.a.
Loans to clients	**7,404,466**	**7,336,377**

3 Other financial assets in EUR thousand	31.03.2018	31.12.2017
Debt securities at cost plus amortisation	1,002,847	n.a.
Debt securities at fair value through other comprehensive income (FVOCI)	320,172	n.a.
Debt securities mandatorily at fair value	35,024	n.a.
Debt securities fair-value option	2,726	n.a.
Equity instruments at fair value through other comprehensive income (FVOCI)	113,587	n.a.
Equity instruments at fair value through profit and loss (FVP&L)	30,871	n.a.
Positive market values from derivative hedging instruments[1]	47,339	n.a.
Financial assets - at fair value through profit or loss	n.a.	35,685
Financial assets - available for sale	n.a.	1,545,238
Financial assets – held to maturity	n.a.	0
Other financial assets	**1,552,566**	**1,580,923**

4 Shares in companies valued at-equity in EUR thousand	31.03.2018	31.12.2017
Credit institutions	590,469	570,961
Non-credit institutions	19,856	18,595
Shares in at-equity valued companies	**610,325**	**589,556**

[1] As part of the first-time adoption of IFRS 9 and the adjustment of the balance sheet structure, the derivatives were reclassified from miscellaneous assets to other financial assets.

n.a. = not available due to first-time application of IFRS 9

5 Loan loss provisions 2018 (inventories) in EUR thousand	Position 31 December 2017	Reclassi-fication & Revalua-tion IFRS 9	Position 1 January 2018	Appro-priation	Releas-es	Con-sump-tion	Currency conversion	Reclass-ification	Position 31 March 2018
Value adjustments level 1	n.a.	10,856	10,856	3,317	–4,230	0	0	0	9,943
Value adjustments level 2	n.a.	7,517	7,517	1,512	–2,021	0	0	0	7,008
Individual valuation adjustment to loans to credit institutions	0	0	0	0	0	0	0	0	0
Individual valuation adjust-ment to loans to customers	111,830	–6,176	105,654	7,918	–8,205	–623	–34	177	104,887
Portfolio valuation adjustments pursuant to IAS 39	82,644	–82,644	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Loan loss provisions in the credit business	**194,474**	**–70,447**	**124,027**	**12,746**	**–14,455**	**–623**	**–34**	**177**	**121,838**
Reserves for guarantees Level 1	n.a.	33,965	33,965	2,054	–43	0	0	0	35,976
Reserves for guarantees Level 2	n.a.	93	93	48	–47	0	0	0	94
Reserves for guarantees Level 3	n.a.	5,437	5,437	64	–2,814	0	–3	0	2,682
Reserves of unused credit level 1	n.a.	1,515	1,515	1,182	–892	0	0	0	1,806
Reserves of unused credit level 2	n.a.	977	977	48	–655	0	0	0	370
Reserves of unused credit level 3	n.a.	1,352	1,352	2,880	–374	0	0	0	3,858
Reserves and provisions Performance guarantees	40,661	–40,661	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Reserves and provisions Guarantees and credit	**40,661**	**2,678**	**43,339**	**6,276**	**–4,826**	**0**	**–3**	**0**	**44,786**
Total risk provisions	**235,135**	**–67,769**	**167,366**	**19,022**	**–19,281**	**–623**	**–38**	**177**	**166,624**

Loan loss provisions 2017 (inventories) in EUR thousand	Position 31/12/2016	Appro-priation	Releases	Con-sump-tion	Currency conversion	Splitting	Position 31 March 2017
Individual valuation adjustment to Loans to credit institutions	0	0	0	0	0	0	0
Individual valuation adjustment to Loans to clients	123,292	3,168	–3,397	–4,089	15	0	118,990
Portfolio valuation adjustments pursuant to IAS 39	84,598	0	–30	0	0	0	84,568
Loan-loss provisions in the credit business	**207,890**	**3,168**	**–3,427**	**–4,089**	**15**	**0**	**203,557**
Reserves and provisions commitments	33,429	2,697	–1,611	0	1	–310	34,206
Total risk provisions	**241,319**	**5,866**	**–5,038**	**–4,089**	**16**	**–310**	**237,763**

n.a. = not available due to first-time application of IFRS 9

Within the loan loss provisions, the counterparty risk was recorded directly in the relevant balance sheet items in the reporting period. Reclassifications in the individual valuation adjustment of loans to customers and the reserves and provisions for performance bonds result from the pro rata consolidation of Alpenländische Garantie-Gesellschaft m.b.H.

The columns Addition (+) and Reversal (–) contain new business, disposal of financial assets, change in the likelihood of default, the adjustment of contractual cash flows and transfers between the individual levels, which are detailed in note 5a.

5a Level transfers in EUR thousand	**Value adjustment 1 January 2018 to 31 March 2018**		
	Level 1	Level 2	Level 3
Transfer from level 1 to level 2	–113	113	0
Transfer from level 1 to level 3	–17	0	17
Transfer from level 2 to level 1	962	–962	0
Transfer from level 2 to level 3	0	–12	12
Transfer from level 3 to level 2	0	0	0
Total	**832**	**–861**	**29**

At BTV, shown transfers from one level to another are posted to the income statement via allocation or removal in the respective items and are included in the values in Note 5 in the respective items allocation (+) and removal (-).

6 Trading assets in EUR thousand	**31.03.2018**	**31.12.2017**
Funds	21,577	n.a.
Positive market values arising from derivative transactions	12,684	19,948
Trading assets	**34,261**	**19,948**

7 OTHER ASSETS IN EUR THOUSAND	**31.03.2018**	**31.12.2017**
Positive market values from derivatives trades[1]	n.a.	50,390
Other assets	93,397	80,568
Other assets	**93,397**	**130,958**

[1] As part of the first-time adoption of IFRS 9 and the adjustment of the balance sheet structure, the derivatives were reclassified from miscellaneous assets to other financial assets.

n.a. = not available due to first-time application of IFRS 9

8 Liabilities to banks in EUR thousand	31.03.2018	31.12.2017
Credit institutions	1,381,212	1,212,086
Liabilities to credit institutions	**1,381,212**	**1,212,086**

9 Liabilities to customers in EUR thousand	31.03.2018	31.12.2017
Savings deposits	1,265,820	1,265,718
Other deposits	5,038,198	5,021,876
Liabilities to clients	**6,304,018**	**6,287,594**

10 Other details in EUR thousand	31.03.2018	31.12.2017
Own liabilities at cost plus amortisation	852,675	n.a.
Own liabilities fair-value option	476,915	n.a.
Negative market values from derivative hedging instruments[1]	17,118	n.a.
Securitised debt	n.a.	1,156,916
Subordinated capital	n.a.	161,209
Other financial liabilities	**1,346,708**	**1,318,125**

11 Trading liabilities in EUR thousand	31.03.2018	31.12.2017
Negative market values arising from derivative transactions	6,681	6,091
Trading liabilities	**6,681**	**6,091**

[1] As part of the first-time adoption of IFRS 9 and the adjustment of the balance sheet structure, derivatives were reclassified from miscellaneous liabilities to other financial liabilities.

n.a. = not available due to first-time application of IFRS 9

12 Reserves and provisions in EUR thousand	**31.03.2018**	**31.12.2017**
Long-term payroll reserves	83,291	83,524
Other reserves and provisions	49,245	47,672
Reserves and provisions	**132,536**	**131,196**

13 OTHER LIABILITIES IN EUR THOUSAND	**31.03.2018**	**31.12.2017**
Negative market values from derivatives trades[1]	n.a.	18,744
Other liabilities	116,856	109,152
Other liabilities	**116,856**	**127,896**

14 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 1.875% by the capital buffer defined in CRD IV (Capital Requirements Directive IV). For the entire core capital, a minimum requirement of 7.875% is provided; the total equity must have a minimum value of 9.875%.
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.

[1] As part of the first-time adoption of IFRS 9 and the adjustment of the balance sheet structure, derivatives were reclassified from miscellaneous liabilities to other financial liabilities.

n.a. = not available due to first-time application of IFRS 9

Consolidated Equity according to CRR in EUR millions	31.03.2018	31.12.2017
Common equity (CET1)		
Capital instruments qualifying as CET1	225.4	225.4
Proprietary CET1 instruments	–13.6	–12.9
Retained earnings and other surplus reserves	1,157.1	1,091.9
Aggregated other income	13.3	27.4
Other reserves	128.9	129.0
Transitional changes owing to the transitional provisions for CET1 capital instruments	2.0	2.5
Prudential filters	–0.2	–0.2
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	–455.9	–443.7
Other transitional changes to CET1	0.0	50.7
Common equity (CET1)	**1,056.8**	**1,069.8**
Additional core capital (Additional Tier 1)		
Changes owing to the transitional provisions for Additional Tier 1 capital instruments	14.0	17.5
Other transitional changes to Additional Tier 1	0.0	–17.5
Additional core capital (Additional Tier 1)	14.0	0.0
Core capital (Tier 1): sum of common equity (CET1) and additional (AT1) core capital	**1,070.8**	**1,069.8**
Supplementary capital (Tier 2)		
Paid-up capital instruments and subordinated loans	105.2	103.9
Direct positions in supplementary capital instruments	–11.8	–11.8
Changes owing to the transitional provisions for supplementary capital instruments and subordinated loans	3.2	6.3
Other transitional changes to supplementary capital	0.0	–43.1
Supplementary capital (Tier 2)	**96.6**	**55.2**
Total qualifying equity	**1,167.4**	**1,125.0**
Total risk-weighted assets	**7,210.6**	**7,108.3**
Common equity Tier 1 ratio	14.66 %	15.05 %
Core capital ratio	14.85 %	15.05 %
Equity ratio	16.19 %	15.83 %

Equity on 31 March 2018 increased compared to 31 December 2017 by EUR +42.4 million. The first-time application of IFRS 9 as of 1 January 2018 had a positive effect on core capital of EUR +51.2 million under „Retained earnings“ and „Cumulative other comprehensive income“. The remaining deviations in the items „core capital“, „additional core capital“ and „supplementary capital“ result from the expiry of numerous regulatory transitional provisions.

15 Net interest income in EUR thousand	**01.01.– 31.03.2018**	**01.01.– 31.03.2017**
Interest and similar income from		
Lending and money market transactions with credit institutions	1,369	2,020
Lending and money market transactions with clients	35,443	34,696
Other financial assets	2,535	4,091
Trading assets	22	n.a.
Interest earnings on liabilities	213	468
Sub-total interest and similar income	**39,582**	**41,275**
Interest and similar expenses on		
Credit institutions deposits	–1,127	–1,665
Customer deposits	–2,965	–3,639
Other financial liabilities	–4,052	–4,903
Interest costs, long-term personnel reserves	–363	–354
Interest expense from assets	–222	–275
Sub-total interest and similar expenses	**–8,729**	**–10,836**
Income from at-equity valued companies	11,631	10,602
Net interest income, incl. at-equity result	**42,484**	**41,041**

16 Loan-loss provisions in lending business in EUR thousand	**01.01.– 31.03.2018**	**01.01.– 31.03.2017**
Transfer to loan loss provisions on balance	–12,760	–3,169
Allocation to off-balance sheet provisions	–6,276	–2,697
Release of on-balance sheet provisions	14,495	3,559
Release of off-balance sheet provisions	4,825	1,611
Direct write-downs	–59	–18
Income from amortised receivables	30	28
Loan-loss provisions in the credit business	**255**	**–686**

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

n.a. = not available due to first-time application of IFRS 9

17 NET COMMISSION INCOME IN EUR THOUSAND	01.01.–31.03.2018	01.01.–31.03.2017
Commission income from		
Credit transactions	1,926	2,065
Payment transactions	3,672	3,665
Securities trading	7,671	6,745
Currency, foreign exchange and precious metals trading	869	1,016
Other services business	646	743
Sub-total commission income	**14,784**	**14,234**
Commission expenses from		
Credit transactions	–124	–66
Payment transactions	–246	–332
Securities trading	–596	–516
Currency, foreign exchange and precious metals trading	0	0
Other services business	–258	–234
Sub-total commission expenses	**–1,224**	**–1,148**
Net commission income	**13,560**	**13,086**

18 Trading income in EUR thousand	01.01.–31.03.2018	01.01.–31.03.2017
Valuation and realisation gains from derivatives	29	74
Valuation and realisation gains from bonds	–96	65
Valuation and realisation gains from funds	–433	n.a.
Income from foreign exchange and notes and coins transactions	283	–222
Trading income	**–217**	**–83**

19 Income from securities in EUR thousand	01.01.–31.03.2018	01.01.–31.03.2017
Realisation gains - amortised costs	0	n.a.
Valuation and realisation gains - fair value through other comprehensive income (FVOCI)	0	n.a.
Valuation and realisation gains - mandatorily at fair value	–758	n.a.
Valuation and realisation gains - fair-value option	165	n.a.
Fair value hedge accounting income[1]	–3	n.a.
Profit arising from financial assets – at fair value through profit or loss	n.a.	–520
Profit arising from financial assets – available for sale	n.a.	115
Profit arising from financial assets – held to maturity	n.a.	0
Income from financial transactions	**–596**	**–405**

[1] As part of the first-time adoption of IFRS 9 and the adjustment of the balance sheet structure, earnings from hedge accounting were reclassified from other operating income to income from financial transactions.

n.a. = not available due to first-time application of IFRS 9

20 Operating expenses in EUR thousand	01.01.– 31.03.2018	01.01.– 31.03.2017
Payroll	–23,692	–22,908
Materials	–13,172	–13,050
Amortisation	–6,689	–6,700
Operating expenses	**–43,553**	**–42,658**

20a Average number of employees, weighted by person-years	31.03.2018	31.03.2017
White collar	944	924
Blue collar	530	476
Payroll	**1,474**	**1,400**

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.– 31.03.2018	01.01.– 31.03.2017
Income from other transactions	34,920	32,783
Expenses from other transactions	–5,972	–5,409
Hedge accounting income[1]	n.a.	–43
Other operating profit	**28,948**	**27,331**

[1] As part of the first-time adoption of IFRS 9 and the adjustment of the balance sheet structure, earnings from hedge accounting were reclassified from other operating income to income from financial transactions.

n.a. = not available due to first-time application of IFRS 9

22 Performance bonds and credit risks in EUR thousand	**01.01.– 31.03.2018**	**01.01.– 31.03.2017**
Securities/guarantees	318,260	277,720
Credit risks	1,568,399	1,405,218
Performance bonds and credit risks	**1,886,659**	**1,682,938**

23 Earnings per share (ordinary and preference shares)	**31.03.2018**	**31.03.2017**
Equities (ordinary and preference shares)	30,937,500	27,500,000
Average float (ordinary and preference shares)	30,859,132	27,467,847
Net Group income in thousands of euro	27,451	25,910
EPS (Earnings per share) in EUR	**0.89**	**0.94**
Diluted earnings per share in EUR (ordinary and preference shares)	0.89	0.94

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“.

24 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 homogeneous,
- willing contractual buyers and sellers can normally 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 not currently 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 loans that are to be recognised at fair value are valued as follows:

Level 3
The loans that are to be recognised at fair value are valued using a discounted cash flow method in which the future projected cash flows are discounted for the lifespan of the instrument taking into account the credit risk. The discount curve is increased by one epsilon, which is calibrated in such a way that the transaction corresponds to the nominal value at the time of initialisation and thus does not generate a valuation gain/loss. The sum of the cash flows discounted in this way gives the fair value.

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

Fair value hierarchy of financial instruments which are valued at fair value as at 31 March 2018 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			
Loans and advances to banks mandatorily at fair value	0	0	0
Loans and advances to customers mandatorily at fair value	0	0	223,422
Debt securities at fair value through other comprehensive income (FVOCI)	279,079	41,093	0
Debt securities mandatorily at fair value	24,303	10,721	0
Debt securities fair-value option	2,726	0	0
Equity instruments at fair value through other comprehensive income (FVOCI)	46,901	0	66,686
Equity instruments at fair value through profit and loss (FVP&L)	30,871	0	0
Positive market values from derivative hedging instruments	0	47,339	0
Trading assets - funds	21,577	0	0
Trading assets - positive market values arising from derivative financial instruments	0	12,684	0
Overall financial assets classified at fair value	**405,457**	**111,837**	**290,108**
Financial liabilities stated at fair value			
Own liabilities fair-value option	0	476,915	0
Negative market values from derivative hedging instruments	0	17,118	0
Trading liabilities - negative market values arising from derivative financial instruments	0	6,681	0
Overall liabilities classified at fair value	**0**	**500,714**	**0**

Fair value hierarchy of financial instruments which are valued at fair value as at 31 DECEMBER 2017 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	0	0
Positive market values from derivative financial instruments	0	70,338	0
Assets classified at fair value	25,020	10,665	0
Financial assets available for sale	1,397,131	55,427	65,834
Overall financial assets classified at fair value	**1,422,151**	**136,430**	**65,834**
Financial liabilities stated at fair value			
Negative market values from derivative financial instruments	0	24,835	0
Liabilities classified at fair value	0	528,830	0
Overall liabilities classified at fair value	**0**	**553,665**	**0**

Movements in level 3 of financial instruments assessed at fair value in EUR thousand	**31.12.2017**	**Reclassification & Revaluation IFRS 9**	**01.01.2018**	**Earnings on P&L**	**Success**
Loans and advances to banks mandatorily at fair value	n.a.	0	0	0	
Loans and advances to customers mandatorily at fair value	n.a.	218,092	218,092	399	
Debt securities at fair value through other comprehensive income (FVOCI)	n.a.	0	0	0	
Debt securities mandatorily at fair value	n.a.	0	0	0	
Debt securities fair-value option	n.a.	0	0	0	
Equity instruments at fair value through other comprehensive income (FVOCI)	n.a.	66,058	66,058	0	
Equity instruments at fair value through profit and loss (FVP&L)	n.a.	0	0	0	
Positive market values from derivative hedging instruments	n.a.	0	0	0	
Trading assets - funds	n.a.	0	0	0	
Trading assets - positive market values from derivative financial instruments	0	0	0	0	
Financial assets available for sale	65,834	–65,834	0	n.a.	
Overall financial assets classified at fair value	**65,834**	**218,316**	**284,150**	**399**	

Movements between level 1, level 2 and level 3 In the current reporting year 2018, there have not been any movements between the individual levels.

n.a. = not available due to first-time application of IFRS 9

from other operating income	Purchases	Sales, repay-ments	Transfer to level 3	Transfer from level 3	Currency conversion	31.03.2018
0	0	0	0	0	0	0
0	12,510	–7,579	0	0	0	223,422
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
628	0	0	0	0	0	66,686
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
628	**12,510**	**–7,579**	**0**	**0**	**0**	**290,108**

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

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

Assets **in EUR thousand**	**Fair value 31/03/2018**	**Book value 31.03.2018**	**Fair value 31/12/2017**	**Book value 31.12.2017**
Cash reserves	581,860	581,860	320,708	320,708
Loans and advances at cost plus amortisation	247,283	247,256	288,685	288,415
Loans and advances to customers at cost plus amortisation	7,113,818	7,181,044	7,670,777	7,336,377
Other financial assets at cost plus amortisation	1,009,693	1,002,847	n.a.	n.a.
Financial assets – held to maturity	n.a.	n.a.	0	0

Liabilities **in EUR thousand**	**Fair value 31/03/2018**	**Book value 31.03.2018**	**Fair value 31/12/2017**	**Book value 31.12.2017**
Liabilities to credit institutions	1,333,519	1,381,212	1,187,916	1,212,086
Liabilities to clients	6,283,844	6,304,018	6,298,377	6,287,594
Other financial liabilities at cost plus amortisation	865,229	852,675	n.a.	n.a.
Securitised debt	n.a.	n.a.	755,487	752,967
Subordinated capital	n.a.	n.a.	36,324	36,328

n.a. = not available due to first-time application of IFRS 9

26 Hedge accounting

Underlying transactions	Book value of the underlying transaction		Cumulative book value adjustment for underlying transactions in fair value hedges, including book value of the underlying transaction		Change in value for the calculation of ineffectiveness for 2018
	Assets	Liabilities	Assets	Liabilities	
Fair value hedges					
Interest rate risk					
Loans to clients	117,266		5,979		–11
Liabilities to clients		125,821		16,300	7
Other financial liabilities		154,416		16,839	1

Hedging transactions	Nominal value	Book value		Changes in fair value for the calculation of ineffectiveness for 2018
		Assets	Liabilities	
Fair value hedges				
Interest rate risk				
Other financial assets	267,300	33,418	0	8
Other financial liabilities	126,516	0	6,101	–11

Ineffectiveness	Ineffectiveness recorded in the P&L	Ineffectiveness recorded in the OCI	Items in the P&L and in the OCI which show hedge ineffectiveness
Fair value hedges			
Interest rate risk			
Loans to clients	–11	0	Income from financial transactions
Liabilities to clients	7	0	Income from financial transactions
Other financial liabilities	1	0	Income from financial transactions

Positive market values for hedging transactions are posted to other financial assets under Derivatives, negative market values for hedging transactions under Derivatives in other financial liabilities.

25 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 profit centre 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.

Since the 2018 financial year, profit centre accounting has been used to provide the markets with an overall view of the earnings situation of its own sales unit. In BTV, a distinction is made between profit centre and service centre, whereby the profit centres can be assigned services and income directly, while the service centres perform the services for the profit centres. The introduction of profit centre accounting has the greatest impact on administrative expenses in the segment report. This is calculated as the direct personnel, material and occupancy costs as well as the overhead personnel, material and occupancy costs. The new calculation logic will be applied for the first time as of 31 March 2018, so there may be larger deviations compared to the previous year.

The abovementioned reports reflect the structure of management responsibilities within BTV in 2018. 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 the separation of business areas is primarily the responsibility for looking after clients. Changes in this responsibility can also lead to changes in attribution to a segment during the course of a year. These effects were, where insignificant, not corrected in the comparison with last year.

In 2018, 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 Executive Board matters, 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 segment is the largest area in terms of earnings. Operating interest income forms its main revenue component. Compared to the first quarter of 2017, interest income increased by EUR 0.5 million to EUR 24.3 million.

The loan loss provisions in the credit business had a positive impact on the results for the segment in the first quarter of 2018. Compared with the previous year, the positive effect increased by EUR 0.5 million to EUR 1.4 million.

Net commission income fell by EUR 1.5 million compared to the first quarter of 2017 to EUR 5.6 million. Administrative costs rose by EUR +1.6 million to EUR 9.0 million. Strong new business led to an increase in segment receivables of EUR +469 million to EUR 5,561 million. The segment liabilities increased compared to the first quarter of 2017 by EUR +261 million to EUR 2,565 million. In total, the profit for the period before taxes reached EUR 22.4 million and was therefore EUR -2.0 million below the previous year's figure.

Retail client segment

The retail client business is the second pillar of BTV, and contributed interest income of EUR 8.9 million to interest earnings.

Loan loss provisions in the credit business fell by EUR 0.3 million to EUR -0.1 million. Commission income rose by EUR +0.2 million to EUR 8.1 million. The cost intensity due to the retail sector typically being highly demanding in terms of staff and premises, led to an increase of EUR +1.0 million in the operating costs of EUR 13.6 million. The Other business earnings held steady compared to the first quarter of 2017 at EUR 0.2 million. Overall, the retail business segment achieved earnings before tax of EUR 3.4 million in this period, compared to EUR 5.0 million in the prior year.

Institutional clients and banks segment

The results for the segment of Institutional Customers and Banks fell substantially compared to the prior year. Interest earnings fell significantly by EUR -1.6 million to EUR 1.9 million. Income from financial assets, including trading income, fell by EUR -0.2 million to EUR -0.7 million. Operating expenses in this segment were up EUR 0.4 million and amounted to EUR 0.9 million. In total, the pre-tax profit for the period was EUR 0.4 million.

Leasing segment

BTV's leasing subsidiary remained stable in the first quarter of 2018. Customer cash volumes increased by EUR 73 million to EUR 956 million. Interest income benefited from the performance of the lending business and recorded a moderate increase of EUR +0.2 million to EUR 4.8 million.

Loan loss provisions in the lending business were EUR 0.3 million on 31 March 2018. A fall of EUR -0.3 million to EUR 0.1 million occurred in commission earnings. At EUR 1.5 million, operating expenses matched the level of the previous year. The pre-tax profit for the period thus fell by EUR -0.7 million overall to EUR 3.7 million.

Cable cars segment

The cable cars segment comprises Mayrhofner Bergbahnen AG and the Silvretta Montafon Group. The results in both companies are heavily dependent on the season, therefore there are always fluctuations in the course of tourism-dominated business.

Other operating profit, which mainly includes the revenues, increased significantly by EUR +2.5 million to EUR 30.4 million. The Silvretta Montafon Group employed an average of 459 people during the reporting period, and the Mayrhofner Bergbahnen AG an average of 209. Operating expenses grew by EUR 1.1 million to EUR 16.5 million. In total, earnings from the first quarter of 2018 including a slightly negative net interest income (EUR -0.4 million) were EUR 13.6 million, an increase of EUR +1.5 million compared with the first quarter of 2017.

Segment reporting in EUR thousand	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, incl. at-equity result	03/2018	24,325	8,894	1,914	4,763	–404	39,492	2,992	42,484
	03/2017	23,779	9,850	3,489	4,560	–396	41,282	241	41,041
Loan-loss provisions in the credit business	03/2018	1,435	–109	190	–317	0	1,199	–944	255
	03/2017	873	–424	–81	–14	0	354	–1,040	–686
Net commission income	03/2018	5,639	8,059	0	88	0	13,786	–226	13,560
	03/2017	7,157	7,878	0	369	0	15,404	–2,318	13,086
Operating expenses	03/2018	–8,999	–13,616	–938	–1,467	–16,453	–41,473	–2,080	–43,553
	03/2017	–7,440	–12,562	–548	–1,456	–15,395	–37,402	–5,256	–42,658
Other operating profit	03/2018	0	198	0	537	30,417	31,152	–2,204	28,948
	03/2017	0	220	0	881	27,916	29,017	–1,686	27,331
Income from financial assets and trading income	03/2018	0	0	–746	53	0	–693	–120	–813
	03/2017	0	0	–523	108	0	–415	–73	–488
Result for the period before tax	**03/2018**	**22,400**	**3,426**	**420**	**3,657**	**13,560**	**43,463**	**–2,582**	**40,881**
	03/2017	**24,368**	**4,961**	**2,337**	**4,449**	**12,126**	**48,242**	**–10,616**	**37,626**
Segment loans	03/2018	5,560,790	1,351,396	2,221,468	955,909	20,950	10,110,513	–776,885	9,333,628
	03/2017	5,091,671	1,358,759	2,324,907	883,051	17,873	9,676,261	–421,201	9,255,060
Segment liabilities	03/2018	2,564,762	3,502,779	2,290,635	899,374	91,545	9,349,095	–334,275	9,014,820
	03/2017	2,304,212	3,315,199	2,511,935	827,109	86,474	9,044,929	–393,677	8,651,252

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." in the Net interest income, incl. at-equity result section. 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 conversion of 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, other financial assets of the valuation categories „amortised costs", „fair value on balance sheet", „fair value through profit and loss", and „fair value option", as well as 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 segment liabilities are allocated to the entries „liabilities to banks", „liabilities to clients", and „other financial liabilities" of the valuation categories „amortised costs" and „fair value option". Consolidating entries are also included 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 earnings position of the BTV group, and that the report paints as faithful a picture as possible of the asset, financial and earnings position of the BTV group with reference to the important events during the first three months of the financial year and their effects on the abridged interim group financial statements with respect to the main risks and uncertainties to which the group is exposed.

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

Innsbruck, May 2018

The Board of Directors

Michael Perger
Member of the Board

Member of the Board, responsible for Retail Customer business; 3 Banks Insurance Brokers; Group audit division; 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; taxes; group auditing; compliance and anti-money laundering.

Imprint

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Notes

Any reference in the interim report to a person (e.g. he, him) is intended to apply equally to 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
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Further details pursuant to Section 25 of the Austrian Media Act can be found at www.btv.at/impressum.

Principle objective

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

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BTV Finance and Controlling
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Final version

18 May 2018

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