

# QUARTERLY REPORT AS AT 31 MARCH 2012

HYPO LANDESBANK VORARLBERG



**Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft**

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### Key figures of Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft (Hypo Landesbank Vorarlberg) – Group reporting per IFRS:

in '000 EUR	31.03.2012	31.12.2011	Change	
			in '000 EUR	in %
Total assets	14,409,393	14,218,604	190,789	1.3
Loans and advances to customers (L&R)	8,585,954	8,522,023	63,931	0.8
Amounts owed to customers (LAC)	4,553,807	4,236,334	317,473	7.5
Liabilities evidenced by certificates (LAC)	1,366,788	1,489,110	-122,322	-8.2
Capital resources pursuant to the Austrian Banking Act	1,062,308	1,051,779	10,529	1.0
thereof core capital Tier 1	714,319	721,725	-7,406	-1.0

in '000 EUR	01.01.- 31.03.2012	01.01.- 31.03.2011	Change	
			in '000 EUR	in %
Net interest income after loan loss provisions	32,462	29,611	2,851	9.6
Net fee and commission income	9,724	9,810	-86	-0.9
Net trading result	8,591	5,707	2,884	50.5
Administrative expenses	-22,555	-21,977	-578	2.6
Earnings before taxes	26,323	21,100	5,223	24.8

Key figures	31.03.2012	31.03.2011	Change	
			absolute	in %
Cost-Income-Ratio (CIR)	45.05%	46.16%	-1.11%	-2.4
Solvency ratio (banking book)	13.60%	13.25%	0.35%	2.6
Return on equity (ROE)	16.87%	14.72%	2.15%	14.6

Human resources	01.01.- 31.03.2012	01.01.- 31.03.2011	Change	
			absolute	in %
Employees	728	694	34	4.9

### The shareholders of Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft (Hypo Landesbank Vorarlberg) as at 31 March 2012 are:

Shareholders	Total shareholding	Voting rights
Vorarlberger Landesbank-Holding	74.9997%	74.9997%
Austria Beteiligungsgesellschaft mbH	25.0003%	25.0003%
Landesbank Baden-Württemberg	16.6669%	
Landeskreditbank Baden-Württemberg Förderbank	8.3334%	
<b>Share capital</b>	<b>100.0000%</b>	<b>100.0000%</b>

Rating   Moody's*	
Long-term for liabilities with state deficiency guarantee	Aaa
for liabilities without state deficiency guarantee (as of 2 April 2007)	A1
Short-term	P-1

\* On 21 February 2012, the rating agency Moody's posted a negative outlook for Austria and also changed the outlook for numerous banks, including Hypo Landesbank Vorarlberg, from stable to negative.

## **CONSOLIDATED INTERIM REPORT IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AS AT 31 MARCH 2012**

### **BANKING BUSINESS ENVIRONMENT IN THE FIRST QUARTER OF 2012**

Both the mood and the economic conditions in the global stock markets improved significantly in the first weeks of 2012. In the United States, the real estate and job markets showed strong signs of life. The improvement in the US economy, after six months of recession worries, allowed the Federal Reserve to move away from a third round of quantitative easing.

The year began extremely well for the stock markets. The German DAX, with an increase of 20% in the first 12 weeks, had its most successful start to the year ever. The emerging markets also delivered a strong performance. The positive mood of the markets, the improved economic data and the positive valuation ratios in Europe and Japan convinced investors to move to more risky investments. Growing confidence led to slightly higher yields in ten year government bonds. The demand for gold, always used as a safe haven during a crisis, finally decreased after the second long-term refinancing operation by the European Central Bank.

On 29 February 2012, the ECB continued the liquidity policy begun in December 2011. The ECB made approximately EUR 1,000 billion available to European banks as three-year loans at an interest rate of 1%. The loans to the banks were not earmarked for specific purposes and there was a temporary boost in lending in the private sector. The liquidity injection stabilised the interbank market and prevented a credit crunch. The investment by banks in domestic bonds increased, which reduced refinancing risks and interest rates in these countries. By quarter's end, Spain's ailing national budget and structural problems in the economy again came to the fore and unsettled the financial markets. Higher volatility returned to the stock markets, shares were sold and the price of bond futures, ideally represented by the 10-year German Government Bond, again increased significantly. The raw material segment was also affected by the highs and lows of the markets.

## **CONSOLIDATED MANAGEMENT REPORT AS AT 31 MARCH 2012**

Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft (Hypo Landesbank Vorarlberg) earned income before taxes of EUR 26.3 million as at 31 March 2012, an increase over last year's very good results (31 March 2011: EUR 21.1 million). Stable earnings for many years underscore the sustainable business model of Hypo Landesbank Vorarlberg. The Bank has always followed a conservative financial policy and did not alter its valuation principles in the first quarter.

### **Income statement**

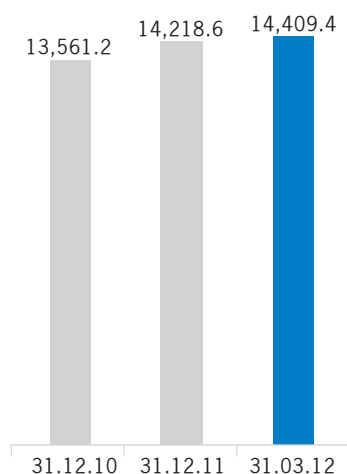
Net interest income after loan loss provisions was EUR 32.5 million as at 31 March 2012, 9.6% higher year-on-year. The course of business for the majority of our customers continues to be extremely stable. Sufficient provisions were made for all recognisable risks and, as in last year, credit risk provisions are at a low level.

Due to the high volatility in the markets, net fee and commission income fell slightly by 0.9% to EUR 9.7 million. The net trading result grew to EUR 8.6 million in the first quarter. Administrative expenses increased by 2.6% compared to last year to EUR 22.6 million while staff costs increased by 6.3% to EUR 13.7 million. The number of employees increased by 4.9% to 728 (2011: 694) and includes the employees added through the takeover of Hypo SüdLeasing GmbH in 2011. In the first quarter of 2012, the number of employees (weighted by % of FTE) increased slightly by four. Material expenses decreased by 1.1% compared to last year. Earnings before taxes as at 31 March 2012 is EUR 26.3 million, 24.8% higher than the previous year (2011: EUR 21.1 million). After taxes, Hypo Landesbank Vorarlberg reported consolidated net income as at 31 March 2012 of EUR 20.7 million (2011: EUR 16.3 million). That Hypo Landesbank Vorarlberg is a healthy, successful and very efficient bank is underscored by a cost-income-ratio of 45.05%, a ROE of 16.87% and a debt/equity ratio (banking book) of 13.60%.

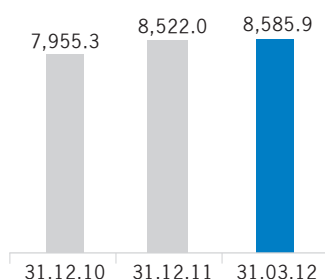
### **Balance sheet development**

Total assets of the Group as at 31 March 2012 is on plan and amounted to EUR 14,409.4 million, 1.3% over last year. Of this, EUR 8,585.9 million is loans and advances to customers. This is an increase of 0.8% and was mainly achieved in markets outside Vorarlberg. On the liabilities side, liabilities to customers in the first quarter of 2012 increased by EUR 317.5 million or 7.5% year-on-year to reach EUR 4,553.8 million. Financial liabilities at fair value was EUR 6,249.1 million as at 31 March 2012.

Development of total assets (in million EUR)



Development of loans and advances to customers (in million EUR)



### Capital resources

The paid-in capital of Hypo Landesbank Vorarlberg amounted to EUR 159 million. Capital resources under Sections 23 and 24 of the Bankwesengesetz (Austrian Banking Act or BWG) were EUR 1,062.3 million as at 31 March 2012. The debt/equity ratio (banking book) is slightly higher than last year at 13.60% (31 December 2011: 13.25%) and remains at a comfortable level when taking into account the risk profile.

## BUSINESS SEGMENTS FIRST QUARTER 2012

### Corporate Customers | Public Sector

Hypo Landesbank Vorarlberg is the leading corporate bank in Vorarlberg. In addition to traditional banking products, it offers bank-related services such as leasing, real estate service and insurance via its subsidiaries. International services as well as

expert advising and consulting services with regard to funding programmes and institutions round off its financing portfolio. Developments in corporate customer business underline the positive state of the Austrian economy. We continue to note an excellent order situation. Investment by Vorarlberg businesses was restrained in the first quarter which led to a lower demand for loans. Growth in loans and new customers was mainly in Vienna, Upper Austria and Southern Germany. There was a definite increase in demand and term deposits. In addition to offering excellent conditions, we also benefit from the very good creditworthiness of the Bank.

In the Corporate Customers sector, net interest income was EUR 17.4 million as at 31 March 2012. Loan loss provisions have been selectively increased in response to the worsening economic situation. Earnings before taxes in the Corporate Customers sector was EUR 8.1 million (plus 1.8%) in the first three months of 2012.

### Private Customers

In its private customer business, Hypo Landesbank Vorarlberg distinguishes itself with quality and expertise in consultation-intensive services. The Bank's special expertise and flexibility in meeting customer needs are compelling in the areas of residential construction financing, securities and sophisticated investments.

Many customers are currently taking advantage of the low interest level to build, buy or renovate real estate and the demand for loans in the Private Customers segment was accordingly high in recent months. Customers were also observed paying off more of their debts. Hypo Landesbank Vorarlberg continues to support energy saving investments with very attractive conditions. Hypo Landesbank Vorarlberg's Hypo-Klimakredit, Hypo-Lebenswert-Kredit, Hypo-Lebenszeit-Kredit and recent Hypo-Kredit Zinslimit are loan types that meet individual financing requirements in the best way possible. Security counts when making investments and a trend toward simpler products is also apparent. In addition to savings accounts, bonds with a maturity of up to seven years are in demand.

Due to low interest rates, the majority of savings are currently concentrated in shorter-term savings vehicles of about two years. An interesting alternative is the new Hypo-Umwelt-Sparbuch, which supports regional environmental projects selected by a jury. Special here is the more that customers save with a Hypo-Umwelt-Sparbuch, the higher the contribution to the environmental project by Hypo Landesbank Vorarlberg.

High competition among banks in the deposit business, coupled with low interest rates has put tremendous pressure on margins. Nevertheless, net interest income again increased

compared to last year. As at 31 March 2012, earnings before taxes in the Private Customers sector was EUR 1.0 million (2011: EUR 1.3 million).

### Private Banking and Asset Management

Asset management at Hypo Landesbank Vorarlberg recognized investors' elevated security needs at an early stage and offers suitable alternative products in the form of value protection concepts and international investment standards. The introduction of new innovative asset management strategies in December 2011 generated new asset management mandates in the first quarter of 2012. A mathematical investment model, Hypo IQ, was developed and is able to exploit both upward and downward trends in stock markets. The new Hypo Value Realwertestrategie (real value strategy) for shares is primarily targeted at the preservation of capital. The bank invests solely in shares of high-quality, large, internationally significant companies from a defined investment universe, which have low valuations.

As at 31 March 2012, assets managed by portfolio and asset management, based on mandates, was EUR 772.6 million. The number of asset management mandates was 2,919 as at 31 March 2012.

### Only Austrian bank with international performance standards in asset management

Pricewaterhouse Coopers reviews the compliance of asset management with the Global Investment Performance Standards (GIPS®) on an annual basis and accredited us most recently in March 2012. Since 2005, Hypo Landesbank Vorarlberg is the first and remains the only Austrian bank whose asset management is certified according to these internationally recognised standards.

### Hypo Landesbank Vorarlberg is Austrian winner of the 2012 World Finance Investment Management Award

For the second year in row, Hypo Landesbank Vorarlberg has won the World Finance Investment Management Award given by World Finance – a well-known international financial magazine based in London. The award recognises banks with an outstanding investment approach and long-term performance. Winners are chosen in two steps. Hypo Landesbank Vorarlberg, Bank Gutmann and Constantia Privatbank were selected as finalists by a vote by readers as the top three banks in Austria and thus became candidates for the award. An expert jury then evaluated their investment strategy, performance standards (especially transparency, risk policy and reporting standards), benchmarking and yields achieved by the investment strategies offered. Hypo Landesbank Vorarlberg emer-

ged from this analysis as the winner in Austria. Banks from 42 countries were reviewed.

In the sectors Private Banking and Asset Management, Hypo Landesbank Vorarlberg has earned an excellent reputation in recent years. This is underpinned by the Bank's award from World Finance in 2011 and 2012 in the investment management category. Based on this foundation, the Bank expects to serve more institutional customers such as pension funds, insurance companies and other banks in future. The already diverse product range is being expanded with new asset management strategies (Hypo IQ and Hypo Realwertestrategie) that are tailored to the current challenging market situation and the securities capital gains tax.

### Financial Markets | Treasury

Market participants remain extremely unsettled concerning future developments in the European common currency. This uncertainty is reflected in the massive increase in risk premiums for the PIIGS countries, in cash as well as in derivatives. At present it appears that the high volatility in government and bank credit spreads will continue in the medium term. This trend appears to be contagious, although generally there are no fundamental reasons for this.

In the first quarter of 2012, approximately EUR 250 million (net) was invested in bonds by ALM/Investment. The weighted maturity of these new investments is 6.4 years.

In 2012, it is planned to reduce the securities portfolio and consequently the total assets of the Bank. To this end, an increased repurchase of our own securities will be carried out and issuing activity will be greatly reduced. The majority of issuing activity in 2012 will constitute Basel III Tier 2 capital requirements.

Through participation in the ECB longer-term refinancing operation (LTRO), EUR 100 million in liquidity for three years was generated, reducing the planned issue volume.

### Repurchase of hybrid instruments

In order to optimise capital structure and to strengthen our equity base, Hypo Landesbank Vorarlberg repurchased two outstanding hybrid capital loans. The loans with a nominal volume of JPY 7 billion (approx. EUR 70 million) and JPY 4 billion (approx. EUR 40 million) were placed in 2003 and 2004 through the HYPO VORARLBERG CAPITAL FINANCE (JERSEY) with an institutional investor in Japan as "Private Placement". The repurchase of the hybrid capital loans took place after approval by the Financial Market Authority at full volume at a rate of 51.25% of the nominal value.

The repurchase of the hybrid instruments will strengthen the capital base in preparation for Basel III and is part of the continuing capital optimising strategy of Hypo Landesbank Vorarlberg. Gains made from the repurchase will be allocated to retained earnings. In keeping with future Basel III regulations, Hypo Landesbank Vorarlberg must implement additional replacement purchases in the form of allowable capital resource instruments by 31 December 2012.

Earnings from the business segments Financial Markets/Treasury were EUR 13.6 million (2011: EUR 10.0 million) as at 31 March 2012. Further developments in the Treasury segment will significantly depend on developments in the financial markets and progress with the sovereign debt crisis.

### Leasing and Real Estate

Corporate Center made a contribution to operating income of EUR 3.6 million (2011: EUR 1.9 million) as per 31 March 2012. This includes the areas of leasing and real estate.

The Austrian leasing business has been conducted through Hypo SüdLeasing GmbH since 2004. At the beginning of 2012, the two previous subsidiaries, Hypo SüdLeasing GmbH (26% equity ratio until 31 October 2011) and Hypo Immobilien GmbH (100% equity ratio) were merged to exploit the administrative synergies, particularly in relation to real estate leasing. Hypo Landesbank Vorarlberg's entire Austrian leasing and real estate business has been combined in one company as Hypo Immobilien & Leasing GmbH. The new company's range of services extends from real estate brokerage through property appraisal, construction management, property management and facility management to optimal financing solutions involving vehicle, movables and real estate leasing. For customers, this means a holistic leasing advisory service and real estate management by an experienced, mobile team of experts working closely with the Bank.

The focus for Hypo Vorarlberg Leasing AG, headquartered in Bolzano, Italy, is in the areas of real estate and municipal leasing.

### OUTLOOK

Following an increase in Austrian GDP of 3.2% in real terms in 2011, WIFO (Österreichisches Institut für Wirtschaftsforschung or Austrian Institute of Economic Research) expects a small increase of 0.4% in 2012. Following a satisfactory first quarter in 2012, experts are already talking of the economy having stabilised following a slight dip in growth at the end of 2011. Interest rates will remain at a low level for the time being and this will facilitate a revival in the global economy once

the economic weakness has been overcome. The assumption here is that increased austerity measures in the EU will not significantly extend the economic downturn but will contribute to calming financial markets. According to forecasts by WIFO, global production could recover markedly from 2012.

### Focus areas for 2012

After almost 37 years on the board of Hypo Landesbank Vorarlberg, Jodok Simma (b. 1946) did not apply for an extension of his contract as Chairman Managing Board. His contract will expire 30 April 2012. The Supervisory Board appointed board member Michael Grammer as Chairman Managing Board and Michel Haller to the Managing Board effective 1 May 2012.

The new Managing Board will adhere to its proven business model and focus on customer business. The first months of 2012 have been satisfactory and the Board is basically optimistic, however, in response to known global economic and foreign political conflicts, continued vigilance is essential.

The strategic focus is on deepening existing customer relationships and expanding the Bank's presence on the growth markets outside the home market of Vorarlberg to secure Hypo Landesbank Vorarlberg's earnings power in the long term. We remain dedicated to optimal customer service for existing customers and to obtaining new customers.

In its corporate customer business, Hypo Landesbank Vorarlberg will continue to take a responsible approach in fulfilling its role as leading corporate bank in Vorarlberg and supply companies with financing in existing markets. Companies' investing activities were somewhat weaker in the first quarter and consequently demand for loans is expected to be lower in 2012.

In the Private Customer segment, the liquidity and refinancing policies will focus more on obtaining savings deposits. Hypo Landesbank Vorarlberg enjoys a high level of confidence from investment clients due to its good creditworthiness and excellent reliability. The need for reliability and flexibility will be met with attractive offers in the savings deposits area. Considerable willingness to invest continues to be expected in the area of private financing, as creating living space and renovations remain extremely important.

Investments in securities are to be reduced. Despite planned growth in loans, this could mean that total assets will fall slightly. In the Asset Management segment, we wish to attract more customers from among the customer group of classic, institutional investors such as banks, insurance companies and pension funds. Our "assets" include an innovative product range and knowledgeable, individual advisory and consultancy services.

Our branches remain the most important pillar of our growth. For years, we have also been offering our customers various online services for payment transactions and securities transactions (e-brokerage). From spring 2012, Hypo Landesbank Vorarlberg will boost its Internet presence to make sensible use of the new technological opportunities. Using the online sales channel hypodirekt.at, customers will be able to open an account and invest their funds at an attractive rate from the comfort of their own homes.

### **Expected earnings development in 2012**

In general, the first three months of 2012 were very satisfactory despite many factors generating political and economic uncertainty. Interest business is and will remain a stable pillar for earnings development. Hypo Landesbank Vorarlberg has always paid special attention to a sustainable liquidity policy and has sufficient liquidity reserves to allow a further expansion of its lending and to assume a further increase in net interest income.

The Managing Board expects a stabilisation of net fee and commission income at the current high level. Overall operating expenses will remain at about the same level as the prior year. A slight increase in staff costs must be assumed. Among administrative expenses, in particular higher IT costs must be expected.

Hypo Landesbank Vorarlberg will continue to follow a careful risk and accounting policy and keep sufficient sums for loan loss provisions. Overall, the Managing Board is expecting another very good result in 2012.

The Managing Board must assume a sharp increase in additional costs for the Bank due to the implementation of Basel III, the new securities capital gains tax and bank excise, which will lead to price increases in banking services. In 2011, in addition to corporate tax of over EUR 19 million, Hypo Landesbank Vorarlberg paid a bank excise of EUR 6 million. In view of the required increase in capital resources in the banking sector, we are extremely critical of the further increase in bank excise and the unequal application of these measures.

The centralised portfolio management of Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft having registered offices in Bregenz qualifies as a firm within the meaning of the Global Investment Performance Standards (GIPS®). The firm comprises all asset management mandates of private and institutional customers as well as public funds that are managed in the context of the bank's centralised investment process. It does not include decentralised organisational units and other units of the group that operate independently. The firm is in compliance with the GIPS®. For a list of all composites along with a detailed description, please contact Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft at: +43 (0)50 414-1259 or e-mail us at [gips@hypovbg.at](mailto:gips@hypovbg.at).



## I. STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY TO 31 MARCH

### Income Statement

in '000 EUR	(Notes)	01.01.-	01.01.-	Change	
		31.03.2012	31.03.2011	in '000 EUR	in %
Interest and similar income		81,500	70,295	11,205	15.9
Interest and similar expenses		-40,614	-32,298	-8,316	25.7
<b>Net interest income</b>	(2)	<b>40,886</b>	<b>37,997</b>	<b>2,889</b>	<b>7.6</b>
Loan loss provisions		-8,424	-8,386	-38	0.5
<b>Net interest income after loan loss provisions</b>		<b>32,462</b>	<b>29,611</b>	<b>2,851</b>	<b>9.6</b>
Fee and commission income		10,764	10,832	-68	-0.6
Fee and commission expenses		-1,040	-1,022	-18	1.8
<b>Net fee and commission income</b>	(3)	<b>9,724</b>	<b>9,810</b>	<b>-86</b>	<b>-0.9</b>
Net result on hedge accounting	(4)	77	397	-320	-80.6
Net trading result	(5)	8,591	5,707	2,884	50.5
Net result from other financial instruments		-674	-2,314	1,640	-70.9
Administrative expenses	(6)	-22,555	-21,977	-578	2.6
Other income		2,514	2,384	130	5.5
Other expenses		-4,073	-3,324	-749	22.5
Result from equity consolidation		257	806	-549	-68.1
<b>Earnings before taxes</b>		<b>26,323</b>	<b>21,100</b>	<b>5,223</b>	<b>24.8</b>
Taxes on income		-5,636	-4,797	-839	17.5
<b>Consolidated net income</b>		<b>20,687</b>	<b>16,303</b>	<b>4,384</b>	<b>26.9</b>
Of which attributable to:					
Parent company shareholders		20,683	16,303	4,380	26.9
Non-controlling interests		4	0	4	100.0

### Statement of comprehensive income

in '000 EUR	01.01.-	01.01.-	Change	
	31.03.2012	31.03.2011	in '000 EUR	in %
Consolidated net income	20,687	16,303	4,384	26.9
Other income after taxes	9,006	879	8,127	> 100.0
Changes to foreign currency translation reserve	36	-86	122	> -100.0
Changes to revaluation reserve	8,969	906	8,063	> 100.0
of which changes in measurement	12,138	1,252	10,886	> 100.0
of which changes in holdings	-179	-44	-135	> 100.0
of which income tax effects	-2,990	-302	-2,688	> 100.0
Change from equity consolidation	1	59	-58	-98.3
<b>Total comprehensive income</b>	<b>29,693</b>	<b>17,182</b>	<b>12,511</b>	<b>72.8</b>
Of which attributable to:				
Parent company shareholders	29,689	17,182	12,507	72.8
Non-controlling interests	4	0	4	100.0

## II. BALANCE SHEET DATED 31 MARCH 2012

### Assets

in '000 EUR	(Notes)	31.03.2012	31.12.2011	Change	
				in '000 EUR	in %
Cash and balances with central banks		252,536	137,821	114,715	83.2
Loans and advances to banks		1,080,577	1,087,052	-6,475	-0.6
Loans and advances to customers		8,585,954	8,522,023	63,931	0.8
Positive market values of hedges	(7)	2,100	2,173	-73	-3.4
Trading assets and derivatives	(8)	752,551	806,682	-54,131	-6.7
Financial assets – at fair value	(9)	1,556,067	1,571,962	-15,895	-1.0
Financial assets – available for sale	(10)	833,976	791,054	42,922	5.4
Financial assets – held to maturity	(11)	1,091,435	1,079,789	11,646	1.1
Shares in companies valued at equity		31,390	34,617	-3,227	-9.3
Investment property		37,557	37,788	-231	-0.6
Intangible assets		8,386	8,070	316	3.9
Property, plant and equipment		70,000	70,552	-552	-0.8
Tax assets		1,041	1,248	-207	-16.6
Deferred tax assets		4,164	8,876	-4,712	-53.1
Non-current assets available for sale		5,239	4,750	489	10.3
Other assets		96,420	54,147	42,273	78.1
<b>Total assets</b>		<b>14,409,393</b>	<b>14,218,604</b>	<b>190,789</b>	<b>1.3</b>

### Liabilities and shareholders' equity

in '000 EUR	(Notes)	31.03.2012	31.12.2011	Change	
				in '000 EUR	in %
Amounts owed to banks		885,160	632,490	252,670	39.9
Amounts owed to customers		4,553,807	4,236,334	317,473	7.5
Liabilities evidenced by certificates	(12)	1,366,788	1,489,110	-122,322	-8.2
Negative market values of hedges	(13)	92,847	84,436	8,411	10.0
Trading liabilities and derivatives	(14)	296,533	327,225	-30,692	-9.4
Financial liabilities – at fair value	(15)	6,249,062	6,505,017	-255,955	-3.9
Provisions		32,298	32,479	-181	-0.6
Tax liabilities		1,508	5,146	-3,638	-70.7
Deferred tax liabilities		1,755	1,752	3	0.2
Other liabilities		45,199	38,772	6,427	16.6
Subordinated and supplementary capital		226,602	237,352	-10,750	-4.5
Shareholders' equity		657,834	628,491	29,343	4.7
Of which attributable to:					
Parent company shareholders		657,752	628,413	29,339	4.7
Non-controlling interests		82	78	4	5.1
<b>Total Liabilities and shareholder's equity</b>		<b>14,409,393</b>	<b>14,218,604</b>	<b>190,789</b>	<b>1.3</b>

### III. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

in '000 EUR	Subscribed capital	Capital reserve	Retained earnings and other reserves	Revaluation reserve (available for sale)	Reserves from currency translation	Total parent company shareholders	Non-controlling interests	Total Shareholders' equity
<b>Balance 1 January 2011</b>	<b>159,000</b>	<b>27,579</b>	<b>403,110</b>	<b>-2,945</b>	<b>188</b>	<b>586,932</b>	<b>0</b>	<b>586,932</b>
Consolidated net income	0	0	16,303	0	0	16,303	0	16,303
Other income	0	0	170	906	-197	879	0	879
<b>Interim result 2011</b>	<b>0</b>	<b>0</b>	<b>16,473</b>	<b>906</b>	<b>-197</b>	<b>17,182</b>	<b>0</b>	<b>17,182</b>
Change in scope of consolidation	0	0	-309	0	0	-309	0	-309
<b>Balance 31 March 2011</b>	<b>159,000</b>	<b>27,579</b>	<b>419,274</b>	<b>-2,039</b>	<b>-9</b>	<b>603,805</b>	<b>0</b>	<b>603,805</b>
<b>Balance 1 January 2012</b>	<b>159,000</b>	<b>27,579</b>	<b>453,412</b>	<b>-11,604</b>	<b>26</b>	<b>628,413</b>	<b>78</b>	<b>628,491</b>
Consolidated net income	0	0	20,683	0	0	20,683	4	20,687
Other income	0	0	50	8,969	-13	9,006	0	9,006
<b>Interim result 2012</b>	<b>0</b>	<b>0</b>	<b>20,733</b>	<b>8,969</b>	<b>-13</b>	<b>29,689</b>	<b>4</b>	<b>29,693</b>
Change in scope of consolidation	0	0	-350	0	0	-350	0	-350
<b>Balance 31 March 2012</b>	<b>159,000</b>	<b>27,579</b>	<b>473,795</b>	<b>-2,635</b>	<b>13</b>	<b>657,752</b>	<b>82</b>	<b>657,834</b>

In accordance with Austrian banking regulations, the Company's share capital and issued participation capital are shown as subscribed capital.

### IV. CONDENSED CASH FLOW STATEMENT

#### Überleitung auf den Bestand der Barreserve

in '000 EUR	2012	2011
<b>Cash and balances with central banks as at 1 January</b>	<b>137,821</b>	<b>138,452</b>
Cash flows from operating activities	184,172	980
Cash flows from investing activities	-58,005	-50,043
Cash flows from financing activities	-11,452	19,487
<b>Cash and balances with central banks as at 31 March</b>	<b>252,536</b>	<b>109,236</b>

### V. NOTES

#### A. ACCOUNTING POLICIES

##### (1) GENERAL INFORMATION

The same accounting standards observed in preparing the consolidated annual financial statements dated 31 December 2011 were applied to the consolidated interim financial statements. There have been no changes in measurement principles applied with respect to the 31 December 2011 statements.

The Banking Group's quarterly report has not been audited or reviewed by an auditor.

## B. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

### (2) NET INTEREST INCOME

in '000 EUR	01.01.- 31.03.2012	01.01.- 31.03.2011
Income from cash and balances with central banks	416	18
Income from loans and advances to banks	3,843	3,292
Income from loans and advances to customers	47,283	43,771
Income from leasing business	9,265	6,065
Income from hedging instruments	141	70
Income from derivatives, other	639	447
Income from debt securities	18,889	16,392
Income from shares	471	70
Income from investments in affiliated companies	337	0
Income from equity investments, other	216	170
<b>Interest and similar income</b>	<b>81,500</b>	<b>70,295</b>
Expenses from amounts owed to banks	-2,274	-2,075
Expenses from amounts owed to customers	-15,128	-11,853
Expenses from liabilities evidenced by certificates	-6,038	-6,568
Expenses from hedging instruments	-4,332	-2,740
Expenses from derivatives, other	-1,707	-861
Expenses from liabilities designated AFV	-10,240	-7,037
Expenses from subordinated and supplementary capital	-895	-1,164
<b>Interest and similar expenses</b>	<b>-40,614</b>	<b>-32,298</b>

### (3) NET FEE AND COMMISSION INCOME

in '000 EUR	01.01.- 31.03.2012	01.01.- 31.03.2011
Lending and leasing business	834	748
Securities business	5,387	5,711
Giro and payment transactions	3,138	3,154
Other service business	1,405	1,219
<b>Fee and commission income</b>	<b>10,764</b>	<b>10,832</b>

in '000 EUR	01.01.- 31.03.2012	01.01.- 31.03.2011
Lending and leasing business	-209	-157
Securities business	-404	-418
Giro and payment transactions	-134	-134
Other service business	-293	-313
<b>Fee and commission expenses</b>	<b>-1,040</b>	<b>-1,022</b>

### (4) NET RESULT ON HEDGE ACCOUNTING

in '000 EUR	01.01.- 31.03.2012	01.01.- 31.03.2011
Adjustment to loans and advances to banks	142	-879
Adjustment to loans and advances to customers	1,180	-2,421
Adjustment to financial instruments available for sale	7,999	-6,351
Adjustment to securitised liabilities	-27	278
<b>Net result from adjustment to underlying transactions from hedging</b>	<b>9,294</b>	<b>-9,373</b>
Measurement of hedging instruments for loans and advances to banks	-79	894
Measurement of hedging instruments for loans and advances to customers	-1,055	2,693
Measurement of hedging instruments for available for sale financial instruments	-8,104	6,450
Measurement of hedging instruments for securitised liabilities	21	-267
<b>Net result of the measurement of hedging instruments</b>	<b>-9,217</b>	<b>9,770</b>
<b>Net result from hedging</b>	<b>77</b>	<b>397</b>

### (5) NET TRADING RESULT

in '000 EUR	01.01.- 31.03.2012	01.01.- 31.03.2011
Trading result	1,640	1,507
Result from the valuation of financial instruments – HFT	0	-247
Result from the valuation of derivatives	-816	-57,745
Result from the valuation of financial instruments – AFV	7,767	62,192
<b>Net trading result</b>	<b>8,591</b>	<b>5,707</b>

**(6) ADMINISTRATIVE EXPENSES**

Group administrative expenses consist of staff costs, material expenses and impairment on property, plant and equipment and intangible assets.

in '000 EUR	01.01.- 31.03.2012	01.01.- 31.03.2011
Staff costs	-13,729	-12,911
Materials expenses	-7,604	-7,744
Depreciation/amortisation of property, plant and equipment and intangible assets	-1,222	-1,322
<b>Administrative expenses</b>	<b>-22,555</b>	<b>-21,977</b>

**Of which staff costs**

in '000 EUR	01.01.- 31.03.2012	01.01.- 31.03.2011
Wages and salaries	-10,217	-9,541
Statutory social security contributions	-2,634	-2,463
Voluntary social benefits	-314	-312
Expenses for retirement benefits	-504	-537
Social capital	-60	-58
<b>Staff costs</b>	<b>-13,729</b>	<b>-12,911</b>

**C. NOTES TO THE BALANCE SHEET****(7) POSITIVE MARKET VALUES OF HEDGES****Breakdown by type of hedge**

in '000 EUR	31.03.2012	31.12.2011
Positive market values of fair value hedges	1,849	1,845
Deferred interest on derivative hedges	251	328
<b>Positive market values of hedges</b>	<b>2,100</b>	<b>2,173</b>

**Nominal values from fair value hedges – breakdown by type of business**

in '000 EUR	31.03.2012	31.12.2011
Interest rate swaps	1,056,192	976,822
Cross-currency swaps	14,843	12,772
<b>Interest rate derivatives</b>	<b>1,071,035</b>	<b>989,594</b>
<b>Nominal values from fair value hedges</b>	<b>1,071,035</b>	<b>989,594</b>

**Positive market values of fair value hedges – breakdown by type of business**

in '000 EUR	31.03.2012	31.12.2011
Interest rate swaps	1,849	1,845
<b>Interest rate derivatives</b>	<b>1,849</b>	<b>1,845</b>
<b>Positive market values from fair value hedges</b>	<b>1,849</b>	<b>1,845</b>

The Group did not enter into any cash flow hedge positions in the reporting year or the previous year.

**(8) TRADING ASSETS AND DERIVATES****Trading assets and derivatives – breakdown by type of business**

in '000 EUR	31.03.2012	31.12.2011
Investment certificates	970	2,841
Positive market values of derivative financial instruments	702,893	728,202
Deferred interest	48,688	75,639
<b>Trading assets and derivatives</b>	<b>752,551</b>	<b>806,682</b>

**Nominal values from derivatives – breakdown by type of business**

in '000 EUR	31.03.2012	31.12.2011
Interest rate swaps	7,169,841	7,591,644
Cross-currency swaps	1,521,393	1,537,255
Interest rate options	692,127	711,325
Interest rate futures	12,000	12,000
<b>Interest rate derivatives</b>	<b>9,395,361</b>	<b>9,852,224</b>
FX forward transactions	1,622,504	1,780,251
FX swaps	230,283	283,877
FX options	13,645	46,856
Other FX derivatives	2,000	2,000
<b>Currency derivatives</b>	<b>1,868,432</b>	<b>2,112,984</b>
Stock index futures	13,260	12,750
Stock options	465	7,433
<b>Derivatives on securities</b>	<b>13,725</b>	<b>20,183</b>
Credit default swaps	134,200	135,141
<b>Credit derivatives</b>	<b>134,200</b>	<b>135,141</b>
<b>Nominal values from derivatives</b>	<b>11,411,718</b>	<b>12,120,532</b>

### Positive market values from derivatives – breakdown by type of business

in '000 EUR	31.03.2012	31.12.2011
Interest rate swaps	494,519	494,218
Cross-currency swaps	189,032	198,168
Interest rate options	3,100	4,174
<b>Interest rate derivatives</b>	<b>686,651</b>	<b>696,560</b>
FX forward transactions	13,201	23,645
FX swaps	348	4,378
FX options	873	1,418
Other FX derivatives	1,602	1,573
<b>Currency derivatives</b>	<b>16,024</b>	<b>31,014</b>
Stock index futures	158	0
<b>Derivatives on securities</b>	<b>158</b>	<b>0</b>
Credit default swaps	60	628
<b>Credit derivatives</b>	<b>60</b>	<b>628</b>
<b>Positive market values from derivatives</b>	<b>702,893</b>	<b>728,202</b>

### (9) FINANCIAL ASSETS DESIGNATED AT FAIR VALUE (AFV)

#### Financial assets designated at fair value – breakdown by type of business

in '000 EUR	31.03.2012	31.12.2011
Debt securities of public issuers	296,525	298,563
Debt securities of other issuers	521,712	533,896
Shares	12,978	15,636
Investment certificates	25,653	24,060
Other equity interests	4,674	4,765
Loans and advances to banks	5,204	5,254
Loans and advances to customers	678,028	674,236
Deferred interest	11,293	15,552
<b>Financial assets – at fair value</b>	<b>1,556,067</b>	<b>1,571,962</b>

### (10) FINANCIAL ASSETS AVAILABLE FOR SALE (AFS)

#### Financial assets available for sale – breakdown by type of business

in '000 EUR	31.03.2012	31.12.2011
Debt securities of public issuers	190,436	154,911
Debt securities of other issuers	581,961	570,123
Shares	110	1,142
Investment certificates	11,595	11,004
Other equity interests	17,818	17,994
Deferred interest	10,388	14,392
Other equity investments	21,564	21,384
Other investments in affiliated companies	104	104
<b>Financial assets – available for sale</b>	<b>833,976</b>	<b>791,054</b>

### (11) FINANCIAL ASSETS - HELD TO MATURITY (HTM)

#### Financial assets held to maturity – breakdown by type of business

in '000 EUR	31.03.2012	31.12.2011
Debt securities of public issuers	200,175	182,758
Debt securities of other issuers	871,033	873,830
Deferred interest	20,227	23,201
<b>Financial assets – held to maturity</b>	<b>1,091,435</b>	<b>1,079,789</b>

### (12) LIABILITIES EVIDENCED BY CERTIFICATES (LAC)

#### Liabilities evidenced by certificates – breakdown by type of business

in '000 EUR	31.03.2012	31.12.2011
Mortgage bonds	1,596	4,857
Municipal bonds	284,207	282,069
Medium-term fixed-rate notes	764	801
Bonds	419,523	532,771
Housing construction bonds	118,253	124,319
Bonds issued by Pfandbriefstellen	538,681	538,662
Deferred interest	3,764	5,631
<b>Liabilities evidenced by certificates</b>	<b>1,366,788</b>	<b>1,489,110</b>

### (13) NEGATIVE MARKET VALUES OF HEDGES

#### Breakdown by type of hedge

in '000 EUR	31.03.2012	31.12.2011
Negative market values of fair value hedges	80,894	70,036
Deferred interest on derivative hedging instruments	11,953	14,400
<b>Negative market values of hedges</b>	<b>92,847</b>	<b>84,436</b>

#### Negative market values of fair value hedges – breakdown by type of business

in '000 EUR	31.03.2012	31.12.2011
Interest rate swaps	76,664	64,583
Cross-currency swaps	4,230	5,453
<b>Negative market values from fair value hedges</b>	<b>80,894</b>	<b>70,036</b>

The nominal values of the hedging instruments are shown in Note (7). The Group did not enter into any cash flow hedge positions in the reporting year or the previous year.

**(14) TRADING LIABILITIES AND DERIVATIVES****Trading liabilities and derivatives –  
breakdown by type of business**

in '000 EUR	31.03.2012	31.12.2011
Negative market values of derivative financial instruments	286,682	315,765
Deferred interest	9,851	11,460
<b>Trading liabilities and derivatives</b>	<b>296,533</b>	<b>327,225</b>

**Negative market values from derivatives –  
breakdown by type of business**

in '000 EUR	31.03.2012	31.12.2011
Interest rate swaps	194,136	201,497
Cross-currency swaps	68,829	77,582
Interest rate options	3,621	4,476
Interest rate futures	6	300
<b>Interest rate derivatives</b>	<b>266,592</b>	<b>283,855</b>
FX forward transactions	12,683	23,272
FX swaps	1,667	401
FX options	873	1,418
<b>Currency derivatives</b>	<b>15,223</b>	<b>25,091</b>
Stock index futures	0	309
Stock options	3	166
<b>Derivatives on securities</b>	<b>3</b>	<b>475</b>
Credit default swaps	4,864	6,344
<b>Credit derivatives</b>	<b>4,864</b>	<b>6,344</b>
<b>Negative market values from derivatives</b>	<b>286,682</b>	<b>315,765</b>

The nominal values of the derivative financial instruments are shown in Note (8).

**(15) FINANCIAL LIABILITIES DESIGNATED  
AT FAIR VALUE (LAFV)****Financial liabilities designated at fair value – breakdown by  
type of business**

in '000 EUR	31.03.2012	31.12.2011
Amounts owed to banks at fair value	141,599	141,395
Amounts owed to customers at fair value	494,279	499,184
Mortgage bonds at fair value	24,512	24,040
Municipal bonds at fair value	984,483	974,474
Bonds at fair value	3,618,582	3,832,435
Housing construction bonds at fair value	152,931	155,165
Bonds issued by Pfandbriefstellen at fair value	621,870	633,528
Subordinated capital at fair value	43,799	42,266
Supplementary capital at fair value	114,384	118,136
Deferred interest	52,623	84,394
<b>Financial liabilities at fair value</b>	<b>6,249,062</b>	<b>6,505,017</b>

**D. ADDITIONAL IFRS DISCLOSURES****(16) HUMAN RESOURCES**

Employees	01.01.- 31.03.2012	01.01.- 31.03.2011
Full-time salaried staff	657	626
Part-time salaried staff	58	55
Apprentices	9	10
Full-time other employees	4	3
<b>Average number of employees</b>	<b>728</b>	<b>694</b>

## E. SEGMENT REPORTING

### Reporting by business segment

in '000 EUR		Corporate Customers	Private Customers	Financial Markets	Corporate Center	Total
Net interest income	2012	17,440	8,102	9,573	5,771	40,886
	2011	16,406	7,719	9,346	4,526	37,997
Loan loss provisions	2012	-5,097	-1,366	48	-2,009	-8,424
	2011	-4,735	-1,012	0	-2,639	-8,386
Net fee and commission income	2012	2,953	4,154	1,581	1,036	9,724
	2011	2,992	4,292	1,594	932	9,810
Result from hedge relationships	2012	0	0	77	0	77
	2011	0	0	397	0	397
Net trading result	2012	569	371	7,418	233	8,591
	2011	594	280	4,507	326	5,707
Result from other financial instruments	2012	0	0	-1,327	653	-674
	2011	0	0	-2,281	-33	-2,314
Administrative expenses	2012	-7,266	-10,025	-2,824	-2,440	-22,555
	2011	-6,923	-9,882	-2,747	-2,425	-21,977
Other income	2012	48	65	27	2,374	2,514
	2011	31	82	10	2,261	2,384
Other expenses	2012	-570	-277	-988	-2,238	-4,073
	2011	-434	-206	-821	-1,863	-3,324
Result from equity consolidation	2012	0	0	0	257	257
	2011	0	0	0	806	806
<b>Earnings before taxes</b>	<b>2012</b>	<b>8,077</b>	<b>1,024</b>	<b>13,585</b>	<b>3,637</b>	<b>26,323</b>
	<b>2011</b>	<b>7,931</b>	<b>1,273</b>	<b>10,005</b>	<b>1,891</b>	<b>21,100</b>
Assets	2012	5,468,352	1,732,757	5,487,644	1,720,640	14,409,393
	2011	4,903,051	1,600,378	5,239,217	1,761,380	13,504,026
Liabilities and shareholders' equity	2012	1,946,328	2,766,708	9,028,977	667,380	14,409,393
	2011	1,656,647	2,613,260	8,556,104	678,015	13,504,026
Liabilities	2012	1,654,056	2,605,409	8,875,256	616,838	13,751,559
	2011	1,406,866	2,469,615	8,389,330	634,410	12,900,221

## F. FINANCIAL RISKS AND RISK MANAGEMENT

The full disclosure on the organisational structure, risk management and the risk capital situation (per Section 26 Austrian Banking Act and the Disclosure Implementation Regulation – Off-VO) are posted on the internet at [www.hypovbg.at](http://www.hypovbg.at)

### (17) OVERALL RISK MANAGEMENT

The Bank's operations involve the following risks:

- **Kredit risk:** This includes the counterparty default risk, as well as the risk of deteriorating credit standing. Risks may also result from the use of credit risk mitigation methods.
- **Market risks:** The common characteristic of these risks is that they result from price changes in money and capital markets. Market price risks are categorised as interest rate,

spread change, stock price, foreign currency or commodity risks.

- **Liquidity risk:** Liquidity risks can be broken down into maturity and retrieval risks, structural liquidity risk (rollover financing risk), and market liquidity risk. Maturity risk is an unplanned extension of maturities in the lending business. Retrieval risk is the risk that credit commitments are unexpectedly utilised or deposits withdrawn. As a result, a bank may no longer be able to fully meet its payment obligations. Structural liquidity risk arises from the possibility that the required roll-over financing may only be available at less favourable conditions, or not at all. Market liquidity risk is in evidence when positions can only be sold immediately by taking a loss.



- Operational risk: This includes the risk of direct or indirect losses caused by human error, process deficits, technological failure, or external influence. Operational risks also include legal risk.
- Other risks: These include above all those types of risks for which only rudimentary or no quantification methods exist. Specifically, strategic, reputation, equity, performance and business risks may be classified as other risks.

The Bank manages these risks in order to limit the overall bank risk. The Managing Board is responsible for the risk management of Hypo Landesbank Vorarlberg. Accordingly, it approves the principles of risk control and the risk measurement procedures. Additionally, it establishes the Bank's willingness to take risks and defines limits for all relevant types of risk based on the bank's risk-absorbing capacity.

The Bank reviews the effects of economic and market developments on the income statement and net assets on an ongoing basis.

The overall risk management of Hypo Landesbank Vorarlberg is based on a strict separation between Front Office and Back Office. The risk management functions of Hypo Landesbank Vorarlberg are bundled under the responsibility of the Managing Board member responsible for risk management. Risk controlling at Hypo Landesbank Vorarlberg is developed and implemented by Group Risk Controlling. This unit measures credit, market, liquidity and operational risks on a group level. The independent assessment and approval of credit applications is carried out by the Credit Management departments for corporate and private customers.

The Bank's risk situation and the Capital Adequacy Process are addressed by the Asset & Liability Management Committee (ALM). In this committee, the Managing Board decides on market risk measurement procedures, defines interfaces between Sales and Treasury with regard to the market interest rate method, and the level of market risk and liquidity limits. Group Risk Controlling, Controlling, and Treasury departments are also present at committee meetings.

The strategies, procedures, and approaches adopted for the management of risks are documented in writing. The Bank maintains a risk management manual and a credit manual, which are available to all employees. These manuals are updated on a regular basis. Additionally, the Bank has outlined all relevant work processes in written procedures that are likewise available to all employees.

Non-performing loans decreased slightly in the quarter from EUR 255.051 million to EUR 251.078 million. The solution of the Greek crisis resulted in a decreasing level of volatility on the capital markets and declining key figures. Capital adequacy was at all times within the limits set by the Managing Board. Liquidity Risk remains low. There are no large maturities in 2012. The bank has no significant refinancing from money markets.

in '000 EUR	Mean value of VaR Total	Mean value of VaR interest	Mean value of VaR FX	Mean value of VaR shares
<b>2011</b>				
January	7,343	4,930	634	352
February	8,084	5,834	831	349
March	7,996	5,616	1,678	308

in '000 EUR	Mean value of VaR Total	Mean value of VaR interest	Mean value of VaR FX	Mean value of VaR shares
<b>2012</b>				
January	12,964	9,885	790	286
February	12,527	9,597	781	222
March	11,309	8,794	1,064	214

## (18) CONSOLIDATED CAPITAL AND REGULATORY CAPITAL REQUIREMENTS

### Capital requirements per Section 22 Austrian Banking Act

in '000 EUR	31.03.2012	31.12.2011
<b>Assessment basis per Section 22 Austrian Banking Act</b>	<b>7,813,725</b>	<b>7,932,346</b>
Capital resource requirement for solvency	625,098	634,588
Capital requirement for settlement risk	0	0
Capital requirement for position risks	0	0
Capital resource requirement for operational risk	31,574	27,320
<b>Total capital resource requirements</b>	<b>656,672</b>	<b>661,908</b>

### Consolidated capital per Section 23 in conjunction with Section 24 Austrian Banking Act

in '000 EUR	31.03.2012	31.12.2011
<b>Core capital (Tier 1)</b>	<b>714,319</b>	<b>721,725</b>
Paid-in capital	159,000	159,000
Capital reserves	27,579	27,579
Retained earnings	291,742	291,742
Liable capital	124,237	124,237
Minority interests per Section 24 (2) no. 1 Austrian Banking Act	100,483	109,859
Consolidation per Section 24 (2) no. 2 Austrian Banking Act	13,065	10,952
Intangible assets	-1,787	-1,644
<b>Supplementary capital resources (Tier 2)</b>	<b>351,500</b>	<b>333,560</b>
Supplementary capital	98,237	105,236
Remeasurement reserve	65,263	40,324
Subordinated capital	188,000	188,000
Deductions	-3,511	-3,506
<b>Attributable capital resources (Tier 1 plus Tier 2 minus deductions)</b>	<b>1,062,308</b>	<b>1,051,779</b>
<b>Assessment basis (banking book)</b>	<b>7,813,725</b>	<b>7,932,346</b>
Core capital ratio (banking book)	9.14 %	9.10 %
Solvency ratio (banking book)	13.60 %	13.26 %
<b>Assessment basis (modified)</b>	<b>8,208,400</b>	<b>8,273,850</b>
Core capital ratio	8.70 %	8.72 %
Solvency ratio	12.94 %	12.71 %

## G. DISCLOSURES PERTAINING TO AUSTRIAN LAW

### (19) AUSTRIAN LAW

In line with Section 59a Austrian Banking Act in conjunction with Section 245a (1) Austrian Corporate Code (UGB), the consolidated financial statements were prepared in accordance with International Financial Reporting Standards applicable in the EU. In line with Section 59a Austrian Banking Act, the disclosures per Section 64 (1) no. 1 – 15 and (2) Austrian Banking Act and Section 245a (1) and (3) UGB are to be incorporated in the Notes to the consolidated financial statements.

**DECLARATION OF THE STATUTORY REPRESENTATIVES WITH RESPECT TO THE INTERIM REPORT PER SECTION 87 (1) NO. 3 AUSTRIAN STOCK EXCHANGE ACT (BÖRSEG)**

We confirm that to the best of our knowledge the condensed consolidated interim financial statements prepared in accordance with applicable accounting standards (IAS 34) provide a true and fair view of the Group's assets and liabilities, financial condition, and results of operation, and that the Group quarterly management report provides a true and fair view of the Group's assets and liabilities, financial condition, and results of operation in relation to key events in the first three months of the fiscal year and the significance thereof with respect to both the condensed consolidated interim financial statements and to material risks and contingencies accruing in the remaining nine months of the fiscal year.

This interim report was not subjected to an audit or reviewed by an auditor.

Bregenz, 30 April 2012

**Vorarlberger Landes- und Hypothekenbank  
Aktiengesellschaft**

The members of the Managing Board



Jodok Simma  
CEO, Chairman of the Managing Board



Johannes Hefel  
Managing Board member



Michael Grahammer  
Managing Board member

## BRANCH OFFICES | SUBSIDIARIES

### Vorarlberg: Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft, [www.hypovbg.at](http://www.hypovbg.at)

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<b>Headquarters:</b>	6900 Bregenz, Hypo-Passage 1	T (0) 50 414-1000	F -1050
<b>6900 Bregenz</b>	Vorkloster, Heldendankstraße 33	T (0) 50 414-1800	F -1850
<b>6700 Bludenz</b>	Am Postplatz 2	T (0) 50 414-3000	F -3050
<b>6850 Dornbirn</b>	Rathausplatz 6	T (0) 50 414-4000	F -4050
<b>6850 Dornbirn</b>	Messepark, Messestraße 2	T (0) 50 414-4200	F -4250
<b>6863 Egg</b>	Wälderpark, HNr. 940	T (0) 50 414-4600	F -4650
<b>6800 Feldkirch</b>	Neustadt 23	T (0) 50 414-2000	F -2050
<b>6800 Feldkirch</b>	LKH Feldkirch, Carinagasse 47-49	T (0) 50 414-2400	F -2450
<b>6793 Gaschurn</b>	Schulstraße 6b	T (0) 50 414-3400	F -3450
<b>6840 Götzis</b>	Hauptstraße 4	T (0) 50 414-6000	F -6050
<b>6971 Hard</b>	Landstraße 9	T (0) 50 414-1600	F -1650
<b>6973 Höchst</b>	Hauptstraße 25	T (0) 50 414-5200	F -5250
<b>6845 Hohenems</b>	Bahnhofstraße 19	T (0) 50 414-6200	F -6250
<b>6923 Lauterach</b>	Hofsteigstraße 2a	T (0) 50 414-6400	F -6450
<b>6764 Lech</b>	HNr. 138	T (0) 50 414-3800	F -3850
<b>6890 Lustenau</b>	Kaiser-Franz-Josef-Straße 4a	T (0) 50 414-5000	F -5050
<b>6830 Rankweil</b>	Ringstraße 11	T (0) 50 414-2200	F -2250
<b>6830 Rankweil</b>	LKH Rankweil, Valdunastraße 16	T (0) 50 414-2600	F -2650
<b>6780 Schruns</b>	Jakob-Stemer-Weg 2	T (0) 50 414-3200	F -3250

### Kleinwalsertal: Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft, [www.hypo-kleinwalsertal.de](http://www.hypo-kleinwalsertal.de)

6993 Mittelberg, Walsersstraße 362	T (0) 50 414-8400	F -8450
6991 Riezlern, Walsersstraße 31	T (0) 50 414-8000	F -8050

### Vienna: Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft

1010 Vienna, Singerstraße 12	T (0) 50 414-7400	F -7450
Mobile Sales Unit	T (0) 50 414-7700	F -7750

### Styria: Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft

8010 Graz, Joanneumring 7	T (0) 50 414-6800	F -6850
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### Upper Austria: Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft

4600 Wels, Kaiser-Josef-Platz 49	T (0) 50 414-7000	F -7050
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### Switzerland: Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft, [www.hypobank.ch](http://www.hypobank.ch)

CH-9004 St. Gallen, Bankgasse 1	T +41 (0) 71 228 85-00	F -19
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### Subsidiaries:

#### Vorarlberg: Hypo Immobilien & Leasing GmbH, [www.hypo-il.at](http://www.hypo-il.at)

6850 Dornbirn, Poststraße 11	T (0) 50 414-4400	F -4450	office@hypo-il.at
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#### Hypo Versicherungsmakler, [www.hypomakler.at](http://www.hypomakler.at)

6850 Dornbirn, Poststraße 11	T (0) 50 414-4100	F -4150	info@hypomakler.at
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#### Italy: Hypo Vorarlberg Leasing AG, [www.hypoleasing.it](http://www.hypoleasing.it)

39100 Bozen, Galileo-Galilei-Straße 10 H	T +39 0471 060-500	F -550	info@hypovbg.it
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\*050-number for local rate