

## Hypo Vorarlberg Bank AG

*(Incorporated as a stock corporation in the Republic of Austria under registered number FN 145586 y)*

### EUR 150,000,000 Additional Tier 1 Notes Programme

This supplement (the "**Supplement**") constitutes a prospectus supplement pursuant to Article 16 (1) of the Directive 2003/71/EC as amended (the "**Prospectus Directive**") and § 6 (1) of the Austrian Capital Market Act as amended (*Kapitalmarktgesetz*, the "**KMG**") and is supplemental to, and should be read in conjunction with, the prospectus dated 2 October 2017 (the "**Original Prospectus**") and together with the Prospectus Supplement No. 1 dated 3 November 2017, the Prospectus Supplement No. 2 dated 9 February 2018 and the Prospectus Supplement No. 3 dated 27 March 2018, the "**Prospectus**") relating to the EUR 150,000,000 Additional Tier 1 Notes Programme (the "**Programme**") of Hypo Vorarlberg Bank AG (the "**Issuer**" or "**Hypo Vorarlberg**").

The Original Prospectus has been approved on 2 October 2017 by the Austrian Financial Market Authority (*Finanzmarktaufsichtsbehörde*, the "**FMA**").

This Supplement has been filed for approval with the FMA in its capacity as competent authority under the KMG on 17 May 2018. This Supplement has been filed with the Wiener Börse, which has admitted the Programme to the "*Amtlicher Handel*" (Official Market). This Supplement has been published in electronic form on the website of the Issuer under "[www.hypovbg.at](http://www.hypovbg.at)".

Terms defined in the Prospectus shall have the same meaning when used in this Supplement.

To the extent that there is any inconsistency between a) any statement in this Supplement or any statement incorporated by reference in the Prospectus by this Supplement and b) any other statement in or incorporated by reference in the Prospectus, the statements mentioned in a) above will prevail.

Save as disclosed in this Supplement, no other significant new factor, material mistake or inaccuracy relating to information in the Prospectus has arisen or been noted, as the case may be, since the publication of the Prospectus.

**In accordance with Article 16 of the Prospectus Directive and § 6 KMG, investors who have agreed to subscribe for Notes after the occurrence of the significant new factors described in this Supplement but before the publication of this Supplement have a right to withdraw their acceptances until, and including, 22 May 2018.**

**This Supplement has been filed with the FMA in its capacity as competent authority under the KMG for approval. The accuracy of the information contained in this Supplement does not fall within the scope of examination by the FMA under applicable Austrian law and the Prospectus Directive. The FMA has examined this Supplement only in respect of its completeness, coherence and comprehensibility pursuant to § 8a (1) KMG.**

17 May 2018

*No person has been authorised to give any information or to make any representation other than those contained in this Supplement in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer. Neither the delivery of the Prospectus and/or this Supplement nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which the Prospectus has been most recently supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which the Prospectus has been most recently supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.*

*The distribution of this Supplement and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Supplement comes are required to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and may include Notes in bearer form that are subject to U.S. tax law requirements. The Notes may not be offered, sold or delivered within the United States or to U.S. persons except in certain transactions permitted by U.S. tax regulations and the Securities Act. For a description of certain restrictions on offers and sales of Notes, see "Selling Restrictions" in the Prospectus.*

*This Supplement does not constitute an offer of, or an invitation by or on behalf of the Issuer to subscribe for, or purchase, any Notes.*

*Neither this Supplement nor any financial statements supplied in connection with the Programme or any Notes are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer that any recipient of this Supplement or any financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Supplement or any financial statements and its purchase of Notes should be based upon any such investigation as it deems necessary.*

Significant new factors and/or inaccuracies (as referred to in Article 16 (1) of the Prospectus Directive and § 6 (1) KMG) have arisen which in the Issuer's perception are capable of affecting the assessment of the Notes, and are thus herewith included in the Prospectus as follows:

**1. AMENDMENTS TO THE SECTION ENTITLED "SUMMARY" COMMENCING ON PAGE 7 OF THE ORIGINAL PROSPECTUS**

**1.1 In element B.12 "Selected historical key financial information:" commencing on page 9 of the Original Prospectus (i) the third sentence of the first paragraph shall be replaced by the following sentence and (ii) at the end of this element B.12 the following tables shall be added:**

**(i)**

"Furthermore, the tables show selected historical financial information of Hypo Vorarlberg as of and for the financial years ended 31 December 2015, 31 December 2016 and 31 December 2017 extracted or derived from the audited consolidated annual financial statements of Hypo Vorarlberg as of and for the financial years ended 31 December 2016 and 31 December 2017 (including comparative financial information for the prior year)."

**(ii)**

"in '000 EUR	31.12.2017	31.12.2016	Change in '000 EUR	Change in %
Total Assets	13,182,520	13,324,387	-141,867	-1.1
Loans and advances to customers (L&R)	9,330,521	9,049,998	280,523	3.1
Amounts owed to customers (LAC)	5,175,661	5,282,097	-106,436	-2.0
Liabilities evidenced by certificates (LAC)	3,296,773	2,682,267	614,506	22.9
Own funds according to CRR	1,328,358	1,246,529	81,829	6.6
thereof Tier 1 capital	1,093,275	1,005,715	87,560	8.7
Total capital ratio according to CRR	18.01%	16.52%	1.49%	9.0

in '000 EUR	31.12.2017	31.12.2016	Change in '000 EUR	Change in %
Net interest income after loan loss provisions	169,317	215,545	-46,228	-21.4
Net fee and commission income	34,833	34,027	806	2.4
Net trading result (not including change in own credit risk)	9,473	27,998	-18,525	-66.2
Administrative expenses	-99,952	-97,114	-2,838	2.9
Operating result before change in own credit risk	100,875	151,574	-50,699	-33.4
Earnings before taxes	95,752	117,619	-21,867	-18.6"

- 1.2 In element B.12 "Statement with regard to no material adverse change in the prospects of the issuer since the date of its last published audited financial statements or a description of any material adverse change:" commencing on page 11 of the Original Prospectus, in the right column the last paragraph shall be replaced by the following paragraph:**

"Save as disclosed above, there has been no material adverse change in the prospects of the Issuer since 31 December 2017."

- 1.3 In element B.12 "Description of significant changes in the financial or trading position subsequent to the period covered by the historical financial information:" on page 12 of the Original Prospectus, in the right column the paragraph shall be replaced by the following paragraph:**

"Not applicable. There has been no significant change in the financial position of the Issuer since 31 December 2017."

**2. AMENDMENTS TO THE SECTION ENTITLED "HYPO VORARLBERG BANK AG AS ISSUER" COMMENCING ON PAGE 159 OF THE ORIGINAL PROSPECTUS**

- 2.1 At the end of the subsection "Statutory Auditors" on page 159 of the Original Prospectus the following paragraph shall be added:**

"Ernst & Young has audited by Mag. Ernst Schönhuber and Mag. Friedrich O. Hief as auditors Hypo Landesbank Vorarlberg's consolidated annual financial statements as of and for the fiscal year ending 31 December 2017 pursuant to the banking and company law provisions applicable in accordance with the IFRS and pursuant to § 59a BWG and has issued an unqualified auditor's report thereon."

- 2.2 In the subsection "Information about the Issuer - *Legal Name, Registration, Date of Incorporation*" the first sentence of the last paragraph commencing on page 159 of the Original Prospectus shall be replaced by the following sentence:**

"According to its consolidated annual financial statements as of 31 December 2017, the Issuer has total assets of EUR 13,182.5 million and a cost income ratio on a consolidated basis of 55.34% as of 31 December 2017 and 55.27% as of 31 December 2016."

- 2.3 In the subsection entitled "*Business Overview - Main categories of products sold and/or services offered*" commencing on page 160 of the Original Prospectus, the information contained in this subsection shall be replaced by the following information:**

*"Corporate credit institution in Vorarlberg*

Corporate services represent an important pillar of the Issuer's activities. Being an universal credit institution, Hypo Vorarlberg offers its corporate customers traditional banking products as well as other bank-related services such as leasing, real-estate services, and insurances through its subsidiaries. The range of financing portfolio products offered by Hypo Vorarlberg also includes equity financing as well as advice and support in connection with subsidy programmes and institutions.

Hypo Vorarlberg's lending volume to corporate customers as of 31 December 2017 (shown as loans and advances to corporate customers as shown in the respective

consolidated annual financial statements) amounted to EUR 5,175.7 million (31 December 2016: EUR 5,403.9 million).

#### *Residential real estate credit institution*

The lending volume to private customers as of 31 December 2017 (shown as loans and advances to private customers as shown in the respective consolidated annual financial statements) amounts to EUR 1,887.2 million and has been decreased by 2.2% compared to 31 December 2016. The Issuer will further focus on this traditional important pillar and offers special products like "*Hypo-Lebenswert-Kredit*" (a financing product in particular for seniors after retirement to maintain their living standard) and "*Hypo-Klima-Kredit*" (supports energy saving investments).

#### *Private Banking*

The Issuer operates separate private banking centres in all large branch offices in Vorarlberg, Graz, Wels, and Vienna. Hypo Vorarlberg plans to continue expanding the top segment in the investment business (i.e. wealth management). In this regard, the wealth management teams in Vorarlberg and Vienna have already been expanded.

#### *Asset Management*

Hypo Vorarlberg's Asset Management is well-positioned in Vorarlberg. At the end of the year 2017 the total assets under management at Hypo Vorarlberg amounted to EUR 838,850 million (2016: EUR 868,810 million). The number of managed mandates as at 31 December 2017 was 2,842.

At the end of the year 2017, Hypo Vorarlberg administered a funds volume of EUR 7,260 million. The volume has been increased by 4.54% compared to 31 December 2016. The fund service division's core competence is to act as depositary for Austrian investment funds. Apart from its custodian role for investment funds, Hypo Vorarlberg also supports foreign fund providers acting as a tax representative and paying agent in the Republic of Austria.

#### *Significant new products and/or activities*

As a founding member of the Klimaneutralitätsbündnis (Climate Neutrality Alliance), Hypo Vorarlberg is constantly striving to reduce CO2 emissions. Unavoidable CO2 emissions are offset by climate-protection certificates of the highest standard, including reforestation and the construction of wind parks. According to the criteria of the alliance, the Issuer is already climate neutral for 2016 as well as 2017. Thanks to a sustainability programme started back in 2016, the Issuer has improved its sustainability rating with oekom research AG. For institutional investors, who attach great importance to sustainable investments with climate-relevant commitment, Hypo Vorarlberg has launched Austria's first "green bond" in autumn 2017. After extensive collection of data and intensive preparation, the Issuer will release its second sustainability report in the first half of 2018.

As part of the sustainability process, clear ethical and sustainability criteria were defined for new financing and investment business and for the Issuer's own securities issues. Both positive criteria (e.g. renewable energy, organic farming, sustainable mobility, etc.) and negative/elimination criteria (e.g. child labour, speculation or investments in agricultural commodities, nuclear power, etc.) were then formulated and will be reviewed on the basis of available information at the time of the transaction and subsequent transactions, applying the dual control principle.

Hypo Vorarlberg intends to develop solutions to support its customers. As an uncomplicated banking software for payment transactions, Hypo Vorarlberg developed its new "Hypo-Office-Banking" ("**HOB**"). An important characteristic of the new application is the multibank capacity, which means that not only Austrian but also international accounts of the companies can be integrated. From summer 2017, private customers can open different bank accounts (e.g. current accounts, overnight deposit accounts) online. Nevertheless, the Issuer aims to combine existing branches with the digital world in such a way that customers benefit from optimal interaction between technology and people.

A project has been started back in 2015 to sharpen the Issuer's brand positioning. In order to remain a strong brand in the future, seven core values have been determined as part of a brand process. These values are implemented internally and externally by the Issuer's managing board, the managers and the employees. Since October 2017, the new company name (Hypo Vorarlberg Bank AG) as well as the new brand name (Hypo Vorarlberg) are in effect.

In December 2017, Hypo Vorarlberg has completed a synthetic securitization transaction in cooperation with the European Investment Fund ("**EIF**") and the European Investment Bank ("**EIB**"). Essential objective of this synthetic securitization was the hedge of credit risks. EIF and EIB have provided two guarantees on a EUR 330 million portfolio of Austrian and German loans to small-and-medium-sized enterprises ("**SMEs**") and mid-caps, originated by Hypo Vorarlberg. With this financial support, Hypo Vorarlberg will expand its lending to households and corporate customers undertaking energy efficiency related refurbishments or constructing near zero energy buildings as well as SMEs and mid-caps in Austria."

**2.4 In the subsection "Selected Financial Information concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses - *Selected Historical Financial Information*" commencing on page 168 of the Original Prospectus the third sentence of the first paragraph shall be replaced by the following sentence:**

"Furthermore, the tables show selected historical financial information of the Issuer as of and for the financial years ended 31 December 2015, 31 December 2016 and 31 December 2017 extracted or derived from the audited consolidated annual financial statements of the Issuer as of and for the financial years ended 31 December 2016 and 31 December 2017 (including comparative financial information for the prior year)."

- 2.5 In the subsection "Selected Financial Information concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses - *Selected Historical Financial Information*" after the first table on page 170 of the Original Prospectus the following tables shall be inserted:**

"in '000 EUR	31.12.2017	31.12.2016	Change in '000 EUR	Change in %
Total Assets	13,182,520	13,324,387	-141,867	-1.1
Loans and advances to customers (L&R)	9,330,521	9,049,998	280,523	3.1
Amounts owed to customers (LAC)	5,175,661	5,282,097	-106,436	-2.0
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Total capital ratio according to CRR	18.01%	16.52%	1.49%	9.0

in '000 EUR	31.12.2017	31.12.2016	Change in '000 EUR	Change in %
Net interest income after loan loss provisions	169,317	215,545	-46,228	-21.4
Net fee and commission income	34,833	34,027	806	2.4
Net trading result (not including change in own credit risk)	9,473	27,998	-18,525	-66.2
Administrative expenses	-99,952	-97,114	-2,838	2.9
Operating result before change in own credit risk	100,875	151,574	-50,699	-33.4
Earnings before taxes	95,752	117,619	-21,867	-18.6"

- 2.6 In the subsection "Selected Financial Information concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses - *Selected Historical Financial Information*" after the second table on page 170 of the Original Prospectus the following table shall be inserted:**

"Key figures	31.12.2017	31.12.2015	Change absolute	Change in %
Cost-Income-Ratio (CIR)*	55.34%	55.27%	0.08%	0.1
Return on Equity (ROE)*	9.70%	16.14%	-6.44%	-39.9
Employees	737	725	12	1.7"

- 2.7 In the subsection "Selected Financial Information concerning the Issuer's Assets and Liabilities, Financial Position and Profits and Losses - *Selected Historical Financial Information*" on page 170 of the Original Prospectus (i) after the first paragraph following the second table and (ii) after the paragraph starting with "Calculation Return on Equity (ROE):" the following information shall be inserted:**

**(i)**

"CIR 2017:

$$\frac{99,957+29,178-2,806}{159,260+34,833+29,371+4,766+26} = 55.34\%$$

These figures are rounded and extracted from the audited consolidated annual financial statements for the financial year ended 31 December 2017."

**(ii)**

"ROE 2017:

$$\frac{100,875}{1,054,939-15,000} = 9.70\%$$

These figures are rounded and extracted from the audited consolidated annual financial statements for the financial year ended 31 December 2017."

- 2.8 In the subsection "Significant Change in the Issuer's Financial or Trading Position" on page 171 of the Original Prospectus the paragraph shall be replaced by the following paragraph:**

"There have been no significant changes in the financial or trading positions of the Issuer since 31 December 2017."

- 2.9 In the subsection "Recent Developments and Outlook - *Trends*" commencing on page 173 of the Original Prospectus the sixth paragraph shall be replaced by the following paragraph:**

"Save as disclosed above, there has been no material adverse change in the prospects of the Issuer since the date of its last published audited consolidated annual financial statements as of 31 December 2017."

- 2.10 In the subsection "Documents on Display" on page 174 of the Original Prospectus the list item numbered "2)" shall be replaced by the following list item:**

"2) the consolidated annual financial statements for the fiscal years ending on 31 December 2015, 31 December 2016 and 31 December 2017 in the German and English language (please see the pdf links in section "DOCUMENTS INCORPORATED BY REFERENCE" below);"

- 3. AMENDMENTS TO THE SECTION ENTITLED "DOCUMENTS INCORPORATED BY REFERENCE" COMMENCING ON PAGE 183 OF THE ORIGINAL PROSPECTUS**

- 3.1 On page 183 of the Original Prospectus prior to the information regarding the "Consolidated Annual Financial Statements 2016 (German Version) of Hypo Vorarlberg included in the Annual Report 2016<sup>(1)</sup>" the following information shall be inserted:**

"Consolidated Annual Financial Statements 2017 (German Version) of Hypo Vorarlberg included in the Annual Report 2017<sup>(1)</sup>"



<b><i>Incorporated Part</i></b>	<b><i>Page</i></b>
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**3.2 On page 185 of the Original Prospectus the first, second and third paragraph after the table regarding the "Consolidated Interim Financial Statements for the period ending on 30 June 2017 (English Version) of Hypo Vorarlberg included in the Half Year Report as of 30 June 2017" shall be replaced by the following paragraphs:**

- “(1) The officially signed German language versions of the Issuer's Consolidated Annual Financial Statements 2017, 2016 and 2015 are solely legally binding and definitive. For the purposes of this Prospectus the defined terms "Consolidated Annual Financial Statements 2016" and "Consolidated Annual Financial Statements 2017" shall also include the English language translations of the Consolidated Annual Financial Statements of the Issuer for the financial year ended 31 December 2016 and of the Consolidated Annual Financial Statements of the Issuer for the financial year ended 31 December 2017.
- (2) The English language translations of the Issuer's Consolidated Annual Financial Statements for the financial years ended 31 December 2015, 31 December 2016 and 31 December 2017 are not legally binding and are incorporated into this Prospectus by reference for convenience purposes only.

For the avoidance of doubt, such parts of the Consolidated Annual Financial Statements 2017, 2016 and 2015, respectively, as well as of the Consolidated Interim Financial Statements for the period ending on 30 June 2017 which are not explicitly listed in the tables above, are not incorporated by reference into this Prospectus as these parts are either not relevant for the investor or covered elsewhere in this Prospectus."

## **RESPONSIBILITY STATEMENT**

Hypo Vorarlberg Bank AG, with its registered office at Hypo-Passage 1, A-6900 Bregenz, the Republic of Austria, is solely responsible for the information given in this Supplement and hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Supplement is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Bregenz, 17 May 2018

Hypo Vorarlberg Bank AG  
as Issuer pursuant to § 8 KMG