

**Second Supplement dated 2 May 2019  
to the Prospectus dated 25 July 2018  
as supplemented by the First Supplement dated 24 August 2018**

*This document constitutes a supplement (the "**Second Supplement**") within the meaning of Article 16 of the Directive 2003/71/EC of the European Parliament and the Council of 4 November 2003, as amended (the "**Prospectus Directive**") to two base prospectuses of Hypo Tirol Bank AG (the "**Issuer**"): (i) the base prospectus in respect of non-equity securities within the meaning of Article 22 No. 6 (4) of the Commission Regulation (EC) No. 809/2004 of 29 April 2004, as amended (the "**Commission Regulation**") and (ii) the base prospectus in respect of Pfandbriefe within the meaning of Article 22 No. 6 (3) of the Commission Regulation (together, the "**Debt Issuance Programme Prospectus**" or the "**Prospectus**").*

*This Second Supplement is supplemental to, and should be read in conjunction with the Debt Issuance Programme Prospectus dated 25 July 2018 as supplemented by the First Supplement dated 24 August 2018 (together, the "**Supplemented Prospectus**").*

## **HYPO TIROL BANK AG**

**EUR 4,500,000,000  
Debt Issuance Programme  
(the "**Programme**")**

The Issuer has requested the *Commission de Surveillance du Secteur Financier* of the Grand Duchy of Luxembourg (the "**CSSF**") in its capacity as competent authority under the Luxembourg Law relating to prospectuses for securities (*Loi relative aux prospectus pour valeurs mobilières*, the "**Luxembourg Law on Prospectuses**"), which implements the Directive 2003/71/EC of the European Parliament and the Council of 4 November 2003, as amended, to provide the competent authorities in the Federal Republic of Germany and the Republic of Austria as soon as possible after approval of this Second Supplement has been granted, with a certificate of such approval (each a "**Notification**") attesting that the Second Supplement has been drawn up in accordance with the Luxembourg Law on Prospectuses. The Issuer may request the CSSF to provide competent authorities in additional host Member States within the European Economic Area with a Notification.

This Second Supplement will be published in the same way as the Debt Issuance Programme Prospectus in electronic form (together with the documents incorporated by reference) on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and on the website of the Issuer ([www.hypotiro.at](http://www.hypotiro.at)).

HYPO TIROL BANK AG ("**HYPO TIROL**" or the "**Issuer**") with its registered office in Innsbruck, the Republic of Austria, is solely responsible for the information given in this Second Supplement.

The Issuer hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Second Supplement is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Terms defined or otherwise attributed meanings in the Supplemented Prospectus have the same meaning in this Second Supplement.

This Second Supplement shall only be distributed in connection and be read in conjunction with the Supplemented Prospectus.

To the extent that there is any inconsistency between any statement in this Second Supplement and any other statement in or incorporated by reference in the Supplemented Prospectus, the statements in this Second Supplement will prevail.

Save as disclosed in this Second Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Supplemented Prospectus which is capable of affecting the assessment of Notes issued under the Programme since the publication of the Supplemented Prospectus.

The Issuer has confirmed to the Dealers that the Supplemented Prospectus and this Second Supplement contains all information with regard to the Issuer and the Notes which is material in the context of the Programme and the issue and offering of Notes thereunder; that the information contained therein is accurate in all material respects and is not misleading; that the opinions and intentions expressed therein are honestly held; that there are no other facts the omission of which would make the Supplemented Prospectus as a whole or any of such information or the expression of any such opinions or intentions and this Second Supplement misleading in any material respect; and that all reasonable enquiries have been made to ascertain all facts and to verify the accuracy of all statements contained therein.

No person has been authorised to give any information which is not contained in or not consistent with the Supplemented Prospectus or this Second Supplement or any other document entered into or any information supplied in connection with the Programme and, if given or made, such information must not be relied upon as having been authorized by or on behalf of the Issuer, the Dealers or any of them.

To the extent permitted by the laws of any relevant jurisdiction, neither the Arranger nor any Dealer nor any other person mentioned in the Supplemented Prospectus or this Second Supplement, excluding the Issuer, is responsible for the information contained in the Supplemented Prospectus or this Second Supplement or any Final Terms or any other document incorporated therein by reference, and accordingly, and to the extent permitted by the laws of any relevant jurisdiction, none of these persons accepts any responsibility for the accuracy and completeness of the information contained in any of these documents.

**In accordance with Article 13 paragraph 2 of the Luxembourg Law, where the Prospectus relates to an offer of Notes to the public, investors who have already agreed to purchase or subscribe for Notes before this Second Supplement is published have the right, exercisable within a time limit of two working days after the publication of this Second Supplement, until 6 May 2019, to withdraw their acceptances provided that the new factor, mistake or inaccuracy referred to in Article 13 paragraph 1 of the Luxembourg Law arose before the final closing of the offer to the public and the delivery of the Notes.**

**I. Supplemental and replacement information pertaining to the SUMMARY and its German Translation**

**1. Supplemental and replacement information pertaining to the "SUMMARY – Section B – Summary regarding the Issuer"**

**- On pages 9-10 of the Supplemented Prospectus, "Element B.12 – Selected historical key financial information" shall be supplemented by the following:**

"The following table shows selected historical key financial information of HYPO TIROL BANK AG concerning annual company key figures as of 31 December 2018 and 31 December 2017.				
<b>Company Key Figures 2018</b>				
<b>in million Euro</b>	<b>2018</b>	<b>2017</b>	<b>Change</b>	<b>in %</b>
Total assets	7,327	7,058	269	3.82%
Receivables from clients after risk provision	5,642	5,346	296	5.53%
Liabilities to clients	3,364	3,187	177	5.53%
Liabilities evidenced by certificate	2,298	1,326	972	73.32%
Financial liabilities – designated at fair value <sup>***</sup> )	0,00	1,430	-1,430	-100.00%
Total accountable equity capital (according to CRR/CRD IV)	604	585	18	3.26 %
Core capital (Tier I) (according to CRR/CRD IV)	530	519	14	2.07%
<b>in thousand Euro</b>	<b>2018</b>	<b>2017</b>	<b>Change</b>	<b>in %</b>
Net interest income after risk provision	85,486	65,889	19,597	29.74%
Net commission income	26,641	26,367	274	1.04%
Administrative expenses	-71,506	-72,673	1,167	-1.61%
Result before taxation	41,458	22,015	19,443	88.32%
	<b>2018</b>	<b>2017</b>		
Cost income ratio (CIR)*	60.49 %	67.20 %		
Equity capital rate in % acc. to CRR/CRD IV on the basis of total equity capital requirements	16.71 %	16.34 %		
Return on equity (ROE)**	7.69 %	4.11 %		
<b>Human resources</b>	<b>2018</b>	<b>2017</b>		
Number of employees	516	512		
1) Calculation based on figures rounded to thousand Euro.				
*) Cost income ratio is an essential operational measure of efficiency of a credit institution.				
Calculation of Cost-Income-Ratio (CIR): administrative expenses divided by the sum of operating income, consisting of net interest income, net commission income, result from hedge accounting, other operating income and result from associated companies.				
Other operating income consists of the line items other income and other expenses as contained in the profit and loss account.				

	$\text{CIR} = \frac{(71,506 \times 100)}{90,727 + 26,641 + (-1,639) + (-12) + 7,254 + 364 + 20,312 + (-25,442)} = 60.49\%$
	<p>These figures are rounded and taken or derived from the consolidated financial statements as of and for the fiscal year ended 31 December 2018.</p> <p>**) Return on equity (ROE) specifies a company's profitability.</p> <p>Calculation of Return on Equity (ROE): Result prior to taxation of the reporting period divided by equity as of 31 December of the prior fiscal year and less distribution.</p> $\text{ROE} = \frac{(41,458 \times 100)}{(544,405 - 5,000)} = 7.69\%$
	<p>These figures are rounded and taken or derived from the consolidated financial statements as of and for the fiscal year ended 31 December 2018.</p> <p>***) Financial liabilities – designated at fair value: As part of the changeover to the requirements of IFRS 9, the balance sheet items securitized liabilities, financial liabilities - designated at fair value and subordinated and supplementary capital of the previous year were combined in the balance sheet item securitized liabilities in the financial year 2018.</p>

- On page 10 of the Supplemented Prospectus, "Element B.12 – No material adverse change in the prospects of the Issuer" shall be replaced by the following:

	<b>"No material adverse change in the prospects of the Issuer"</b>	There has been no material adverse change in the prospects of the Issuer since 31 December 2018, the date of its last audited consolidated financial statements."
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- On page 10 of the Supplemented Prospectus, "Element B.12 – Significant change in the financial and trading position" shall be replaced by the following:

	<b>"Significant change in the financial and trading position"</b>	Not applicable. There has been no significant change in the financial and trading position of the Issuer since 31 December 2018."
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- On page 11 of the Supplemented Prospectus, "Element B.17 – Credit Ratings of the Issuer or its debt securities" shall be replaced by the following:

	<b>"Credit Ratings of the Issuer or its debt securities"</b>	<p>Public Mortgage Bonds and Mortgage Bonds of HYPO TIROL BANK AG are rated by Moody's Investors Service Ltd. ("<b>Moody's</b>")<sup>1, 2</sup>. The ratings<sup>3</sup> assigned by Moody's are as follows:</p> <p>Public Mortgage Bonds: Aa1</p> <p>Mortgage Bonds: Aa1</p> <p>The Issuer is rated by Standard &amp; Poor's Credit Market Services Europe</p>
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<sup>1</sup> Moody's is established in the European Community and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended (the "**CRA Regulation**").

<sup>2</sup> The European Securities and Markets Authority ("**ESMA**") publishes on its website ([www.esma.europa.eu/page/List-registered-and-certified-CRAs](http://www.esma.europa.eu/page/List-registered-and-certified-CRAs)) a list of credit rating agencies registered in accordance with the CRA Regulation. That list is updated within five working days following the adoption of a decision under Article 16, 17 or 20 CRA Regulation. The European Commission shall publish that updated list in the Official Journal of the European Union within 30 days following such update.

<sup>3</sup> A credit rating assesses the creditworthiness of an entity and informs an investor therefore about the probability of the entity being able to redeem invested capital. It is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

	Limited (Niederlassung Deutschland) <sup>1, 2</sup> ("S&P"). The ratings <sup>3</sup> assigned to the Issuer by S&P are as follows:  Local Currency Long term: A-  Local Currency Short term: A-2  Foreign Currency Long term: A-  Foreign Currency short term: A-2"
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**2. Supplemental and replacement information pertaining to the German translation of the Summary section "GERMAN TRANSLATION OF THE SUMMARY – Abschnitt B – Zusammenfassung in Bezug auf die Emittentin"**

- On pages 25 - 26 of the Supplemented Prospectus, "Element B.12 - Ausgewählte wesentliche historische Finanzinformationen" shall be supplemented by the following:

"Die nachstehende Tabelle zeigt ausgewählte historische Finanzinformationen der HYPO TIROL BANK AG betreffend wesentliche Jahreskennzahlen zum 31. Dezember 2018 und 31. Dezember 2017.				
<b>Unternehmenskennziffern 2018</b>				
<b>in Mio Euro</b>	<b>2018</b>	<b>2017</b>	<b>Veränderung</b>	<b>in %</b>
Summe der Vermögenswerte	7.327	7.058	269	3,82%
Forderungen an Kunden nach Risikovorsorge	5.642	5.346	296	5,53%
Verbindlichkeiten gegenüber Kunden	3.364	3.187	177	5,53%
Verbriefte Verbindlichkeiten	2.298	1.326	972	73,32%
Finanzielle Verbindlichkeiten – designated at Fair Value***	0	1.430	-1.430	-100,00%
Gesamte anrechenbare Eigenmittel gemäß CRR/CRD IV	604	585	18	3,26%
Kernkapital (Tier I) (gemäß CRR/CRD IV)	530	519	14	2,07%
<b>in Tsd. Euro</b>	<b>2018</b>	<b>2017</b>	<b>Veränderung</b>	<b>in %</b>
Zinsüberschuss nach Risikovorsorge	85.486	65.889	19.597	29,74%
Provisionsüberschuss	26.641	26.367	274	1,04%
Verwaltungsaufwand	-71.506	-72.673	1.167	-1,61%
Ergebnis vor Steuern	41.458	22.015	19.443	88,32%
	<b>2018</b>	<b>2017</b>		
Cost income ratio (CIR)*	60,49 %	67,20 %		
Eigenmittelquote (lt. CRR/CRD IV auf Basis des gesamten Eigenmittelerfordernisses)	16,71 %	16,34 %		
Return on equity (ROE)**	7,69 %	4,11 %		
<b>Personal</b>	<b>2018</b>	<b>2017</b>		
Mitarbeiter	516	512		

<sup>1</sup> S&P is established in the European Community and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended (the "CRA Regulation").

1) Berechnung basierend auf in Tausend Euro gerundeten Zahlen.  
 \*) Die *Cost income ratio* (CIR) ist eine zentrale betriebswirtschaftliche Kennzahl der Effizienz eines Kreditinstituts.

Berechnung Cost-Income-Ratio (CIR): Verwaltungsaufwand geteilt durch die Summe der betrieblichen Erträge, bestehend aus Zinsüberschuss, Provisionsüberschuss, Ergebnis aus finanziellen Vermögenswerten und Verbindlichkeiten, Ergebnis aus der Ausbuchung von at cost bewerteten finanziellen Vermögenswerten, Ergebnis aus Sicherungszusammenhängen, sonstigem betrieblichen Ergebnis und Ergebnis aus assoziierten Unternehmen.

Das sonstige betriebliche Ergebnis setzt sich aus den GuV-Rechnungspositionen, sonstigen Erträgen und sonstigen Aufwendungen zusammen.

$$\text{CIR} = \frac{(71.506 \cdot 100)}{90.727 + 26.641 + (-1.639) + (-12) + 7.254 + 364 + 20.312 + (-25.442)} = 60,49 \%$$

Diese Zahlenwerte sind gerundet und aus dem Konzernabschluss für das Geschäftsjahr endend zum 31. Dezember 2018 entnommen oder daraus abgeleitet.

\*\*) ROE = *Return on Equity* (Eigenkapitalrentabilität): beschreibt die Profitabilität eines Unternehmens.

Berechnung Return on Equity (ROE): Ergebnis vor Steuern der Berichtsperiode geteilt durch das Eigenkapital per 31.12. des Vorjahres und abzüglich Ausschüttung

$$\text{ROE} = \frac{(41.458 \cdot 100)}{(544.405 - 5.000)} = 7,69 \%$$

Diese Zahlenwerte sind gerundet und aus dem Konzernabschluss für das Geschäftsjahr endend zum 31. Dezember 2018 entnommen oder daraus abgeleitet.

\*\*\*) Finanzielle Verbindlichkeiten – designated at Fair Value: Im Zuge der Umstellung des Bilanzschemas auf die Anforderungen von IFRS 9 wurden im Geschäftsjahr 2018 in der Bilanzposition Verbriefte Verbindlichkeiten die Bilanzpositionen Verbriefte Verbindlichkeiten, Finanzielle Verbindlichkeiten - designated at Fair Value und Nachrang- und Ergänzungskapital des Vorjahrs zusammen gefasst.

- On page 26 of the Supplemented Prospectus, "Element B.12 - Keine wesentliche Verschlechterung der Aussichten des Emittenten" shall be replaced by the following:

<b>"Keine wesentliche Verschlechterung der Aussichten des Emittenten"</b>	Seit dem 31. Dezember 2018, dem Datum des letzten geprüften Konzernabschlusses, gab es keine wesentlichen negativen Veränderungen in den Aussichten der Emittentin."
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- On page 26 of the Supplemented Prospectus, "Element B.12 - Signifikante Veränderungen in der Finanz- bzw. Handelsposition" shall be replaced by the following:

<b>"Signifikante Veränderungen in der Finanz- bzw. Handelsposition"</b>	Nicht anwendbar. Seit dem 31. Dezember 2018 hat es keine signifikanten Änderungen der Finanz- und Handelsposition der Emittentin gegeben."
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- On page 27 of the Supplemented Prospectus, "Element B.17 - Kreditratings der Emittentin oder ihrer Schuldtitel" shall be replaced by the following:

	<p><b>"Kreditratings der Emittentin oder ihrer Schuldtitel"</b></p>	<p>Öffentliche Pfandbriefe sowie Hypothekenpfandbriefe der HYPO TIROL BANK AG sind von Moody's Investors Service Ltd. ("<b>Moody's</b>")<sup>1, 2</sup> geratet. Das Rating<sup>3</sup> von Moody's stellt sich wie folgt dar:</p> <p>Öffentliche Pfandbriefe: Aa1</p> <p>Hypothekenpfandbriefe: Aa1</p> <p>Die Emittentin ist von Standard &amp; Poor's Credit Market Services Europe Limited (Niederlassung Deutschland) ("<b>S&amp;P</b>")<sup>4, 2</sup> geratet. Das S&amp;P Rating<sup>3</sup> für die Emittentin stellt sich wie folgt dar:</p> <p>Landeswährung Langfristig: A-</p> <p>Landeswährung Kurzfristig: A-2</p> <p>Fremdwährung Langfristig: A-</p> <p>Fremdwährung Kurzfristig: A-2"</p>
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## II. Replacement and supplemental and replacement information pertaining to the section "HYPO TIROL BANK AG"

- The section "INFORMATION" on pages 58-61 of the Supplemented Prospectus shall be replaced by the following:

### "History"

The Tirolische Landes-Hypothekenanstalt was founded by the parliament of the Austrian state or province of Tyrol ("**Tyrol**") by its resolutions dated 12 and 15 February 1898. As of 1 July 1998 it is incorporated in Austria under its present name HYPO TIROL BANK AG (the "**Bank**", together with its consolidated subsidiaries the "**HYPO TIROL BANK Group**" or the "**Group**"), after having formerly been registered under the name of Landes-Hypothekenbank Tirol AG.

On 9 October 1997 the parliament of Tyrol resolved by law to transfer the entire banking business of Landes-Hypothekenbank Tirol to Landes-Hypothekenbank Tirol AG, a joint-stock corporation, pursuant to Sec. 92 of the Austrian Banking Act.

In accordance with Sec. 6 of the respective law, the Landes-Hypothekenbank Tirol continues to exist under the name of Landes-Hypothekenbank Tirol Anteilsverwaltung for the purpose of administration of the shares in HYPO TIROL BANK AG for and on behalf of the State of Tyrol. The duration of the Issuer is unlimited.

<sup>1</sup> Moody's hat seinen Sitz in der Europäischen Gemeinschaft und ist gemäß der Verordnung (EG) Nr. 1060/2009 des Europäischen Parlaments und des Rates vom 16. September 2009 über Ratingagenturen, in der jeweils geltenden Fassung, (die "**Ratingagentur-Verordnung**") registriert.

<sup>2</sup> Die Europäische Wertpapier und Marktaufsichtsbehörde ("**ESMA**") veröffentlicht auf ihrer Webseite ([www.esma.europa.eu/page/List-registered-and-certified-CRAs](http://www.esma.europa.eu/page/List-registered-and-certified-CRAs)) ein Verzeichnis der nach der Ratingagentur-Verordnung registrierten Ratingagenturen. Dieses Verzeichnis wird innerhalb von fünf Werktagen nach Annahme eines Beschlusses gemäß Artikel 16, 17 oder 20 der Ratingagentur-Verordnung aktualisiert. Die Europäische Kommission veröffentlicht das aktualisierte Verzeichnis im Amtsblatt der Europäischen Union innerhalb von 30 Tagen nach der Aktualisierung.

<sup>3</sup> Ein Kreditrating ist eine Einschätzung der Kreditwürdigkeit einer Rechtsperson und informiert den Anleger daher über die Wahrscheinlichkeit mit der die Rechtsperson in der Lage ist, angelegtes Kapital zurückzuzahlen. Es ist keine Empfehlung Wertpapiere zu kaufen, zu verkaufen oder zu halten und kann jederzeit durch die Ratingagentur geändert oder zurückgenommen werden.

<sup>4</sup> S&P hat seinen Sitz in der Europäischen Gemeinschaft und ist gemäß der Verordnung (EG) Nr. 1060/2009 des Europäischen Parlaments und des Rates vom 16. September 2009 über Ratingagenturen, in der jeweils geltenden Fassung, (die "**Ratingagentur-Verordnung**") registriert.

## Balance Sheet Development

In the past business year, the balance sheet total amounted to EUR 7.3 billion: it was 3.81% higher than the balance sheet total of the previous year (previous year: EUR 7.1 billion.). The increase was as expected. The essential single balance sheet items illustrate the following situation:

### Receivables from credit institutions

On 31 December 2018, receivables from credit institutions amounted to EUR 95.4 million (previous year: EUR 109.0 million). Thus, they decreased by EUR 13.6 million.

### Receivables from clients

At the balance sheet date, receivables from clients accounted for EUR 5.6 billion (previous year: EUR 5.4 billion). The decline regarding the volume of receivables in Italy was compensated by an increase in Austria. In total, receivables from clients grew by EUR 295.8 million respectively by 5.53%.

### Other financial assets

Based on the first-time application of IFRS 9, a new balance sheet structure is illustrated. Financial assets designated at fair value, AFS<sup>1</sup> or HTM<sup>2</sup>, which were still illustrated in the previous year, are now included in other financial assets on an aggregated basis. On 31 December 2018 they accounted for EUR 1.2 billion. The included amount of EUR 556.7 million was evaluated on the basis of amortised costs.

### Liabilities to credit institutions

In the past business year, liabilities to credit institutions decreased by EUR 13.7 million to EUR 918.0 million (previous year: EUR 931.7 million). In this context, most liabilities refer to liabilities to the Austrian National Bank.

### Liabilities to clients

In the past business year, liabilities to clients increased by EUR 176.3 million to EUR 3,363.7 million (previous year: EUR 3,187.4). In this context, time deposits increased by EUR 37.5 million, and savings deposits by EUR 15.7 million, whereas giro accounts increased by EUR 99.0 million.

### Liabilities evidenced by certificate

Based on the first-time application of IFRS 9, liabilities evidenced by certificate are no longer illustrated in the balance sheet separately according to evaluation criteria. 46.22% of liabilities evidenced by certificate refer to debenture bonds (Pfandbriefe). In comparison to the previous year they increased slightly and accounted for EUR 2,298.0 million (previous year: EUR 1,325.9 million) on 31 December 2018.

## Capital Resources

Based on regulation (EUR) no. 575/2013 (Capital Requirements Regulations – CRR) and the directive regarding the access to operations of financial institutions (Capital Requirements Directive 4 – CRD IV), consolidated capital resources and consolidated prudential capital requirements shall be determined in accordance with the IFRS but according to prudential consolidation circles. Within Hypo Tirol Bank AG, the supervisory scope of consolidation corresponds to the scope of consolidation according to IFRS.

Eligible equity in accordance with CRR/CRD IV increased by EUR 19.1 million in comparison to the previous year; in consideration of all deduction items it accounted for EUR 603.7 million (previous year: EUR 584.6 million) on 31 December 2018. Within this period, required equity increased by EUR 2.8 million. At the balance sheet date, the equity ratio amounted to 16.71% (previous year: 16.34%) and thus, increased by 0.37 percentage points. Consequently, Hypo Tirol Bank AG fulfils all corporate group requirements regarding equity as stated in CRR/CRD IV. Equity surplus accounted for EUR 314.7 million (previous year: EUR 298.5 million).

At the balance sheet date, core capital (Tier I) accounted for EUR 529.9 million (previous year: EUR 519.1 million). Supplementary equity (Tier II) in consideration of deduction items according to section 66 (own interests, supplementary capital) amounted to EUR 73.8 million (previous year: EUR 65.6 million). At the balance sheet date, the core capital ratio accounted for 14.67% (previous year: 14.51%).

## Achievements

In 2018, Hypo Tirol Bank AG once again pursued the determined strategy of the previous years and focused on the Tyrolean core market (North-, East and South Tyrol) and Vienna. Apart from that, it continued to cut risk

<sup>1</sup> AFS - Available for Sale: Financial assets - available for sale - include all non-derivative financial instruments, which are none of the other categories assigned to Fair Value, Held to Maturity or Loans & Receivables.

<sup>2</sup> HTM - Held to Maturity: Financial assets, which are allocated to non-derivative financial assets with fixed or determinable payments and a fixed term. These financial assets are acquired with the intention and with the ability to hold them to maturity.



positions. By doing so, Hypo Tirol Bank AG significantly reduced risk provision and finally achieved a very pleasing result.

### **Net interest income after risk provision**

In the past business year, net interest income after risk provision increased by EUR 19.6 million to EUR 85.5 million (previous year: EUR 65.9 million). This shows the positive development in relation to risk provision. In addition, it was possible to reduce credit risk provision by 50.8% to EUR 5.2 million.

### **Net commission income**

In comparison to the previous year, net commission income increased by only 1.0% and accounted for EUR 26.6 million. In this context, the decline in commission income, primarily in connection with the transaction of securities, was compensated by the reduction of commission expenses.

### **Administrative expenses**

In the past business year, it was again possible to reduce administrative expenses. In 2018, expenses accounted for EUR 71.5 million (previous year: EUR 72.7 million). This decline meets the expectations of the management and complies with the determined professional goals and the strategy to optimise the utilisation of personnel capacities.

### **Income before tax**

Income before tax in the past business year accounted for EUR 41.5 million (previous year: EUR 22.0 million). After the deduction of tax on income and profit in the amount of EUR 9.4 million (previous year: EUR 3.0 million) income after tax amounted to EUR 32.0 million (previous year: EUR 19.0 million).

### **Rating**

Public Pfandbriefe and Mortgage Pfandbriefe of HYPO TIROL BANK AG are rated by Moody's Investors Service Ltd. ("**Moody's**")<sup>1, 2</sup>. The ratings<sup>3</sup> assigned by Moody's are as follows:

Public Pfandbriefe: Aa1

Mortgage Pfandbriefe: Aa1

Obligations rated Aa are judged to be of high quality and are subject to very low credit risk. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category. (Source: <https://www.moodys.com>)

HYPO TIROL BANK AG is rated by Standard & Poor's Credit Market Services Europe Limited (Niederlassung Deutschland) ("**S&P**")<sup>4, 2</sup>. The S&P ratings<sup>3</sup> assigned to HYPO TIROL BANK AG are as follows:

Local Currency Long term: A-

Local Currency Short term: A-2

Foreign Currency Long term: A-

Foreign Currency short term: A-2

An obligation rated "A" is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong. The rating from "AA" to "CCC" may be modified by the addition of a plus (+) or a minus (-) sign to show relative standing within the major rating categories. An obligor rated "A-2" has strong capacity to meet its financial commitments and has a strong redemption stability, as long as unforeseeable events don't influence the overall economic structure or branch."

<sup>1</sup> Moody's is established in the European Community and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended (the "**CRA Regulation**").

<sup>2</sup> The European Securities and Markets Authority publishes on its website ([www.esma.europa.eu/page/List-registered-and-certified-CRAs](http://www.esma.europa.eu/page/List-registered-and-certified-CRAs)) a list of credit rating agencies registered in accordance with the CRA Regulation. That list is updated within five working days following the adoption of a decision under Article 16, 17 or 20 CRA Regulation. The European Commission shall publish that updated list in the Official Journal of the European Union within 30 days following such update.

<sup>3</sup> A credit rating assesses the creditworthiness of an entity and informs an investor therefore about the probability of the entity being able to redeem invested capital. It is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

<sup>4</sup> S&P is established in the European Community and is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended (the "**CRA Regulation**").

**- The section "ORGANISATIONAL STRUCTURE" on page 62 of the Supplemented Prospectus shall be replaced by the following:**

"HYPO TIROL BANK AG is a joint-stock company. Since its foundation in 1901 it is 100 per cent. owned by the State of Tyrol via the Landeshypothekenbank Tirol Anteilsverwaltung. On the basis of the "Law of 14th November 2018, by which the Landes-Hypothekenbank Tirol Anteilsverwaltung is dissolved and the legal relations of Hypo Tirol Bank AG to the State of Tyrol are regulated, Hypo Tirol Bank AG will be directly owned again - without interposition of the Landes-Hypothekenbank Tirol Anteilsverwaltung - by the State of Tyrol starting from 1 July 2019. HYPO TIROL BANK Group comprises the Issuer, a number of subsidiaries which are fully consolidated, and a branch office in Italy. HYPO TIROL BANK AG is the parent company."

**- The section "TREND INFORMATION - Statement of no Material Adverse Change" on page 62 of the Supplemented Prospectus shall be replaced by the following:**

"There has been no material adverse change in the prospects of HYPO TIROL BANK AG since the last published audited consolidated financial statement dated 31 December 2018. However, known trends affecting the Issuer and the industries in which it operates are the difficult overall macroeconomic environment with decreasing growth rates and the continuing tense situation on the financial and capital markets which have had and may continue to have a negative impact on the Issuer's business activity and results of operations, in particular also on the Issuer's capital costs. Further regulatory changes or enforcement initiatives could affect the financial industry. New governmental or regulatory requirements and changes in levels of adequate capitalisation, liquidity and leverage could lead to increased capital and liquidity requirements or standards."

**- The section "FINANCIAL INFORMATION CONCERNING HYPO TIROL BANK AG'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES - Historical Annual Financial Information" on page 66 of the Supplemented Prospectus shall be supplemented by the following:**

"The German language statutory consolidated financial statements of HYPO TIROL BANK AG for the financial year ended 31 December 2018 have been audited by Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. These statutory consolidated financial statements and the respective auditor's reports of Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. are not reproduced but incorporated by reference in this Prospectus."

**- The sentence under the heading "Significant Change in HYPO TIROL BANK AG's Financial or Trading Position" on page 66 of the Supplemented Prospectus shall be replaced by the following:**

"There has been no significant change in HYPO TIROL BANK AG's financial or trading position since 31 December 2018."

**- The section "SELECTED HISTORICAL KEY FINANCIAL INFORMATION" on pages 66 - 67 of the Supplemented Prospectus shall be supplemented by the following:**

"The following table shows selected historical key financial information of HYPO TIROL BANK AG concerning annual company key figures as of 31 December 2018 and 31 December 2017.

#### **Company Key Figures 2018**

<b>in million Euro</b>	<b>2018</b>	<b>2017</b>	<b>Change</b>	<b>in %</b>
Total assets	7,327	7,058	269	3.82%
Receivables from clients after risk provision	5,642	5,346	296	5.53%
Liabilities to clients	3,364	3,187	177	5.53%
Liabilities evidenced by certificate	2,298	1,326	972	73.32%
Financial liabilities – designated at fair value***)	0,00	1,430	-1,430	-100.00%
Total accountable equity capital (according to CRR/CRD IV)	604	585	18	3.26 %
Core capital (Tier I) (according to CRR/CRD IV)	530	519	14	2.07%

<b>in thousand Euro</b>	<b>2018</b>	<b>2017</b>	<b>Change</b>	<b>in %</b>
Net interest income after risk provision	85,486	65,889	19,597	29.74%
Net commission income	26,641	26,367	274	1.04%
Administrative expenses	-71,506	-72,673	1,167	-1.61%
Result before taxation	41,458	22,015	19,443	88.32%
	<b>2018</b>	<b>2017</b>		
Cost income ratio (CIR)*	60.49 %	67.20 %		
Equity capital rate in % acc. to CRR/CRD IV on the basis of total equity capital requirements	16.71 %	16.34 %		
Return on equity (ROE)**	7.69 %	4.11 %		
<b>Human resources</b>	<b>2018</b>	<b>2017</b>		
Number of employees	516	512		

1) Calculation based on figures rounded to thousand Euro.

\*) Cost income ratio is an essential operational measure of efficiency of a credit institution.

Calculation of Cost-Income-Ratio (CIR): administrative expenses divided by the sum of operating income, consisting of net interest income, net commission income, result from hedge accounting, other operating income and result from associated companies.

Other operating income consists of the line items other income and other expenses as contained in the profit and loss account.

$$\text{CIR} = \frac{(71,506 \cdot 100)}{90,727 + 26,641 + (-1,639) + (-12) + 7,254 + 364 + 20,312 + (-25,442)} = 60.49 \%$$

These figures are rounded and taken or derived from the consolidated financial statements as of and for the fiscal year ended 31 December 2018.

\*\*\*) Return on equity (ROE) specifies a company's profitability.

Calculation of Return on Equity (ROE): Result prior to taxation of the reporting period divided by equity as of 31 December of the prior fiscal year and less distribution.

$$\text{ROE} = \frac{(41,458 \cdot 100)}{(544,405 - 5,000)} = 7.69 \%$$

These figures are rounded and taken or derived from the consolidated financial statements as of and for the fiscal year ended 31 December 2018.

\*\*\*\*) Financial liabilities – designated at fair value: As part of the changeover to the requirements of IFRS 9, the balance sheet items securitized liabilities, financial liabilities - designated at fair value and subordinated and supplementary capital of the previous year were combined in the balance sheet item securitized liabilities in the financial year 2018."

- The section "DOCUMENTS ON DISPLAY" on page 67 of the Supplemented Prospectus shall be replaced by the following:

"The following documents (or copies of these) will be available free of charge from the registered office of the Issuer. They can also be inspected and printed via the Internet at [www.hypotiro.com](http://www.hypotiro.com):

Annual Report 2018 (German language version)  
 Annual Reports 2017 and 2016  
 German language Interim Report 30 June 2018  
 Debt Issuance Programme Prospectus  
 Articles of Association of HYPO TIROL BANK AG"

**III. Supplemental information pertaining to the section "DOCUMENTS INCORPORATED BY REFERENCE"**

- The section "Comparative Table of Documents incorporated by Reference" on pages 278 - 279 of the Supplemented Prospectus shall be supplemented by the following:

"8) German language Annual Report as of 31 December 2018 of HYPO TIROL BANK AG ( <i>Geschäftsbericht 2018</i> )	
- Profit and Loss Account ( <i>Gewinn- und Verlustrechnung</i> )	Page 1
- Statement of Comprehensive Income ( <i>Gesamtergebnisrechnung</i> )	Page 2
- Balance Sheet ( <i>Bilanz</i> )	Pages 3 to 4
- Changes in Equity Capital ( <i>Eigenkapitalveränderungsrechnung</i> )	Page 5
- Cash Flow Statement ( <i>Geldflussrechnung</i> )	Page 6
- Notes ( <i>Anhang</i> )	Pages 7 to 93
- Auditor's Report ( <i>Bestätigungsvermerk</i> )	Pages 102 to 105"

**Issuer**

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**Fiscal and Paying Agent**

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