

**First Supplement dated 7 November 2016
to the Prospectus dated 3 August 2016**

*This document constitutes a supplement (the "**First Supplement**") for the purposes of Article 13 of the Luxembourg Law on Prospectuses (as defined below) which implements Directive 2003/71/EC of the European Parliament and the Council of 4 November 2003, as amended (the "**Prospectus Directive**"), into the Luxembourg law to two base prospectuses of Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft (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, as amended (together, the "**Debt Issuance Programme Prospectus**" or the "**Prospectus**").*

This First Supplement is supplemental to, and should be read in conjunction with the Prospectus dated 3 August 2016.

Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft

EUR 7,000,000,000
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, the United Kingdom of Great Britain and Northern Ireland, the Republic of Ireland, the Republic of Austria and The Netherlands as soon as possible after approval of this First Supplement has been granted, with a certificate of such approval (the "**Notification**") attesting that the First 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 First Supplement will be published in the same way as the Debt Issuance Programme Prospectus in electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu) and on the website of the Issuer (www.hypovbg.at).

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 First Supplement is published have the right, exercisable within a time limit of two working days after the publication of this First Supplement, until 9 November 2016, 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.

This First Supplement may only be used for the purpose for which it has been published as set out below. This First Supplement may not be used for the purpose of an offer or solicitation by and to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.

This First Supplement does not constitute an offer or an invitation to subscribe for or purchase any of the Notes.

Vorarlberger Landes- und Hypothekbank Aktiengesellschaft ("**Hypo Landesbank Vorarlberg**", "**Hypo Vorarlberg**" or the "**Issuer**") with its registered office in Bregenz, the Republic of Austria, is solely responsible for the information given in this First Supplement.

The Issuer hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this First 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 Prospectus have the same meaning in this First Supplement.

This First Supplement shall only be distributed in connection with and should only be read in conjunction with the Prospectus.

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

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

The Issuer has confirmed to the Dealers that the Prospectus and this First Supplement contain all information with regard to the Issuer and the Notes which is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer and the rights attaching to the Notes which is material in the context of the Programme and the issue and offering of Notes thereunder; that the information contained therein with respect to the Issuer and the Notes is accurate and complete in all material respects and is not misleading; that the opinions and intentions expressed therein with respect to the Issuer and the Notes are honestly held; that there are no other facts with respect to the Issuer or the Notes the omission of which would make the Prospectus and this First 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 Prospectus or this First Supplement or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information as in the public domain and, if given or made, such information must not be relied upon as having been authorised by 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 Prospectus or this First Supplement, excluding the Issuer, is responsible for the information contained in the Prospectus or this First 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.

The following changes are made to the Prospectus

1. The eighth paragraph of the right column of "Element B.13 - Recent events" under the heading "Summary – Section B – Issuer" on pages 11 to 13 of the Prospectus shall be deleted.
2. The following shall be inserted below the ninth paragraph of the right column of "Element B.13 – Recent events" under the heading "Summary – Section B – Issuer" on pages 11 to 13 of the Prospectus:

		<p>"On 10 October 2016, the KAF published the preliminary outcome, according to which the tender offers were accepted by the creditors with the majorities required under Sec. 2a (4) FinStaG. Moreover, the KAF published the official announcement of the outcome in accordance with Sec. 2a (4) FinStaG and the offers were executed with the value date of 12 October 2016. The Issuer accepted the repurchase offer on 30 September 2016 and opted for conversion into the zero coupon bond. The KAF has a repurchase obligation for such zero coupon bond during a period of 180 days starting on 1 December 2016 and will calculate and publish the relevant repurchase prices on a daily basis.</p> <p>For this reason, the existing risk provisions concerning the promissory note loan were reduced retroactively to approximately EUR 3 million as of 30 September 2016. Furthermore, the existing risk provisions concerning the liquidity to Pfandbriefbank were reduced from 50% to 12% (for already settled payments) respectively 15% (for future payments)."</p>
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3. The eighth paragraph of the right column of "Element B.13 – Letzte Ereignisse" under the heading "German Translation of the Summary" on pages 30 to 33 of the Prospectus shall be deleted.
4. The following shall be inserted below the ninth paragraph of the right column of "Element B.13 – Letzte Ereignisse" under the heading "German Translation of the Summary" on pages 30 to 33 of the Prospectus:

		<p>"Am 10. Oktober 2016 hat der KAF die vorläufigen Ergebnisse veröffentlicht, wonach die Rückkaufangebote von den Gläubigern mit den gemäß § 2a (4) FinStaG erforderlichen Mehrheiten angenommen wurden. Außerdem hat der KAF die offizielle Ergebnisbekanntmachung gemäß § 2a (4) FinStaG veröffentlicht und die Abwicklung der Angebote erfolgte mit Valuta 12. Oktober 2016. Die Emittentin hat das Rückkaufangebot am 30. September 2016 angenommen und wählte den Umtausch in die Nullkuponanleihe. Für diese Nullkuponanleihe besteht während eines Zeitraumes von 180 Tagen beginnend ab dem 1. Dezember 2016 eine Rückkaufverpflichtung des KAF, der die jeweiligen Rückkaufpreise täglich berechnen und veröffentlichen wird.</p> <p>Aus diesem Grund wurde rückwirkend per 30. September</p>
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		2016 die bestehende Risikovorsorge betreffend des Schulscheindarlebens auf ca. EUR 3 Mio. reduziert. Bezüglich der Liquiditätsbereitstellung für die Pfandbriefbank wurde die bestehende Risikovorsorge von 50% auf 12% (für getätigte Zahlungen) bzw. 15% (für künftige Zahlungen) reduziert."
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5. **The eighth paragraph of the section "If a member institution of the Pfandbriefstelle fails to meet its obligations towards Pfandbriefstelle and/or the Pfandbriefbank (Österreich) AG or if Pfandbriefbank (Österreich) AG fails to meet its obligations, this could have negative effects on the Issuer's assets, financial position and results of operations" under the heading "Risk Factors - Risk Factors regarding Hypo Landesbank Vorarlberg" on pages 58 and 59 of the Prospectus shall be deleted.**

6. **The following shall be inserted below the ninth paragraph of the section "If a member institution of the Pfandbriefstelle fails to meet its obligations towards Pfandbriefstelle and/or the Pfandbriefbank (Österreich) AG or if Pfandbriefbank (Österreich) AG fails to meet its obligations, this could have negative effects on the Issuer's assets, financial position and results of operations" under the heading "Risk Factors - Risk Factors regarding Hypo Landesbank Vorarlberg" on pages 58 and 59 of the Prospectus:**

"The Kärntner Ausgleichszahlungsfonds ("KAF") has published a tender offer (consisting of a cash offer and a conversion offer) for the HETA Notes which would result in such HETA Notes being sold to the KAF or converted into a zero coupon bond that can be resold to the KAF at a price that is calculated and published on a daily basis. The KAF has notified that the required majorities for acceptance have been reached.

For this reason, the existing risk provisions concerning the promissory note loan were reduced retroactively to approximately EUR 3 million as of 30 September 2016. Furthermore, the existing risk provisions concerning the liquidity to Pfandbriefbank were reduced from 50% to 12% (for already settled payments) respectively 15% (for future payments)."

7. **The ninth paragraph of the section "TREND INFORMATION" under the heading "Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft as Issuer" on pages 302 and 303 of the Prospectus shall be deleted.**

8. **The following shall be inserted below the tenth paragraph of the section "TREND INFORMATION" under the heading "Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft as Issuer" on pages 302 and 303 of the Prospectus:**

"On 10 October 2016, the KAF published the preliminary outcome, according to which the tender offers were accepted by the creditors with the majorities required under Sec. 2a (4) FinStaG. Moreover, the KAF published the official announcement of the outcome in accordance with Sec. 2a (4) FinStaG and the offers were executed with the value date of 12 October 2016. The Issuer accepted the repurchase offer on 30 September 2016 and opted for conversion into the zero coupon bond. The KAF has a repurchase obligation for such zero coupon bond during a period of 180 days starting on 1 December 2016 and will calculate and publish the relevant repurchase prices on a daily basis.

For this reason, the existing risk provisions concerning the promissory note loan were reduced retroactively to approximately EUR 3 million as of 30 September 2016. Furthermore, the existing risk provisions concerning the liquidity to Pfandbriefbank were reduced from 50% to 12% (for already settled payments) respectively 15% (for future payments)."

9. The eighth paragraph of the section "Debt moratorium at HETA" under the heading "Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft as Issuer – RECENT DEVELOPMENTS AND OUTLOOK" on pages 310 and 311 of the Prospectus shall be deleted.

10. The following shall be inserted below the ninth paragraph of the section "Debt moratorium at HETA" under the heading "Vorarlberger Landes- und Hypothekenbank Aktiengesellschaft as Issuer – RECENT DEVELOPMENTS AND OUTLOOK" on pages 310 and 311 of the Prospectus:

"On 10 October 2016, the KAF published the preliminary outcome, according to which the tender offers were accepted by the creditors with the majorities required under Sec. 2a (4) FinStaG. Moreover, the KAF published the official announcement of the outcome in accordance with Sec. 2a (4) FinStaG and the offers were executed with the value date of 12 October 2016. The Issuer accepted the repurchase offer on 30 September 2016 and opted for conversion into the zero coupon bond. The KAF has a repurchase obligation for such zero coupon bond during a period of 180 days starting on 1 December 2016 and will calculate and publish the relevant repurchase prices on a daily basis.

For this reason, the existing risk provisions concerning the promissory note loan were reduced retroactively to approximately EUR 3 million as of 30 September 2016. Furthermore, the existing risk provisions concerning the liquidity to Pfandbriefbank were reduced from 50% to 12% (for already settled payments) respectively 15% (for future payments)."

ADDRESSES

Issuer

Vorarlberger Landes- und Hypothekenbank
Aktiengesellschaft
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Republic of Austria

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Trust & Securities Services
Taunusanlage 12
60325 Frankfurt am Main
Federal Republic of Germany

Austrian Fiscal Agent

(for Notes (including Pfandbriefe) in bearer form with an Austrian International Securities Identification Number (ISIN) for which OeKB acts as Clearing System)

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