

INTERIM REPORT AS AT 31.03.2008

Important dates for shareholders

Annual General Meeting	30 May 2008, 10.00 h, Stadtforum, Innsbruck
	The dividend is published one day after the General Meeting at BTV's website and in the gazette of the Wiener Zeitung.
Ex-dividend date	2 June 2008
Payment of dividend	6 June 2008
Intermediate report as at 31 March 2008	Published on 23 May 2008 (www.btv.at)
Intermediate report as at 30 June 2008	Published on 22 August 2008 (www.btv.at)
Intermediate report as at 30 Sep. 2008	Published on 21 November 2008 (www.btv.at)

The BTV group – at a glance

Income in millions of €	31.03.2008	31.03.2007	+/- %
Interest	32,3	27,5	+ 17,3 %
Loan loss provisions	- 6,1	- 7,2	- 15,2 %
Commission	11,5	12,7	- 9,4 %
Operating expenses	- 23,1	- 22,5	+ 2,8 %
Profit of the year before tax	13,9	12,9	+ 8,1 %
Group profit for the year	11,9	10,9	+ 9,6 %
Balance sheet in millions of €	31.03.2008	31.12.2007	+/- %
Total assets	8.491	8.053	+ 5,4 %
Loans and advances to customers after credit risk	5.262	5.160	+ 2,0 %
Primary funds	6.389	6.173	+ 3,5 %
– of which savings deposits	1.150	1.127	+ 2,1 %
– of which securitised debt inc. subordinated capital	1.273	1.283	- 0,8 %
Equity	539	537	+ 0,4 %
Managed deposits	10.835	10.982	- 1,3 %
Equity (under Austrian law – BWG) in millions of €	31.03.2008	31.12.2007	+/- %
Risk-weighted assets	5.296	5.587	- 5,2 %
Own funds (not inc. Tier 3)	642	662	- 3,0 %
– of which core capital (Tier 1)	384	394	- 2,5 %
Surplus own funds	199	215	- 7,3 %
Core capital ratio	7,22 %	7,05 %	+ 0,17 %
Total capital ratio	12,11 %	11,85 %	+ 0,26 %
Companies	31.03.2008	31.03.2007	+/- %- points
Return on equity before tax	10,49 %	10,07 %	+ 0,42 %
Return on equity after tax	8,98 %	8,51 %	+ 0,47 %
Cost/income ratio	53,0 %	54,9 %	- 1,9 %
Risk/earnings ratio	18,9 %	26,1 %	- 7,2 %
Resources	31.03.2008	31.03.2007	+/- number
Average no. of employees	869	830	+ 39
Number of branches	43	41	+ 2

BTV shares	31.03.2008	31.03.2007
Number of ordinary no-par value shares	4.500.000	4.500.000
Number of preference no-par value shares	500.000	500.000
Top price of ordinary/preference share in €	114,99/108,00	112,00/109,88
Bottom price of ordinary/preference share in €	90,00/90,11	101,70/89,01
Closing price of ordinary/preference share in €	114,99/108,00	112,00/109,00
Market capitalisation in millions of €	571	559
IFRS EPS in €	9,96	8,90
P/E ratio, ordinary share	11,5	12,6
P/E ratio, preference share	10,8	12,2

Business development of BTV group

ECONOMIC ENVIRONMENT

The Austrian economy performed well at the beginning of 2008 with companies operating at high rates involving considerable job growth. For the first six months WIFO [Austria's Institute for Economic Research] is therefore expecting a real increase in GDP of about 2.5% compared with the year before. The underlying conditions of the world economy, on the other hand, have been going from worse to worse:

- Following on from the slump in its property market a serious financial crisis developed in the USA. Despite massive efforts to overcome it no easing of it can be foreseen for the time being. Economic growth has almost ground to a halt, but might amount to an average of 1.0% in real terms as an average for 2008. So the world economy is now without a vital demand driving force.
- This cannot be offset by brisk expansion in the Emerging Markets, where domestic demand has indeed been increasing significantly but which are also suffering from the international weakening of demand. The growth of the Chinese economy is expected to slow down in real terms from 10.4% in 2008 to 8.5% in 2009.
- The financial and liquidity crisis has affected the financial systems in Europe and Asia as well. Lending conditions are tightening and increasing uncertainty pervades the corporate sector. The striking appreciation of the euro has had a particularly dampening effect in the Eurozone. Its economic growth in the period forecast will indeed be higher than that of the USA, but will amount in real terms to only 1.6% in 2008 and 1.3% in 2009.

Because of the marked deterioration in the underlying international conditions the Austrian economy's growth in real terms will cool off this year to 2.1%. Exports, industrial production and investments will all weaken considerably.

The ECB [European Central Bank] left its basic rate at 4.00% during the first quarter of 2008. The financial crisis has led to liquidity bottlenecks on the money market and to rising short-term interest rates. The interest rate curve inverted. As at 31.03.2008 the 3-month Euribor was listed at 4.73% (having been 4.68% at the start of the year) and was thus 32 basic points below the 10-year rate.

Before 2007 ended the American Central Bank had already reacted to the property crisis with interest rate reductions, which have continued into the first quarter of 2008 although some acceleration in inflation has become apparent. After three basic interest rate reductions involving a total of 200 basic points the basic rate was listed at 2.25% as at 31.03.2008.

In Switzerland the 3-month Libor spread at the end of the quarter was from 2.25% to 3.25%, while Japan's basic rate for overnight money remained unchanged at 0.50% during the first quarter of 2008.

Price movements on the international equity markets over the past quarter were characterised by the smouldering financial crisis and by its effects on the real economy as they became clearer and clearer. Stock markets fell sharply all over the world during the first three months of 2008. Negative economic news from the USA, such as GDP growth falling below expectations, weak private consumption, and the economic report of the Federal Reserve Bank that forecast some weakening of the US economy all confirmed the increasing fears of recession.

Of the major stock exchange indices it was the American Dow Jones that held up best with a drop of just 8%, while the Euro Stoxx 50, the Japanese NIKKEI, the Swiss SMI and the Austrian ATX all lost between 15% and 18% in the first quarter of 2008.

(Source: WIFO)

PROFIT DEVELOPMENT

Interest income

The growth in interest income is coming from increased volumes of customer transactions in the fields of finance and primary deposits and from satisfactory profits from dealings on the money market. Higher dividends and profits from equity shareholdings also made their contributions to the growth in interest income of 17.3%, or €4.8 million, to €32.3 million.

Loan loss provisions

The loan loss provisions on BTV's lending business represent the balance of additions to and write backs on loan loss provisions, including direct write-downs on claims. They are supplemented by income arising from claims that had already been written off. The loan loss provisions for companies and private individuals totalled €6.1 million, at which level they were 15.2% below that of the preceding year.

Commission income

Profits from commission and fee-earning business are down. Because of the unsettled stock market situations turnover in securities was markedly below last year's excellent level. The first quarter revenue in this core division of BTV was down by €1.8 million, or 23.9%, to €5.7 million. Foreign exchange commission, income from lending operations and revenue from money transmission were, on the other hand, slightly above the results of the first quarter of 2007. Commission income as a whole was down by 9.4%, to €11.5 million.

Trading income

Trading income reflected the difficult stock markets. Revenues from securities trading and derivatives were €0.9 million below the previous year's level. Currency trading fared somewhat better. Trading income as a whole was down €0.2 million in the first quarter of 2008.

Operating expenses

Operating expenses (personnel and operating expenditure, including depreciation on tangible assets) rose by 2.8% compared with the year before to €23.1 million. Personnel costs went up by 3.4% to €15.2 million. The main reasons for this increase were the final collective agreement settlement of 3.3% and the larger workforce, which had a net increase (weighted to reflect part-time employees) compared with the preceding year of 41 to 897 employees. The effect of this was, however, softened by lower expenditure on long-term personnel provisions.

Higher spending on IT, office space and equipment were the chief causes of operating expense rising by €0.1 million to €6.1 million. Depreciation on tangible assets, at €1.8 million, was at the same level as last year.

Other operating income

Satisfactory income from leasing business and higher profit from hedge accounting were the main factors that led, in total, to a gain of €3.0 million under this heading compared with the year before.

Profit arising from financial assets

Because of the persisting uncertainties on the securities exchanges we reduced our own equity holdings in January 2008. Shares with negative prospects were sold and losses taken. Furthermore there were valuation losses as a result of the increased spreads on bonds to which the fair value option was applied. Taken all together the results from financial assets were showing a loss of €2.8 million at the end of March 2008.

Tax situation

The amounts shown in the entry covering taxation on income and profits concern, above all, the effects on assets and liabilities of the accumulation of deferred taxes to be undertaken under IFRS, in addition to the on-going commitments arising under Austrian corporation tax. A tax charge of €2.0 million results for the first quarter of 2008, such that BTV's tax rate turns out at 14.4% (previous year 15.5%).

Group income

The after tax income for the period rose by 9.6% to €11.9 million (compared with €10.9 million the year before). The RoE [return on equity] on the basis of the before tax income for the period ended on 31 March 2008 was 10.5%, compared with 10.1% the year before. The cost-income ratio improved from 54.9% to 53.0%, and the risk-earnings ratio from 26.1% to 18.9%.

BALANCE SHEET PERFORMANCE

The BTV Group's balance sheet total went up by 5.4%, or €437 million, compared with the figure on the final day of 2007. On the asset side it was claims on customers and banks, which went up by 74.3%, or €407 million, that accounted for this trend. Higher money market positions were the cause for that. Claims on customers over the same period went up by only 1.9%, or €100 million, despite the good winter season and the repayments in the fields of tourism and cable cars associated with that. Provision for bad debts went down a little, by 1.1%, to €158 million.

The level of financial assets was reduced by €47 million. We restructured our banking ledgers in January 2008, increasing the "held to maturity" category by those securities that were being held in stock right up to their final maturity.

On the liability side customers' deposits were extended by 4.6% to €5,116 million. Term deposits and capital passbooks with one-year maturities were in particular demand. All in all the primary deposits (including subordinate capital) of €6,389 million were 3.5% above the end year figure for 2007. The degree of cover of customer claims therefore rose to 121.4% after bad debt provisioning with primary funds.

The banking group's eligible own funds amounted, under the BWG [Austria's banking act], to €642.3 million at the end of the first quarter (compared with €662.3 million in December 2007). The statutory minimum requirement as at 31 March 2008 was €444.9 million, so there was surplus cover of about 48% (it had also been at that level in December 2007).

The banking group's core capital under the BWG was €384.3 million as at 31 March 2008 (it having been €394.0 million in December 2007). The core capital rate of 7.22% to be calculated on the quarterly reporting date was 0.17 percentage points above the comparable figure at the final day of 2007. The own equity rate had improved from 11.85% to 12.11%, thus markedly exceeding the minimum necessary level of 8%. Attention should be drawn, at this point, to the fact that the calculations for 2008 were made following the guidelines of the standard approach, as per Basel II.

OUTLOOK

As already mentioned it became necessary to revise downward the forecasts for economic growth both in the USA and in Europe. In Austria real growth of 2.1% is expected. Similar developments are appearing in Eastern Switzerland and in the German states of Baden-Württemberg and Bavaria. Even if the industrial economy were to weaken somewhat in the further course of this year and even if increased interest rates were to lead to some gentle cooling off of the credit-led demand a positive environment is nonetheless expected for the entire 2008 calendar year. On the private client side of our business profits will be dependent on further developments in the securities markets and on the revenues in our core securities business division. An after tax group surplus of over €50 million is expected at the end of the year.

Balance sheet as at 31 March 2008

Assets in thousands of €	31.03.08	31.12.07	change absolute	change in %
Cash reserves	153.256	245.358	-92.102	-37,5%
Loans and advances to banks ^{1 [Notes]}	953.988	547.193	+406.795	+74,3%
Loans and advances to customers ²	5.419.628	5.319.660	+99.968	+1,9%
Loan loss provisions ³	-158.000	-159.679	+1.679	-1,1%
Trading ⁴	271	321	-50	-15,6%
Financial assets – at fair value through profit or loss ⁵	148.165	151.032	-2.867	-1,9%
Financial assets – available for sale ⁶	897.316	1.149.215	-251.899	-21,9%
Financial assets – held to maturity ⁷	589.557	381.476	+208.081	+54,5%
Shares in at-equity-valued companies ⁸	212.266	212.025	+241	+0,1%
Intangible fixed assets	960	1.062	-102	-9,6%
Property, plant and equipment	93.110	93.507	-397	-0,4%
Properties held as financial investments	31.420	28.256	+3.164	11,2%
Tax claims	5.121	6.894	-1.773	-25,7%
Other assets	143.529	77.028	+66.501	+86,3%
Total assets	8.490.587	8.053.348	+437.239	+5,4%

Liabilities in thousands of €	31.03.08	31.12.07	change absolute	change in %
Banks ⁹	1.310.947	1.136.795	+174.152	+15,3%
Customer accounts ¹⁰	5.116.403	4.890.115	+226.288	+4,6%
Securitised debt ¹¹	929.185	913.177	+16.008	+1,8%
Trading liabilities ¹²	1.954	377	+1.577	>+100,0%
Reserves and provisions ¹³	68.086	67.813	+273	+0,4%
Tax debts	3.319	3.321	-2	-0,1%
Other liabilities	177.888	134.564	+43.324	+32,2%
Subordinated capital ¹⁴	343.535	369.860	-26.325	-7,1%
Equity ¹⁵	539.270	537.326	+1.944	+0,4%
Total liabilities	8.490.587	8.053.348	+437.239	+5,4%

Profit and loss account as at 31 March 2008

Profit and loss account in thousands of €	01.01.- 31.03.2008	01.01.- 31.03.2007	change absolute	change in %
Interest and similar income	103.834	79.940	+ 23.894	+ 29,9 %
Interest and similar expenses	-77.402	-57.081	- 20.321	+ 35,6 %
Income of at-equity valued companies	5.860	4.680	+ 1.180	+ 25,2 %
Net interest income ¹⁶	32.292	27.539	+ 4.753	+ 17,3 %
Loan loss provisions ¹⁷	-6.098	-7.192	+ 1.094	- 15,2 %
Commission income	13.081	14.787	- 1.706	- 11,5 %
Commission expense	-1.582	-2.090	508	- 24,3 %
Net commission income ¹⁸	11.499	12.697	- 1.198	- 9,4 %
Trading income ¹⁹	-166	719	- 885	>- 100,0 %
Operating expenses ²⁰	-23.123	-22.487	- 636	+ 2,8 %
Other operating income ²¹	2.366	- 598	+ 2.964	>+ 100,0 %
Financial assets – at fair value through profit or loss ²²	- 1.091	57	- 1.148	>- 100,0 %
Financial assets – available for sale ²³	-1.754	2.142	- 3.896	>- 100,0 %
Financial assets – held to maturity	0	0	0	0,0 %
Net profit for the year before tax	13.925	12.877	+ 1.048	+ 8,1 %
Income and profits tax	-2.003	-1.998	- 5	+ 0,3 %
Net profit for the year after tax	11.922	10.879	+ 1.043	+ 9,6 %

Indicators	31.03.08	31.03.07
EPS in € ²⁵	2,46	2,19
RoE before tax	10,5 %	10,1 %
RoE after tax	9,0 %	8,5 %
Cost/income ratio	53,0 %	54,9 %
Risk/earnings ratio	18,9 %	26,1 %

II.B. BTV group: Profit and loss account – periods

Profit and loss accounts – periods in thousands of €	1 st Qu. 2008	4 th Qu. 2007	3 rd Qu. 2007	2 nd Qu. 2007	1 st Qu. 2007
Interest and similar income	103.834	106.285	92.033	93.912	79.940
Interest and similar expenses	-77.402	-76.552	-66.585	-71.549	-57.081
Income of at-equity valued companies	5.860	6.127	6.422	5.371	4.680
Net interest income	32.292	35.860	31.870	27.734	27.539
Loan loss provisions	-6.098	-8.879	-6.620	-6.515	-7.192
Commission income	13.081	13.162	13.071	14.403	14.787
Commission expense	-1.582	-2.003	-1.881	-2.191	-2.090
Net commission income	11.499	11.159	11.190	12.212	12.697
Trading income	-166	473	-129	1.136	719
Operating expenses	-23.123	-21.341	-22.215	-22.056	-22.487
Other operating expenses	2.366	-267	1.101	1.343	-598
Financial assets – at fair value through profit or loss	-1.091	-34	77	-292	57
Financial assets – available for sale	-1.754	907	-662	1.116	2.142
Financial assets – held to maturity	0	0	0	0	0
Net profit for the quarter before tax	13.925	17.878	14.612	14.678	12.877
Income and profits tax	-2.003	-317	-2.358	-2.093	-1.998
Net profit for the quarter after tax	11.922	17.561	12.254	12.585	10.879

Statement of change in equity

in thousands of €	Subscribed capital	Retained earnings	Revenue reserves	Depreciat. reserves	Total equity
Equity at 01.01.2007	50.000	58.876	392.374	11.124	512.374
Capital increases	0	0	0	0	0
Net income for the quarter	0	0	+ 10.879	0	+ 10.879
Distributions	0	0	0	0	0
Exchange differentials	0	0	+ 19	0	+ 19
Treasury shares	0	0	0	0	0
Other changes	0	0	+ 242	+ 824	+ 1.066
– of which deferred tax	0	0	– 206	0	– 206
– of which at equity assessment	0	0	+ 448	0	+ 448
Equity at 31.03.2007	50.000	58.876	403.514	11.948	524.338

in thousands of €	Subscribed capital	Retained earnings	Revenue reserves	Depreciat. reserves	Total equity
Equity at 01.01.2008	50.000	58.731	437.534	– 8.939	537.326
Capital increases	0	0	0	0	0
Net income for the quarter	0	0	+ 11.922	0	+ 11.922
Distributions	0	0	0	0	0
Exchange differentials	0	0	– 55	0	– 55
Treasury shares	0	– 9.687	0	0	– 9.687
Other changes	0	0	– 6.375	+ 6.139	– 236
– of which deferred tax	0	0	– 1.535	0	– 1.535
– of which at equity assessment	0	0	– 4.861	0	– 4.861
Equity at 31.03.2008	50.000	49.044	443.026	– 2.800	539.270

Cash flow statement as at 31 March 2008

Cash flow statement in thousands of €	01.01.- 31.03.08	01.01.- 31.03.07
Cash position at the end of the previous period	245.358	126.973
Operating cash flow	- 101.587	- 99.492
Investment cash flow	35.472	- 1.218
Financing cash flow	- 25.987	9.199
Cash position at end of period	153.256	35.462

BTV group: Notes

Accounting and Valuation Principles

These intermediate group financial statements are in harmony with IFRS requirements [International Financial Reporting Standards] and IFRIC interpretations [International Financial Reporting Interpretations Committee] as these have been published by the IASB [International Accounting Standards Boards] and taken into European law through the EU. This group intermediate financial statement as at 31 March 2008 has been drawn up in harmony with the provisions of IAS 34 (Intermediate reports) and counts as an exempting consolidated financial statement under § 59a BWG [Austria's Banking Act] taken together with section § 245a UGB [Austria's Commercial Code]. It has been prepared using the same accounting principles as were applied to BTV's audited group financial statements for 2007.

Main business events in the period reported

In the middle of March 2008 BTV opened its fifth branch in Southern Germany, in Stuttgart.

Financial assets in the valuation category "available for sale" valued at €254,921,000 (Nominally valued at €255,000,000) were reclassified as "held to maturity" in the quarter reported. This reclassification was undertaken because of the changed intention to hold the securities until their expiry dates.

From 2008 the bank's solvency computation is being made in accordance with § 22 BWG using the approaches laid down under Basel II. The standard approach is applied in the fields of loan risk and operational risk.

Events following the intermediate financial statement's reporting date

Following the date of the intermediate report there have not been in the BTV group any activities or events relevant by their nature or form to that report which would have influenced the asset, financial and profit position conveyed in it.

Scope of the consolidation

The group of companies consolidated into the BTV group was extended to include the following company as at 1 January 2008.

MPR Holding GmbH, Innsbruck	100,00 %
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The group of companies consolidated under IAS 27 therefore encompasses, in addition to BTV AG, the shareholdings listed below.

Fully consolidated companies	Share in %
BTV Leasing GmbH, Innsbruck	100,00 %
BTV Real-Leasing GmbH, Wien	100,00 %
BTV Real-Leasing I GmbH, Innsbruck	100,00 %
BTV Real-Leasing II GmbH, Innsbruck	100,00 %
BTV Real-Leasing III Nachfolge GmbH & Co KG, Innsbruck	100,00 %
BTV Real-Leasing IV GmbH, Innsbruck	100,00 %
BTV Mobilien Leasing GmbH, Innsbruck	100,00 %
BTV M1/92 Leasing GmbH, Innsbruck	100,00 %
BTV Anlagenleasing 1 GmbH, Innsbruck	100,00 %
BTV Anlagenleasing 2 GmbH, Innsbruck	100,00 %
BTV Anlagenleasing 3 GmbH, Innsbruck	100,00 %
BTV Anlagenleasing 4 GmbH, Innsbruck	100,00 %
BTV Leasing Deutschland GmbH, Memmingen	100,00 %
BTV Leasing Schweiz AG, Staad	99,99 %
MPR Holding GmbH, Innsbruck	100,00 %

The group of at equity consolidated companies encompasses the shareholdings listed below.

at equity consolidated companies	Share in %
BKS Bank AG, Klagenfurt	18,57 %
Oberbank AG, Linz	14,00 %
Alpenländische Garantie GmbH, Linz	25,00 %
Drei-Banken-Versicherungs AG, Linz	20,00 %
VoMoNoSi AG, Dornbirn (Voting rights 49 %)	64,00 %

The VoMoNoSi AG group of companies through which the shareholding in the Silvretta Nova Gruppe group is held was taken into the scope of the consolidation as an associated company under IAS 28 with effect from 1 January 2008. The equity method approach is substantiated by the relevant influence, which comes with voting rights to the extent of 49.0%.

Balance sheet – Assets

1 Loans and advances to banks in thousands of €	31.03.08	31.12.07
Austrian banks	274.707	228.501
Foreign banks	679.281	318.692
Loans and advances to banks	953.988	547.193
2 Loans and advances to customers in thousands of €	31.03.08	31.12.07
Austrian customers	3.986.938	3.905.060
Foreign customers	1.432.690	1.414.600
Loans and advances to customers	5.419.628	5.319.660
of which fair value	2.135	2.255
3 Loan loss provisions in thousands of €	31.03.08	31.03.07
Opening balance at 1 January	159.679	152.439
– Releases	–1.000	–11
+ Allocation	4.823	5.773
– Application	–5.502	–1.215
Loan loss provisions at 31 March	158.000	156.986
Opening balance at 1 January	273	219
– Releases	0	0
+ Allocation	25	25
– Application	0	0
Reserves and provisions commitments at 31 March	298	244
Total loan loss provisions 31 March	158.298	157.230

4 Trading assets in thousands of €	31.03.08	31.12.07
Debenture bonds and other fixed-interest securities	0	0
Equities and other variable-interest securities	0	0
Positive market values arising from derivative transactions	271	321
Trading assets	271	321
5 Financial assets – at fair value through profit or loss in thousands of €	31.03.08	31.12.07
Debenture bonds and other fixed-interest securities	138.490	130.379
Equities and other variable-interest securities	9.675	19.856
Positive market values arising from derivative transactions	0	797
Financial assets – at fair value through profit or loss	148.165	151.032
6 Financial assets – available for sale in thousands of €	31.03.08	31.12.07
Debenture bonds and other fixed-interest securities	770.897	1.004.344
Equities and other variable-interest securities	30.997	49.299
Other shareholdings	25.715	25.715
Other affiliated shareholdings	69.707	69.857
Financial assets – available for sale	897.316	1.149.215
7 Financial assets – held to maturity in thousands of €	31.03.08	31.12.07
Debenture bonds and other fixed-interest securities	589.557	381.476
Financial assets – held to maturity	589.557	381.476
8 Shares in at equity valued companies in thousands of €	31.03.08	31.12.07
Banks	208.113	208.503
Other	4.152	3.522
Shares in at equity valued companies	212.266	212.025

Balance sheet – Liabilities

9 Liabilities to banks in thousands of €	31.03.08	31.12.07
Austrian banks	855.283	753.280
Foreign banks	455.664	383.515
Liabilities to banks	1.310.947	1.136.795
10 Liabilities to customers in thousands of €	31.03.08	31.12.07
Saving deposits		
Austrian	1.008.433	991.801
Foreign	141.986	135.052
Sub-total savings deposits	1.150.419	1.126.853
Other deposits		
Austrian	3.423.621	3.195.098
Foreign	542.363	568.164
Sub-total other deposits	3.965.984	3.763.262
Customer accounts	5.116.403	4.890.115
11 Securitised debt in thousands of €	31.03.08	31.12.07
Debentures	785.159	772.223
Domestic bonds	144.026	140.954
Securitised debt	929.185	913.177
12 Trading liabilities €	31.03.08	31.12.07
Negative market values arising from derivative transactions – Trading	311	377
Negative market values arising from derivative transactions – Fair-Value-Option	1.643	0
Trading liabilities	1.954	377

13 Reserves and provisions in thousands of €	31.03.08	31.12.07
Long-term payroll reserves	63.907	63.539
Other reserves and provisions	4.179	4.274
Reserves and provisions	68.086	67.813

14 Subordinated capital in thousands of €	31.03.08	31.12.07
Supplementary capital	343.535	369.860
Subordinated capital	343.535	369.860

15 Equity

Pursuant to the Austrian Banking Act (BWG) own funds issued by the BTV banking group were as follows:

Consolidated own funds of the BTV banking group in millions of €	Basel II 31.03.08	Basel I* 31.12.07
Share capital	50,0	50,0
Minus treasury shares	-12,2	-2,5
General reserves	338,0	338,0
Consolidation pursuant to section 24 (2) BWG	9,4	9,4
Minus intangible assets	-0,9	-0,9
Core capital (Tier 1)	384,3	394,0
Core capital ratio in %	7,22 %	7,05 %
Supplementary own funds (Tier 2)	357,3	367,6
Valuation items	-99,3	-99,3
Eligible own funds (excluding Tier 3)	642,3	662,3
Own funds applied pursuant to section 23 (14 Z 7) BWG (Tier 3)	1,9	1,1
Eligible own funds pursuant to section 23 (14) BWG	644,2	663,4
Total capital ratio in %	12,11 %	11,85 %
Risk-weighted measurement basis pursuant to section 22 (2) BWG	5.296,1	5.586,9
Equity requirement in relation to loan risk pursuant to section 22 (2) BWG	423,7	446,9
Equity requirement in relation to banking ledger pursuant to section 22o (2) BWG	1,9	1,1
Equity requirement for operational risk pursuant to section 22i BWG	19,3	0,0
Total own fund requirement	444,9	448,0
Surplus of own funds	199,3	215,4

*) Determined by applying the provisions of the BWG valid up to 31.12.2007 in the version published in the Federal Gazette of 2006, I No. 48.

Income statement and Segment Reporting

16 Net interest income in thousands of €	01.01.- 31.03.2008	01.01.- 31.03.2007
Interest and similar income from		
Lending and money market transactions with banks	18.111	12.320
Lending and money market transactions with customers	65.276	53.254
Debenture bonds and fixed-interest securities	17.630	12.907
Equities and variable-rate securities	888	759
Other participations	1.004	293
Other	925	407
Sub-total interest and similar income	103.834	79.940
Interest and similar expenses on		
bank deposits	-14.058	-8.660
client deposits	-47.050	-35.554
securitised debt	-10.697	-8.829
subordinated capital	-4.158	-3.823
other	-1.439	-215
Sub-total interest and similar expenses	-77.402	-57.081
Income of at equity valued companies	5.860	4.680
Net interest income	32.292	27.539

17 Loan loss provisions in thousands of €	01.01.- 31.03.2008	01.01.- 31.03.2007
On-balance sheet	-4.821	-5.773
Off-balance sheet	-25	-25
Loan loss insurance premiums	-1.500	-1.200
Release of on-balance sheet provisions	1.000	11
Release of off-balance sheet provisions	0	0
Direct amortisation	-870	-277
Income from amortised receivables	118	72
Loan loss provisions	-6.098	-7.192

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

	01.01.- 31.03.2008	01.01.- 31.03.2007
18 Commission income in thousands of €		
Lending	771	642
Payment transactions	3.386	3.179
Securities trading	5.729	7.530
Currency, foreign exchange and precious metals trading	982	655
Other	631	691
Commission income	11.499	12.697

	01.01.- 31.03.2008	01.01.- 31.03.2007
19 Trading income in thousands of €		
Derivatives	-79	35
Securities	-308	433
Foreign currency	221	251
Trading income	-166	719

	01.01.- 31.03.2008	01.01.- 31.03.2007
20 Operating expenses in thousands of €		
Payroll	-15.199	-14.701
thereof salaries and wages	-11.183	-9.850
thereof legal social contributions	-3.018	-2.814
thereof other personnel costs	-663	-746
thereof expenditures for long-term personnel deferrals	-335	-1.291
Materials	-6.116	-5.998
Amortisation	-1.808	-1.788
Operating expenses	-23.123	-22.487

	01.01.- 31.03.2008	01.01.- 31.03.2007
20a Payroll – annual average		
White collar	869	830
Blue collar	28	26
Payroll	897	856

The level of the workforce was reduced by the number of employees delegated to subsidiaries outside the circle of companies covered by the IFRS consolidation.

	01.01.- 31.03.2008	01.01.- 31.03.2007
21 Other operating income in thousands of €		
Other operating income	2.170	1.145
Other operating expenses	-567	-1.532
Hedge accounting income	763	-211
Other operating income	2.366	-598

	01.01.- 31.03.2008	01.01.- 31.03.2007
22 Profit arising from financial assets – at fair value through profit or loss in thousands of €		
Profit arising from financial assets – at fair value through profit or loss	-1.091	57
Profit arising from financial assets – at fair value through profit or loss	-1.091	57

	01.01.- 31.03.2008	01.01.- 31.03.2007
23 Profit arising from financial assets – available for sale in thousands of €		
Profit arising from financial assets – available for sale	-1.754	2.142
Profit arising from financial assets – available for sale	-1.754	2.142

	31.03.2008	31.12.2007
24 Performance bonds and credit risks in thousands of €		
Guarantees/Bonds	259.834	258.888
Credit risks	264.946	481.119
Eventual guarantees and credit risks	524.780	740.007

	31.03.2008	31.03.2007
25 EPS (ordinary and preference shares)		
Equities (ordinary and preference shares)	5.000.000	5.000.000
Average float (ordinary and preference shares)	4.855.832	4.956.346
Net Group income in thousands of €	11.922	10.879
EPS in € (ordinary and preference shares)	2,46	2,46
Diluted gain per share in € (ordinary and preference shares)	2,46	2,46

26 Segment reporting

Company clients

Profit in this segment was up by 60% over last year with a before tax surplus for the period of €9.4 million. Volume extensions both in the lending operations and in deposits led all in all to an improvement in interest income of €1.57 million, or 10.7%. The growth in commission income came mainly from a positive performance in money transmission, but it was also the case that the lending and foreign exchange businesses were slightly above the levels of the preceding year. Rising personnel costs because of our expansion in Bavaria and Baden-Württemberg led to an increase in operating expenses of €0.31 million, or 5.0%. The cost-income ratio vis-à-vis last year improved from 36.5% to 34.7%, while the interest on equity rose from 9.7% to 13.6%.

Private clients

Our private client business in the first quarter of 2008 was affected by the uncertainty on the stock exchanges and by people's consequently restrained behaviour. Commission income in the securities division failed to reach the attractive level of the previous year, falling back by 15.5% to a total of €7.99 million business with private clients. The interest income rose by 1.1% year-on-year to about €11.68 million. New business, particularly on the deposit side, succeeded in making up for falling commission rates. Operating expenses rose moderately by 2.2%. The before tax income for the period was €4.22 million as at 31 March 2008. The cost-income ratio was up to 70.2%, having been 64.4% in the previous year. The equity interest rate improved from 16.2% to 17.3%.

Treasury

Higher money trading positions in the short-term field and revenues from shareholdings affected the Treasury's interest income positively. At €4.33 million at the end of March 2008 it was up by €3.05 million on the previous year. The setback in trading profits is attributable to losses on securities and derivatives transactions. The first quarter of 2008 actually saw a loss on financial assets of €2.8 million, which was the equivalent of a fall of €5.0 million compared with the preceding year. As already mentioned in the context of the group's performance, the chief causes were losses on sales of equities and valuation losses on loans to which fair value options were applied. The before tax income for the period was €2.03 million.

Segment reporting	Quarter	Corporate	Retail	Treasury	Other	Total
Net interest income	03/2008	16.281	11.679	4.332	0	32.292
	03/2007	14.708	11.550	1.281	0	27.539
Loan loss provisions	03/2008	-4.354	-1.744	0	0	-6.098
	03/2007	-5.211	-1.981	0	0	-7.192
Commission	03/2008	2.912	7.990	596	0	11.499
	03/2007	2.688	9.457	552	0	12.697
Trading income	03/2008	0	0	-166	0	-166
	03/2007	0	0	719	0	719
Operating expenses	03/2008	-6.661	-13.816	-652	-1.993	-23.123
	03/2007	-6.347	-13.520	-538	-2.082	-22.487
Other operating income	03/2008	1.254	120	763	229	2.366
	03/2007	57	-423	-211	-21	-598
Profit arising from financial assets	03/2008	0	0	-2.845	0	-2.845
	03/2007	0	0	2.199	0	2.199
Net profit for the year before tax	03/2008	9.432	4.229	2.028	-1.764	13.925
	03/2007	5.895	5.083	4.002	-2.103	12.877
Segment income	03/2008	3.520.739	1.613.171	2.748.596	0	7.882.506
	03/2007	3.036.415	1.629.061	2.224.550	0	6.890.026
Segment liabilities	03/2008	1.323.309	2.014.961	4.361.800	0	7.700.070
	03/2007	1.063.008	1.801.177	3.701.561	0	6.565.746
Ø Lending and market risk equivalent pursuant to section 22 BWG	03/2008	3.506.980	1.242.238	549.139	117.644	5.416.000
	03/2007	3.092.046	1.593.769	354.688	95.786	5.136.288
Ø Allocated equity	03/2008	280.558	99.379	43.931	114.630	538.498
	03/2007	247.364	127.502	28.375	109.134	512.374
Cost/income ratio in %	03/2008	34,7%	70,2%	13,7%		53,0%
	03/2007	36,5%	64,4%	21,1%		54,9%
RoE (basis net profit for the year before tax) in %	03/2008	13,6%	17,3%	18,7%		10,5%
	03/2007	9,7%	16,2%	57,2%		10,2%

The allocation of the net interest income is made according to the market interest method (a market-oriented fund transferpricing system used by Austrian and German banks). Costs are imputed to the correct segment on the basis of origin. Costs not directly imputable are shown under "Other".

The claims segment contains the entries for claims on banks, claims on customers, trading assets, and the current and noncurrent assets. The entries for liabilities to banks, liabilities to customers, securitised debt and supplementary capital are allocated to the liabilities segment.

The success of the business field concerned is measured by the before-tax annual surplus generated by that segment.

The return on own capital is calculated by the ratio of the before tax-annual surplus to the equity capital. The capital allocation is made according to regulatory requirements. It is allocated in proportion to the own funds requirements of the business fields, and shown in the net interest income as profit from own funds deployed with the corresponding reference interest rate for long-term deployments.

The cost/income ratio is worked out as a quotient arising from the administrative expenditure and the sum arising from the net interest income, the net commission income and the trading income.

BTV AG's Management Board explains that:

- the abridged group report on the first quarter of 2008 has been drawn up in harmony with IFRS [International Financial Reporting Standards] published by IASB [International Accounting Standards Board] and now in force, as these must be applied in the EU and as they are interpreted by the IFRIC [International Financial Reporting Interpretations Committee]; and that it conveys a picture of the asset, finance and profit position of the BTV group that is as faithful as possible.
- The Directors' Report on the first quarter of 2008 depicts the course, profits and business position of the BTV group in such a way that a picture of the asset, finance and profit position of it that is as faithful as possible arises; and describes the main risks and uncertainties to which it is exposed.

It was decided to waive conducting an audit or having an auditor carry out an audit-style examination of the intermediate report.

Innsbruck, May 2008

The managing directors

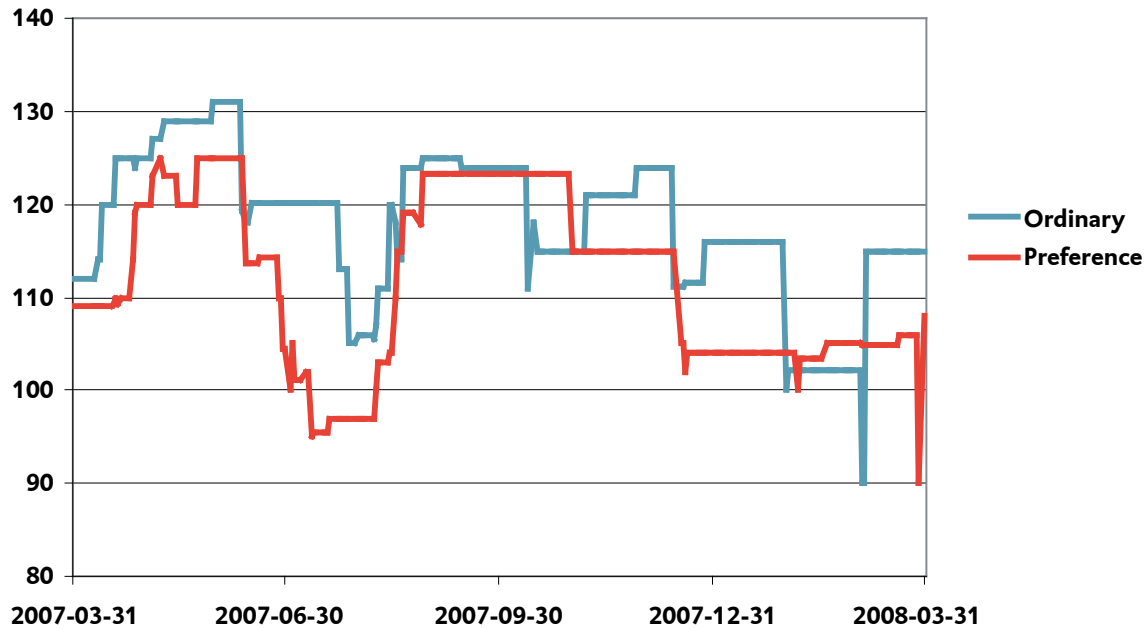


Peter Gaugg
Sprecher des Vorstandes



Mag. Matthias Moncher
Mitglied des Vorstandes

BTV equities as at 31.03.2008



Price movements on the international equity markets over the past quarter were characterised by the smouldering financial crisis and by its effects on the real economy as they became clearer and clearer. Stock markets fell sharply all over the world during the first three months of 2008. Negative economic news from the USA, such as GDP growth falling below expectations, weak private consumption, and the economic report of the Federal Reserve Bank that forecast some weakening of the US economy all confirmed the increasing fears of recession.

Of the major stock exchange indices it was the American Dow Jones that held up best with a drop of just 8%, while the Euro Stoxx 50, the Japanese NIKKEI, the Swiss SMI and the Austrian ATX all lost between 15% and 18% in the first quarter of 2008.

BTV's ordinary shares fell back over the same period by just 1% to €114.98, while its preference shares were listed 4% higher, at €108.00, at the end of March.

3 Banken Gruppe Overview – Group information

Profit and loss in millions of €	BKS Bank		Oberbank		BTV	
	1 st Qu. 2008	1 st Qu. 2007	1 st Qu. 2008	1 st Qu. 2007	1 st Qu. 2008	1 st Qu. 2007
Net interest income	29,1	24,2	70,4	65,7	32,3	27,5
Loan loss provisions	-4,4	-6,8	-16,2	-15,9	-6,1	-7,2
Commission income	11,3	11,7	26,2	26,2	11,5	12,7
Operating expenses	-20,9	-19,5	-50,8	-48,1	-23,1	-22,5
Net profit for the period before tax	14,3	11,9	28,9	28,4	13,9	12,9
Attributable net income for the period	12,7	10,3	26,5	24,9	11,9	10,9
Balance sheet figures in millions of €	31.03.2008	31.12.2007	31.03.2008	31.12.2007	31.03.2008	31.12.2007
Total assets	6.087,5	5.752,7	14.452,4	14.330,8	8.490,6	8.053,3
Loans and advances to customers after loan loss provisions	3.752,6	3.561,6	8.827,7	8.499,2	5.261,6	5.160,0
Primary funds	3.689,0	3.781,8	8.913,9	8.839,6	6.389,0	6.173,1
– of which savings deposits	1.504,8	1.443,7	3.031,9	2.899,2	1.150,4	1.126,9
– of which securitised debt inc. subordinated capita	464,2	451,8	1.724,5	1.694,8	1.272,7	1.283,0
Equity	444,9	450,5	890,6	889,5	539,3	537,3
Managed deposits	9.556,2	10.057,9	16.772,8	16.887,3	10.834,9	10.982,1
– of which client deposits	5.867,2	6.276,1	7.858,9	8.047,7	4.445,9	4.809,0
BWG own funds in millions of €	31.03.2008	31.12.2007	31.03.2008	31.12.2007	31.03.2008	31.12.2007
Measurement basis	3.807,1	4.039,2	9.715,9	10.079,1	5.296,1	5.586,9
Own funds	404,8	405,1	1.268,3	1.293,6	642,3	662,3
– of which core capital (Tier 1)	235,7	235,9	714,5	720,5	384,3	394,0
Surplus before operational risk	100,2	82,0	489,0	485,2	218,6	215,4
Surplus after operational risk	79,0	82,0	443,1	485,2	199,3	215,4
Core capital ratio	6,19%	5,84%	7,35%	7,15%	7,22%	7,05%
Total capital ratio	10,63%	10,03%	13,05%	12,83%	12,11%	11,85%
Subsidiaries in %	31.03.2008	31.12.2007	31.03.2008	31.12.2007	31.03.2008	31.12.2007
RoE before tax	12,00%	13,74%	13,12%	13,21%	10,49%	11,44%
RoE after tax	10,50%	11,71%	12,03%	11,99%	8,98%	10,15%
Cost/income ratio	50,1%	52,6%	53,0%	52,8%	53,0%	51,1%
Risk/earnings ratio	15,0%	17,7%	22,9%	24,8%	18,9%	23,7%
Resources	31.03.2008	31.12.2007	31.03.2008	31.12.2007	31.03.2008	31.12.2007
Average no. of employees (only white collar)	851	836	1.949	1.879	869	849
Number of branches	52	51	126	126	43	42

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employee refer equally to both men and
women.

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