

BUSINESS REPORT / FIRST QUARTER 2005

BUSINESS DEVELOPMENT OF BTV AG DURING THE FIRST QUARTER OF 2005

Further increase in market shares

The sales priorities "Safe investment" and "Provision" were well accepted by the customers leading to an increase in primary resources and deposited securities volume. During the past years deposits of institutional customers have been systematically expanded. In this segment BTV leads the market in Austria (see studies of Schwabe, Ley & Greiner). This secures liquidity in addition to branches and bank partners.

In corporate and private customers business the market shares were further extended especially in financing. Customer financing is at about EUR 4,430 mn by 4 pct. or EUR 172 mn above last year's figure. At the end of March 2005 foreign currency loans – mainly in Swiss francs – covered about 43 pct. of the total customer financing.

Fixed-interest bonds of excellent credit standing and shares with high dividends were bought to increase own securities by EUR 208.5 mn to EUR 1,106.4 mn compared to the year before.

Creditable capital resources are at EUR 525.2 mn, which is 6.6 % higher than last year. The BIS ratio of 11.9 % is clearly above the legal requirement of 8 %.

The positive business development of BTV continued in Tyrol and Vorarlberg as well as in our growing markets of Vienna, Switzerland and Germany. As a consequence of the low interest level at the capital market and the high volatility at the financial markets BTV reduced its risk of interest change. For this reason the interest balance decreased and could not be compensated completely by

additional business or income within the 1. quarter. Operating income totalled EUR 33.8 mn at the end of March.

During the past months selected procedures have been optimized within BTV. They have been realized according to schedule resulting in a decrease of EUR 0.3 mn in operating expenses for the current year. Staff costs were 1.6 % below last year. Material expenses dropped by 1.8 % to EUR 5.4 mn. Other operating expenses and value adjustments have hardly changed.

Outlook

The market offensive in Tyrol and Vorarlberg as well as in Vienna, Switzerland and southern Germany will be continued in the next months. The measurements to increase productivity will be realized systematically in addition. At the end of the year the operating income is supposed to be almost at the same level as last year.

BALANCE SHEET AND PROFIT AND LOSS ACCOUNT OF BTV AG AS AT 2005-03-31

ASSETS	2005-03-31 mn. EUR	2004-03-31 mn. EUR	changes mn. EUR	changes %
1. Cash in hand, balances with central banks	73,1	25,8	47,3	183,3
2. Treasury bills and other bills eligible for refinancing with the central bank	181,9	149,1	32,8	22,0
3. Loans and advances to credit institutions	281,6	658,4	- 376,8	- 57,2
4. Loans and advances to customers	4.429,5	4.257,5	172,0	4,0
5. Debt securities and other fixed-interest securities	845,4	679,5	165,9	24,4
6. Shares and other non-fixed interest securities	79,1	69,3	9,8	14,1
7. Equity shares	53,2	53,0	0,2	0,4
8. Interest in associated companies	127,3	125,3	2,0	1,6
9. Other assets	148,7	140,2	8,5	6,1
TOTAL	6.219,8	6.158,1	61,7	1,0

LIABILITIES	2005-03-31 mn. EUR	2004-03-31 mn. EUR	changes mn. EUR	changes %
1. Deposits by credit institutions	769,0	891,4	- 122,4	- 13,7
2. Customers accounts	3.936,6	3.901,1	35,5	0,9
of which a) savings deposits	1.057,2	1.049,2	8,0	0,8
of which b) other liabilities	2.879,4	2.851,9	27,5	1,0
3. Liabilities evidenced by certificates	812,2	714,3	97,9	13,7
4. Provisions	46,3	45,7	0,6	1,3
5. Supplementary capital	258,5	227,6	30,9	13,6
6. Subscribed capital	50,0	50,0	0,0	0,0
7. Reserves	177,4	152,2	25,2	16,6
8. Liability reserve according to §23 (6) Bank Act	93,1	91,5	1,6	1,7
9. Other liabilities	76,7	84,3	- 7,6	- 9,0
TOTAL	6.219,8	6.158,1	61,7	1,0

PROFIT AND LOSS ACCOUNT	2005-03-31 mn. EUR	2004-03-31 mn. EUR	changes mn. EUR	changes %
1. Interest receivable and similar income	51,3	50,5	0,8	1,6
2. Interest payable and similar expenses	-32,3	-30,3	2,0	6,6
I. NET INTEREST INCOME	19,0	20,2	- 1,2	- 5,9
3. Income on shares, other equity rights and variable-yield securities	0,2	0,1	0,1	100,0
4. Income on equity interests and interests in associated companies	2,3	1,7	0,6	35,3
5. Commissions	11,0	11,7	- 0,7	- 6,0
6. Earnings / expenses from financial transactions	0,8	0,6	0,2	33,3
7. Other operating income	0,5	0,4	0,1	25,0
II. OPERATING INCOME	33,8	34,7	- 0,9	- 2,6
8. Staff costs	-12,3	-12,5	- 0,2	- 1,6
9. Other administrative expenses (material costs)	-5,4	-5,5	- 0,1	- 1,8
10. Value adjustments on assets included in asset item no.9	-1,3	-1,3	0,0	0,0
11. Other operating expenses	-0,1	-0,1	0,0	0,0
III. OPERATING EXPENSES	-19,1	-19,4	- 0,3	- 1,5
IV. OPERATING RESULT	14,7	15,3	- 0,6	- 3,9

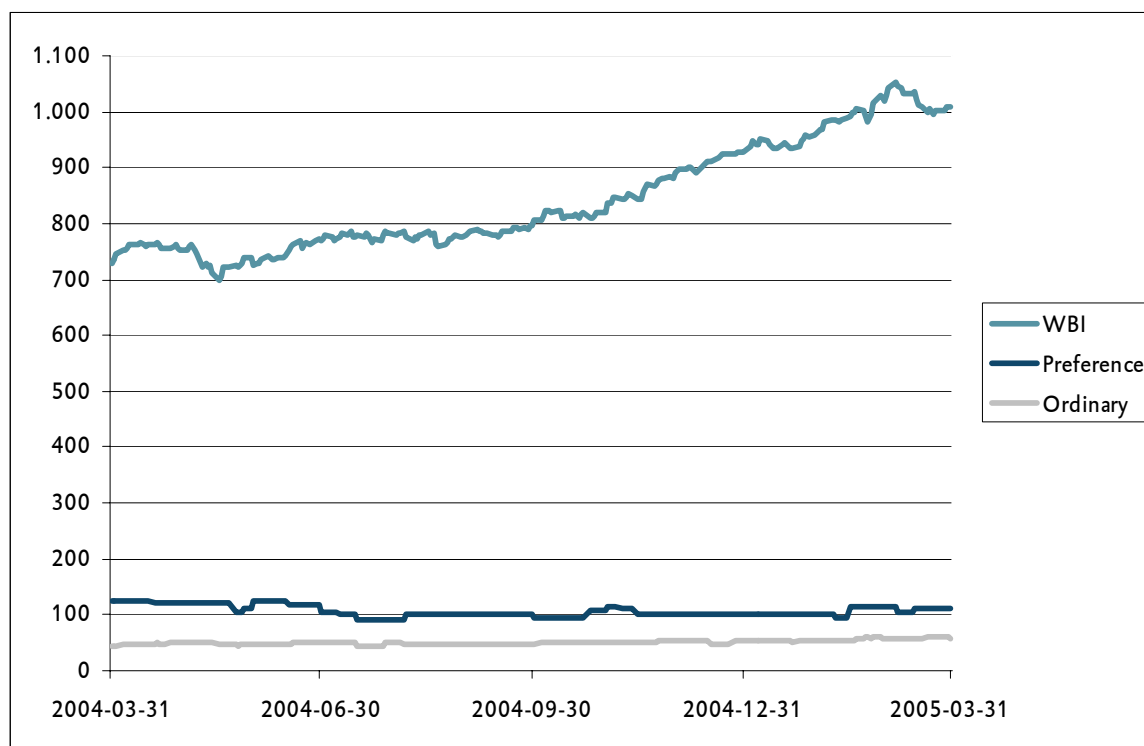
CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT OF BTV AS PER 2005-03-31

ASSETS	2005-03-31 mn. EUR	2004-03-31 mn. EUR	changes mn. EUR	changes %
1. Cash in hand, balances with central banks	73,1	25,8	47,3	183,3
2. Treasury bills and other bills eligible for refinancing with the central bank	181,9	149,1	32,8	22,0
3. Loans and advances to credit institutions	282,6	659,8	- 377,2	- 57,2
4. Loans and advances to customers	4.496,4	4.313,4	183,0	4,2
5. Debt securities and other fixed-interest securities	845,4	679,5	165,9	24,4
6. Shares and other non-fixed interest securities	79,1	69,4	9,7	14,0
7. Equity shares	54,8	54,5	0,3	0,6
8. Interest in associated companies	72,0	67,5	4,5	6,7
9. Other assets	187,9	172,0	15,9	9,2
TOTAL	6.273,2	6.191,0	82,2	1,3

LIABILITIES	2005-03-31 mn. EUR	2004-03-31 mn. EUR	changes mn. EUR	changes %
1. Deposits by credit institutions	769,0	879,9	- 110,9	- 12,6
2. Customers accounts	3.936,7	3.898,1	38,6	1,0
of which a) savings deposits	1.057,2	1.049,2	8,0	0,8
of which b) other liabilities	2.879,5	2.848,9	30,6	1,1
3. Liabilities evidenced by certificates	812,2	714,3	97,9	13,7
4. Provisions	56,8	50,2	6,6	13,1
5. Supplementary capital	258,5	227,6	30,9	13,6
6. Subscribed capital	50,0	50,0	0,0	0,0
7. Reserves	196,1	170,7	25,4	14,9
8. Liability reserve according to §23 (6) Bank Act	93,1	91,5	1,6	1,7
9. Other liabilities	100,8	108,7	- 7,9	- 7,3
TOTAL	6.273,2	6.191,0	82,2	1,3

PROFIT AND LOSS ACCOUNT	2005-03-31 mn. EUR	2004-03-31 mn. EUR	changes mn. EUR	changes %
1. Interest receivable and similar income	53,9	51,7	2,2	4,3
2. Interest payable and similar expenses	-33,6	-30,3	3,3	10,9
I. NET INTEREST INCOME	20,3	21,4	- 1,1	- 5,1
3. Income on shares, other equity rights and variable-yield securities	0,2	0,1	0,1	100,0
4. Income on equity interests and interests in associated companies	2,0	1,0	1,0	100,0
5. Commissions	11,3	11,9	- 0,6	- 5,0
6. Earnings / expenses from financial transactions	0,8	0,7	0,1	14,3
7. Other operating income	1,1	0,9	0,2	22,2
II. OPERATING INCOME	35,7	36,0	- 0,3	- 0,8
8. Staff costs	-12,7	-12,9	- 0,2	- 1,6
9. Other administrative expenses (material costs)	-5,3	-5,2	0,1	1,9
10. Value adjustments on assets included in asset item no. 9	-1,7	-1,6	0,1	6,3
11. Other operating expenses	-0,6	-0,7	- 0,1	- 14,3
III. OPERATING EXPENSES	-20,3	-20,4	- 0,1	- 0,5
IV. OPERATING RESULT	15,4	15,6	- 0,2	- 1,3

BTV EQUITIES AS AT 2005-03-31



1. Quarter 2005

The positive company figures stimulated the stock markets again during the first months. The economic figures, which were above expectations leading twice to an increase of 25 basis points each in the United States during the first quarter, improved the tendency. The high oil prices though put the shares under pressure again at the end of March. In general the stock markets calculated in EUR gained slightly again during the first quarter. Only the technology inclined Nasdaq Composite showed a minus of almost 3 %.

The ATX (Austrian Traded Index) further increased the profits of last year and noted at 2,632.90 – more than 8 % plus.

The Vienna Stock Exchange Index also increased by 8 % to 1,008.84 points.

BTV preferred shares noted at EUR 58.50 at the end of March, BTV ordinary shares gained 11 % reaching EUR 112.00 since the beginning of the year.

IMPORTANT FIGURES OF 3 BANKEN GRUPPE* (CONSOLIDATED)

	2005-03-31 mn. EUR	2004-03-31 mn. EUR	changes mn. EUR	changes %
BALANCE SHEET				
Balance-sheet total	22.018	21.162	856	4,0
Loan and advances to customers	14.163	13.424	739	5,5
Fixed-interest securities	3.272	3.003	270	9,0
Primary funds (including supplementary capital)	14.526	13.982	544	3,9
of which savings deposits	4.776	4.759	17	0,3
Securities deposited by customers	16.332	16.130	202	1,3
PROFIT AND LOSS ACCOUNT				
Interest income (including income on equity interests)	81,8	81,1	0,7	0,9
Commission receivable (including other earnings)	48,8	49,2	-0,4	-0,8
Earnings / expenses from financial transactions	4,9	4,4	0,5	11,4
Staff costs	49,1	48,0	1,1	2,3
Material expenditure, depreciation other expenditure	30,5	31,6	-1,1	-3,5
Operating result	55,9	55,1	0,8	1,5
CAPITAL RESOURCES				
Creditable capital resources (without Tier 3)	1.868	1.723	145	8,4
Surplus capital resources	619	567	52	9,1
RESOURCES				
Average number of persons employed	3.231	3.199	32	1,0
Branches	196	190	6	3,2

* consisting of BKS Bank AG, Oberbank AG, Bank für Tirol und Vorarlberg AG