

ANNUAL REPORT 2002



BTV AG AT A GLANCE

	2002 in €	2001 in €	Change in €	Change in %
Balance Sheet (millions)				
Balance Sheet total	5 647.5	5 467.1	180.4	+ 3.3%
Loans to customers	4 016.5	3 822.2	194.3	+ 5.1%
Fixed-interest securities	881.2	617.1	264.1	+ 42.8%
Liabilities to customers	3 367.1	3 387.6	- 20.5	- 0.6%
of which savings deposits	1 014.7	936.3	78.4	+ 8.4%
of which other liabilities	2 352.4	2 451.3	- 98.9	- 4.0%
Securitized liabilities	621.2	597.9	23.3	+ 3.9%
Creditable capital resources (not tier 3 capital)	447.3	390.5	56.8	+ 14.5%
Surplus capital resources (under 22/1/1 and 4)	139.5	99.2	40.3	+ 40.6%
Securities deposited by customers	4 179.6	4 541.3	- 361.7	- 8.0%
Profit statement (millions)				
Operating results	64.6	64.3	0.3	+ 0.5%
Results from ordinary business activities	35.9	40.3	- 4.4	- 10.9%
Profit by the year	25.8	29.1	- 3.3	- 11.3%
Key company indicators				
			% points	
Core capital share	6.93%	6.86%	+ 0.07%	
Return on equity	9.91%	12.18%	- 2.27%	
Return on assets	0.46%	0.55%	- 0.09%	
Cost income ratio	53.6%	53.3%	+ 0.3%	
Operating results as a % of Ø balance sheet total	1.16%	1.22%	- 0.06%	
BTV share indicators				
			in €	
ÖVFA-consolidated profit per share (in €)	5.7	7.3	- 1.6	
Dividend per share (in €)	1.16	1.16	0.0	
Share price: profit per ordinary share	23.0	17.9	5.1	
Share price: profit per preference share	6.3	4.1	2.2	
Ordinary share: top price in €	144.0	133.9		
Bottom price in €	128.8	129.0		
Closing price in €	130.0	130.0		
Preference share: top price in €	45.0	38.0		
Bottom price in €	27.1	30.0		
Closing price in €	35.5	30.0		
Ressources				
Average no. of employees over year	804	803	1	
Branches	36	35	1	

INTRODUCTION BY THE MANAGING DIRECTORS

SHAREHOLDERS AND BUSINESS PARTNERS ESTEEMED CUSTOMERS OF BTV,

so far the new Millennium has been a difficult time for business and particularly for European banks whose 2002 results have been significantly down on 2001.

Thanks to our regional basis and timely action, BTV was largely able to avoid this and ended the year slightly up on the year before.

2002 found us on the right path meaning that our consolidation of our market position in the Tyrol and Vorarlberg is and remains the main factor of our success. At the same time, we increased activity in our expanding markets this year by, for example, opening a new corporate client centre in Vienna.

Progress based on quality services, efficient knowledge management, staff training and client-oriented, impeccable procedures was BTV's trademark in 2002. To ensure the continuation of our success, in 2002 we introduced the „BTV Brand“ project. By developing our brand, we are positioning ourselves as the leader in private and business banking. The BTV brand as introduced in 2002 represents value, promises service and delivers a clearly defined image. We shall be working hard to realise the content of the BTV brand over the next few years, impacting all areas of BTV.

The introduction of the Euro, the Windows 2000 operating system and SAP software for financial management, and the merging of our organisation and production services to form a customer services centre all took place in 2002. Head office staff acquired a new, modern office building on Langer Weg in Innsbruck. Our financial centre will meet all the requirements of an innovative bank.

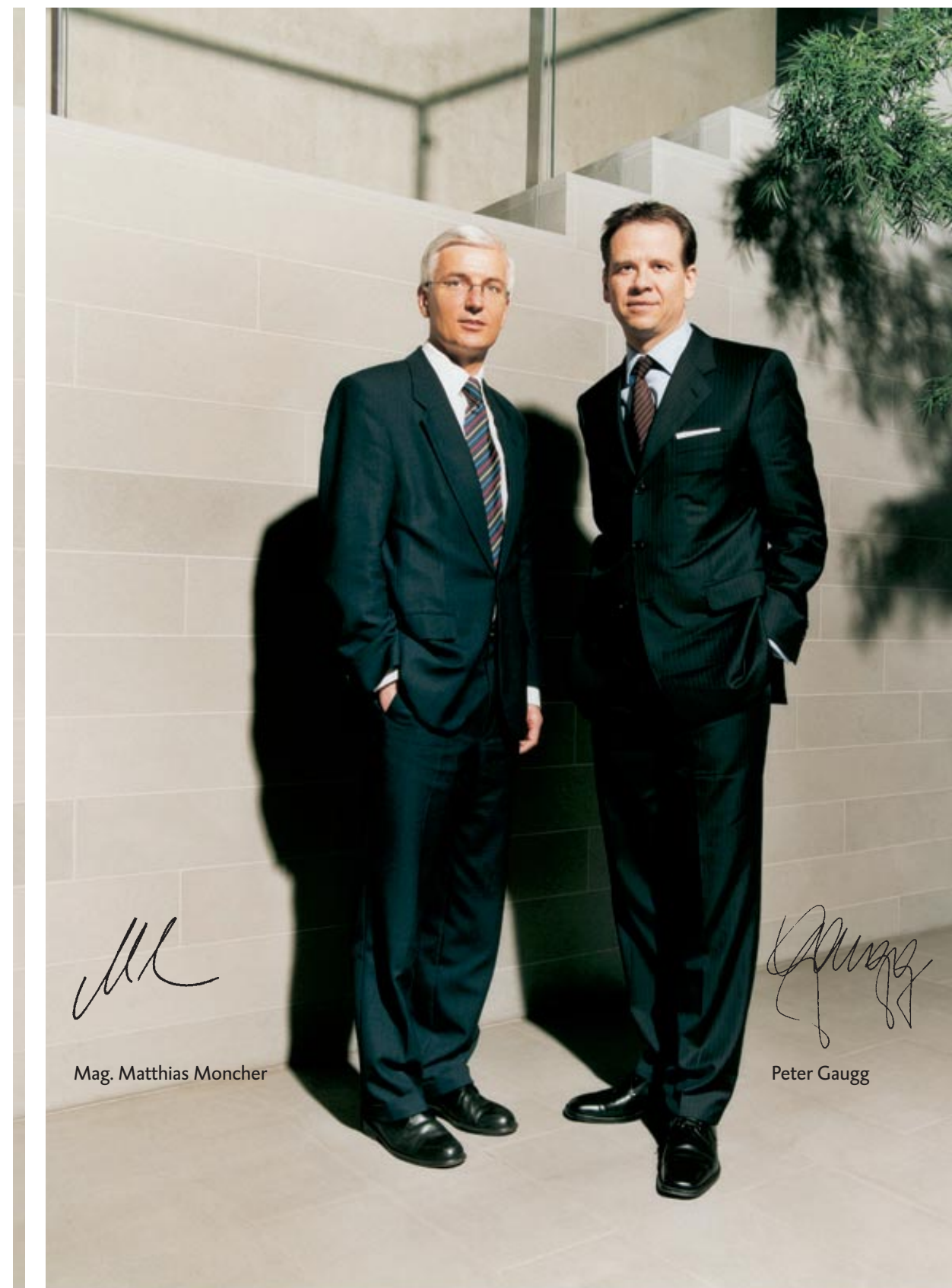
In addition to all this, major plans, such as the continued development of this strategy until 2006 and the creation of a general region Vorarlberg have also been tackled.

In all major business sectors, we are pleased to announce that we have retained our gains of market share in the Tyrol and Vorarlberg, our key markets. BTV's Group balance sheet grew 4.1 % over 2001 to € 5 700 mn. The most significant rise in income was in lending and payment transactions. We are also pleased to announce that this year for the first time, savings deposits exceeded € 1 000 mn. Thanks to our good business results, capital resources were raised € 64.1 mn to € 459.6 mn and BTV's independence and self-sufficiency were further strengthened.

BTV's aim and vision of becoming a bank for the future, our presentation and personality as such a bank and the way in which this affects our relations with our clients, partners, shareholders and staff – all were developed in 2002.

By continuing this strategy, we want to look to the future with you in a positive light. Put yourselves in our hands and let our expertise guide you through the financial sector - just as a pilot guides a ship. There are many occasions in (private and business) life on which you need a pilot to help you find the right way. BTV will be your pilot, demonstrating independence, skill and reliability. This philosophy and these attributes secure our long-term relationships with our clients.

Exceptional services and an unequalled market presence are the corner stones that enable us to look to the future with confidence. Our well-trained staff and ability to make fast decisions are the foundations, today and in the future.



Mag. Matthias Moncher

Peter Gaugg

BTV AG AND THE BTV GROUP IN 2002

Consolidated balance sheet up 4.1% to € 5 700 mn

The BTV Group balance sheet – which includes – in addition to BTV AG – the fully-consolidated BTV Leasing group, the Langer Weg GmbH building project, the Zürich private investment fund and companies consolidated using the equity method (See Annex) – grew by 4.1% to € 5 720 mn, BTV AG itself growing by 3.3% to € 5 650 mn.

The fall in growth as compared to 2001 is mainly due to a slower rise in lending.

Deposit-taking was affected by the downturn in stock market performance, and dropped 4.2% to € 7 690 mn. New deposits shown in the Group accounts rose € 48 mn (1.2%) to € 4 030 mn.

BTV also handled € 4 270 mn in security deposits, down 7.7% (€ 360 mn) on 2001.

Under the BWG (Bankwesengesetz - the Banking Act), the core capital of the banking group in the year ending 31.12.2002 totalled € 278.0 mn, the core capital ratio rising 7.18% from 7.05% the previous year. Consolidated capital resources (excluding secondary participating rights and dividends) totalled € 286.3 mn at financial year end, € 22.0 mn (8.3%) up on the previous year. Capital resources of the banking group calculated on the basis of paragraphs 23 and 24 of the BWG totalled € 459.8 mn at the balance-sheet date, including tier-3 capital. The requisite capital resources, including cover for securities trading and the open foreign currency positions of the parent company totalled € 310.5 with a clear profit of € 149.3 mn.

Consolidated operating profit down 4% to € 68.9 mn

As a result of negative stock market performance, falling rates on the money and capital markets and drops in currency and foreign note and coin income, Group operating profit fell to € 68.86 mn, a satisfactory performance given market circumstances, (of which BTV AG: € 64.64 mn). Operating income dropped 0.8% (€ 1.15 mn) to € 149.38 mn. Operating expenses rose 2.5% (€ 1.99 mn) to € 80.52.

Thanks to higher financing volumes and the switching of claims against banks into bonds, net interest income rose 3.1% over 2001. Over the same period, total provisions fell 5.6% to € 46.42 mn. While securities and currency income dropped, income from lending and payment transactions grew.

Payroll rose 1.8% (€ 0.88 mn) to € 50.02 mn. Material expenditure increased 9.7% (€ 1.77 mn) to € 20.08 mn. This was mainly attributable to IT and staff training costs.

We retained our extremely conservative valuation of our loan portfolio. Lending risk to private and business clients was slightly below the 2001 level. Lower interest income and higher depreciation levels in securities trading produced a € 5.1 mn valuation total (P&L items 11–14), 20.5% up on 2001. Revenue from ordinary business activity thus fell by over 17% to € 38.92 mn (of which BTV AG: € 35.93 mn). The cost:income ratio was 53.9%. ROE (return on equity) after tax was, despite a sustained rise in capital resources, 10.21%.

Current forecasts for 2003 will be very significantly affected by uncertainty about world political and economic developments. The high levels of risk impacting the international financial, property and energy markets mean that business and consumption prospects are unlikely to improve quickly.

It is therefore still impossible to predict when the economy will recover from its present crisis. The WIFO (Wirtschaftsforschungsinstitut - Institute for Business Research) forecasts a period of stagnation for the European economy. In Austria, consumption and construction will probably grow far more slowly than exports and investment in equipment. This means that 2003 is likely to be a tough year for banks.

BTV will not be able to avoid these problems and we are therefore expecting lower growth in volumes and turnover this year. The rise in Euro and foreign currency financing should continue at 2002 rates but interest rate forecasts mean that we are also expecting lower levels of investment deposits.

Despite the tougher environment, BTV is looking to gain further market share in private and business banking. However, this will not translate like-for-like in the results. The lower interest rates will also reduce investment margins.

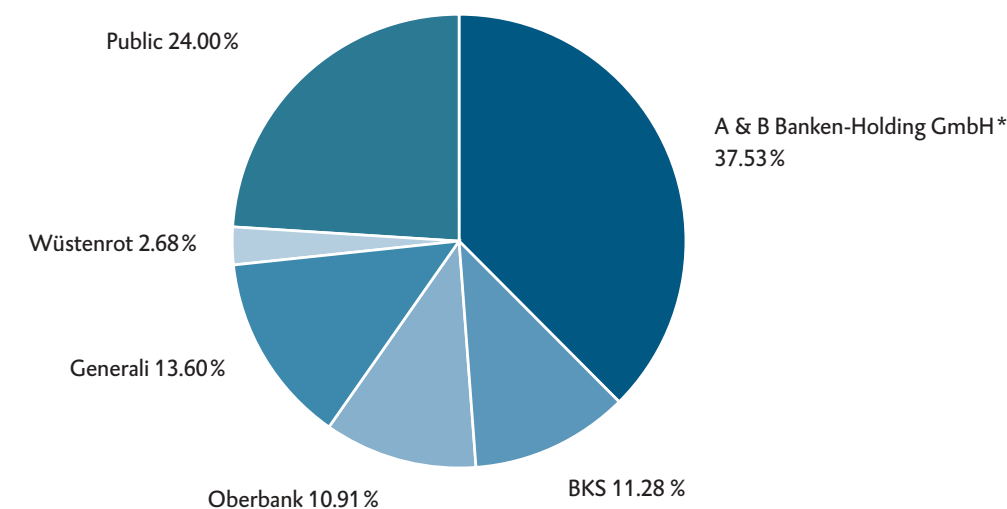
The change in structure and current trends on the bond market will also make it harder to obtain sustainable income from this source.

Securities trading is also unlikely to generate any rise in turnover and thus income. Given the forecasts for income positions, BTV will therefore keep a tight rein on costs. Process optimisation and efficient material cost controlling together ensure lean growth and therefore a reduced rise in costs. All this should produce results that are slightly higher than those of the previous year.

There were no material post-balance sheet events for the financial year 2002.

BTV SHAREHOLDER STRUCTURE

Direct shareholdings totalling in € 50 000 000 (5.0 mn shares)



* before AVZ Vermögensverwaltungs GmbH.

NOTES TO THE ACCOUNTS OF BTV AG FOR THE FINANCIAL YEAR 2002

The following provides more detailed information on the development of balance-sheet volumes, the lending and refinancing business, capital resources and material revenue positions.

Balance sheet volumes

In 2002 Austrian business showed no signs of recovery from its previous depression. Company investment slumped to an all-time low with even investment in equipment falling.

Consumer spending held up better, although investment-type spending (cars, homes) saw a major slow-down. In the light of the downturn in the international economy, exports and tourism remained relatively strong.

Thanks to our market position as a home-building mortgage lender to private clients and growth in our financing business to corporate clients, BTV lending to clients increased despite the depressed economic environment to over € 4 000 mn. Falls in banking volumes and cash positions were offset by securities purchases. The BTV AG balance sheet grew € 180.4 mn (3.3 %) in the last financial year to € 5 647.5 mn.

Lending and refinancing

Customer loans shown on the balance sheet in the reporting year rose by € 194.3 mn (5.1%) to € 4 016.5 mn, of which € 124.6 mn (3.7%) to Austrian customers and € 69.7 mn (14.1%) to foreign customers. The proportion of foreign-currency lending fell from 45.7% to 44.4% (€ 1 784.3 mn) of which 76.5% to Austrians and 23.5% to foreigners.

Lending to foreign customers over the last financial year totalled 14.1% (2001: 13.0%). 46.4% of this figure being to Switzerland and Liechtenstein (2001: 33.6%), 43.1% to Eurozone countries (2001: 45.8%), 8.2% to the USA (2001: 9.0%) and 0.2% to other Western European countries (2001: 10.0%). 2.1% of lending was to other countries (2001: 1.6%) and was mainly loans to foreign subsidiaries or business partners of Austrian companies.

Table 2 shows a breakdown of lending to customers by sector at 31.12.2002.

The driving force in absolute terms was private banking (employed and self-employed segments) (+ € 194.4 mn or 15.3%), followed by industry (+ € 82.2 mn or 19.3 %), business (+ € 32.3 mn or 5.6%), social security and trade. There was lower demand from transport (- € 49.8 mn or - 22.7%), the public sector (- € 34.2 mn or - 8.8 %), other borrowers (- € 32.4 mn or - 10.2%) and tourism (- € 15.2 mn or - 5.7%).

Trading in our own portfolio grew last year by € 123.7 mn (13.2%) to € 1 058.9 mn. Although trading in fixed-income securities rose by € 135.0 mn, trading in equities and other variable-rate securities fell € 11.3 mn. This is not immediately clear from the accounts since at the balance-sheet date securities volumes were reduced by artificial pensions operations totalling € 164.9 mn (€ 294.0 mn in 2001). Consequently the accounts for these positions show a sharp rise of € 252.9 mn.

Contingent liabilities arising from the giving of guarantees, sureties, irrevocable guarantees for bills of exchange and the acceptance of joint and several liability for secured 3Banken Gruppe loans totalled € 328.8 mn, € 64.6 mn (16.4%) down on 2001. The main cause of the downturn is the loss of guarantees worth € 50.9 mn given in 2001 during the Euro pre-issue period.

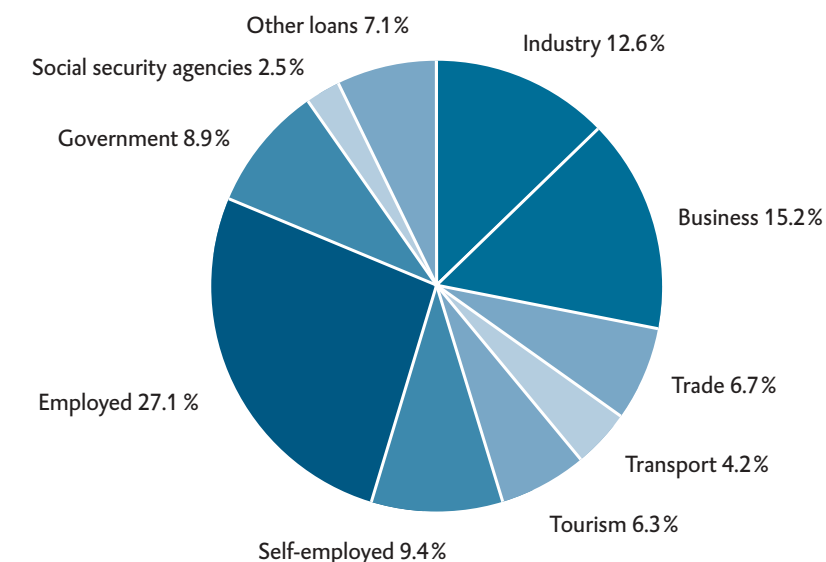
1. CUSTOMER LOANS

		2002 mn €	2001 mn €	Change mn €	Change %
Austria	€	2 086.7	1 927.9	158.8	8.2%
Austria	Foreign currency	1 364.7	1 398.9	- 34.2	- 2.4%
Abroad	€	145.5	146.6	- 1.1	- 0.8%
Abroad	Foreign currency	419.6	348.8	70.8	20.3%
TOTAL		4 016.5	3 822.2	194.3	5.1%

BTV Breakdown by sector

Customers loans at 31 December 2002

Balanced loan allocation by sector



2. SECTOR BREAKDOWN/CUSTOMER LOANS

	Share	2002	2001	+/- %
Industry	12.6%	507.5	425.3	19.3%
Business	15.2%	610.4	578.1	5.6%
Trade	6.7%	268.3	261.3	2.7%
Transport	4.2%	169.5	219.3	- 22.7%
Tourism	6.3%	252.5	267.7	- 5.7%
Self-employed	9.4%	378.5	311.1	21.7%
Employed	27.1%	1 088.8	961.8	13.2%
Government	8.9%	356.5	390.7	- 8.8%
Social security agencies	2.5%	100.0	90.0	11.1%
Other loans	7.1%	284.5	316.9	- 10.2%
TOTAL	100.0%	4 016.5	3 822.2	5.1%

NOTES TO THE ACCOUNTS OF BTV AG FOR THE FINANCIAL YEAR 2002

3. REFINANCING	2002 mn €	2001 mn €	Change mn €	Change in %
Liabilities to customers – savings deposits	1 014.7	936.3	78.4	8.4%
Liabilities to customers – savings other	2 352.4	2 451.3	- 98.9	- 4.0%
Securitized liabilities	621.2	597.9	23.3	3.9%
Primary deposits	3 988.3	3 985.5	2.8	0.1%
Liabilities to banks	1 115.9	993.8	122.1	12.3%
TOTAL	5 104.2	4 979.3	124.9	2.5%

Total foreign deposits rose € 124.9 mn (+ 2.5%) to € 5 104.2 mn in the reporting year. This figure includes new deposits of € 3 988.3 mn from our Austrian and foreign customers, up 0.1% (€ 2.8 mn) over 2001. This means that our commitments to other banks rose 12.3% (€ 122.1 mn) to € 1 115.9 mn by year end. The proportion of new funds on the balance sheet therefore fell from 72.9% to notable 70.6%, while commitments to other banks rose from 18.2% in 2001 to 19.8%.

Demand last year, so far as new funds are concerned, was for savings deposits which increased € 78.4 mn (8.4%) to reach over € 1 000 mn for the first time. Other liabilities fell € 98.9 mn (-4.0%) to € 2 352.4 mn.

Securitized debt increased € 23.3 mn (3.9%) to € 621.2 mn. Market-listed debt securities at the balance-sheet date amounted to € 411.1 mn, up € 6.8 mn (1.7%) on 2001. The balance-sheet heading „Other securitized debt“ includes various fixed and variable-rate domestic bonds, including € 123.3 mn (2001: € 108.3 mn) in payable but not yet due interest. This position also includes unlisted debentures denominated in ATS and foreign currencies and the payable but not yet due interest thereon in the amount of € 86.8 mn.

Over 2001 this position rose € 16.5 mn. In 2002 BTV issued 7 Euro-denominated stepped-interest bonds and in 2001 a long-term bond issue was floated at € 1.4 mn.

In addition to new funds totalling € 3 988.3 mn shown on the balance sheet, BTV also managed € 4 179.6 mn in customer securities deposited with the Bank. This represented a € 361.7 mn (-8.0%) drop over 2001 and is ascribable to the fall in the major equities markets. In total, BTV therefore managed € 7 546.7 mn in customer funds (adjusted to take account of the double calculation of new funds and deposits), a € 382.2 mn (-4.8%) drop over 2001.

BTV's share of secured 3Banken Gruppe loans issued 1988-1997 totalled € 23.3 mn. The loans are secured by stock that brought in government-guaranteed income of € 29.1 mn and a profit of € 5.8 mn at year end.

Source and application of funds

The following Statement of Changes in Financial Position shows business developments over the reporting year in terms of the source and application of funds.

4. STATEMENTS OF CHANGES IN FINANCIAL POSITION	Source of funds		Application of funds	
	mn €	%	mn €	%
ASSETS				
Rise in assets			454.3	82.1%
Client receivables			194.3	35.1%
Subsidiaries, Group undertakings			7.1	1.3%
Securities, including equities			252.9	45.7%
Reduction in assets	273.9	49.5%		
Cash in hand, balances with the Austrian National Bank	33.1	6.0%		
Bank receivables	231.8	41.9%		
Other assets	9.0	1.6%		
LIABILITIES				
Rise in liabilities	279.3	50.5%		
Liabilities to banks	122.1	22.1%		
Savings deposits	78.4	14.2%		
Securitized liabilities	23.3	4.2%		
Capital resources including tier-2 capital	52.5	9.5%		
Other liabilities	3.0	0.5%		
Reduction in liabilities			98.9	17.9%
Other debts to clients			98.9	17.9%
TOTAL SOURCE/APPLICATION OF FUNDS	553.2	100.0%	553.2	100.0%

Interest income

The fall in customer business volumes, lower interest rates and a flatter interest curve translated into net interest income rising € 2.4 mn to € 82.8 mn (+3.0%). Dividend and investment income together accounted for € 7.8 mn. Lower dividends as a result of a smaller equity portfolio and reduced subsidiary income were offset by payments from Group undertakings.

NOTES TO THE ACCOUNTS OF BTV AG FOR THE FINANCIAL YEAR 2002

Services

Falling international stock markets, which led to thinner levels of investment by our clients, again hit trading business significantly last year both in turnover and profit terms. BTV saw its profits reduced by € 3.0 mn (-12.5%) in this core business, however income from lending rose € 1.5 mn (29.4%) as did income from our payments business (+ € 1.0 mn or 9.1%). Income from currency exchange and dealings in foreign notes and coins fell € 1.9 mn (-26.0%) as compared with 2001. The main reason for the fall in BTV's income from currency operations is the introduction of the Euro. Other service income dropped € 0.3 mn against 2001.

Financial business income (trading in securities, currency, foreign coins and notes and precious metals) fell € 1.0 mn (-30.9%) to € 2.3 mn in 2002 as a result of lower income from other financial business and currency trading. Other operating income rose € 0.1 mn to € 1.2 mn. Total operating income therefore totalled € 139.3 mn, a € 1.7 mn or 1.2% increase on 2001.

Operating expenses

Operating expenses rose 1.9% (€ 1.4 mn) over the reporting year to € 74.7 mn. Staff costs, the largest expense position, rose 1.2% (€ 0.6 mn) to € 48.2 mn. Average staff numbers rose by 0.1% to 804, meaning that the 1.5% rise in salaries and wages under the collective agreement continued to follow a positive trend. Material expenditure increased 9.0% to € 20.3 mn, € 1.7 mn up on 2001. The rise is mainly due to higher IT and staff training expenses. Depreciation fell € 0.8 mn. While the depreciation of buildings dropped € 1.3 mn, it rose € 0.5 mn for office equipment. Other operating expenses decreased by € 0.1 mn. As a result of these changes, operating profit went up 0.5% or € 0.3 mn to € 64.6 mn.

Risk management

Revenue/expenses from the valuation and sale of loans and securities led to total outgoings of € 28.9 mn, € 4.9 mn more than in 2001. This was mainly due to lower profits on securities and the heavier write-down of securities held as current assets. Loan risk remained at 2001 levels, meaning that the very cautious valuation of our loan portfolio continued through this year too.

Revenue from ordinary business fell as a result of the above by € 4.4 mn (-10.8%) to € 35.9 mn. With the disappearance of the extraordinary expenses incurred in 2001 (payments to the Restitution Fund) and slightly higher taxable income, profits dropped by € 3.3 mn (-11.4%) to € 25.8 mn. After-tax ROE was therefore 9.89% (2001: 12.17%), and the cost:income ratio was 53.6% (53.3% in 2001).

Liable capital resources

At 31 December 2002, BTV AG had share capital totalling € 50.0 mn comprising 4 500 000 ordinary shares with a par value of € 45.0 mn plus 500 000 preference shares with a par value of € 5.0 mn. Last year the AGM voted for a capital increase from shareholder funds. € 13.65 mn was therefore transferred from unallocated reserves to subscribed capital.

€ 19.9 mn of the profit for the year was allocated to reserves.

€ 2.1 mn of this figure was transferred from the liability reserve.

A further € 17.9 mn was transferred to unallocated reserves from profits after tax. As a result of the early disposal of assets, € 0.1 mn in existing investment allowances were released to cover profits.

The € 0.6 mn 1998 investment allowance was transferred to unallocated assets following the end of the retention period.

Taxed and untaxed provisions and reserves as at 31.12.2002 totalled € 222.3 mn.

Supplementary capital rose with the issue of four stepped-interest bonds with a total par value of € 25.6 mn. € 11.1 mn was added to a December 2001 issue, and € 7.0 mn to an unlisted domestic bond issued in 2001. Following deduction of bonds maturing in the reporting year, tier-2 capital including interest payable but not yet due totalled € 193.4 mn. Taking runoff weighting and the Bank's own share portfolio into account, pursuant to para 23 of the Banking Act, € 165.7 mn was imputed to the Bank's capital resources, € 33.4 mn more than in the previous year.

5. NET COMMISSION INCOME	2002 mn €	2001 mn €	Change mn €	Change in %
Loans and guarantees	6.6	5.1	1.5	29.4%
Securities trading	21.0	24.0	- 3.0	- 12.5%
Payments	12.0	11.0	1.0	9.1%
Foreign exchange/foreign currency/precious metals trading	5.4	7.3	- 1.9	- 26.0%
Other service income	0.2	0.5	- 0.3	- 60.0%
TOTAL	45.2	47.9	- 2.7	- 5.6%

6. INCOME /EXPENDITURE TOTALS 11./12.	2002 mn €	2001 mn €	Change mn €	Change in %
Credit risk total	- 25.9	- 26.2	- 0.3	- 1.1%
Sales income from securities held as current assets	1.8	5.1	- 3.3	- 64.7%
Write-down of securities held as current assets	- 4.8	- 2.9	1.9	65.5%
TOTAL P&L-POSITION 11./12.	- 28.9	- 24.0	4.9	20.4%

NOTES TO THE ACCOUNTS OF BTV AG FOR THE FINANCIAL YEAR 2002

Pursuant to statutory requirements, capital resources at 31. 12. 2002 were as shown in table 7.

As a result of transfers to reserves and the acceleration of additional capital resources, creditable capital resources rose € 56.6 mn to € 448.0 mn. Mandatory capital resources went up 5.6% as a result of the moderate rise in the balance sheet, producing an over 40% increase in cover to reach € 139.5 mn.

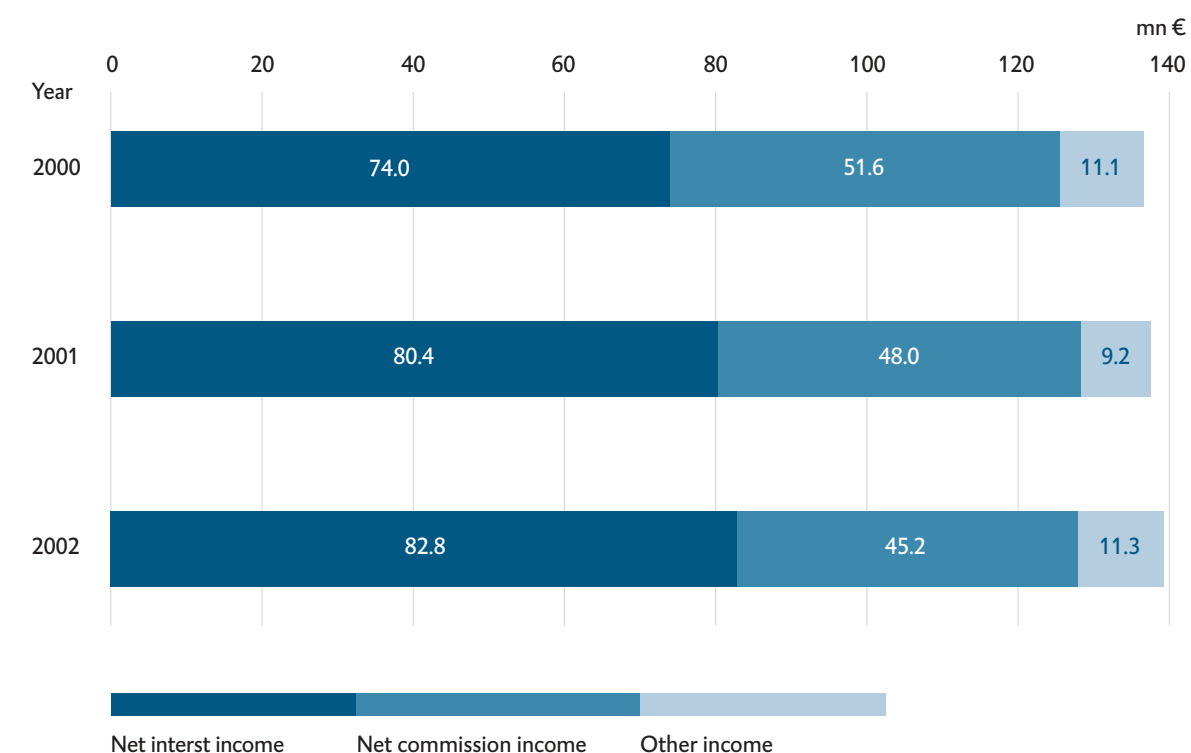
7. CAPITAL RESOURCES

	2002 mn €	2001 mn €	Change mn €	Change in %
Share Capital	50.0	36.4	13.6	37.4%
minus owner shares	- 2.1	- 1.8	- 0.3	16.7%
Open reserves	218.6	215.0	3.6	1.7%
Core capital (tier 1)	266.5	249.6	16.9	6.8%
Core capital share	6.93%	6.86%		
Additional capital resources (tier 2)	227.0	187.1	39.9	21.3%
Deductions	- 46.2	- 46.2	0.0	0.0%
Creditable capital resources (not tier 3)	447.3	390.5	56.8	14.5%
Capital resources under 23(14)(Z)(7) of the BWG (tier 3)	0.7	0.9	- 0.2	- 25.9%
Creditable capital resources under 23(14) of the BWG	448.0	391.4	56.6	14.4%
Capital adequacy requirements	307.8	291.3	16.5	5.7%
Capital adequacy requirements for securities trading and open currency positions	0.7	0.9	- 0.2	- 25.9%
Capital resource requirements under 22(1) of the BWG	308.5	292.2	16.3	5.6%
Surplus cover (not tier 3 capital)	139.5	99.2	40.3	40.6%

PROFIT AND LOSS ACCOUNT OF THE BTV AG FOR THE YEAR ENDED 31 DECEMBER 2002

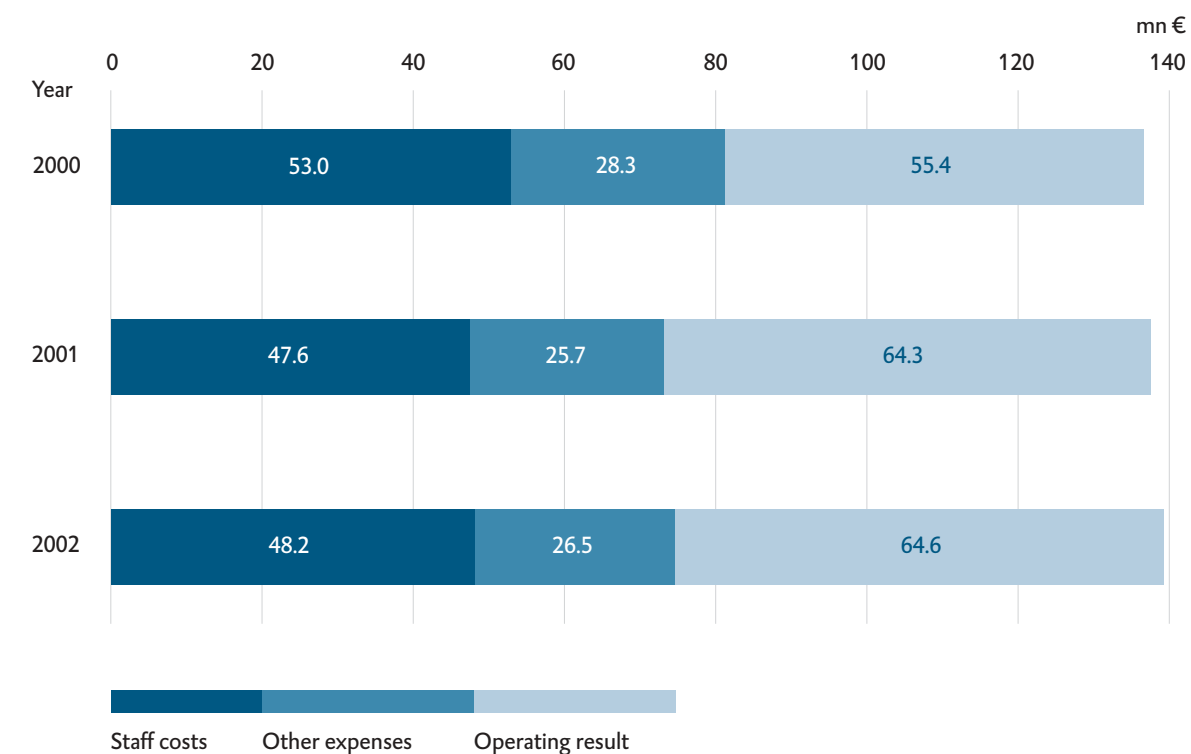
OPERATING INCOME 2000–2002 IN MN €

Increased revenue from customers business



APPLICATION OF OPERATING INCOME 2000–2002 IN MN €

Operating result exceeds 60 mn €



BTV AG BALANCE SHEET

AS AT 31 DECEMBER 2002

ASSETS	31-12-2002 € in 1 000s	31-12-2001 € in 1 000s	Change € in 1 000s	Change in %
1. Cash in hand, balances with central banks and post office banks	108 462	141 584	- 33 122	- 23.4%
2. Treasury bills and other bills eligible for refinancing with the central bank	239 711	294 650	- 54 939	- 18.6%
3. Loans and advances to credit institutions	377 039	608 857	- 231 818	- 38.1%
a) due at sight	50 509	74 205	- 23 696	- 31.9%
b) other loans and advances of which unsecuritized loans and advances to banks participating interests	326 530	534 652	- 208 122	- 38.9%
of which unsecuritized loans and advances to banks participating interests	35 300	10 319	24 981	> 100%
4. Loans and advances to customers of which unsecuritized loans and advances to associated companies	4 016 495	3 822 200	194 295	5.1%
of which unsecuritized loans and advances to associated companies	142 625	186 819	- 44 194	- 23.7%
of which unsecuritized loans and advances to participating interests	12 908	10 369	2 539	24.5%
5. Debt securities including fixed-interests securities	641 518	322 447	319 071	99.0%
a) issued by public bodies	0	0	0	0.0%
b) issued by other borrowers of which own bonds	641 518	322 447	319 071	99.0%
of which own bonds	8 111	10 602	- 2 491	- 23.5%
6. Shares and other non-fixed-interests securities	12 762	24 091	- 11 329	- 47.0%
7. Equity shares of which in credit institutions	58 374	57 794	580	1.0%
of which in credit institutions	44 271	44 185	86	0.2%
8. Interest in associated companies of which in credit institutions	110 341	103 779	6 562	6.3%
of which in credit institutions	0	0	0	0.0%
9. Intangible fixed assets	2 701	0	2 701	> 100%
10. Tangible assets of which land and buildings used by Bank within own activities	37 564	35 763	1 801	5.0%
of which land and buildings used by Bank within own activities	18 074	17 027	1 047	6.1%
11. Own shares apiece	2 087	1 770	317	17.9%
apiece	29 823	27 009	2 814	10.4%
12. Other assets	37 433	51 737	- 14 304	- 27.6%
13. Prepayments and accrued income	3 031	2 461	570	23.2%
TOTAL ASSETS	5 647 518	5 467 133	180 385	3.3%

LIABILITIES	31-12-2002 € in 1 000s	31-12-2001 € in 1 000s	Change € in 1 000s	Change in %
1. Banks	1 115 906	993 839	122 067	12.3%
a) due at sight	146 952	225 504	- 78 552	- 34.8%
b) with agreed terms or periods of notice of which participating interests in banks	968 954	768 335	200 619	26.1%
of which participating interests in banks	72 559	29 420	43 139	> 100%
2. Customer accounts	3 367 085	3 387 635	- 20 550	-0.6%
a) Saving deposits	1 014 692	936 320	78 372	8.4%
aa) due at sight	0	0	0	0.0%
ab) with agreed terms or periods of notice	1 014 692	936 320	78 372	8.4%
b) Other accounts payable	2 352 393	2 451 315	- 98 922	- 4.0%
ba) due at sight	1 074 512	906 625	167 887	18.5%
bb) with agreed terms or periods of notice of which associated companies	1 277 881	1 544 690	- 266 809	- 17.3%
of which associated companies	2 582	1 020	1 562	> 100%
of which participating interests	10 119	11 736	- 1 617	- 13.8%
3. Debt securities	621 211	597 881	23 330	3.9%
a) Debentures issued	411 091	404 256	6 835	1.7%
b) other	210 120	193 625	16 495	8.5%
4. Other liabilities	24 087	19 515	4 572	23.4%
5. Accruals and deferred income	1 125	1 087	38	3.5%
6. Provisions	46 537	48 182	- 1 645	- 3.4%
a) provisions for severance payments	9 938	10 129	- 191	- 1.9%
b) provisions for staff pensions	23 602	23 560	42	0.2%
c) provisions for deferred taxation	25	224	- 199	- 88.8%
d) other provisions	12 972	14 269	- 1 297	- 9.1%
7. Supplementary Capital	193 374	160 800	32 574	20.3%
8. Subscribed Capital	50 000	36 350	13 650	37.6%
9. Capital reserves	61 294	61 294	0	0.0%
a) tied	56 574	56 574	0	0.0%
b) uncommitted	4 720	4 720	0	0.0%
10. Reserves	62 326	57 417	4 909	8.5%
a) statutory reserves	589	589	0	0.0%
b) reserves for own shares	2 087	1 770	317	17.9%
c) other reserves	59 650	55 058	4 592	8.3%
11. Liability reserve pursuant to 23(6) of the Banking Act (BWG)	87 700	85 581	2 119	2.5%
12. Net profit	5 932	5 811	121	2.1%
13. Untaxed reserves	10 941	11 741	- 800	- 6.8%
a) special valuation reserve under paragraph 12 of the Income Tax Act	10 039	10 158	- 119	- 1.2%
b) other untaxed reserves of which untaxed reserve for reinvestment under paragraph 10 of which provisions pursuant to para 12 EStG (Income Tax Act)	902	1 583	- 681	- 43.0%
of which untaxed reserve for reinvestment under paragraph 10	902	1 583	- 681	- 43.0%
of which provisions pursuant to para 12 EStG (Income Tax Act)	0	0	0	0.0%
TOTAL LIABILITIES	5 647 518	5 467 133	180 385	3.3%

PROFIT AND LOSS ACCOUNT OF THE BTV AG

FOR THE YEAR ENDED 31 DECEMBER 2002

	2002 € in 1 000s	2001 € in 1 000s	Change € in 1 000s	Change in %
1. Interest receivable and similar income	239 787	267 218	- 27 431	- 10.3%
of which fixed-interest securities	54 121	49 628	4 493	9.1%
2. Interest payable and similar expenses	- 156 944	- 186 774	- 29 830	- 16.0%
I. NET INTEREST INCOME	82 843	80 444	2 399	3.0%
3. Income an securities and equity interests	7 774	4 779	2 995	62.7%
a) Income on shares other equity rights and non-fixed interests	411	742	- 331	- 44.6%
b) Income on equity interests	3 663	4 037	- 374	- 9.3%
c) Income on interests in associated companies	3 700	0	3 700	> 100%
4. Commission receivable	52 226	53 479	- 1 253	- 2.3%
5. Comission payable	- 6 999	- 5 478	1 521	27.8%
6. Profit from financial transactions	2 262	3 275	- 1 013	- 30.9%
7. Other operating income	1 214	1 114	100	9.0%
II. OPERATING INCOME	139 320	137 613	1 707	1.2%
8. General administrativ expenses	- 68 487	- 66 239	2 248	3.4%
a) staff costs	- 48 168	- 47 592	576	1.2%
aa) wage and salaries	- 34 013	- 33 514	499	1.5%
ab) expenses for statutory social levies and payment-related taxes and compulsory contributions	- 8 887	- 8 671	216	2.5%
ac) other social expences	- 1 039	- 1 340	- 301	- 22.5%
ad) expenses fpr retirement pensions and staff welfare	- 3 486	- 2 899	587	20.2%
ae) allocation to pension provious	- 42	- 533	- 491	- 92.1%
af) allcations to provisions for severance payments	- 701	- 635	66	10.4%
b) other administrative expenses	- 20 319	- 18 647	1 672	9.0%
9. Value adjustment on assets including in asset 9 + 10	- 5 953	- 6 737	- 784	- 11.6%
10. Other operating expenses	- 237	- 309	- 72	- 23.3%
III. OPERATING EXPENSES	- 74 677	- 73 285	1 392	1.9%

	2002 € in 1 000s	2001 € in 1 000s	Change € in 1 000s	Change in %
IV. OPERATING RESULT	64 643	64 328	315	0.5%
11./12. Valuation and disposal of claims and contingent liabilities and of securities	- 28 904	- 24 038	4 866	20.2%
13./14. Valuation and disposal of securities valued as financial assets and of stakes in associated companies and subsidiares	195	1	194	> 100%
V. RESULTS FROM ORDINARY BUSINESS ACTIVITIES	35 934	40 291	- 4 357	- 10.8%
15. Extra ordinary expenses	0	- 615	- 615	- 100.0%
16. Taxes on income and earnings	- 9 959	- 9 948	11	0.1%
17. Other taxes	- 209	- 649	- 440	- 67.8%
a) Other taxes	- 403	- 649	- 246	- 37.9%
b) income from release of tax reserves	194	0	194	> 100%
VI. ANNUAL SURPLUS	25 766	29 079	- 3 313	- 11.4%
18. Transfers to and from reserves of which: allocation to liability reserve as per paragraph 23(6) of the Banking Act (BWG)	- 19 879	- 23 426	- 3 547	- 15.1%
	- 2 120	- 3 997	- 1 877	- 47.0%
VII. PROFIT FOR THE FINANCIAL YEAR	5 887	5 653	234	4.1%
19. Profit carried forward	45	158	- 113	- 71.5%
VIII. NET PROFIT	5 932	5 811	121	2.1%

BTV CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2002

ASSETS	31-12-2002 € in 1 000s	31-12-2001 € in 1 000s	Change € in 1 000s	Change in %
1. Cash in hand, balances with central banks and post office banks	108 463	141 587	- 33 124	- 23.4%
2. Treasury bills and other bills eligible for refinancing with the central bank	239 711	294 650	- 54 939	- 18.6%
3. Loans and advances to credit institutions	377 864	609 587	- 231 723	- 38.0%
a) due at sight	50 829	74 373	- 23 544	- 31.7%
b) other loans and advances of which unsecured loans and advances to banks participating interests	327 035	535 214	- 208 179	- 38.9%
	35 300	10 319	24 981	> 100%
4. Loans and advances to customers of which unsecured loans and advances to associated companies	4 120 587	3 884 395	236 192	6.1%
	11 073	15 442	- 4 369	- 28.3%
of which unsecured loans and advances to participating interests	12 908	10 369	2 539	24.5%
5. Debt securities including fixed-interests securities	641 518	322 447	319 071	99.0%
a) issued by public bodies	0	0	0	0.0%
b) issued by other borrowers of which own bonds	641 518	322 447	319 071	99.0%
	8 111	10 602	- 2 491	- 23.5%
6. Shares and other fixed-interests securities	12 795	24 123	- 11 328	- 47.0%
7. Equity shares	60 397	59 676	721	1.2%
a) in associated companies of which in credit institutions	9 004	7 923	1 081	13.6%
	604	599	5	0.8%
b) in other institutions of which in credit institutions	51 393	51 753	- 360	- 0.7%
	43 801	43 715	86	0.2%
8. Investments in Group undertakings treated as associates	52 177	45 595	6 582	14.4%
9. Intangible assets of fixed assets	5 525	3 161	2 364	74.8%
10. Tangible assets of which land and buildings used by Bank within own activities	65 980	59 539	6 441	10.8%
	40 826	35 043	5 783	16.5%
11. Own shares apiece	2 087	1 770	317	17.9%
	29 823	27 009	2 814	10.4%
12. Other assets	29 515	46 496	- 16 981	- 36.5%
13. Prepayments and accrued income	3 444	2 929	515	17.6%
TOTAL ASSETS	5 720 063	5 495 955	224 108	4.1%

LIABILITIES	31-12-2002 € in 1 000s	31-12-2002 € in 1 000s	31-12-2002 € in 1 000s	Change in %
1. Banks	1 115 906	993 839	122 067	12.3%
a) due at sight	146 952	225 504	- 78 552	- 34.8%
b) with agreed terms or periods of notice of which participating interests in banks	968 954	768 335	200 619	26.1%
	72 559	29 420	43 139	> 100%
2. Customer accounts	3 413 056	3 388 811	24 245	0.7%
a) Saving deposits	1 014 692	936 320	78 372	8.4%
aa) due at sight	0	0	0	0.0%
ab) with agreed terms or periods of notice	1 014 692	936 320	78 372	8.4%
b) Other accounts payable	2 398 364	2 452 491	- 54 127	- 2.2%
ba) due at sight	1 074 505	906 580	167 925	18.5%
bb) with agreed terms or periods of notice of which associated companies	1 323 859	1 545 911	- 222 052	- 14.4%
	2 575	920	1 655	> 100%
of which participating interests	10 119	11 736	- 1 617	- 13.8%
3. Debt securities	621 211	597 881	23 330	3.9%
a) Debentures issued	411 091	404 256	6 835	1.7%
b) other	210 120	193 625	16 495	8.5%
4. Other liabilities of which deposits of silent partners	30 113	27 165	2 948	10.9%
	365	1 242	- 877	- 70.6%
5. Accruals and deferred income	1 739	2 020	- 281	- 13.9%
6. Provisions	50 408	51 575	- 1 167	- 2.3%
a) provisions for severance payments	10 052	10 217	- 165	- 1.6%
b) provisions for staff pensions	23 602	23 560	42	0.2%
c) provisions for deferred taxation	964	1 135	- 171	- 15.1%
d) other provisions	15 790	16 663	- 873	- 5.2%
7. Supplementary Capital	193 374	160 800	32 574	20.3%
8. Subscribed Capital	50 000	36 350	13 650	37.6%
9. Capital reserves	56 574	56 574	0	0.0%
10. Reserves	159 480	143 215	16 265	11.4%
a) statutory reserves	589	589	0	0.0%
b) reserves for own shares	2 087	1 770	317	17.9%
c) other reserves	156 804	140 856	15 948	11.3%
11. Liability reserve pursuant to 23(6) of the Banking Act (BWG) of which share in annual net profit	110	1 998	- 1 888	- 94.5%
	1	1	0	0.0%
12. Consolidated net profit for the year	28 092	35 727	- 7 635	- 21.4%
TOTAL LIABILITIES	5 720 063	5 495 955	224 108	4.1%

BTV CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2002

	2002 € in 1 000s	2001 € in 1 000s	Change € in 1 000s	Change in %
1. Interest receivable and similar income	247 819	275 044	- 27 225	- 9.9%
of which fixed-interest securities	54 121	49 628	4 493	9.1%
2. Interest payable and similar expenses	- 157 055	- 186 976	- 29 921	- 16.0%
I. NET INTEREST INCOME	90 764	88 068	2 696	3.1%
3. Income on securities and equity interests	4 736	4 235	501	11.8%
a) Income on shares other equity rights and non-fixed interests	412	743	- 331	- 44.5%
b) Income on equity interests	285	- 262	547	> 100%
c) Income on other interests	3 519	3 740	- 221	- 5.9%
d) Income on interests in associated companies	520	14	506	> 100%
4. Commission receivable	53 444	54 763	- 1 319	- 2.4%
5. Commission payable	- 7 026	- 5 583	1 443	25.8%
6. Profit from financial transactions	2 264	3 272	- 1 008	- 30.8%
7. Other operating income	5 195	5 775	- 580	- 10.0%
II. OPERATING INCOME	149 377	150 530	- 1 153	- 0.8%
8. General administrative expenses	- 70 092	- 67 437	2 655	3.9%
a) staff costs	- 50 016	- 49 133	883	1.8%
aa) wage and salaries	- 35 511	- 34 722	789	2.3%
ab) expenses for statutory social levies and payment-related taxes and compulsory contributions	- 9 219	- 8 959	260	2.9%
ac) other social expenses	- 1 049	- 1 352	- 303	- 22.4%
ad) expenses for retirement pensions and staff welfare	- 3 486	- 2 899	587	20.2%
ae) allocation to pension provisions	- 42	- 533	- 491	- 92.1%
af) allocations to provisions for severance payments	- 709	- 668	41	6.1%
b) other administrative expenses (material expenses)	- 20 076	- 18 304	1 772	9.7%
9. Value adjustments on assets including in asset item 9 + 10	- 7 289	- 7 838	- 549	- 7.0%
10. Other operating expenses	- 3 141	- 3 261	- 120	- 3.7%
III. OPERATING EXPENSES	- 80 522	- 78 536	1 986	2.5%

	2002 € in 1 000s	2001 € in 1 000s	Change € in 1 000s	Change in %
IV. OPERATING RESULT	68 855	71 994	- 3 139	- 4.4%
11./12. Valuation and disposal of claims and contingent liabilities and of securities	- 30 147	- 24 884	5 263	21.2%
13./14. Valuation and disposal of securities valued as financial assets and of stakes in associated companies and subsidiaries	210	47	163	> 100%
V. RESULTS FROM ORDINARY BUSINESS ACTIVITIES	38 918	47 157	- 8 239	- 17.5%
15. Extra ordinary expenses	0	- 615	- 615	- 100.0%
16. Taxes on income and earnings	- 10 563	- 10 129	434	4.3%
a) taxes on income and earnings	- 10 566	- 10 184	382	3.8%
b) earnings on retransfer of tax provisions	3	55	- 52	- 94.5%
17. Other taxes (not included in 16.)	- 262	- 685	- 423	- 61.8%
a) other taxes	- 457	- 685	- 228	- 33.3%
b) income from release of tax reserves	195	0	195	> 100%
VI. ANNUAL SURPLUS	28 093	35 728	- 7 635	- 21.4%
of which minority interest from profit participation rights	- 1	- 1	0	0.0%
NET PROFIT FOR THE FINANCIAL YEAR (LIABILITY ITEM 12)	28 092	35 727	- 7 635	- 21.4%

a) At 31 December 2002, as in 2001, BTV was the sole owner of the BTV Leasing GmbH financial group, thus constituting a banking group pursuant to paragraph 30 of the BWG. It is therefore required to publish consolidated accounts.

b) Consolidation complied with Commercial Code requirements and the special provisions in the BWG that apply to banks; it was based on the production of audited consolidated accounts and interim financial statements which present the accounting and valuation methods applied to the consolidation by the Bank für Tirol und Vorarlberg.

The consolidated accounts were prepared on the basis of the forms included in Annex 2 to paragraph 43 of BWG and the interim accounts of BTV Leasing GmbH that are included in the consolidation were therefore also attached, as required by the BWG.

Leased long-term fixed assets were stated in the interim accounts of BTV Leasing GmbH pursuant to paragraph 59(6) of the BWG under the appropriate receivables headings at the current value of the discounted leases. Lease instalments were discounted per contract on the basis of the rate applicable to the contract concerned at the balance-sheet date, minus additional payments of deposits and security. The consolidated P&L account replaces lease instalments and the depreciation of leased items with interest as a proportion of total leasing income; this is shown under 1. "Interest and similar income". Undertakings not governed by the BWG and consolidated using the equity method have been valued on the basis of general commercial law requirements.

Consolidated annual profit shown in the balance sheet and the P&L account comprises annual profit before transfers to reserves for consolidated undertakings and minus dividends to participating rights. 10. c) on the liabilities side of the consolidated balance sheet includes the unallocated, liability and untaxed reserves of BTV at 1 January 2002 minus updated consolidation profit and plus subsidiaries' post-consolidation reserves.

c) As in 2001, the full consolidation as defined in paragraph 59 of the BWG included BTV Leasing GmbH and the 8 financial companies it controls (BTV Leasing subsidiaries), the Langer Weg GmbH of Innsbruck building project and Privatinvest Zürich AG of Zurich, the investment fund. All other major associated companies involved in providing a true view of the assets, income and financial position of the BTV group and the subsidiaries that have a major impact on the Bank für Tirol und Vorarlberg have been valued using the equity method. The method by which each subsidiary on the list of subsidiaries has been included in the consolidated accounts or the consolidation is stated in paragraphs 238(Z)(2) and 265(2) of the Commercial Code, end of the Annex.

d) Subsidiaries that have been neither fully consolidated nor consoli-

dated using the equity method have been included by taking their book values and dividend income from their ordinary accounts and stating these under "Shareholdings" or "Shares in associated undertakings" on the balance sheet.

e) Equity consolidation and "at equity" valuation have applied the book value method. Initial consolidation is defined as the date on which an undertaking is first fully consolidated or included in the consolidation using equity-method valuation.

f) The consolidation of BTV Leasing GmbH involved inclusion of its interim accounts as at 31 December 2002 which include all the financial companies in which the Bank has a direct or indirect shareholding of over 50 %. The positive differential on the full consolidation of BTV Leasing GmbH was already entered on 1 January 1995 when the company was consolidated for the first time. Following the repurchase of stocks, BTV adjusted the positive differential over the following years.

g) Valuation using the equity method was based on the latest set of published accounts and in order to ensure period-for-period comparison of the results of the associated undertakings, the audited accounts as at 31 December 2002 not yet approved by the Board were also considered. As part of the valuation method, the consolidated accounts show the subsidiary's book value and compare it with the proprietary interest. The initial consolidation profit was immediately set off against revenue reserves. Losses from retained earnings were set off against reserves. In the consolidated accounts as at 31 December 2002 the equity method valuations of companies were increased by the appropriate percentage of profit for the year, following deduction of distributed dividends, or else were reduced by the appropriate proportion of loss for the year.

h) Receivables and debts within the Group were eliminated. Income from services among fully-consolidated undertakings were stated taking account of the materiality of applicable expenses. Material interim profits within the BTV Group and companies consolidated using the equity method were not available.

i) Due to the change-over to a single valuation method for the Group and the attribution of the untaxed reserves in companies' ordinary accounts to the Group's revenue reserves as a result of existing losses on delays and deferred corporation tax losses, there were no deferred tax assets or liabilities.

The following were members of our Management Board and Supervisory Board in 2002:

MANAGEMENT BOARD

Konsul Direktor Peter Gaugg, spokesman for the Management Board
Direktor Mag. Matthias Moncher, member of the Management Board

SUPERVISORY BOARD

Honorary Chairman:

Dr. Heinrich Treichl, Wien

Chairman:

Konsul Kommerzialrat Generaldirektor Dkfm. Dr. Hermann Bell, Linz (chairman since 24. 04. 2002)

Representatives:

Kommerzialrat Dr. Gerhard Moser, Innsbruck
Konsul Kommerzialrat Direktor Dkfm. Dr. Heimo Penker, Klagenfurt
Dr. Guido N. Schmidt-Chiari, Wien (representative until 23. 04. 2002)

Members:

Dipl. Ing. Johannes Collini, Hohenems
Konsul Senator h. c. Kommerzialrat Dipl.-Ing. Prof. Dr. techn. Artur Doppelmayr, Wolfurt (representative until 23. 04. 2002)
Vorstandsdirektor Dr. Franz Gasselsberger MBA, Linz (since 24. 04. 2002)
Vorstandsdirektor Mag. Wolfgang Haller, Wien (since 24. 04. 2002)
Generaldirektor Dr. Erich Hampel, Wien (until 23. 04. 2002)
Senator h. c. Kommerzialrat Ing. Martin Huter, Innsbruck (until 23. 04. 2002)
Präsident Kommerzialrat Dkfm. Dr. Hansjörg Jäger, Innsbruck
Generaldirektor Dr. Dietrich Karner, Wien
Direktor Dkfm. Dr. Ortwin Klapper, Wien (until 23. 04. 2002)
Direktor Dkfm. Heinz Öhler, Innsbruck
Dipl.-Ing. Klaus Ortner, Innsbruck

Direktor Dipl.-Ing. Albert Pietsch, Reutte
Generaldirektor Karl Samstag, Wien (since 24. 04. 2002)
Konsul Dipl.-Ing. Paul Senger-Weiss, Lauterach

Employee representatives:

Andrea Müller, Chairman of the Work Council, Götzens (chairman since 23. 04. 2002)
Peter Kodera, Chairman of the Work Council, Innsbruck (until 22. 04. 2002)
Stefan Abenthung, Götzens (since 23. 04. 2002)
Alfred Fabro, Wattens
Harald Handle, Oberperfuß
Herbert Kärle, Stanzach
Dietmar Rädler, Innsbruck
Walter Theurl, Gainberg
Elisabeth Vollweiter, Langen

State Commissioners:

Ministerialrat Mag. Günther Neubauer, Wien
Representative:
Gerald Bichler, Wien (since 01. 10. 2002)
Amtsdirektorin Regierungsrätin Emma Steinkasserer, Wien (until 30. 09. 2002)

Innsbruck, 28. Feb. 2003
The Management Board



Peter Gaugg



Mag. Matthias Moncher

AUDIT REPORT

Following our statutory audit, it is our opinion that the accounting records and financial statements for the year and the consolidated financial statements meet statutory and regulatory requirements. The ordinary and consolidated financial statements comply with the principles governing the orderly keeping of accounts and provide a true view of the assets and the financial and income positions of the Company and the Group. The annual reports for the Company and the Group agree with the financial statements to which they refer.

Innsbruck, 28. Feb. 2003

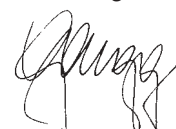
KPMG Alpen-Treuhand Gesellschaft m.b.H.
Auditors and Tax Advisors

Dr. Christoph Lauscher Mag. Martha Kloibmüller
Auditors and Tax Advisors

PROPOSED DIVIDEND DISTRIBUTION

The 2002 balance sheet profit for BTV, including profit brought forward from 2001, totals € 5 931 646. We propose that a dividend of € 1.16 per share be distributed in respect of the financial year 2002. The total distribution would therefore be € 5 800 000. Any profit remaining after the distribution of dividends will be carried forward pursuant to paragraph 6(5) of the Aktiengesetz (Shares Act).

Innsbruck, 28. Feb. 2003
The Management Board



Peter Gaugg



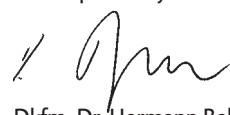
Mag. Matthias Moncher

REPORT OF THE SUPERVISORY BOARD

The Management Board has kept the Supervisory Board properly informed of the business and position of BTV. During its meetings the Supervisory Board has inter alia complied with the duties imposed on it by the law and regulations and the Company's bylaws and has provided advice on all major matters affecting the Company. KPMG Alpen-Treuhand Gesellschaft m. b. H. of Innsbruck has audited the financial statements and the annual reports of BTV AG and the BTV Group. The audits were completed without complaint. The auditors have consequently stated that the financial statements and the Directors' Report meet all statutory and regulatory requirements and offer a true view of the assets and the financial and income position of the Bank.

The Supervisory Board endorses the results of the auditors' examinations and approves the Directors' Report and the distribution of dividends it has proposed. The Supervisory Board has approved the financial statements which are therefore issued pursuant to paragraph 125(2) of the Aktiengesetz (Shares Act).

Innsbruck, March 2003
The Supervisory Board



Dkfm. Dr. Hermann Bell, Chairman

2002 2001 2000 1999 1998

Balance sheet (mn €)

Total	5 720.1	5 496.0	5 169.6	4 482.4	4 089.8
Cash, assets at Central Bank	108.5	141.6	141.0	70.9	75.4
Loans to banks	377.9	609.6	608.5	462.3	352.3
Loans to customers	4 120.6	3 884.4	3 538.3	3 138.9	2 887.3
Fixed-interest securities	881.2	617.1	604.9	542.2	539.0
Shares and participating interests	125.4	129.4	152.2	158.1	158.8
Bank liabilities	1 115.9	993.8	1 716.1	1 500.5	1 112.0
Savings deposits	1 014.7	936.3	901.6	931.5	865.4
Other liabilities to customers	2 398.4	2 452.5	1 414.9	966.1	1 033.9
Securitized liabilities	621.2	597.9	659.9	666.2	696.5
Primary funds	4 034.3	3 986.7	2 976.4	2 563.8	2 595.8
Capital resources	286.3	264.3	234.3	195.3	178.3
Supplementary capital	193.4	160.8	140.9	121.3	96.6
Creditable capital resources (not tier 3 capital)	459.2	395.5	327.8	272.8	238.0
Surplus capital resources	149.3	106.3	67.8	48.5	51.2
Core capital ratio	7.18%	7.05%	6.92%	6.44%	7.16%
Securities deposited by customers	4 274.3	4 632.3	4 407.6	4 013.9	3 307.0

Profit statement (mn €)

Net interest	90.8	88.1	80.1	68.0	65.7
Dividends and investments	4.7	4.2	6.1	6.8	5.9
Net commission	46.4	49.2	52.6	40.1	38.0
Operating income	149.4	150.5	145.3	122.5	116.2
Staff costs	50.0	49.1	54.5	45.1	42.9
Material expenditure	20.1	18.3	20.6	17.0	16.7
Operating expenses	80.5	78.5	85.9	71.2	67.9
Operating results	68.9	72.0	59.4	51.3	48.3
Results from ordinary business activities	38.9	47.2	44.8	29.2	24.4
Profit for the year	28.1	35.7	32.9	22.1	18.3
Dividend	5.8	5.8	5.8	5.1	5.1

Company indicators

Return on equity	10.21%	14.32%	15.30%	11.83%	10.64%
Return on assets	0.50%	0.67%	0.68%	0.52%	0.46%
Cost: income ratio	53.9%	52.2%	59.1%	58.1%	58.4%
Operating result as a % of Ø balance sheet total	1.23%	1.35%	1.23%	1.20%	1.22%
Profit per employee for the year (Tsd €)	34.1	43.4	40.9	28.6	24.2
Staff	825	823	803	773	758
Branches	36	35	35	35	35

BTV share indicators

ÖVFA group profit per share (in €)	5.65	7.27	6.60	4.75	3.82
Dividend per share (in €)	1.16	1.16	1.16	1.09	1.09
Share price: profit per ordinary share	23.0	17.9	19.8	27.6	30.0
Share price: profit per preference share	6.3	4.1	5.6	10.5	15.4

3 BANKEN GRUPPE AND THEIR REPRESENTATIVE OFFICES

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3 Banken Gruppe

The "3 Banken Gruppe" (group of 3 banks) consists of

1. Oberbank AG, Linz
2. Bank für Kärnten und Steiermark AG, Klagenfurt (BKS)
3. Bank für Tirol und Vorarlberg AG, Innsbruck(BTV)

The following companies are commonly operated by the "3 Banken Gruppe":

1. Drei-Banken EDV-Ges.m.b.H., Linz: almost all EDP services for the 3 Banks are carried out by this company.
2. Drei-Banken Versicherungs AG, Linz: this company deals mainly with life insurances.
3. Drei-Bankenversicherungsdienst Ges.m.b.H., Innsbruck: independent insurance broker in all lines of insurance business.

The "3 Banken Gruppe" cooperate in partnership but remain independent banks. They agree on business policy, sales strategies and marketing activities (joint advertisement and media work) in regular periods of time. The co-operation of the 3 banks is also expressed in their mutual participations.

3 BANKEN GRUPPE OVERVIEW

	BKS		Oberbank		BTV		3 Banken Gruppe	
	2002	2001	2002	2001	2002	2001	2002	2001
Balance sheet (mn €)								
Balance sheet total	3 734.7	3 672.2	9 695.5	9 330.4	5 720.1	5 496.0	19 150.3	18 498.6
Loans to banks	749.6	732.5	1 376.7	1 391.4	377.9	609.6	2 504.2	2 733.5
Loans to customers	2 313.0	2 233.4	6 049.1	5 791.0	4 120.6	3 884.4	12 482.7	11 908.8
Fixed-interest securities	348.5	353.4	1 578.0	1 468.8	881.2	617.1	2 807.7	2 439.3
Loans from banks	1 318.3	1 407.8	2 810.3	2 888.0	1 115.9	993.8	5 244.5	5 289.6
Liabilities to customers	1 749.1	1 634.7	5 190.5	4 825.9	3 413.1	3 388.8	10 352.7	9 849.4
of which savings deposits	913.2	835.2	2 425.2	2 327.2	1 014.7	936.3	4 353.1	4 098.7
of which other liabilities	835.9	799.6	2 765.3	2 498.7	2 398.4	2 452.5	5 999.6	5 750.8
Securitized liabilities	249.5	245.1	636.0	643.7	621.2	597.9	1 506.7	1 486.7
Creditable capital resources (not tier 3 capital)	283.1	272.1	792.3	731.0	459.2	395.5	1 534.6	1 398.6
of which core capital (tier 1)	189.5	188.2	481.6	453.6	278.0	255.0	949.1	896.8
Surplus capital resources	72.1	63.6	227.4	178.3	149.3	106.3	448.8	348.2
Securities deposited by customers	4 029.1	4 392.1	6 234.4	6 614.7	4 274.3	4 632.3	14 537.8	15 639.1
Profit statement (mn €)								
Operating income	107.9	111.6	265.0	258.2	149.4	150.5	522.3	520.3
Operating expenditure	67.0	67.8	157.4	150.7	80.5	78.5	304.9	297.0
Operating result	40.9	43.7	107.6	107.5	68.9	72.0	217.4	223.2
Results from ordinary business activities	18.0	21.6	48.0	51.5	38.9	47.2	104.9	120.3
Profit for the year	14.6	15.4	35.7	36.5	28.1	35.7	78.4	87.6
Company indicators								
Pre-tax return on equity	9.35%	11.59%	10.64%	12.11%	14.13%	18.93%	11.41%	13.97%
After-tax return on equity	7.60%	8.26%	7.91%	8.58%	10.21%	14.32%	8.53%	10.18%
Return on assets	0.40%	0.44%	0.38%	0.41%	0.50%	0.67%	0.42%	0.49%
Cost: income ratio	62.1%	60.8%	59.4%	58.4%	53.9%	52.2%	58.4%	57.1%
Operating result as a % of Ø balance sheet total	1.10%	1.24%	1.13%	1.20%	1.23%	1.35%	1.20%	1.25%
Profit per employee in Tsd €	22.1	23.4	20.9	22.1	34.1	43.4	24.5	28.0
Resources								
Average number of employees over the year	662	658	1 710	1 652	825	823	3 197	3 133
Branches	39	39	99	98	36	35	174	172

This English version is a free translation of the German text. In the event of conflict in interpretation, reference should be made to the German version, which is the authentic text. The auditor's reports apply to the German version of the Financial Statements and the Board of Director's Report.

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