
HALF YEARLY FINANCIAL REPORT 2011

BANK FÜR TIROL UND VORARLBERG AG

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IMPORTANT DATES 2011 FOR SHAREHOLDERS

Annual General Meeting	19.05.2011, 10.00 Uhr, Stadtforum, Innsbruck
Dividend	The dividend is published after the General Meeting at BTV's website and in the gazette of the Wiener Zeitung.
Ex-dividend date	23.05.2011
Payment of dividend	26.05.2011
Intermediate report as at 31.03.2011	Published on 20.05.2011 (www.btv.at)
Half yearly financial report 2011	Published on 19.08.2011 (www.btv.at)
Intermediate report as at 30.09.2011	Published on 18.11.2011 (www.btv.at)

The BTV group – at a glance

Income in millions of €	30.06.2011	30.06.2010	+/- %
Interest	80,8	74,9	+7,8 %
Loan loss provisions	-19,1	-16,2	+18,0 %
Commission	22,0	22,0	+0,1 %
Operating expenses	-46,0	-44,2	+4,1 %
Profit of the period before tax	38,1	31,8	+19,9 %
Group profit for the period	31,6	27,5	+14,9 %

Balance sheet in millions of €	30.06.2011	31.12.2010	+/- %
Total assets	9.044	8.887	+1,8 %
Loans and advances to customers after credit risk	5.881	5.775	+1,8 %
Primary funds	6.121	6.168	-0,8 %
of which savings deposits	1.253	1.284	-2,4 %
of which securitised debt inc. subordinated capital	1.179	1.287	-8,4 %
Equity	698	676	+3,3 %
Managed deposits	10.554	10.689	-1,3 %

Equity (under Austrian law – BWG) in millions of €	30.06.2011	31.12.2010	+/- %
Risk-weighted assets	5.946	5.736	+3,6 %
Own funds	846	853	-0,8 %
of which core capital (Tier 1)	593	597	-0,6 %
Surplus own funds	347	370	-6,3 %
Core capital ratio	9,97 %	10,40 %	-0,43 %
Total capital ratio	14,23 %	14,87 %	-0,64 %

Companies	30.06.2011	30.06.2010	+/-
Return on equity before tax	11,20 %	10,20 %	+1,00 %
Return on equity after tax	9,27 %	8,81 %	+0,46 %
Cost/income ratio	44,7 %	44,9 %	-0,2 %
Risk/earnings ratio	23,7 %	21,6 %	+2,1 %

Resources	30.06.2011	30.06.2010	+/-
Average no. of employees	787	802	-15
Number of branches	41	41	+0

BTV shares	30.06.2011	30.06.2010
Number of ordinary no-par value shares	22.500.000	22.500.000
Number of preference no-par value shares	2.500.000	2.500.000
Top price of ordinary/preference share in €	20,00/18,10	19,50/17,60
Bottom price of ordinary/preference share in €	19,00/17,70	17,50/15,51
Closing price of ordinary/preference share in €	19,60/17,70	18,80/17,50
Market capitalisation in millions of €	485	467
IFRS EPS in €	2,57	2,23
P/E ratio, ordinary share	7,6	8,4
P/E ratio, preference share	6,9	7,8

Interim Management Report

ECONOMIC ENVIRONMENT

In the first half-year, economic developments were marked by robust growth. Early signs pointed to a renewed acceleration in growth in Q2 2011. Towards the end of June, economic growth started to weaken.

There are still regional differences, as emerging countries remain at the peak of the economic cycle and their growth is stronger than in industrialised countries. While global growth has once again risen to pre-crisis levels, inflationary pressure has clearly increased in many of the key emerging markets, and is gradually catching up on the industrialised nations. In addition, structural bottlenecks and geopolitical risks, such as the political unrest in the Middle East and North Africa, have been driving up the price of food and oil. The increase in prices of raw materials to levels that could cause a slump in demand and the debt crisis pose real dangers to growth in industrialised nations.

Interest rate markets

In the first half-year of 2011, the capital markets were under strain from the risk factors on the one hand, and a truly stable economic environment on the other. The high concentration of negative events, such as the political upheaval in North Africa and the nuclear disaster in Japan, has weighed heavily on the markets. In the euro zone, the debt crisis has dominated the news.

The weakening economic situation in the US in Q2 meant that the US Federal Reserve continued its current policy of quantitative easing. This expansionary monetary policy acted as a burden on the US dollar. At the same time, on 7 April the ECB increased its base rate in line with expectations by 25 basis points to 1.25% as a countermeasure to the burgeoning risk of inflation.

Since inflation has returned, the interest rate markets have started to move. In the first three months, yields saw some strong growth. This increase was brought about by growing inflation and the expected hike in the base rate by the ECB. Subsequently, disappointing economic data and concerns about Greece defaulting on its debt led to increased demand for safer bunds. The yields on 10 year German government bonds once again dropped below the 3% mark, only peaking at 3.5% in the year.

Currency markets

Due to several factors, the Swiss franc saw its strongest increase in value in Q2. When the debt crisis in the euro zone flared up again, safe havens such as the Swiss franc were in demand. In the meantime, the settlement of speculative debt-financed carry trade positions in Swiss francs continues, allowing the franc to remain strong. The reasons for this are the debt crisis in the euro zone and the continuing compulsion to close out short positions in Swiss francs stemming from the carry trade boom period in early 2007.

The decision by the ECB to start normalising interest rates in early April has buoyed the euro against the US dollar.

PROFIT TREND

Net interest income

In the first half-year of 2011, interest income continued a positive trend: robust customer business and increased structural results meant that interest income rose to €80.8 million, exceeding last year's figure by €5.8 million, or +7.8%, respectively.

Net interest income benefited in particular from amounts due to customers, which are up on the previous year's figure. Furthermore, the steep interest rate curve enabled increased income from the interest rate structure business.

Interest income also includes income from businesses valued at equity, with results showing an improvement of EUR 3.1 million to EUR 15.3 million.

Loan-loss provisions

The loan-loss provisions in the credit business represent the balance of inflows and outflows from loan-loss provisions, including direct depreciation on receivables. These are supplemented by income from debt that had previously been written off. At EUR 19.1 million, the provisions for lending are EUR 2.9 million or 18.0% higher than the previous year. By segment, the loan-loss provisions are split between EUR 15.2 million for corporate and EUR 3.9 million for the retail client business.

Net commission income

The growth driver in net commission income in the first half-year of 2011 was payments handling. Compared to last year, income rose by EUR 0.3 million or +4.6% to EUR 7 million. Income from securities remained stable at EUR 10.0 million (-0.3%). Forex, foreign notes and coins and precious metals contributed EUR 1.5 million to income, while lending contributed EUR 2.5 million. Total net commission income is EUR 22.0, the same level as last year.

Trading income

Compared to last year, trading income recorded a fall of EUR 1.4 million to EUR 0.2 million. In the course of the previous year, negative valuation results from interest rate hedging transactions had a negative impact.

Operating expenses

Operating expenses (personnel, expenditure on materials, amortisation and depreciation) were up EUR 1.8 million, or 4.1%, in the reporting period to EUR 46.0 million. The main cause of this increase is expenditure on personnel, which increased by EUR 2.2 million to EUR 29.7 million. At 787 person-years, the average number of employees was 15 lower than the situation on 30 June 2010.

Expenditure on materials recorded a fall of EUR 0.1 million compared to the previous year to EUR 13.2 million. Depreciation fell by EUR 0.2 million to EUR 3.2 million.

Other operating profit

At 30 June 2011, other operating profit was EUR 1.7 million down on last year's figure, recording a loss of EUR 0.4 million. The year-on-year fall was attributable to the banking tax which reduced other operating profit in the first half-year by EUR 1.6 million (banking tax for the full 2011 year: EUR 3.2 million).

Income from financial assets

The volatile income from financial assets in the first half-year of 2011 was EUR 8.3 million up on last year's figure at EUR 0.7 million.

Tax position

Besides the ongoing effect of Austrian corporation tax, the amounts recorded at "Taxes on income and profit" relate primarily to the latent taxes to be paid on accruals and prepayment adjustments, in accordance with IFRS. In the year to date in 2011, EUR 6.6 million has been paid in taxes, an increase of EUR 2.2 million compared to the previous year. The effective tax rate in the first half-year was therefore 17.2%.

Group income

As a result of strong interest income performance and the improvement in income from financial assets, the pre-tax profit for the period rose significantly compared with the previous year by EUR 6.3 million, or 19.9%, to EUR 38.1 million. After tax, group income for the period was EUR 31.6 million. This represents an increase of 14.9% on the previous year.

The return on equity (RoE) based on the pre-tax profit for the period rose from 10.2% at 30 June 2010 to 11.2%. The cost/income ratio improved from 44.9% to 44.7%. The risk/earnings ratio increased from 21.6% to 23.7%.

BALANCE SHEET PERFORMANCE

Total assets of the BTV group at 30 June 2011 were EUR 9,044 million, an increase of EUR 157 million compared to year-end 2010.

Interbank activities intensified in recent months. At EUR 403 million, loans and advances to banks were significantly higher than at year-end.

Loans and advances to customers recorded a slight increase; compared to 31 December 2010, they were up 2% to EUR 6,059 million, due in part to the stronger Swiss franc. Amounts due to customers exceeded the EUR 6 billion mark for the first time. Within the segments, lending to corporate customers rose by EUR 102 million, while lending to retail customers increased by EUR 17 million. Lending to institutional customers remained stable.

Split according to domestic and international, loans and advances to domestic customers rose by EUR 31 million to EUR 4,011 million, while loans and advances to international customers rose by EUR 88 million to EUR 2,048 million.

Loan-loss provisions for lending rose by EUR 13 million to EUR 178 million.

Financial assets and interests, including trading assets, recorded a fall of EUR 181 million compared to 31 December 2010 to EUR 2,309 million. Due to the worsening debt crisis and the associated market fluctuations, BTV was cautious in purchasing securities.

The intense price competition in the institutional business line in the year to date has resulted in a shift in our financial trading activities from large customers to banks. Since year-end 2010, customer deposits have increased by EUR 61.2 million, or 1.3%, to EUR 4,942 million. The coverage ratio of primary funds to customer receivables by risk was therefore 104%.

The banking group's qualifying equity, in accordance with the Austrian Banking Act (BWG) was EUR 846.3 million at 30 June 2011. The legally required minimum was EUR 499.3 million. This corresponds to a coverage ratio of 169% (year-end 2010: 177%). At 30 June 2011, core capital was EUR 593.0 million. The core capital ratio calculated from this of 9.97% is 0.91 percentage points higher than the value in June 2010. The total capital ratio was 14.27%, significantly higher than the 8% minimum ratio required by law. The equity surplus on 30 June 2011 was EUR 347.0 million.

OUTLOOK

For the remainder of 2011, BTV expects a turbulent environment in the financial markets. BTV will continue its consistent and focused market activities in Tirol and Vorarlberg, Vienna, Eastern Switzerland, Bavaria, Baden-Württemberg, South Tirol and Veneto, for both its corporate and retail customers. For the 2011 financial year, we expect to achieve the objectives set out in the Outlook section of the 2010 Annual Report.

Condensed Consolidated Financial Statements: Balance sheet as at 30 June 2011

Assets in thousands of €	30.06.2011	31.12.2010	change absolute	change in %
Cash reserves	160.613	164.531	-3.918	-2,4 %
Loans and advances to banks ^{1 (Notes)}	403.039	234.583	+168.456	+71,8 %
Loans and advances to customers ²	6.058.842	5.939.729	+119.113	+2,0 %
Loan loss provisions ³	-177.646	-164.971	-12.675	+7,7 %
Trading ⁴	8.640	17.626	-8.986	-51,0 %
Financial assets – at fair value through profit or loss ⁵	204.164	225.536	-21.372	-9,5 %
Financial assets – available for sale ⁶	894.631	1.004.781	-110.150	-11,0 %
Financial assets – held to maturity ⁷	902.819	964.626	-61.807	-6,4 %
Shares in at-equity-valued companies ⁸	298.408	277.202	+21.206	+7,7 %
Intangible fixed assets	320	416	-96	-23,1 %
Property, plant and equipment	84.921	84.930	-9	-0,0 %
Properties held as financial investments	44.141	42.972	+1.169	+2,7 %
Tax claims	2.370	435	+1.935	>+100 %
Other assets	158.554	94.164	+64.390	+68,4 %
Total assets	9.043.816	8.886.560	+157.256	+1,8 %

Liabilities in thousands of €	30.06.2011	31.12.2010	change absolute	change in %
Banks ⁹	1.942.363	1.794.955	+147.408	+8,2 %
Customer accounts ¹⁰	4.941.694	4.880.533	+61.161	+1,3 %
Securitised debt ¹¹	693.590	803.645	-110.055	-13,7 %
Trading liabilities ¹²	53.773	72.896	-19.123	-26,2 %
Reserves and provisions ¹³	65.021	64.693	+328	+0,5 %
Tax debts	2.486	2.744	-258	-9,4 %
Other liabilities	161.114	107.522	+53.592	+49,8 %
Subordinated capital ¹⁴	485.675	483.461	+2.214	+0,5 %
Equity ¹⁵	698.100	676.111	+21.989	+3,3 %
Total liabilities	9.043.816	8.886.560	+157.256	+1,8 %

Statement of comprehensive income as at 30 June 2011

Profit and loss account in thousands of €	01.01.- 30.06.2011	01.01.- 30.06.2010	change absolute	change in %
Interest and similar income	122.652	131.621	-8.969	-6,8 %
Interest and similar expenses	-57.198	-68.856	+11.658	-16,9 %
Income of at-equity valued companies	15.298	12.167	+3.131	+25,7 %
Net interest income ¹⁶	80.752	74.932	+5.820	+7,8 %
Loan loss provisions ¹⁷	-19.108	-16.191	-2.917	+18,0 %
Commission income	26.653	26.516	+137	+0,5 %
Commission expense	-4.611	-4.489	-122	+2,7 %
Net commission income ¹⁸	22.042	22.027	+15	+0,1 %
Trading income ¹⁹	249	1.555	-1.306	-84,0 %
Operating expenses ²⁰	-46.030	-44.218	-1.812	+4,1 %
Other operating income ²¹	-417	1.281	-1.698	>-100 %
Financial assets – at fair value through profit or loss ²²	-385	-4.278	+3.893	>+100 %
Financial assets – available for sale ²³	1.046	-2.096	+3.142	>+100 %
Financial assets – held to maturity ²⁴	0	-1.189	+1.189	>+100 %
Net profit for the period before tax	38.149	31.823	+6.326	+19,9 %
Income and profits tax	-6.560	-4.323	-2.237	+51,7 %
Net profit for the period after tax	31.589	27.500	+4.089	+14,9 %
of which equity portion	31.589	27.500	+4.089	+14,9 %
of which minority portion	0	0	+0	+0,0 %

Reconciliation from profit for the period to net result in thousands of €	01.01.- 30.06.2011	01.01.- 30.06.2010
Consolidated profit for the period	31.589	27.500
Unrealised profits/losses on disposal of assets (depreciation reserves)	-8.247	15.562
Profits/losses with regard to deferred taxes, applied directly against equity	1.933	-3.890
Earnings-neutral changes in companies valued at equity	7.730	2.159
Unrealised profits/losses from adjustments due to currency conversions	174	607
Sum of income and expenses recorded directly under equity	1.590	14.437
Total of the income and expense entries captured in the period reported	33.179	41.937
of which equity portion	33.179	41.937
of which minority portion	0	0

Income Statement – Quarterly Financial Data

Profit and loss accounts – periods in thousands of €	II. Q 2011	I. Q 2011	IV. Q 2010	III. Q 2010	II. Q 2010
Interest and similar income	53.022	69.630	49.064	56.419	71.384
Interest and similar expenses	-20.570	-36.628	-17.022	-23.447	-38.142
Income of at-equity valued companies	11.101	4.197	3.954	2.663	9.390
Net interest income	43.553	37.199	35.996	35.635	42.632
Loan loss provisions	-9.314	-9.794	-14.273	-11.606	-5.625
Commission income	13.456	13.197	13.220	11.721	13.960
Commission expense	-2.900	-1.711	-2.046	-1.608	-2.842
Net commission income	10.556	11.486	11.174	10.113	11.118
Trading income	468	-219	1.162	105	813
Operating expenses	-22.913	-23.117	-24.027	-22.665	-22.143
Other operating expenses	-261	-156	638	-81	563
Financial assets – at fair value through profit or loss	-725	340	3.497	3.407	-4.621
Financial assets – available for sale	276	770	179	716	-1.917
Financial assets – held to maturity	0	0	0	0	-1.189
Net profit for the quarter before tax	21.640	16.509	14.346	15.624	19.631
Income and profits tax	-3.191	-3.369	-5.461	-2.829	-2.953
Net profit for the period after tax	18.449	13.140	8.885	12.795	16.678
of which equity portion	18.449	13.140	8.885	12.795	16.678
of which minority portion	0	0	0	0	0

Indicators	30.06.2011	30.06.2010
EPS in € ²⁶	1,27	1,11
RoE before tax	11,20 %	10,20 %
RoE after tax	9,27 %	8,81 %
Cost/income ratio	44,7 %	44,9 %
Risk/earnings ratio	23,7 %	21,6 %

Statement of change in equity

in thousands of €	Subscribed capital	Retained earnings	Revenue reserves	Depreciat. reserves	Total equity
Equity at 01.01.2011	50.000	60.722	548.052	17.336	676.111
Capital increases	-	-	-	-	-
Net income for the period	-	-	+41.425	-8.247	+33.178
Distributions	-	-	-7.500	-	-7.500
Treasury shares	-	-3.759	-	-	-3.759
Other changes	-	-	+71	-	+71
Equity at 30.06.2011	50.000	56.963	582.048	9.089	698.100

in thousands of €	Subscribed capital	Retained earnings	Revenue reserves	Depreciat. reserves	Total equity
Equity at 01.01.2010	50.000	58.849	499.659	3.918	612.426
Capital increases	-	-	-	-	-
Net income for the period	-	-	+26.377	+15.562	+41.939
Distributions	-	-	-7.500	-	-7.500
Treasury shares	-	-866	-	-	-866
Other changes	-	-	+55	-	+55
Equity at 30.06.2010	50.000	57.983	518.591	19.479	646.054

Cash flow statement as at 30 June 2011

Cash flow statement in thousands of €	01.01.- 30.06.2011	01.01.- 30.06.2010
Cash position at the end of the previous period	164.531	220.438
Operating cash flow	-53.721	-2.147
Investment cash flow	44.985	29.262
Financing cash flow	4.818	-25.527
Cash position at end of period	160.613	222.026

BTV group: Notes

Accounting and valuation principles

The present interim BTV Group accounts have been drawn up according to IFRS regulations and Interpretations by the International Financial Reporting Interpretations Committee (IFRIC) as exempting consolidated financial statements as defined by section 59a of the Austrian Banking Act (Bankwesengesetz – BWG) in conjunction with section 245a of the Austrian Business Enterprise Code (Unternehmensgesetzbuch – UGB). This group interim report as of 30 June 2011 has been drawn up in accordance with IAS 34 (Interim Financial Reporting). The accounting and valuation methods applied uniformly across the group comply with the standards for European balance sheets, so that the informative value of these group financial statements equates to those pursuant to the provisions of the Business Enterprise Code (UGB), in conjunction with the provisions of the Austrian Banking Act (BWG). The group interim report is prepared according to the same accounting principles as those applied to the audited annual BTV Group accounts 2010.

Main business events in the period reported

BTV Kirchbichl was opened in BTV's home market place Tyrol. BTV Kirchbichl's activities focus on corporate clients.

At the end of June 2011, BTV merged the Kirchberg and Kitzbühel branches, resulting in the closure of the Kirchberg branch.

With reference to the resolutions adopted at the 93rd Annual General Shareholders' Meeting on 19 May 2011, please see the announcement on the BTV Homepage under the heading „Das Unternehmen“ (www.btv.at).

Events after the interim financial statement date

Since the date of the interim financial statement there have not been any activities or events in the BTV Group which are relevant to the report because of their form or content, and which would affect the picture of the asset, financial and earnings situation conveyed by this report.

On 21 July 2011, the Private Sector Initiative to support Greece was announced. This involves a voluntary exchange of existing Greek government bonds into a combination of four instruments together with a Greek Buyback Facility. For BTV, there are no consequences of the above matter.

Balance sheet – Assets

1. Loans and advances to banks in thousands of €	30.06.2011	31.12.2010
Austrian banks	115.242	21.220
Foreign banks	287.797	213.363
Loans and advances to banks	403.039	234.583

2. Loans and advances to customers in thousands of €	30.06.2011	31.12.2010
Austrian customers	4.010.818	3.979.552
Foreign customers	2.048.024	1.960.177
Loans and advances to customers	6.058.842	5.939.729
of which fair value	28.443	25.721

3. Loan loss provisions in thousands of €	2011	2010
Opening balance at 01.01.	164.972	173.559
– Releases	–1.091	–1.997
+ Allocation	17.710	13.616
– Application	–3.986	–17.448
Changes arising from currency differences	41	140
Loan loss provisions at 31.03.	177.646	167.870
Opening balance commitments at 01.01.	147	255
– Releases	–3	0
+ Allocation	234	80
– Application	0	0
Reserves and provisions commitments at 31.03.	378	335
Total loan loss provisions 31.03.	178.024	168.205

4. Trading assets in thousands of €	30.06.2011	31.12.2010
Debenture bonds and other fixed-interest securities	0	0
Equities and other variable-interest securities	20	4.839
Positive market values arising from derivative transactions – Trading	3.875	4.175
Positive market values arising from derivative transactions – Fair-Value-Option	4.745	8.612
Trading assets	8.640	17.626

5. Financial assets – at fair value through profit or loss in thousands of €	30.06.2011	31.12.2010
Debenture bonds and other fixed-interest securities	193.998	204.555
Equities and other variable-interest securities	10.166	20.981
Financial assets – at fair value through profit or loss	204.164	225.536

6. Financial assets – available for sale in thousands of €	30.06.2011	31.12.2010
Debenture bonds and other fixed-interest securities	704.197	791.756
Equities and other variable-interest securities	89.320	111.911
Other shareholdings	29.647	29.647
Other affiliated shareholdings	71.467	71.467
Financial assets – available for sale	894.631	1.004.781

7. Financial assets – held to maturity in thousands of €	30.06.2011	31.12.2010
Debenture bonds and other fixed-interest securities	902.819	964.626
Financial assets – held to maturity	902.819	964.626

8. Shares in at equity valued companies in thousands of €	30.06.2011	31.12.2010
Banks	294.383	272.336
Other	4.025	4.866
Shares in at equity valued companies	298.408	277.202

Balance sheet – Liabilities

9. Liabilities to banks in thousands of €	30.06.2011	31.12.2010
Austrian banks	929.841	703.042
Foreign banks	1.012.522	1.091.913
Liabilities to banks	1.942.363	1.794.955
10. Liabilities to customers in thousands of €	30.06.2011	31.12.2010
Saving deposits		
Austrian	1.128.460	1.153.716
Foreign	124.681	130.522
Sub-total savings deposits	1.253.141	1.284.238
Other deposits		
Austrian	2.602.510	2.580.143
Foreign	1.086.043	1.016.152
Sub-total other deposits	3.688.553	3.596.295
Liabilities to customers	4.941.694	4.880.533
11. Securitised debt in thousands of €	30.06.2011	31.12.2010
Debentures	649.797	676.095
Domestic bonds	43.793	127.550
Securitised debt	693.590	803.645
of which fair value	365.258	302.211
12. Trading liabilities in thousands of €	30.06.2011	31.12.2010
Negative market values arising from derivative transactions – Trading	42.505	61.637
Negative market values arising from derivative transactions – Fair-Value-option	11.268	11.259
Trading liabilities	53.773	72.896
13. Reserves and provisions in thousands of €	30.06.2011	31.12.2010
Long-term payroll reserves	60.350	60.633
Other reserves and provisions	4.671	4.060
Reserves and provisions	65.021	64.693

14. Subordinated capital in thousands of €	30.06.2011	31.12.2010
Supplementary capital	404.670	400.864
Hybrid capital	81.005	82.597
Subordinated capital	485.675	483.461
of which fair value	143.654	135.484

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

15. Equity: Consolidated own funds of the BTV banking group in millions of €	30.06.2011	31.12.2010
Share capital	50,0	50,0
Own shares held in portfolio	-4,3	-0,6
Visible reserves	423,2	423,2
Difference from consolidations under Section 24 para 2 line 2, 4 of Banking Act (BWG)	43,4	43,4
Mixed capital as defined in Section 24 para 2 line s 5 and 6 of BWG	81,0	81,0
Intangible assets	-0,3	-0,3
Core capital (Tier 1)	593,0	596,7
Qualifying supplementary capital – bonds	281,8	284,2
Other supplementary capital	69,7	70,4
subordinated bonds (supplementary capital with less than 3 years to maturity)	20,2	19,9
Supplementary capital (Tier 2)	371,7	374,5
Deduction of CI/FI holdings more than 10% shareholding	-119,5	-119,5
Deduction holding CI/FI less than 10% holding	0,0	0,0
Deductions from core capital and supplementary equity	-119,5	-119,5
Qualifying equity (excluding Tier 3)	845,2	851,7
Equity applied under Section 23 para 14 line 7 BWG (Tier 3)	1,1	1,5
Qualifying equity under Section 23 para 14 BWG	846,3	853,2
Risk-adjusted assessment basis under Section 22 para 2 BWG	5.945,7	5.736,5
Equity requirement credit risk under Section 22 para 2 BWG	475,6	458,9
Equity requirement for trading book under Section 220 para 2 BWG	1,1	1,5
Equity requirement for operational risk under Section 22k BWG	22,6	22,6
Total equity requirements	499,3	483,0
Equity surplus over operational risk	347,0	370,2
Core capital ratio in %	9,97 %	10,40 %
Total capital ratio in %	14,23 %	14,87 %

Core capital ratio: ratio of Tier 1-capital to the risk-weighted measurements basis pursuant to section 22 (2) BWG

Total capital ratio: ratio of qualifying equity under section 23 para 14 BWG to the risk-weighted measurements basis pursuant to section 22 (2) BWG

Income Statement: Notes

16. Net interest income in thousands of €	01.01.- 30.06.2011	01.01.- 30.06.2010
Interest and similar income from		
Lending and money market transactions with banks	10.306	5.021
Lending and money market transactions with customers	80.619	67.817
Debenture bonds and fixed-interest securities	26.770	27.024
Equities and variable-rate securities	1.244	1.584
Other participations	1.203	1.748
Other	2.510	28.427
Sub-total interest and similar income	122.652	131.621
Interest and similar expenses on		
bank deposits	-13.833	-6.309
client deposits	-26.258	-21.949
securitised debt	-4.324	-3.697
subordinated capital	-8.533	-8.081
other	-4.250	-28.820
Sub-total interest and similar expenses	-57.198	-68.856
Income of at equity valued companies	15.298	12.167
Net interest income	80.752	74.932

17. Loan loss provisions in thousands of €	01.01.- 30.06.2011	01.01.- 30.06.2010
On-balance sheet	-17.710	-13.616
Off-balance sheet	-234	-80
Loan loss insurance premiums	-1.913	-3.713
Release of on-balance sheet provisions	1.091	1.997
Release of off-balance sheet provisions	3	0
Direct amortisation	-404	-1.801
Income from amortised receivables	59	1.022
Loan loss provisions	-19.108	-16.191

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

18. Commission income in thousands of €	01.01.- 30.06.2011	01.01.- 30.06.2010
Lending	2.533	2.652
Payment transactions	7.032	6.720
Securities trading	9.974	10.005
Currency, foreign exchange and precious metals trading	1.464	1.620
Other	1.039	1.030
Commission income	22.042	22.027

19. Trading income in thousands of €	01.01.- 30.06.2011	01.01.- 30.06.2010
Derivatives	-487	1.305
Securities	421	778
Foreign currency	315	-528
Trading income	249	1.555

20. Operating expenses in thousands of €	01.01.- 30.06.2011	01.01.- 30.06.2010
Payroll	-29.677	-27.510
thereof salaries and wages	-21.495	-20.069
thereof legal social contributions	-5.991	-5.981
thereof other personnel costs	-1.616	-867
thereof expenditures for long-term personnel deferrals	-575	-593
Materials	-13.166	-13.290
Amortisation	-3.187	-3.418
Operating expenses	-46.030	-44.218

20a. Payroll – annual average	2011	2010
White collar	787	802
Blue collar	27	26
Payroll	814	828

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.

21. Other operating income in thousands of €	01.01.- 30.06.2011	01.01.- 30.06.2010
Other operating income	3.475	4.056
Other operating expenses	-4.013	-3.001
Hedge accounting income	121	226
Other operating income	-417	1.281

22. Profit arising from financial assets – at fair value through profit or loss in thousands of €	01.01.- 30.06.2011	01.01.- 30.06.2010
Profit arising from financial assets – at fair value through profit or loss	-385	-4.278
Profit arising from financial assets – at fair value through profit or loss	-385	-4.278

23. Profit arising from financial assets – available for sale in thousands of €	01.01.- 30.06.2011	01.01.- 30.06.2010
Profit arising from financial assets – available for sale	1.046	-2.096
Profit arising from financial assets – available for sale	1.046	-2.096

24. Profit arising from financial assets – held to maturity in thousands of €	01.01.- 30.06.2011	01.01.- 30.06.2010
Profit arising from financial assets – held to maturity	0	-1.189
Profit arising from financial assets – held to maturity	0	-1.189

25. Performance bonds and credit risks in thousands of €	30.06.2011	31.12.2010
Guarantees/Bonds	288.123	283.707
Credit risks	382.807	370.755
Performance bonds and credit risks	670.930	654.462

26. EPS (ordinary and preference shares)	30.06.2011	30.06.2010
Equities (ordinary and preference shares)	25.000.000	25.000.000
Average float (ordinary and preference shares)	24.788.548	24.819.807
Net Group income in thousands of €	31.589	27.500
EPS in € (ordinary and preference shares)	1,27	1,11
Diluted gain per share in € (ordinary and preference shares)	1,27	1,11

The diluted earnings per share are the same as the undiluted earnings per share as no financial instruments with diluting effect were issued.

Segment reporting

The following segment report is based on what is known as the „Management Approach“. This requires segment information to be presented according to internal reporting as it is regularly used by the company's key decision-makers for decisions on allocation of resources to the segments and to assess their performance.

Segment reporting is based on internal divisional accounting, which reflects the structure of management responsibilities within BTV. The business areas are managed as independent businesses with their own capital and P&L responsibility.

The criterion for separation of business areas is primarily responsibility for looking after customers. Changes in this responsibility can also lead to changes in attribution to a segment during the course of a year. The effects of this must be taken into account when comparing with unadjusted previous years' values.

The following business areas are defined within BTV:

The corporate client business area is responsible for small, medium and large business customers, and tax consultants. In addition the leasing subsidiary's business is wholly allocated to this area. The retail customer business area is responsible for the private individuals, free-lance professionals and micro companies market segments.

The Treasury business area mainly caters for treasury and trading activities, as well as BTV's investment income.

Corporate clients

In the corporate business, operating interest income forms the main revenue component. In the year to date, market share gains were achieved in the financing business. Operating interest income rose by EUR 1.2 million to EUR 43.6 million.

Loss provisions represent a further factor impacting on results: compared to 30 June 2010, these increased by EUR 4.1 million to EUR 15.2 million, largely due to the formation of portfolio valuation allowances.

As a result, the pre-tax half-year earnings from corporate banking fell by EUR 2.3 million to EUR 20.3 million despite improved operations. The cost/income ratio was 33.5%, compared to 32.9% in the first half-year 2010. Return on equity was 12.4%.

Retail clients

BTV is active in four countries: Austria, Germany, Switzerland and Italy. Customers appreciate the attractive proposition. Pre-tax income for the period rose by EUR 0.6 million to EUR 5.8 million.

The cost/income ratio increased from 70.2% to 71.5%. The return on equity improved in the half-year under review to 15.7% (first half-year 2010: 14.6%).

Treasury

Operating interest income in treasury rose significantly compared to the previous year with an increase of EUR 1.2 million. The steep interest rate curve enabled increased income from the interest rate structure business. Net interest income was EUR 2.3 million. The income from businesses valued at equity increased by EUR 3.1 million to EUR 15.3 million.

Trading income was adversely affected by negative valuation results on hedges and at 30 June 2011 totalled EUR 0.2 million, compared to EUR 1.6 million in the previous year.

Income from financial assets improved with an increase of EUR 8.2 million to EUR 0.7 million. Pre-tax profits were up EUR 9.9 million on the previous year at EUR 17.7 million.

Segment reporting in thousands of €	Quarter	Corporate	Retail	Treasury	Other	Total
	06/2011	43.617	19.567	2.270	0	65.454
Net interest income of operations	06/2010	42.386	19.290	1.089	0	62.765
Income of	06/2011	0	0	15.298	0	15.298
at equity valued companies	06/2010	0	0	12.167	0	12.167
	06/2011	-15.224	-3.884	0	0	-19.108
Loan loss provisions	06/2010	-11.134	-5.057	0	0	-16.191
	06/2011	8.502	13.327	213	0	22.042
Commission	06/2010	7.022	13.625	1.380	0	22.027
	06/2011	0	0	249	0	249
Trading income	06/2010	0	0	1.555	0	1.555
	06/2011	-17.443	-23.510	-1.158	-3.919	-46.030
Operating expenses	06/2010	-16.247	-23.117	-1.082	-3.773	-44.218
	06/2011	839	290	121	-1.667	-417
Other operating income	06/2010	563	420	226	72	1.281
	06/2011	0	0	661	0	661
Profit arising from financial assets	06/2010	0	0	-7.563	0	-7.563
Net profit for the period before tax	06/2011	20.291	5.790	17.654	-5.586	38.149
	06/2010	22.590	5.162	7.773	-3.701	31.823
	06/2011	-4.868	-1.811	-1.278	1.397	-6.560
Income and profits tax	06/2010	-5.017	-840	609	925	-4.323
Net profit for the period after tax	06/2011	15.423	3.979	16.376	-4.189	31.589
	06/2010	17.572	4.322	8.382	-2.775	27.500
	06/2011	4.232.773	1.654.529	2.375.593	0	8.262.895
Segment income	06/2010	4.146.631	1.612.813	2.380.713	0	8.140.157
	06/2011	1.194.411	2.133.880	4.788.804	0	8.117.095
Segment liabilities	06/2010	1.298.784	2.117.017	4.722.764	0	8.138.565
Ø Lending and market risk equivalent pursuant to section 22 BWG	06/2011	4.108.459	928.704	737.256	66.675	5.841.094
	06/2010	3.834.750	888.956	690.723	159.871	5.574.299
	06/2011	328.677	74.296	58.980	225.153	687.106
Ø Allocated equity	06/2010	306.780	71.116	55.258	196.086	629.240
	06/2011	33,5 %	71,5 %	6,4 %	0,0 %	44,7 %
Cost/income ratio in %	06/2010	32,9 %	70,2 %	26,9 %	0,0 %	44,9 %
	06/2011	12,4 %	15,7 %	60,4 %	-5,0 %	11,2 %
RoE (basis net profit for the year before tax) in %	06/2010	14,8 %	14,6 %	28,4 %	-3,8 %	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, trading liabilities, 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 included the income of at equity valued companies, the net commission income and the trading income.

Statement by the statutory representatives – 82 (4) and 87 (1) BörseG

We confirm that, to the best of our knowledge, the abridged intermediate group financial statements that have been drawn up in harmony with the relevant accounting standards convey a picture that is as faithful as possible of the asset, finance and profit position of the BTV group, and that the six-months' report paints a picture that is as faithful as possible of the asset, finance and profit position of the BTV group with reference to the important occurrences during the first six months of the financial year and their effects on the abridged intermediate group financial statements with respect to the main risks and uncertainties to which the group is exposed.

Execution of an audit and/or an examination of the intermediate report by an auditor has been waived.

Innsbruck, August 2011

The Managing Directors



Peter Gaugg
Spokesman of the Managing Board

Spokesman for the Board and responsible for Corporate Client business, as well as Legal and Investments and Marketing and Communications.



Mag. Matthias Moncher
Member of the Board

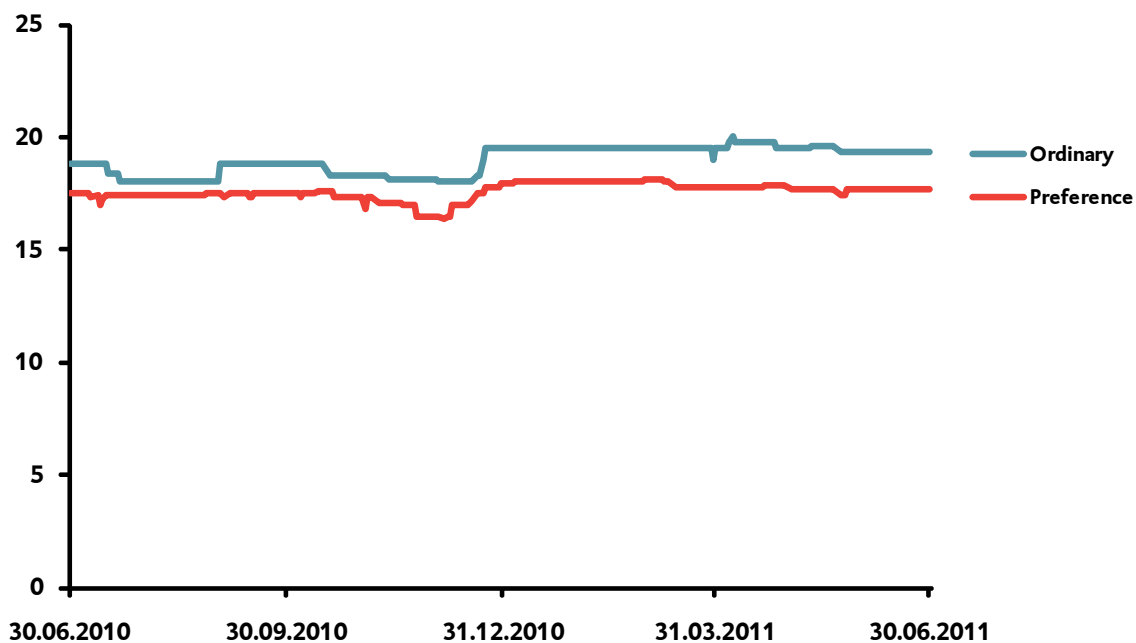
Member of the Executive Board and responsible for Retail Customer business as well as Treasury.



Mag. Dietmar Strigl
Member of the Board

Member of the Executive Board, responsible for risk, process, IT and cost management, finance and controlling, legal matters and investments as well as compliance and money laundering.

BTV equities as at 30 June 2011



Volatile stock markets

The key stock markets were highly volatile from the start of the year. While the Dow Jones index and the Euro-Stoxx 50 recorded gains, the markets in Austria, Japan and Switzerland were beset by losses. The performance by sector is more scattered: the defensive sectors of healthcare, basic consumer goods and telecoms achieved positive returns, yet other sectors such as finance only managed mixed results. Defensive shares outperformed cyclical stocks by around 10%.

Compared to year-end 2010, BTV's ordinary shares were EUR 0.10, or 0.5%, up at 30 June 2011 with a share price of EUR 19.60. Preference shares lost 1.4%, falling from EUR 17.96 to EUR 17.70.

Share prices at 30 June 2011:
BTV ordinary share: EUR 19.60
BTV preference share: EUR 17.70

3 Banken Gruppe overview – Group information

Profit and loss in millions of €	BKS Bank		Oberbank		BTV	
	01.01.- 30.06.2011	01.01.- 30.06.2010	01.01.- 30.06.2011	01.01.- 30.06.2010	01.01.- 30.06.2011	01.01.- 30.06.2010
Net interest income	70,8	67,9	167,8	154,7	80,8	74,9
Loan loss provisions	-22,5	-25,8	-50,7	-51,6	-19,1	-16,2
Commission income	21,0	22,1	53,0	50,4	22,0	22,0
Operating expenses	-46,6	-44,5	-112,4	-104,3	-46,0	-44,2
Net profit for the period before tax	24,4	22,0	69,5	57,9	38,1	31,8
Attributable net income for the period	21,9	19,6	60,3	47,7	31,6	27,5

Balance sheet figures in millions of €	30.06.2011	31.12.2010	30.06.2011	31.12.2010	30.06.2011	31.12.2010
Total assets	6.602,2	6.238,2	16.924,6	16.768,4	9.043,8	8.886,6
Loans and advances to customers after loan loss provisions	4.554,9	4.498,2	10.571,3	10.129,7	5.881,2	5.774,8
Primary funds	4.377,1	4.158,5	10.994,3	11.135,3	6.121,0	6.167,6
of which savings deposits	1.795,1	1.847,2	3.356,0	3.447,2	1.253,1	1.284,2
of which securitised debt inc. subordinated capital	701,9	667,6	2.224,1	2.232,6	1.179,3	1.287,2
Equity	642,4	627,8	1.212,7	1.160,9	698,1	676,1
Managed deposits	10.471,3	10.023,5	20.047,9	19.912,7	10.553,5	10.688,9
of which client deposits	6.094,2	5.865,0	9.053,6	8.777,4	4.432,5	4.521,3

BWG own funds in millions of €	30.06.2011	31.12.2010	30.06.2011	31.12.2010	30.06.2011	31.12.2010
Measurement basis	4.428,0	4.345,1	10.158,4	9.795,8	5.945,7	5.736,5
Own funds	562,2	567,4	1.584,4	1.635,1	846,3	853,2
of which core capital (Tier 1)	414,7	416,6	1.028,6	1.028,7	593,0	596,7
Surplus before operational risk	207,9	219,8	769,0	849,0	369,6	392,8
Surplus after operational risk	181,2	194,8	709,8	789,8	347,0	370,2
Core capital ratio	9,36 %	9,59 %	10,13 %	10,50 %	9,97 %	10,40 %
Total capital ratio	12,70 %	13,06 %	15,60 %	16,69 %	14,23 %	14,87 %

Subsidiaries in %	30.06.2011	31.12.2010	30.06.2011	31.12.2010	30.06.2011	31.12.2010
RoE before tax	8,00 %	8,90 %	11,76 %	10,57 %	11,20 %	9,59 %
RoE after tax	6,90 %	7,70 %	10,21 %	9,08 %	9,27 %	7,63 %
Cost/income ratio	49,7 %	48,8 %	48,3 %	50,3 %	44,7 %	47,2 %
Risk/earnings ratio	24,7 %	33,1 %	30,2 %	32,6 %	23,7 %	28,7 %

Resources	30.06.2011	31.12.2010	30.06.2011	31.12.2010	30.06.2011	31.12.2010
Average no. of employees (only white collar)	891	872	2.032	1.996	787	794
Number of branches	54	55	144	143	41	41

Imprint

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MMag. Daniel Stöckl-Leitner

Date
12.08.2011

Terms such as customer, manager and employee refer equally to both men and women.

Because of rounding differences figures that differ minimally may appear in the tables and charts in BTV's intermediate report.

This report contains forward-looking statements relating to the future performance of BTV. These statements reflect estimates which have been made on the basis of all information available to us on the reporting data. Should the assumptions underlying such forward-looking statements prove incorrect, or should risks materialise to an extent not anticipated, actual results may vary from those expected at present.