

# BUSINESS REPORT / THIRD QUARTER 2006

# IMPORTANT DATES FOR SHAREHOLDERS

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## Annual General Meeting

10 May 2006, 10.00 h, Langer Weg 11, Innsbruck

The dividend is published one day after the General Meeting at BTV's website and in the gazette of the Wiener Zeitung.

## Ex-dividend date

17 May 2006

## Payment of dividend

24 May 2006

## Quarterly report as at 31 March 2006

Published on 26 May 2006 ([www.btv.at](http://www.btv.at))

## Quarterly report as at 30 June 2006

Published on 25 August 2006 ([www.btv.at](http://www.btv.at))

## Quarterly report as at 30 September 2006

Published on 24 November 2006 ([www.btv.at](http://www.btv.at))

## THE BTV GROUP – AT A GLANCE

<b>Balance sheet in millions of €</b>	<b>30.09.2006</b>	<b>31.12.2005</b>	<b>+/- %</b>
Total assets	7.339	6.765	8,5 %
Loans and advances to customers after credit risk	5.023	4.762	5,5 %
Primary funds	5.146	5.248	- 1,9 %
of which savings deposits	1.065	1.058	0,7 %
of which securitised debt inc. subordinated capital	1.169	1.139	2,6 %
Equity	490	470	4,3 %
Managed deposits	10.218	10.290	- 0,7 %
<b>Equity (under Austrian law - BWG) in millions of €</b>			<b>+/- %</b>
Risk-weighted assets	5.099	4.773	6,8 %
Own funds (not inc. Tier 3)	576	555	3,8 %
of which core capital (Tier I)	339	340	- 0,3 %
Surplus own funds	168	171	- 1,8 %
Core capital ratio	6,66 %	7,12 %	- 0,46 %
Total capital ratio	11,29 %	11,63 %	- 0,34 %
<b>Resources</b>			<b>+/-</b>
Average no. of employees	846	820	26
Number of branches	39	37	2
<b>Income in millions of €</b>	<b>30.09.2006</b>	<b>30.09.2005</b>	<b>+/- %</b>
Interest	80,2	70,5	13,8 %
Loan loss provisions	- 18,6	- 18,7	- 0,5 %
Commission	33,7	29,6	13,9 %
Operating expenses	- 63,0	- 58,1	8,4 %
Profit of the year before tax	35,8	30,5	17,4 %
Group profit for the year	30,9	26,7	15,7 %
<b>Companies</b>			<b>+/- in %-Points</b>
Return on equity before tax	10,0 %	9,1 %	0,9 %
Return on equity after tax	8,6 %	8,0 %	0,6 %
Cost/income ratio	54,2 %	55,6 %	- 1,4 %
Risk/earnings ratio	23,2 %	26,5 %	- 3,3 %
<b>BTV shares</b>			
Number of ordinary no-par value shares	4.500.000	4.500.000	
Number of preference no-par value shares	500.000	500.000	
Top price of ordinary/preference share in €	102,00/90,00	115,00/98,50	
Bottom price of ordinary/preference share in €	88,00/78,50	95,00/51,00	
Closing price of ordinary/preference share in €	102,00/89,00	100,50/94,00	
Market capitalisation in millions of €	504	499	
IFRS EPS in €	8,33	7,19	
P/E ratio, ordinary shares	12,2	14,0	
P/E ratio, preference shares	10,7	13,1	

# BUSINESS DEVELOPMENT OF BTV AG DURING THE THIRD QUARTER OF 2006

## ECONOMIC ENVIRONMENT

The European economy has been in robust health since the beginning of the year, thanks mainly to exports and domestic consumption. However, indicators are now pointing towards a slowdown in growth in the next few months. Austrian growth, driven by exports and investment business, continued to outperform the Eurozone average, and domestic consumption was 1.9% up on the same period in 2005 but the flat interest-rate curve is a sign of a turn in the economic cycle.

## INCOME

### Interest

BTV took advantage of the attractive economic environment to expand its lending and investment business, increasing its share of the corporate and retail markets in the Tyrol, Vorarlberg, Eastern Switzerland, the Veneto, Bavaria and Baden-Württemberg. Interest income rose € 9.7 million to € 80.2 million, up 13.8 % on the previous year.

### Loan loss provisions

Loan loss provisions are calculated on the basis of total accruals and releases, including direct provisions for doubtful debts and income from already provisioned doubtful debts.

At € 18.6 million, corporate and retail loan loss provisions were slightly below those than for the same period in 2005.

### Commission

The capital equipment business is one of BTV's core businesses. Even in volatile markets customers demand individual, fast advice, which our locally-based experts provide quickly with tailored recommendations, enabling us to further increase our share of this market.

In the first three quarters of the year income from this core line of business rose € 3.6 million (22.6 %) to € 19.5 million. Foreign exchange commission and earnings from lending were also significantly higher than last year, while payment transaction service income continued its steady growth. Overall, net commission income grew 13.9 % to € 33.7 million.

### Trading

Income in this area was € 2.2 million below the 2005 level.

### Operating expenses

Operating expenses were driven by BTV expansion. In July new foreign branches were opened in Memmingen and Augsburg and in September a consultancy office was opened in Verona. Preparations to open a foreign branch in Ravensburg are almost finished. The result has been an 8.4 % rise in operating expenses (payroll and material expenditure plus depreciation of property, plant and equipment) over last year to € 63.0 million.

The larger number of employees and accruals to provisions accounted for most payroll expenses, as 26 new employees have pushed the total workforce up to 846 since the end of 2005 (grade-weighted). Social capital parameters were increased from 2.25 % to 3 %.

Higher spending on IT and premises lifted material expenditure € 1.0 million to € 16.7 million. The depreciation of office furnishings and equipment and the amortisation of intangible assets fell 10.0 % to € 4.9 million.

### Other operating income

Total earnings dropped from € 2.8 million in 2005 to € 1.2 million but other operating income rose € 0.4 million and other operating expenses increased € 1.9 million. The result was a € 35.8 million pre-tax profit for the period, +17.4 % on the same period last year.

### Tax

Income and profits taxes include Austrian corporation tax and in particular the accrued tax liabilities and deferred tax income that must be recognised under the IFRSs. The tax liability for the first three quarters of 2006 is € 4.9 million, giving BTV a 13.7 % tax rate (2005: 12.4 %).

### Consolidated profit

After-tax profits for the period were up 15.7 % to € 30.9 million (2005: € 26.7 million).

RoE on after-tax Group profit was 8.6 % at 30 September 2006 (8.0 % over the same period 2005).

## BALANCE SHEET

The BTV group balance sheet grew 8.5 % in the first three quarters of 2006 to € 7 339 million.

Loans and advances to customers went up 5.6 % to € 5 186 million. Retail lending increased slightly, particularly in the area of home building. An attractive economic environment boosted demand for investment finance in our markets from medium to large companies. Loan loss provisions rose 10.1 % to € 163 million. Additional purchases of floaters and short to medium-term bonds increased other current assets while our equities portfolio grew € 3 million to € 87 million. Sinking-fund securities within non-current assets and the higher valuations obtained by valuing participations at equity (capital increase of a participation) kept values steady.

The investment volumes generated by our branches have continued to grow but since for margin reasons investments by institutional clients were not continued, we have seen a 3.2 % drop in customer investments to € 3 977 million.

The banking group's creditable own funds under the Austrian Banking Act (BWG) totalled € 575.5 million at the end of the third quarter (December 2005: € 555.3 million). At 30 September 2006 the statutory capital adequacy requirement was € 407.9 million, giving us about 141 % cover (December 2005 about 145 %).

At 30 September 2006 the banking group's core capital (Austrian rules) totalled € 339.5 million (December 2005: € 339.8 million). Core capital at the quarterly balance-sheet date was 6.66 %, 0.46 % below the comparable figure at 31 December 2005. By the end of the year and as a result of accruals, core capital will be 7 %. At 11.29 % (previously 11.63 %) own funds were significantly above the statutory 8 % minimum level.

## OUTLOOK

In the first three quarters of 2006 BTV further increased market share in its core and new markets. We believe this excellent trend will continue.

By the end of the year pre-tax profit is expected to be significantly higher than it was last year.

## I. BTV GROUP: BALANCE SHEET AS AT 30 SEPTEMBER 2006

Assets thousands of €	Notes	30.09.2006	31.12.2005	total	change	in %
1. Cash reserves		136.153	123.564	12.589		10,2 %
2. Loans and advances to credit institutions	(1)	234.800	116.510	118.290		> 100,0 %
3. Loans and advances to customers	(2)	5.185.767	4.910.087	275.680		5,6 %
4. Loan loss provisions	(3)	- 162.747	- 147.879	- 14.868		10,1 %
5. Trading	(4)	7.309	11.807	- 4.498		- 38,1 %
6. Other current assets	(5)	1.096.722	983.100	113.622		11,6 %
7. Long-term investments and loans	(6)	598.190	598.089	101		0,0 %
8. Intangible fixed assets		1.581	1.834	- 253		- 13,8 %
9. Property, plant and equipment		108.456	97.976	10.480		10,7 %
10. Other assets		132.419	70.294	62.125		88,4 %
<b>Total assets</b>		<b>7.338.650</b>	<b>6.765.382</b>	<b>573.268</b>		<b>8,5 %</b>
Liabilities in Tsd. €	Notes	30.09.2006	31.12.2005	absolut	change	in %
1. Banks	(7)	1.479.698	887.870	591.828		66,7 %
2. Customer accounts	(8)	3.976.535	4.108.226	- 131.691		- 3,2 %
3. Securitised debt	(9)	846.405	847.625	- 1.220		- 0,1 %
4. Reserves and provisions	(10)	65.634	67.531	- 1.897		- 2,8 %
5. Other liabilities		158.130	92.891	65.239		70,2 %
6. Subordinated capital	(11)	322.594	291.621	30.973		10,6 %
7. Equity		489.654	469.618	20.036		4,3 %
<b>Total liabilities</b>		<b>7.338.650</b>	<b>6.765.382</b>	<b>573.268</b>		<b>8,5 %</b>

## II.A. BTV GROUP: PROFIT AND LOSS ACCOUNT AS AT 30 SEPTEMBER 2006

thousands of €	Notes	01.01. - 30.09.2006	01.01. - 30.09.2005	absolut	change in %
1. Interest and similar income		204.626	171.602	33.024	19,2 %
2. Interest and similar expenses		- 124.460	- 101.139	23.321	23,1 %
<b>I. Net interest income</b>	<b>(12)</b>	<b>80.166</b>	<b>70.463</b>	<b>9.703</b>	<b>13,8 %</b>
3. Loan loss provisions	(13)	- 18.611	- 18.687	- 76	- 0,4 %
4. Commission income		40.192	35.851	4.341	12,1 %
5. Commission expense		- 6.459	- 6.240	219	3,5 %
<b>II. Net commission income</b>	<b>(14)</b>	<b>33.733</b>	<b>29.611</b>	<b>4.122</b>	<b>13,9 %</b>
6. Trading income	(15)	2.236	4.425	- 2.189	- 49,5 %
7. Operating expenses	(16)	- 62.951	- 58.141	4.810	8,3 %
8. Other operating income	(17)	1.196	2.769	- 1.573	- 56,8 %
<b>III. Net profit for the year before tax</b>		<b>35.769</b>	<b>30.440</b>	<b>5.329</b>	<b>17,5 %</b>
9. Income and profits tax		- 4.901	- 3.774	1.127	29,9 %
<b>IV. Net profit for the year after tax</b>		<b>30.868</b>	<b>26.666</b>	<b>4.202</b>	<b>15,8 %</b>

EPS (ordinary und preference shares)	30.09.2006	30.09.2005
Equities (ordinary and preference shares)	5.000.000	5.000.000
Average float (Stamm- und Vorzugsaktien)	4.955.183	4.956.814
Net Group income (thousands of €)	30.869	26.666
<b>EPS (€)</b>	<b>6,23</b>	<b>5,38</b>
Diluted gain per share (€)	6,23	5,38

## II.B. BTV GROUP: PROFIT AND LOSS ACCOUNT PERIODES

thousands of €	3. Qu. 2006	2. Qu. 2006	1. Qu. 2006	4. Qu. 2005	3. Qu. 2005
1. Interest and similar income	71.878	69.887	62.862	61.066	55.054
2. Interest and similar expenses	- 43.340	- 43.522	- 37.598	- 32.080	- 31.368
<b>I. Net interest income</b>	<b>28.538</b>	<b>26.365</b>	<b>25.264</b>	<b>28.986</b>	<b>23.686</b>
3. Loan loss provisions	- 5.764	- 5.968	- 6.879	- 8.242	- 6.561
4. Commission income	11.954	13.437	14.801	12.939	11.953
5. Commission expense	- 1.623	- 2.524	- 2.312	- 1.707	- 2.198
<b>II. Net commission income</b>	<b>10.331</b>	<b>10.913</b>	<b>12.489</b>	<b>11.232</b>	<b>9.755</b>
6. Trading income	- 482	534	2.184	1.900	2.944
7. Operating expenses	- 20.334	- 20.846	- 21.771	- 24.957	- 19.946
8. Other operating income	- 918	1.818	296	464	748
<b>III. Net profit for the quarter before tax</b>	<b>11.371</b>	<b>12.816</b>	<b>11.583</b>	<b>9.383</b>	<b>10.626</b>
9. Income and profits tax	- 1.558	- 1.673	- 1.670	- 1.157	- 1.316
<b>IV. Net profit for the quarter after tax</b>	<b>9.813</b>	<b>11.143</b>	<b>9.913</b>	<b>8.226</b>	<b>9.310</b>



### III. BTV GROUP: STATEMENT OF CHANGE IN EQUITY AS AT 30 SEPTEMBER 2006

thousands of €	Subscribed capital	Retained earnings	Revenue reserves	Depreciation reserves	Total equity 2005
<b>Equity at 01.01.2005</b>	<b>50.000</b>	<b>59.096</b>	<b>306.276</b>	<b>16.492</b>	<b>431.864</b>
Capital increases	–	–	–	–	–
Net income for the quarter	–	–	26.665	–	26.665
Distributions	–	–	- 6.458	–	- 6.458
Exchange differentials	–	–	11	–	11
Treasury shares	–	- 272	–	–	- 272
Other changes of which deferred tax	– –	– –	- 922 - 860	6.946 –	6.024 - 860
<b>Equity at 30.09.2005</b>	<b>50.000</b>	<b>58.824</b>	<b>325.572</b>	<b>23.438</b>	<b>457.834</b>

thousands of €	Subscribed capital	Retained earnings	Revenue reserves	Depreciation reserves	Total equity 2006
<b>Equity at 01.01.2006</b>	<b>50.000</b>	<b>58.778</b>	<b>340.071</b>	<b>20.769</b>	<b>469.618</b>
Capital increases	–	–	–	–	–
Net income for the quarter	–	–	30.869	–	30.869
Distributions	–	–	- 7.000	–	- 7.000
Exchange differentials	–	–	46	–	46
Treasury shares	–	- 24	–	–	- 24
Other changes of which deferred tax	– –	– –	3.650 1.876	- 7.505 –	- 3.855 1.876
<b>Equity at 30.09.2006</b>	<b>50.000</b>	<b>58.754</b>	<b>367.636</b>	<b>13.264</b>	<b>489.654</b>

## IV. BTV GROUP: CASH FLOW STATEMENT AS AT 30 SEPTEMBER 2006

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thousands of €	01.01. - 30.09.2006	01.01. - 30.09.2005
Cash position at the end of the previous period	123.564	104.479
Operating cash flow	- 9.314	- 124.247
Investment cash flow	- 4.802	22.607
Financing cash flow	26.705	21.061
Cash position at end of period	136.153	23.900

## V. BTV GROUP: NOTES THIRD QUARTER 2006

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### **Accounting and Valuation Principles**

The BTV consolidated financial statements are published in accordance with the requirements of the International Accounting Standards Boards (IASB), with current International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs) including the applicable interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and with the international accounting standards adopted by the EU. The present unaudited interim financial statements as at 30 June 2006 agree with IAS 34.

On 1 January 2006 the parameter for calculating pay rises under the collective agreement pay was raised from 2.25 % to 3.00 %. The additional expense will be imputed straight-line over the entire year. There were no other changes in accounting or valuation methods over the reporting period.

BTV Leasing Deutschland GmbH of Memmingen has been included in the BTV consolidation.

### **Material events over the reporting period**

The incorporation of BTV Leasing Deutschland GmbH followed the start up of business in Bavaria and Baden-Wurttemberg. On 3 July 2006 we opened BTV offices in Memmingen and Augsburg, our first two foreign branches in Southern Germany. In August we acquired the new financial centre in Innsbruck, which by the end of that month was welcoming its first customers. Our main businesses have been centralised in the middle of Innsbruck.

Our existing office in Padua was joined on 20 September 2006 by a second consultancy office in Verona, improving the quality of the service BTV customers already enjoy in the Veneto.

### **Post-interim balance sheet events**

On 2 November 2006 BTV opened in Ravensburg its first foreign branch in Baden-Wurttemberg.

## V. BTV GROUP: NOTES THIRD QUARTER 2006

### BALANCE SHEET – ASSETS

#### 1) LOANS AND ADVANCES TO BANKS

	30.09.2006	31.12.2005
<b>thousands of €</b>		
Austrian banks	73.907	88.991
Foreign banks	160.893	27.519
<b>Loans and advances to banks</b>	<b>234.800</b>	<b>116.510</b>

#### 2) LOANS AND ADVANCES TO CUSTOMERS

	30.09.2006	31.12.2005
<b>thousands of €</b>		
Austrian	3.932.275	3.684.152
Foreign	1.253.492	1.225.935
<b>Loans and advances to customers</b>	<b>5.185.767</b>	<b>4.910.087</b>

#### 3) LOAN LOSS PROVISIONS

	01.01. - 30.09.2006	01.01. - 30.09.2005
<b>thousands of €</b>		
Opening balance at 1 January	147.879	145.541
Releases	- 16	- 966
Allocation	15.780	14.426
Application	- 896	- 744
<b>Loan loss provisions at 30.09.</b>	<b>162.747</b>	<b>158.257</b>
Opening balance commitments at 01.01.	181	241
Releases	0	0
Allocation	150	176
Application	0	0
<b>Reserves and provisions commitments at 30.09.</b>	<b>331</b>	<b>417</b>
<b>Total loan loss provisions at 30.09.</b>	<b>163.078</b>	<b>158.674</b>

## V. BTV GROUP: NOTES THIRD QUARTER 2006

### 4) TRADING ASSETS

	30.09.2006	31.12.2005
<b>thousands of €</b>		
Debenture bonds and other fixed-interest securities	879	304
Equities and other variable-interest securities	6.370	11.478
Positive market values arising from derivative transactions	60	25
<b>Trading assets</b>	<b>7.309</b>	<b>11.807</b>

### 5) OTHER CURRENT ASSETS

	30.09.2006	31.12.2005
<b>thousands of €</b>		
Debenture bonds and other fixed-interest securities	1.009.496	898.343
Equities and other variable-interest securities	87.226	84.757
<b>Total current assets</b>	<b>1.096.722</b>	<b>983.100</b>
of which fair value	39.546	38.654

### 6) LONG-TERM INVESTMENTS AND LOANS

	30.09.2006	31.12.2005
<b>thousands of €</b>		
a) Securities held as current assets/HTM		
Debenture bonds and other fixed-interest securities	321.273	342.135
<b>Interim securities held as current assets</b>	<b>321.273</b>	<b>342.135</b>
b) Participations/associates		
Other participations	20.594	20.594
Other associates	70.341	70.161
Participations consolidated at equity	185.982	165.199
<b>Interim participations/associates</b>	<b>276.917</b>	<b>255.954</b>
<b>Total long-term investments and loans</b>	<b>598.190</b>	<b>598.089</b>

### 7) BANKS

	30.09.2006	31.12.2005
<b>thousands of €</b>		
Austrian	877.525	670.387
Foreign	602.173	217.483
<b>Liabilities to banks</b>	<b>1.479.698</b>	<b>887.870</b>

## V. BTV GROUP: NOTES THIRD QUARTER 2006

### 8) CUSTOMER ACCOUNTS

	30.09.2006	31.12.2005
<b>thousands of €</b>		
<b>a) savings deposits</b>		
Austrian	948.513	949.854
Foreign	116.306	108.439
<b>Sub-total savings deposits</b>	<b>1.064.819</b>	<b>1.058.293</b>
<b>b) Other deposits</b>		
Austrian	2.558.578	2.804.708
Foreign	353.138	245.225
<b>Sub-total other deposits</b>	<b>2.911.716</b>	<b>3.049.933</b>
<b>Customer accounts</b>	<b>3.976.535</b>	<b>4.108.226</b>

### 9) SECURITISED DEBT

	30.09.2006	31.12.2005
<b>thousands of €</b>		
Debentures	696.337	681.293
Domestic bonds (including medium-term cash deposit)	150.068	166.332
<b>Securitized debt</b>	<b>846.405</b>	<b>847.625</b>

### 10) RESERVES AND PROVISIONS

	30.09.2006	31.12.2005
<b>thousands of €</b>		
Long-term payroll reserves	62.763	61.212
Other Reserves and provisions	2.871	6.319
<b>Reserves and provisions</b>	<b>65.634</b>	<b>67.531</b>

### 11) SUBORDINATED CAPITAL

	30.09.2006	31.12.2005
<b>thousands of €</b>		
Supplymentary capital	322.594	291.621
<b>Subordinated capital</b>	<b>322.594</b>	<b>291.621</b>

## V. BTV GROUP: NOTES THIRD QUARTER 2006

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

### CONSOLIDATED OWN FUNDS OF THE BTV BANKING GROUP

millions of €	30.09.2006	31.12.2005
Share capital	50,0	50,0
Minus treasury shares	- 2,5	- 2,5
General reserves	284,8	285,4
Consolidation pursuant to section 24(2) BWG	8,6	8,6
Minus intangible assets	- 1,4	- 1,7
<b>Core capital (Tier 1)</b>	<b>339,5</b>	<b>339,8</b>
<b>Supplementary own funds (Tier 2)</b>	<b>335,3</b>	<b>304,3</b>
Valuation items	- 99,3	- 88,8
<b>Eligible own funds (excluding Tier 3)</b>	<b>575,5</b>	<b>555,3</b>
Own funds applied pursuant to section 23(14 Z 7) BWG (Tier 3)	1,7	0,0
<b>Eligible own funds pursuant to section 215(115) BWG</b>	<b>577,2</b>	<b>555,3</b>
Capital adequacy - own fund requirement	408,0	381,8
Securities trading book and general currency position - own fund requirement	1,7	3,0
<b>Own fund requirement pursuant to section 22(1) BWG</b>	<b>409,7</b>	<b>384,8</b>
<b>Excess</b>	<b>167,5</b>	<b>170,5</b>
Core capital ratio	6,66 %	7,12 %
Attributable own funds	11,29 %	11,63 %

## V. BTV GROUP: NOTES THIRD QUARTER 2006

### INCOME STATEMENT

#### 12) NET INTEREST INCOME

thousands of €	01.01. - 30.09.2006	01.01. - 30.09.2005
Interest and similar income from		
lending and money market transactions with banks	26.127	21.793
lending and money market transactions with customers	126.307	101.560
debenture bonds and fixed-interest securities	35.053	31.529
equities and variable-rate securities	2.202	1.471
other participations	909	847
participations carried at equity	13.006	9.922
other	1.023	4.480
<b>Sub-total interest and similar income</b>	<b>204.627</b>	<b>171.602</b>
Interest and similar expenses on		
bank deposits	- 17.397	- 8.150
client deposits	- 75.132	- 61.560
securitised debt	- 19.581	- 16.868
subordinated capital	- 9.843	- 8.909
other	- 2.507	- 5.652
<b>Sub-total interest and similar expenses</b>	<b>- 124.460</b>	<b>- 101.139</b>
<b>Net interest income</b>	<b>80.167</b>	<b>70.463</b>



## V. BTV GROUP: NOTES THIRD QUARTER 2006

### 13) LOAN LOSS PROVISIONS

thousands of €	01.01. - 30.09.2006	01.01. - 30.09.2005
On-balance sheet	- 15.781	- 14.427
Off-balance sheet	- 150	- 176
Loan loss insurance premiums	- 2.971	- 3.011
Release of on-balance sheet provisions	16	966
Release of off-balance sheet provisions	0	0
Direct amortisation	- 50	- 2.478
Income from amortised receivables	325	438
<b>Loan loss provisions</b>	<b>- 18.611</b>	<b>- 18.688</b>

Accruals to and releases of off-balance sheet loan loss provisions are included in the above.

### 14) COMMISSION INCOME

thousands of €	01.01. - 30.09.2006	01.01. - 30.09.2005
Lending	1.999	1.698
Payment transactions	9.286	9.260
Securities trading	19.540	15.941
Currency, foreign exchange and precious metals trading	2.222	1.853
Other	686	859
<b>Commission income</b>	<b>33.733</b>	<b>29.611</b>

### 15) TRADING INCOME

thousands of €	01.01. - 30.09.2006	01.01. - 30.09.2005
Derivatives	1.129	- 464
Securities	377	4.052
Foreign currency	730	837
<b>Trading income</b>	<b>2.236</b>	<b>4.425</b>

## V. BTV GROUP: NOTES THIRD QUARTER 2006

### 16) OPERATING EXPENSES

thousands of €	01.01. - 30.09.2006	01.01. - 30.09.2005
Payroll	- 41.354	- 37.006
Materials	- 16.680	- 15.670
Amortisation	- 4.917	- 5.465
<b>Operating expenses</b>	<b>- 62.951</b>	<b>- 58.141</b>

### 17) OTHER OPERATING INCOME

thousands of €	01.01. - 30.09.2006	01.01. - 30.09.2005
Securities and derivatives	665	1.322
Participations	82	- 61
Sundry other operating income	3.650	2.770
Sundry other operating expenses	- 3.201	- 1.261
<b>Other Operating income</b>	<b>1.196</b>	<b>2.770</b>

### 18) OTHER INFORMATION

	30.09.2006	31.12.2005
<b>a) Contingent liabilities and loan loss risk in thousands of €</b>	<b>1.123.917</b>	<b>1.211.606</b>
– Guarantees/commitments	340.775	357.155
– Documentary credits	6.036	8.041
– Loan loss risk	777.106	846.410
<b>b) Payroll</b>	<b>30.09.2006</b>	<b>31.12.2005</b>
– White collar	846	820
– Blue collar	29	22
<b>Payroll</b>	<b>875</b>	<b>842</b>

## V. BTV GROUP: SEGMENT REPORTING

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### Corporate banking

The € 16.2 million pre-tax profit for the period in this segment was 21.3 % above the same period in 2005. Higher lending and deposit volumes gave interest income a € 4.3 million (+12.2 %) boost. The growth in commission income is primarily the result of higher levels of lending and foreign exchange business. Rising payroll costs following our expansion into Eastern Switzerland, Bavaria and Baden-Württemberg have increased operating expenses by € 2.3 million (+14.5 %). The cost/income ratio is therefore 39.4 % and the yield on own funds 9.1 %.

### Retail banking

Our retail business saw good growth in trading. Net commission income grew 21.9 % to € 24.3 million. Interest income was up 3.8 % to around € 34.7 million over the same period last year. New business, particularly in the house-building and asset management areas, more than made up for falling spreads. As we have said (see above) operating expense increased as a result of our expansion. Pre-tax profit was € 15.4 million at the end of September 2006. The cost/income ratio improved to 64.0 % on the back of better income figures and the yield on own funds went up 16.6 %.

### Institutional customers and banks

Rising dividend and participation income has had a positive effect on interest income from institutional customers. Trading earnings fell owing to lower income from own-account securities trading. Pre-tax profit for the period was € 9.2 million, 13.3 % up on last year.

## V. BTV GROUP: SEGMENT REPORTING

Segment reporting thousands of €	Quarter	Corporate	Retail	Institutional and banking	Other	Total
Net interest income	09/2006	39.465	34.650	6.051	0	80.166
	09/2005	35.188	33.379	1.897	0	70.463
Loan loss provisions	09/2006	- 12.778	- 5.833	0	0	- 18.611
	09/2005	- 13.462	- 5.225	0	0	- 18.687
Commission	09/2006	7.486	24.313	1.934	0	33.733
	09/2005	7.182	19.942	2.487	0	29.611
Trading income	09/2006	0	0	2.236	0	2.236
	09/2005	0	0	4.425	0	4.425
Operating expenses	09/2006	- 18.521	- 37.732	- 1.751	- 4.948	- 62.951
	09/2005	- 16.170	- 35.506	- 2.065	- 4.401	- 58.141
Other operating income	09/2006	536	- 1	747	- 87	1.196
	09/2005	610	634	1.391	134	2.769
<b>Net profit for the year before tax</b>	<b>09/2006</b>	<b>16.188</b>	<b>15.398</b>	<b>9.217</b>	<b>- 5.034</b>	<b>35.769</b>
	<b>09/2005</b>	<b>13.348</b>	<b>13.224</b>	<b>8.135</b>	<b>- 4.267</b>	<b>30.440</b>
Segment income	09/2006	3.259.804	1.650.729	1.935.337	0	6.845.870
	09/2005	2.884.092	1.601.645	1.845.962	0	6.331.699
Segment liabilities	09/2006	1.116.453	1.685.074	3.823.706	0	6.625.233
	09/2005	806.630	1.575.410	3.616.064	0	5.998.104
Ø Lending and market risk equivalent pursuant to section 22 BWG	09/2006	2.970.840	1.551.865	307.492	109.113	4.939.309
	09/2005	2.544.068	1.498.809	275.248	143.819	4.461.943
Ø Allocated equity	09/2006	237.667	124.149	24.599	93.220	479.636
	09/2005	203.525	119.905	22.020	99.399	444.849
Cost/income ratio (%)	09/2006	39,4 %	64,0 %	17,1 %		54,2 %
	09/2005	38,2 %	66,6 %	23,4 %		55,6 %
RoE (basis net profit for the year before tax) in %	09/2006	9,1 %	16,6 %	50,1 %		10,0 %
	09/2005	8,8 %	14,7 %	49,4 %		9,1 %

Interest income has been apportioned using the "Marktinzinsmethode" (a market-oriented fund transfer-pricing system used by Austrian and German banks) while costs have been imputed to the correct segment on the basis of origin. Costs that cannot be directly imputed to any particular heading are entered under "Other".

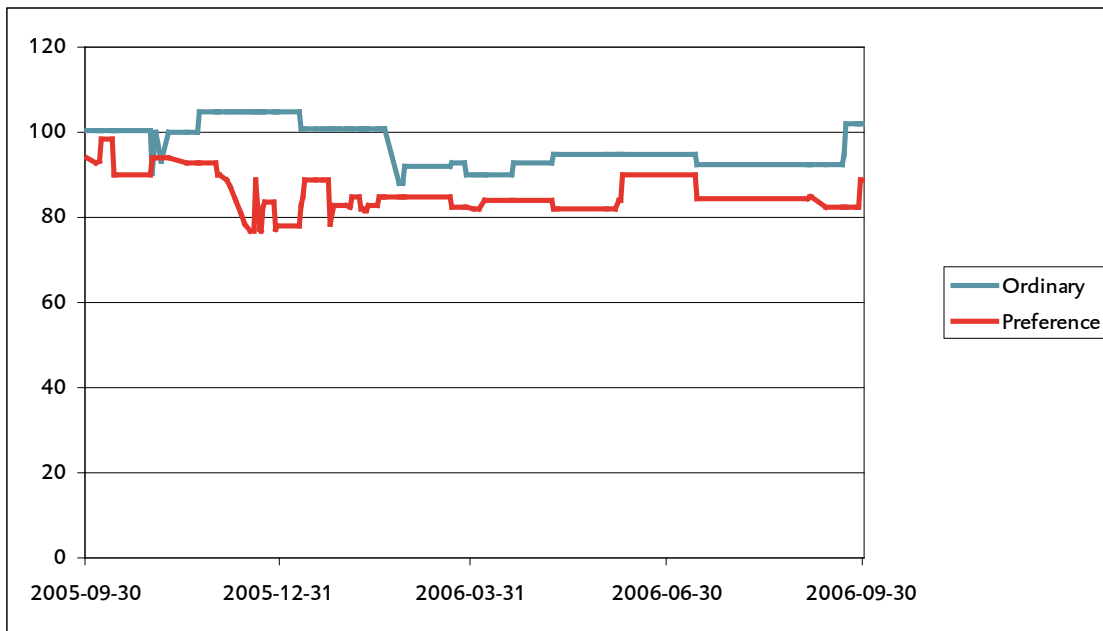
Segment receivables include banks, loans and advances to customers, trading assets and current and non-current assets (securities). Segment liabilities include banks, customer accounts, securitised debt and supplementary capital.

The success of this area of business is measured in terms of pre-tax profit for the segment.

ROI = pre-tax annual profit:equity. Capital allocation follows legal requirements, is based on the capital requirement for the area of business concerned and together with the interest rate for long-term investments is recognised as equity investment income under the interest income heading.

Cost/income ratio = operating expense/interest income + net commission income + trading income.

## BTV EQUITIES AS AT 2006-09-30



Following an early summer correction of the equity markets, by Q3 the international stock markets had recovered as a result of generally good financials and a relaxing of the crude oil market, which tumbled over 20 % from its July high.

The ATX rose 3.5 % in Q3 2006 to 4 109.38.

At the end of June, BTV ordinary shares were trading up 7.4 % at € 102 and BTV preference shares ended September at € 89.

## 3 BANKEN GRUPPE – OVERVIEW GROUP INFORMATION

	BKS Bank		Oberbank		BTV	
	30.09. 2006	31.12. 2005	30.09. 2006	31.12. 2005	30.09. 2006	31.12. 2005
<b>Balance sheet figures in millions of €</b>						
Total assets	5.041,8	4.719,0	12.909,0	12.251,6	7.338,7	6.765,4
Loans and advances to customers after loan loss provisions	3.212,6	2.922,0	7.753,4	7.223,8	5.023,1	4.762,2
Primary funds	2.877,2	2.633,7	7.419,4	7.268,4	5.145,5	5.247,5
of which savings deposits	1.347,2	1.246,8	2.603,3	2.523,3	1.064,8	1.058,3
of which securitised debt inc. subordinated capital	441,0	363,8	1.409,4	1.297,3	1.169,0	1.139,2
Equity	404,0	385,0	802,7	693,3	489,7	469,6
Managed deposits	8.968,7	8.861,9	14.838,6	14.456,6	10.217,7	10.289,6
of which client deposits	6.091,5	6.228,2	7.419,2	7.188,2	5.072,2	5.042,1
<b>BWG own funds in millions of €</b>						
Measurement basis	3.583,4	3.292,6	9.144,4	8.461,5	5.099,3	4.773,1
Own funds	376,7	335,4	1.174,7	1.065,4	575,5	555,3
of which core capital (Tier I)	226,7	227,5	630,9	575,9	339,5	339,8
Surplus	90,0	72,0	440,5	387,6	167,5	170,5
Core capital ratio	6,33 %	6,91 %	6,90 %	6,81 %	6,66 %	7,12 %
Total capital ratio	10,51 %	10,19 %	12,85 %	12,59 %	11,29 %	11,63 %
<b>Resources</b>						
Average no. of employees	749	744	1.744	1.702	846	820
Number of branches	50	50	110	111	39	37
<b>Profit and loss in millions of €</b>						
	30.09. 2006	30.09. 2005	30.09. 2006	30.09. 2005	30.09. 2006	30.09. 2005
Net interest income	69,7	63,5	173,6	159,0	80,2	70,5
Loan loss provisions	- 17,0	- 14,7	- 38,6	- 42,6	- 18,6	- 18,7
Commission income	31,4	29,5	70,6	69,2	33,7	29,6
Operating expenses	- 55,2	- 54,6	- 142,0	- 135,6	- 63,0	- 58,1
Net profit for the year before tax	34,3	25,5	71,2	61,2	35,8	30,4
Attributable net income for the year	29,0	22,2	63,3	53,6	30,9	26,7
<b>Subsidiaries</b>						
	30.09. 2006	31.12. 2005	30.09. 2006	31.12. 2005	30.09. 2006	31.12. 2005
RoE before tax	11,99 %	9,21 %	12,82 %	12,42 %	9,97 %	8,83 %
RoE after tax	9,89 %	8,15 %	11,40 %	10,85 %	8,60 %	7,74 %
Cost/income ratio	53,1 %	59,4 %	56,4 %	59,5 %	54,2 %	56,7 %
Risk/earnings ratio	24,5 %	20,7 %	22,3 %	24,1 %	23,2 %	27,1 %

# IMPRINT

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