

# INTERIM REPORT AS AT 30.06.2007

## Important dates for shareholders

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Annual General Meeting	21 May 2007, 10.00 h, Stadtforum, Innsbruck
	The dividend is published one day after the General Meeting at BTV's website and in the gazette of the Wiener Zeitung.
Ex-dividend date	22 May 2007
Payment of dividend	25 May 2007
Intermediate report as at 31 March 2007	Published on 25 May 2007 ( <a href="http://www.btv.at">www.btv.at</a> )
Intermediate report as at 30 June 2007	Published on 24 August 2006 ( <a href="http://www.btv.at">www.btv.at</a> )
Intermediate report as at 30 September 2007	Published on 23 November 2006 ( <a href="http://www.btv.at">www.btv.at</a> )

## The BTV group – at a glance

Income in millions of €	30.06.2007	30.06.2006	+/- %
Interest	55,3	51,6	+ 7,1 %
Loan loss provisions	- 13,7	- 12,8	+ 6,7 %
Commission	24,9	23,4	+ 6,4 %
Operating expenses	- 44,5	- 42,6	+ 4,5 %
Profit of the year before tax	27,6	24,4	+ 12,9 %
Group profit for the year	23,5	21,1	+ 11,4 %
Balance sheet in millions of €	30.06.2007	31.12.2006	+/- %
Total assets	7.697	7.458	+ 3,2 %
Loans and advances to customers after credit risk	4.901	5.109	- 4,1 %
Primary funds	5.976	5.508	+ 8,5 %
– of which savings deposits	1.098	1.094	+ 0,4 %
– of which securitised debt inc. subordinated capital	1.302	1.223	+ 6,5 %
Equity	526	512	+ 2,7 %
Managed deposits	11.110	10.609	+ 4,7 %
Equity (under Austrian law - BWG) in millions of €	30.06.2007	31.12.2006	+/- %
Risk-weighted assets	5.265	5.165	+ 1,9 %
Own funds (not inc. Tier 3)	625	617	+ 1,3 %
– of which core capital (Tier I)	364	364	0,0 %
Surplus own funds	204	204	0,0 %
Core capital ratio	6,91 %	7,04 %	- 0,13 %
Total capital ratio	11,88 %	11,95 %	- 0,07 %
Companies	30.06.2007	30.06.2006	+/- %- points
Return on equity before tax	10,70 %	10,36 %	+ 0,34 %
Return on equity after tax	9,12 %	8,94 %	+ 0,18 %
Cost/income ratio	54,3 %	54,8 %	- 0,5 %
Risk/earnings ratio	24,8 %	24,9 %	- 0,1 %
Resources	30.06.2007	30.06.2006	+/- number
Average no. of employees	837	804	+ 33
Number of branches	41	37	+ 4

BTV shares	30.06.2007	30.06.2006
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 €	131,00/125,00	101,00/90,00
Bottom price of ordinary/preference share in €	101,70/89,01	88,00/78,50
Closing price of ordinary/preference share in €	120,10/104,50	95,00/90,00
Market capitalisation in millions of €	593	473
IFRS EPS in €	9,55	8,50
P/E ratio, ordinary shares	12,6	11,2
P/E ratio, preference shares	10,9	10,6

## Business development of BTV group

### ECONOMIC ENVIROMENT

The underlying international conditions were advantageous during the first six months of the year. While the USA's industrial economy has slowed down in recent months, the European economy has continued to record stable growth. Investment activity was becoming a forceful driver, and the upturn gained geographical breadth. Over the period reported the mood indicators showed quite high degrees of optimism in the private sector, with industrial order books continuing to register hefty increases. Against a background of robust economic growth in Europe Austria's economy achieved a real increase of 3.5 % over the first six months, compared to the previous year.

In addition to the production of material goods again being strong, the expansion was fuelled by a construction sector favoured by the mild winter. Companies are continuing to feel confident, with the order positions reaching record levels. The year 2007's GDP is forecast to be up 3.2 %, while the consumer price index rate of inflation is expected to be up 1.8 %. The healthy economy is continuing to have positive effects on the labour market. Only in the year ahead will the slowing down in the USA, the rise in long-term interest rates, and the strength of the euro have a dampening effect on economic development in Europe, and in Austria. In Japan the weak yen, good exports and the strong Asian economy are making for a lasting upturn. An increase of 2.4 % in growth is anticipated for the economy in 2007.

Against this backdrop of excellent economic figures, and in view of core inflation rising, the ECB increased the basic rate during the first six months of 2007 in two stages, by 0.5 %, to 4.0 %. The 3-month Euribor moved up from 3.73 % to 4.18 % at the beginning of the year, and the markets are also expecting the ECB to implement at least one further interest rate rise by the end of the year. Sharply rising interest rates characterised the European bond market. The rise in those interest rates worked generally more strongly on bonds with shorter terms, which led to a further flattening of the interest rate curve. (Source: WIFO).

### INCOME

#### Interest

The rise in interest-earning operations derives on the one hand from increased customer business volumes and, on the other, and from fresh buying for our own securities holdings. It thus proved possible to more than compensate for the consequent pressure on the asset spread. In addition higher dividends and revenues from at equity participations made their contribution to the increase in the net interest income of 7.1 %, namely of € 3.7 million to € 55.3 million.

#### Loan loss provisions

The loan loss provisions represent the balance resulting from increased provisions for doubtful debts and the writing back of loan loss provisions, including direct write-offs on claims. They are supplemented by receipts arising from claims that have already been written off. The loan loss provisions for firms and private individuals was € 3.7 million, which was up 6.7 % on the level of the previous year. The

risk/earnings ratio was improved to 24.8 % from 24.9 % the year before.

#### Commission

The satisfactory performance in the commission and fee-earning business is predominantly attributable to excellent sales of securities, which again increased on the very good result of the previous year. It proved possible yet again to increase sales of securities vis-à-vis the excellent result of the preceding year. Revenues in this core division of BTV grew in the first six months by € 1.2 million or 8.8 % to € 14.9 million. Pressure on the conditions of payment transactions was more than compensated for by rising sales, so that revenues were above the previous year. Foreign exchange commission and income from loans managed to slightly exceed last year's levels. The overall commission and fee-earning surplus increased by 6.4 % to € 24.9 million.

#### Trading

At € 1.9 million net trading income was € 0.9 million below the previous year's result. The main reason for this development was markedly lower hedging transactions for our own securities holdings, which led to a drop in the revenues from derivatives of € 2.2 million. In order to keep hedging transactions flexible they are not stated under hedge accounting, but are recorded in trading results. The trading results in the securities and foreign exchange business were, in contrast, positive – standing in total up by € 1.4 million on the comparable figure for the previous year.

#### Operating expenses

Administrative expenditure (Personnel and operating expenditure including depreciation on tangible assets) rose compared with the preceding year by 4.5 % to € 44.5 million, and was marked by BTV's expansion.

Personnel expenditure increased by 3.0 % to € 29.1 million. The main reason for this moderate growth was reduced expenditure on personnel provisions, which were down on the previous year by € 0.7 million. In the year reported itself the formula for career trends was adjusted from 0.25 % to 0.50 %, and the proportionate expenditure was entered. In addition a flat-rate safety surcharge of 5 % of the cash value was estimated (and proportionately accounted for) in respect of the adjustment in the calculation bases for pension obligations (mortality tables) expected in the future. Wages and salaries, on the other hand, rose by 6.0 % to € 19.7 million. In addition to the collective agreement rise, it was the increased number of employees involved in the expansion markets that was particularly responsible for the rise in costs. That number increased in total (weighted according to the level of employment) compared with the previous year by 38, to 863 employees.

An uplift in EDP costs owing to our expansion and higher office expenditure were the main reasons for the increase in expenditure on tangibles of € 0.8 million to € 11.9 million. Higher depreciation on buildings, especially, led to depreciation on assets as a whole climbing by 10.3 % to € 3.6 million.

#### Other operating income

The profit balance increased from € 1.7 million in the previous year to € 3.8 million. This improvement was, above all, attributable to the increased success with which securities

and derivatives have been sold. The more volatile performance on the equity markets led, especially, to targeted profit taking. Other operational revenues increased by € 0.1 million, and other operational expenditure turned out to be down by € 0.1 million. These developments led to a surplus (before taxation) for the period of € 27.6 million, which was 12.9 % above the previous year.

#### Tax

The amounts stated under the heading "Taxes on income and profit" concern, in particular, the active and passive deferrals of latent taxes to be undertaken in accordance with IFRS in addition to the ongoing Austrian corporation tax charge. This results in a tax burden of € 4.1 million for the first six months of 2007, on which BTV indicates a tax ratio of 14.8 % (it was 13.7 % in the previous year).

#### Consolidated profit

The after-tax surplus for the period was € 23.5 million, compared with € 21.1 million the previous year, a performance equivalent to a rise of 11.4 %.

The return on equity based on the group before-tax surplus as at 30 June 2007 was 10.7 % against 10.4 % for the previous year. The cost/income ratio went down from 54.8 % to 54.3 %.

#### BALANCE SHEET

The balance sheet total of the BTV group increased vis-à-vis the 2006 figure by 3.2 % or € 239 million, to just € 7,700 million. On the asset side it was the claims on banks and higher stocks of securities that were responsible for this trend. Claims on customers at risk reduced in the first six months of 2007 by € 203 million, to € 5,058 million. Short-term finance to institutional clients and the high liquidity of our commercial customers owing to the excellent economic situation were the main causes for that. The level of risk provisioning rose moderately by 2.8 % to € 157 million.

The very volatile equity and capital markets led to higher trading activity in the first six months. The growth in the volume of financial assets held for trading purposes consisted entirely of equities. The growth of € 109 million to € 1,207 million-worth of securities outstanding resulted from fresh buying of fixed-interest securities. The stock of equities in this category reduced by € 2 million to € 108 million. At € 612 million financial assets were below their end-year level by € 9 million. Here capital repayments in the 'held to maturity' category with a counter value of € 17 million were balanced against higher levels of shareholdings valued 'at equity' to the extent of € 8 million.

On the liability side customer deposits were expanded by 9.1 % to € 4,674 million. The company clientele grew by € 136 million, the private clientele by € 138 million. The increase in institutional clients' deposits of € 113 million was mostly the result of our intensified activity in the German expansion market. The € 5,976 million total of primary deposits, including subordinated capital, was 8.5 % up on the end 2006 figure. The degree of liquidity in relation to customer claims after risk provisioning with primary funds rose thereby to about 122 %.

The banking group's own equity eligible under the BWG amounted at the end of the first six months to € 625.4 million (it was € 617.4 million in December 2006). The statutory minimum requirement was € 425 million as at 30 June 2007, which was the equivalent of an overcovering of about 48 % (it was about 49 % in December 2006).

As at 30 June 2007 the banking group's core capital in accordance with the BWG was € 363.8 million, (it had been € 363.7 million in December 2006). The six-monthly reporting date's core capital ratio of 6.91 % resulting from that was 0.13 of a percentage point below the comparable figure at the end of 2006. The own equity ratio stated of 11.88 % compared to 11.95 % at the end of the year continued to be markedly above the statutory minimum ratio required of 8.0 %.

#### OUTLOOK

As already mentioned at the start, Austria's economic growth of 3.5 % in the first six months turned out to be higher than had originally been expected. Austria's Institute for Economic Research and other institutions have therefore again revised their forecast for 2007 slightly upward, and growth lying above capacity is even expected for 2008. Exports and investments are the load-bearing pillars underpinning the economic upswing. Similar positive developments are being portrayed for the eastern part of Switzerland, and the German states of Baden-Württemberg and Bavaria.

Then, in July and August 2007, came corrections to the equity markets, after important share indices in Europe and America had reached new all-time highs. This all happened with reference to the difficulties being encountered on the US-American mortgage market, and their effects on the securitisation market. Looking ahead to the rest of the year uncertainty and nervousness may well pertain across the world's financial markets, even though the fundamental factors continue to be very solid. BTV was neither directly nor indirectly involved in the American sub prime lending market, and has always dealt very responsibly, and with regional orientation, with the assumption of risks. No special effects, either in the form of market or lending risks, are therefore expected. Please refer to the details of BTV's risk policy and management in the thorough report on risk submitted with its 2006 annual report.

BTV is driving its expansion forward, especially in Southern Germany, and is benefiting from the growth opportunities of that region. The profits for the first six months are in line with year's plan. As we are sure of being able to continue generating good results in the current market environment, we are expecting the group after-tax surplus at the end of the year to be about € 50 million.

## CONSOLIDATED ACCOUNTS

## I. BTV group: Balance sheet as at 30 June 2007

Assets in thousands of €	30.06.2007	31.12.2006	change absolute	change in %
Cash reserves	130.404	126.973	+ 3.431	+ 2,7%
Loans and advances to banks <sup>1 [Notes]</sup>	577.454	299.158	+ 278.296	+ 93,0%
Loans and advances to customers <sup>2</sup>	5.058.087	5.261.368	- 203.281	- 3,9%
Loan loss provisions <sup>3</sup>	- 156.658	- 152.439	- 4.219	+ 2,8%
Trading <sup>4</sup>	8.510	107	+ 8.403	+ > 100,0%
Other current assets <sup>5</sup>	1.207.083	1.097.868	+ 109.215	+ 9,9%
Long-term investments and loans <sup>6</sup>	612.459	621.253	- 8.794	- 1,4%
Intangible fixed assets	1.267	1.481	- 214	- 14,4%
Property, plant and equipment	119.326	122.445	- 3.119	- 2,5%
Other assets	139.178	80.061	+ 59.117	+ 73,8%
<b>Total assets</b>	<b>7.697.110</b>	<b>7.458.275</b>	<b>+ 238.835</b>	<b>+ 3,2%</b>
Liabilities in thousands of €	30.06.2007	31.12.2006	change absolute	change in %
Banks <sup>7</sup>	961.735	1.259.102	- 297.367	- 23,6%
Customer accounts <sup>8</sup>	4.673.845	4.285.439	+ 388.406	+ 9,1%
Securitised debt <sup>9</sup>	949.244	882.869	+ 66.375	+ 7,5%
Reserves and provisions <sup>10</sup>	69.208	67.550	+ 1.658	+ 2,5%
Other liabilities	163.978	110.956	+ 53.022	+ 47,8%
Subordinated capital <sup>11</sup>	353.270	339.985	+ 13.285	+ 3,9%
Equity	525.830	512.374	+ 13.456	+ 2,6%
<b>Total liabilities</b>	<b>7.697.110</b>	<b>7.458.275</b>	<b>+ 238.835</b>	<b>+ 3,2%</b>

## II. A. BTV group: Profit and loss account

as at 30 June 2007

Profit and loss account in thousands of €	01.01.- 30.06.2007	01.01.- 30.06.2006	change absolute	change in %
Interest and similar income	183.903	132.750	+ 51.153	+ 38,5%
Interest and similar expenses	-128.630	-81.120	+ 47.510	+ 58,6%
Net interest income <sup>13</sup>	55.273	51.630	+ 3.643	+ 7,1%
Loan loss provisions <sup>14</sup>	-13.707	-12.847	+ 860	+ 6,7%
Commission income	29.190	28.238	+ 952	+ 3,4%
Commission expense	-4.281	-4.836	- 555	- 11,5%
Net commission income <sup>15</sup>	24.909	23.402	+ 1.507	+ 6,4%
Trading income <sup>16</sup>	1.855	2.718	- 863	- 31,8%
Operating expenses <sup>17</sup>	-44.543	-42.617	+ 1.926	+ 4,5%
Other operating income <sup>18</sup>	3.768	2.114	+ 1.654	+ 78,2%
Net profit for the year before tax	27.555	24.400	+ 3.155	+ 12,9%
Income and profits tax	-4.091	-3.343	+ 748	+ 22,4%
<b>Net profit for the year after tax</b>	<b>23.464</b>	<b>21.057</b>	<b>+ 2.407</b>	<b>+ 11,4%</b>

Indicators	30.06.2007	30.06.2006
EPS in € <sup>20</sup>	4,73	4,25
RoE before tax	10,7%	10,4%
RoE after tax	9,1%	8,9%
Cost/income ratio	54,3%	54,8%
Risk/earnings ratio	24,8%	24,9%

## II.B. BTV group: Profit and loss account – periodes

Profit and loss accounts – periodes in thousands of €	2. Qu. 2007	1. Qu. 2007	4. Qu. 2006	3. Qu. 2006	2. Qu. 2006
Interest and similar income	99.283	84.620	85.700	71.877	69.888
Interest and similar expenses	-71.549	-57.081	-54.969	-43.340	-43.522
Net interest income	27.734	27.539	30.731	28.537	26.366
Loan loss provisions	-6.515	-7.192	-10.816	-5.764	-5.968
Commission income	14.403	14.787	13.571	11.954	13.437
Commission expense	-2.191	-2.090	-1.670	-1.623	-2.524
Net commission income	12.212	12.697	11.901	10.331	10.913
Trading income	1.136	719	304	-482	534
Operating expenses	-22.056	-22.487	-19.713	-20.334	-20.846
Other operating income	2.167	1.601	2.696	-918	1.818
Net profit for the quarter before tax	14.678	12.877	15.103	11.370	12.817
Income and profits tax	-2.093	-1.998	-1.433	-1.558	-1.673
<b>Net profit for the quarter after tax</b>	<b>12.585</b>	<b>10.879</b>	<b>13.670</b>	<b>9.812</b>	<b>11.144</b>



## III. BTV group: Statement of change in equity

as at 30 June 2007

in thousands of €	Subscribed capital	Retained earnings	Revenue reserves	Depreciat. reserves	Total equity 2006
Equity at 01.01.2006	50.000	58.778	340.071	20.769	469.618
Capital increases	0	0	0	0	0
Net income for the quarter	0	0	+ 21.057	0	+ 21.057
Distributions	0	0	- 7.000	0	- 7.000
Exchange differentials	0	0	+ 17	0	+ 17
Treasury shares	0	- 13	0	0	- 13
Other changes	0	0	+ 9.432	- 12.562	- 3.130
– of which deferred tax	0	0	+ 3.141	0	+ 3.141
– of which from at equity assessment	0	0	+ 6.223	0	+ 6.223
<b>Equity at 30.06.2006</b>	<b>50.000</b>	<b>58.765</b>	<b>363.577</b>	<b>8.207</b>	<b>480.549</b>

in thousands of €	Subscribed capital	Retained earnings	Revenue reserves	Depreciat. reserves	Total equity 2007
Equity at 01.01.2007	50.000	58.876	392.374	11.124	512.374
Capital increases	0	0	0	0	0
Net income for the quarter	0	0	+ 23.464	0	+ 23.464
Distributions	0	0	- 7.000	0	- 7.000
Exchange differentials	0	0	+ 52	0	+ 52
Treasury shares	0	- 79	0	0	- 79
Other changes	0	0	- 147	- 2.834	- 2.981
– of which deferred tax	0	0	+ 708	0	+ 708
– of which from at equity assessment	0	0	- 917	0	- 917
<b>Equity at 30.06.2007</b>	<b>50.000</b>	<b>58.797</b>	<b>408.743</b>	<b>8.290</b>	<b>525.830</b>

## IV. BTV group: Cash flow statement

as at 30 June 2007

<b>Cash flow statement in thousands of €</b>	<b>01.01.- 30.06.2007</b>	<b>01.01.- 30.06.2006</b>
Cash position at the end of the previous period	126.973	123.564
Operating cash flow	-6.974	49.267
Investment cash flow	2.286	-4.027
Financing cash flow	8.119	2.975
Cash position at end of period	130.404	171.779

## V. BTV group: Notes

### **Accounting and Valuation Principles**

The group intermediate statements are drawn up under IFRS and IFRIC (International Financial Reporting Interpretations Committee) requirements as exempt consolidated financial statements under § 59a of the BWG in combination with § 245a of the UGB. All the standards we have a duty to apply to the financial years have been applied in drawing up these group financial statements. Standards or interpretations that have already been published and adopted by the EU, which do not yet have to be applied mandatory, have not been applied prematurely. This set of intermediate statements as at 30 June 2007 is in harmony with IAS 34.

Starting on 1 January 2007 the career trends accounting formula for social insurance provisions was raised from 0.25 % to 0.50 %. The additional expenditure was spread evenly over the 2007 calendar year.

There were no changes to the remaining accounting and valuation methods in the period reported.

## V. BTV group: Notes

### Balance sheet – Assets

	30.06.2007	31.12.2006
<b>1   Loans and advances to banks in thousands of €</b>		
Austrian banks	250.746	98.022
Foreign banks	326.708	201.136
<b>Loans and advances to banks</b>	<b>577.454</b>	<b>299.158</b>
<b>2   Loans and advances to customers in thousands of €</b>		
Austrian	3.775.919	3.888.579
Foreign	1.282.168	1.372.789
<b>Loans and advances to customers*</b>	<b>5.058.087</b>	<b>5.261.368</b>
* of which fair value	2.447	0
<b>3   Loan loss provisions in thousands of €</b>		
Opening balance at 1 January	152.439	147.879
– Releases	–537	–15
+ Allocation	11.176	11.030
– Application	–6.420	–891
Loan loss provisions at 30.06.	156.658	158.003
Opening balance at 1 January	219	181
– Releases	0	0
+ Allocation	50	100
– Application	0	0
Reserves and provisions commitments at 30.06.	269	281
<b>Total loan loss provisions at 30.06.</b>	<b>156.927</b>	<b>158.284</b>

## V. BTV group: Notes

4   Trading assets in thousands of €	30.06.2007	31.12.2006
Debenture bonds and other fixed-interest securities	0	12
Equities and other variable-interest securities	8.241	0
Positive market values arising from derivative transactions	269	95
<b>Trading assets</b>	<b>8.510</b>	<b>107</b>
5   Other current assets in thousands of €	30.06.2007	31.12.2006
Debenture bonds and other fixed-interest securities	1.098.511	987.300
Equities and other variable-interest securities	108.000	109.968
Positive market values arising from derivative transactions	572	600
<b>Total current assets *</b>	<b>1.207.083</b>	<b>1.097.868</b>
* of which fair value	53.554	39.638
6   Long-term investments and loans in thousands of €	30.06.2007	31.12.2006
<b>Securities held as current assets/HTM</b>		
Debenture bonds and other fixed-interest securities	314.052	330.595
Interim securities held as current assets	314.052	330.595
<b>Participations/associates</b>		
Other participations	20.062	20.062
Other associates	70.550	70.400
Participations consolidated at equity	207.795	200.196
Interim participations/associates	298.407	290.658
<b>Total long-term investments and loans</b>	<b>612.459</b>	<b>621.253</b>
7   Banks in thousands of €	30.06.2007	31.12.2006
Austrian	582.154	759.042
Foreign	379.581	500.060
<b>Liabilities to banks</b>	<b>961.735</b>	<b>1.259.102</b>

## V. BTV group: Notes

8   Customer accounts in thousands of €	30.06.2007	31.12.2006
<b>Saving deposits</b>		
Austrian	968.781	970.563
Foreign	128.757	123.471
Sub-total savings deposits	1.097.538	1.094.034
<b>Other deposits</b>		
Austrian	3.042.973	2.820.707
Foreign	533.334	370.698
Sub-total other deposits	3.576.307	3.191.405
<b>Customer accounts</b>	<b>4.673.845</b>	<b>4.285.439</b>
9   Securitised debt in thousands of €	30.06.2007	31.12.2006
Debentures	797.617	741.147
Domestic bonds (including medium-term cash deposit)	151.627	141.722
<b>Securitised debt</b>	<b>949.244</b>	<b>882.869</b>
10   Reserves and provisions in thousands of €	30.06.2007	31.12.2006
Long-term payroll reserves	65.197	63.118
Other Reserves and provisions	4.011	4.432
<b>Reserves and provisions</b>	<b>69.208</b>	<b>67.550</b>
11   Subordinated capital in thousands of €	30.06.2007	31.12.2006
Supplymentary capital	353.270	339.985
<b>Subordinated capital</b>	<b>353.270</b>	<b>339.985</b>

## V. BTV group: Notes

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

12 Consolidated own funds of the BTV banking group in millions of €	30.06.2007	31.12.2006
Share capital	50,0	50,0
Minus treasury shares	-2,5	-2,4
General reserves	307,1	307,1
Consolidation pursuant to section 24(2) BWG	10,3	10,3
Minus intangible assets	-1,1	-1,3
<b>Core capital (Tier 1)</b>	<b>363,8</b>	<b>363,7</b>
Supplementary own funds (Tier 2)	360,9	352,9
Valuation items	-99,3	-99,2
<b>Eligible own funds (excluding Tier 3)</b>	<b>625,4</b>	<b>617,4</b>
Own funds applied pursuant to section 23(14 Z 7) BWG (Tier 3)	3,8	0,7
<b>Eligible own funds pursuant to section 215(115) BWG</b>	<b>629,2</b>	<b>618,1</b>
Capital adequacy – own fund requirement	421,2	413,2
Securities trading book and general currency position – own fund requirement	3,8	0,7
Own fund requirement pursuant to section 22(1) BWG	425,0	413,9
<b>Excess</b>	<b>204,2</b>	<b>204,2</b>
Tier 1 ratio in %	6,91 %	7,04 %
BIS capital ratio in %	11,88 %	11,95 %

## V. BTV group: Notes

### Income statement

13   Net interest income in thousands of €	01.01.- 30.06.2007	01.01.- 30.06.2006
<b>Interest and similar income from</b>		
lending and money market transactions with banks	24.664	16.249
lending and money market transactions with customers	109.040	79.681
debenture bonds and fixed-interest securities	27.765	22.780
equities and variable-rate securities	1.415	746
other participations	586	610
participations carried at equity	10.051	8.316
other	10.382	4.368
<b>Sub-total interest and similar income</b>	<b>183.903</b>	<b>132.750</b>
<b>Interest and similar expenses on</b>		
bank deposits	-18.067	-9.450
client deposits	-73.994	-47.593
securitised debt	-17.837	-12.373
subordinated capital	-7.883	-6.427
other	-10.849	-5.277
<b>Sub-total interest and similar expenses</b>	<b>-128.630</b>	<b>-81.120</b>
<b>Net interest income</b>	<b>55.273</b>	<b>51.630</b>
<b>14   Loan loss provisions in thousands of €</b>	<b>01.01.- 30.06.2007</b>	<b>01.01.- 30.06.2006</b>
On-balance sheet	-11.176	-11.031
Off-balance sheet	-50	-100
Loan loss insurance premiums	-2.400	-1.971
Release of on-balance sheet provisions	537	15
Release of off-balance sheet provisions	0	0
Direct amortisation	-698	-29
Income from amortised receivables	80	269
<b>Loan loss provisions</b>	<b>-13.707</b>	<b>-12.847</b>

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



## V. BTV group: Notes

	01.01.- 30.06.2007	01.01.- 30.06.2006
<b>15   Commission income in thousands of €</b>		
Lending	1.462	1.368
Payment transactions	6.381	6.217
Securities trading	14.916	13.747
Currency, foreign exchange and precious metals trading	1.526	1.468
Other	624	602
<b>Commission income</b>	<b>24.909</b>	<b>23.402</b>
<b>16   Trading income in thousands of €</b>		
Derivatives	-21	2.240
Securities	1.391	-39
Foreign currency	485	517
<b>Trading income</b>	<b>1.855</b>	<b>2.718</b>
<b>17   Operating expenses in thousands of €</b>		
Payroll	-29.051	-28.211
Materials	-11.922	-11.168
Amortisation	-3.570	-3.238
<b>Operating expenses</b>	<b>-44.543</b>	<b>-42.617</b>
<b>17a   Payroll</b>	<b>30.06.2007</b>	<b>30.06.2006</b>
White collar	837	804
Blue collar	26	21
<b>Payroll</b>	<b>863</b>	<b>825</b>

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. The comparable figure for the preceding year was correspondingly adjusted.

## V. BTV group: Notes

	01.01.- 30.06.2007	01.01.- 30.06.2006
<b>18   Other operating income in thousands of €</b>		
Securities and derivatives	3.002	1.542
Participations	0	0
Sundry other operating income	3.169	3.065
Sundry other operating expenses	-2.403	-2.493
<b>Other operating income</b>	<b>3.768</b>	<b>2.114</b>
<b>19   Performance bonds and credit risks in thousands of €</b>	<b>30.06.2007</b>	<b>30.06.2006</b>
Performance bonds	237.761	201.119
Credit risks	924.435	725.759
<b>Performance bonds and credit risks</b>	<b>1.162.196</b>	<b>926.878</b>
<b>20   EPS (Ordinary and preference shares)</b>	<b>30.06.2007</b>	<b>30.06.2006</b>
Equities (ordinary and preference shares)	5.000.000	5.000.000
Average float (ordinary and preference shares)	4.956.042	4.955.227
Net Group income (thousands of €)	23.464	21.057
<b>EPS in € (Ordinary and preference shares)</b>	<b>4,73</b>	<b>4,25</b>
Diluted gain per share in € (ordinary und preference shares)	4,73	4,25

## V. BTV group: Segment reporting

### Corporate banking

Profits on the company clientele side of the business rose by 11.4 % compared with the previous year, with a before-tax surplus for the period of €11.7 million. Volume extensions led in total to an improvement in net interest income of €2.92 million or 11.4 %. The growth in net commission income is primarily accounted for by positive developments in payment transactions, while the loan and foreign exchange businesses were only slightly below the level of the preceding year. Rising personnel costs brought about by our expansion in Bavaria and Baden-Württemberg led to administrative costs increasing by €1.5 million or 12.4 %. The cost/profit ratio improved vis-à-vis the previous year by 38.9 %, to 39.3 %, while the interest charged on our own funds rose from 8.9 % to 9.1 %.

### Retail banking

The first half-year of 2007 also stood out for the satisfactory way in which our securities business for private clients developed. The commission revenues in this division even managed to exceed the high level of the previous year and rose by 8.5 %, with the commission surplus going up in total by 4.2 % to €17.84 million. The net interest income increased by 1.0 % over the preceding year to around €22.99 million. This allowed falling margins in the asset business to be compensated by new business and gentle widening of spreads on deposits. The 2.9 % increase in administrative expenditure was brought about by our expansion activities. The before-tax surplus for the period was €10.47 million as at the end of June 2007. At 64.1 % the cost/profit ratio was slightly above the previous year, while the return on shareholders' equity improved from 16.6 % to 17.5 %.

### Treasury

Higher stocks of securities had a positive effect on the Treasury's net interest income. At €3.81 million as at the end of June 2007 that was €0.50 million above the previous year's level. The clear setback in trading performance was marked by profit shortfalls arising from hedging transactions, which accounted for €2.2 million in the first quarter of the previous year. The revenues from securities and foreign exchange trading improved vis-à-vis the previous year by €1.4 million. The before-tax surplus for the period amounted to €9.05 million.

## V. BTV group: Segment reporting

Segment reporting in thousands of €	Quarter	Corporate	Retail	Treasury	Other	Total
Net interest income	06/2007 06/2006	28.479 25.558	22.987 22.766	3.807 3.304	0 0	55.273 51.629
Loan loss provisions	06/2007 06/2006	-9.844 -8.792	-3.863 -4.055	0 0	0 0	-13.707 -12.847
Commission	06/2007 06/2006	5.588 5.057	17.844 17.122	1.477 1.224	0 0	24.909 23.403
Trading income	06/2007 06/2006	0 0	0 0	1.855 2.718	0 0	1.855 2.718
Operating expenses	06/2007 06/2006	-13.395 -11.922	-26.174 -25.438	-1.088 -1.222	-3.885 -4.034	-44.543 -42.617
Other operating income	06/2007 06/2006	856 583	-323 -84	3.002 1.543	233 72	3.768 2.114
<b>Net profit for the year before tax</b>	<b>06/2007 06/2006</b>	<b>11.684 10.484</b>	<b>10.470 10.312</b>	<b>9.053 7.566</b>	<b>-3.652 -3.962</b>	<b>27.555 24.400</b>
Segment income	06/2007 06/2006	3.212.258 3.047.594	1.592.579 1.644.678	2.360.348 2.385.502	0 0	7.165.185 7.077.774
Segment liabilities	06/2007 06/2006	1.066.123 1.132.467	1.820.043 1.686.421	4.051.929 3.800.166	0 0	6.938.095 6.619.054
Ø Lending and market risk equivalent pursuant to section 22 BWG	06/2007 06/2006	3.243.806 2.975.665	1.508.848 1.563.737	370.582 304.731	96.200 100.942	5.219.436 4.945.074
Ø Allocated equity	06/2007 06/2006	259.504 238.053	120.708 125.099	29.647 24.378	109.243 86.662	519.102 474.193
Cost/income ratio (%)	06/2007 06/2006	39,3% 38,9%	64,1% 63,8%	15,2% 16,9%	0 0	54,3% 54,8%
RoE (basis net profit for the year before tax) in %	06/2007 06/2006	9,1% 8,9%	17,5% 16,6%	61,6% 62,6%	0 0	10,7% 10,4%

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

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

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

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

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

**Important events over the period reported**

At the beginning of February BTV opened its fourth branch in the market territory of Southern Germany, in Rosenheim, and its third advisory office in Northern Italy, in Bolzano.

With respect to the resolutions adopted at the 89th Annual General Meeting on 21 May 2007, attention is drawn to the announcement on the BTV Homepage under the heading 'investor relations' ([www.btv.at](http://www.btv.at)).

**Events since the reporting date of the intermediate accounts**

Since the reporting date of the intermediate accounts there have been no reportable activities or events within the BTV group that, in their form or content, would have influenced the way its asset, financial and profit situations were portrayed in that report.

**Declaration of legal representatives under § 87 of the stock exchange act**

As the legal representative of the Bank für Tirol und Vorarlberg AG we give an assurance that, to the best of our knowledge, the abridged group financial statements for the first six months of 2007 are in accordance with IAS 34 "Interim Financial Reporting", and that they convey as faithful a picture as possible of the BTV group's asset, financial and profit situation. We furthermore declare that the Director's report for the half year conveys as faithful a picture as possible of the entirety of the asset, financial and profit situations of the enterprises included in the consolidation.

The carrying out of an audit or of an audit-style review of the intermediate report by an auditor has been waived.

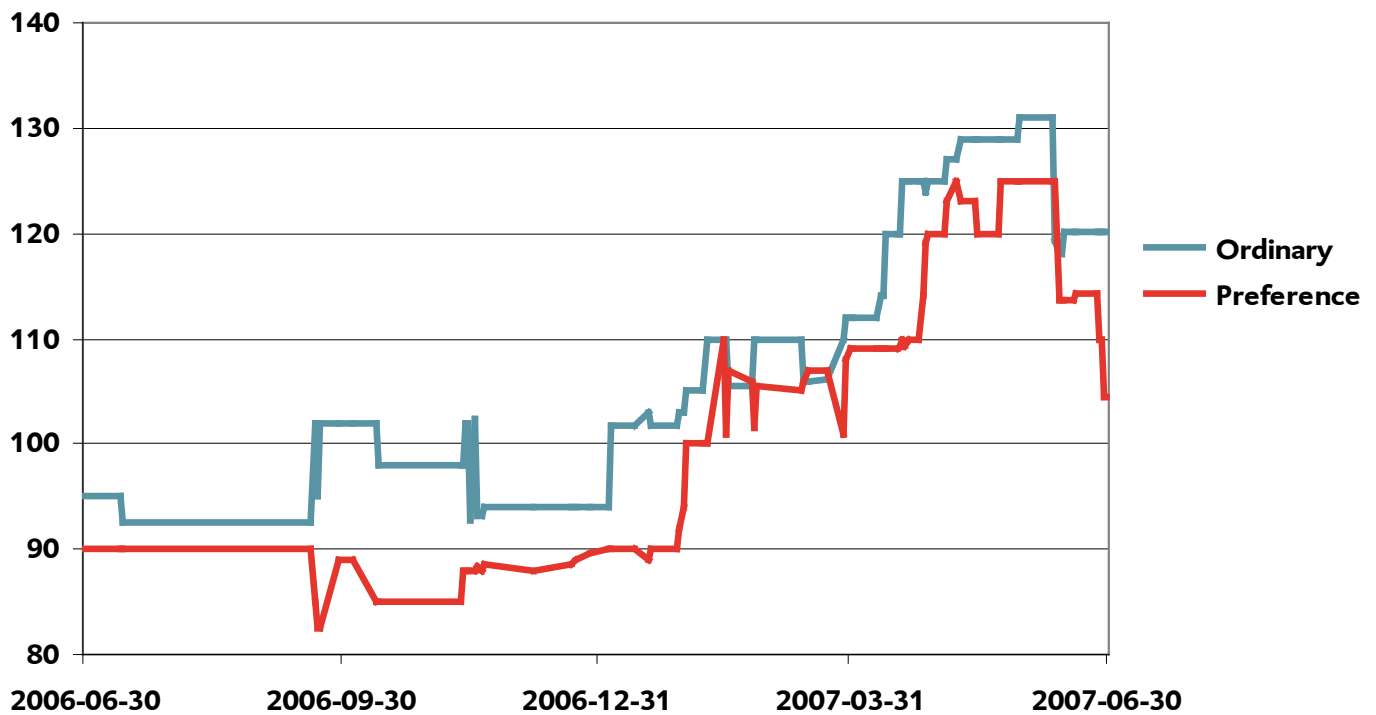


Peter Gaugg



Mag. Matthias Moncher

## BTV equities as at 2007-06-30



The positive economic data and company reports gave the equity markets clear drivers through to the end of May, and led to an advance on a broad front, with some indices even achieving new historic high points.

After the rally that had been seen earlier, the equity markets took a short 'breather' at the beginning of June, and had to give up part of their profits. After the sharp rise in prices investors' behaviour was rather subdued, and the opportunity was seized to take profits. All in all the equity indices in Europe and the USA again performed satisfactorily, and put on about 5 %.

The ATX climbed in the second quarter by 6.4 % to 4,869.26 points. Over the same period BTV's ordinary shares increased in value by about 8.3 %, to € 120.10, while at the end of June its preference shares were listed at € 104.50.

### 3 Banken Gruppe Overview – Group information

Profit and loss in millions of €	BKS Bank		Oberbank		BTV	
	1. Hj 2007	1. Hj 2006	1. Hj 2007	1. Hj 2006	1. Hj 2007	1. Hj 2006
Net interest income	51,8	46,2	133,2	110,6	55,3	51,6
Loan loss provisions	-12,1	-11,3	-33,3	-27,4	-13,7	-12,8
Commission income	22,3	21,4	51,8	48,6	24,9	23,4
Operating expenses	-39,0	-38,1	-97,8	-93,7	-44,5	-42,6
Net profit for the year before tax	28,7	22,3	56,2	46,2	27,6	24,4
Attributable net income for the year	25,4	18,6	49,8	41,0	23,5	21,1
<b>Balance sheet figures in millions of €</b>	<b>30.06.2007</b>	<b>31.12.2006</b>	<b>30.06.2007</b>	<b>31.12.2006</b>	<b>30.06.2007</b>	<b>31.12.2006</b>
Total assets	5.570,0	5.145,4	14.110,1	13.221,8	7.697,1	7.458,3
Loans and advances to customers after loan loss provisions	3.405,3	3.206,3	8.566,1	7.969,3	4.901,4	5.109,0
Primary funds	3.036,8	3.009,1	8.330,8	7.605,4	5.976,3	5.508,3
– of which savings deposits	1.425,2	1.382,5	2.723,8	2.633,5	1.097,5	1.094,0
– of which securitised debt inc. subordinated capital	435,7	425,6	1.597,9	1.494,7	1.302,4	1.222,9
Equity	445,3	416,4	863,6	831,7	525,8	512,4
Managed deposits	9.553,8	9.320,4	16.370,4	15.304,3	11.110,3	10.608,9
– of which client deposits	6.517,0	6.311,3	8.039,6	7.698,9	5.134,0	5.100,6
<b>BWG own funds in millions of €</b>	<b>30.06.2007</b>	<b>31.12.2006</b>	<b>30.06.2007</b>	<b>31.12.2006</b>	<b>30.06.2007</b>	<b>31.12.2006</b>
Measurement basis	3.873,4	3.598,5	10.117,9	9.457,6	5.265,3	5.165,3
Own funds	399,0	396,3	1.224,6	1.204,6	625,4	617,4
– of which core capital (Tier I)	233,1	241,8	670,4	669,4	363,8	363,7
Surplus	89,1	108,4	412,3	446,0	204,2	204,2
Tier 1 ratio	6,02 %	6,72 %	6,63 %	7,08 %	6,91 %	7,04 %
Total capital ratio	10,30 %	11,01 %	12,10 %	12,74 %	11,88 %	11,95 %
<b>Subsidiaries in %</b>	<b>30.06.2007</b>	<b>31.12.2006</b>	<b>30.06.2007</b>	<b>31.12.2006</b>	<b>30.06.2007</b>	<b>31.12.2006</b>
RoE before tax	12,12 %	11,17 %	13,34 %	12,37 %	10,70 %	10,36 %
RoE after tax	10,58 %	9,74 %	11,84 %	11,01 %	9,12 %	9,07 %
Cost/income ratio	50,9 %	54,7 %	52,2 %	56,4 %	54,3 %	52,0 %
Risk/earnings ratio	23,4 %	21,2 %	25,0 %	23,4 %	24,8 %	26,5 %
<b>Resources</b>	<b>30.06.2007</b>	<b>31.12.2006</b>	<b>30.06.2007</b>	<b>31.12.2006</b>	<b>30.06.2007</b>	<b>31.12.2006</b>
Average no. of employees (only white collar)	778	721	1.866	1.761	837	805
Number of branches	51	50	118	117	41	40

## Imprint

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

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