

BUSINESS REPORT / THIRD QUARTER 2005

BUSINESS DEVELOPMENT OF BTV AG DURING THE THIRD QUARTER OF 2005

Further increase in core and developing market shares

Market shares in corporate and private business were increased by offering tailor-made products to selected customer groups. The expansion markets in Vienna, Switzerland and Southern Germany have developed faster than expected.

Considerable increase in loans and advances to customers

Loans and advances to customers have increased strongly during the third quarter and are by EUR 314 mn above the figure of June 30, 2005. Financing to corporate customers was increased by EUR 92 mn, to private customers by EUR 15 mn. Customer financing in total grew by 11.1 % to almost EUR 4,800 mn since this time last year.

Attractive development in securities investment and provision investment

Active sales of own and non-BTV products boosted the investment business. Customer deposits totalled EUR 4,987 mn. Substantial increase in deposits was also achieved on savings accounts. Savings deposits in total including savings accounts rose by EUR 32 mn. There was a strong demand of BTV's customers for state-aided future provision.

Operating result has developed as scheduled

Increased sales of investment products and the positive development of the stock markets had a positive effect on the retail and financial result. The returns out of the securities business were clearly increased compared to the year before.

Tyrol and Vorarlberg were leading in Austria in foreign currency financing. The market penetration in this product segment is already very high. During the last months the financial markets did not give any incentive to increase borrowing in Swiss Francs or Japanese Yen nor to shift the financing portfolio. For this reason the proceeds from

foreign exchange transactions stayed below the figure of the year before.

The clearly higher financing volume had no direct effect on the development of the net interest income. The severe competition and the low interest level had a damping effect on the margin of interest. During the 3. quarter the net interest income decreased by 2.5 %. At September 30, 2005 operating income in total was at EUR 102.6 mn, which was slightly less than last year. Operating expenses were reduced despite specific investments into the expansion markets. The reduction of 1.9 % shows that the expenses are under control. At the end of the 3. quarter the accumulated operating result was at EUR 44.6 mn.

Outlook

BTV does not expect essential trend changes on the markets for the remaining months: The interest level will remain low, the economic development in Austria, Germany and Switzerland will stay restrained and the severe competition for sound customers will continue.

The sales priorities in corporate and private customers business will be continued consistently. BTV's corporate business continues to focus on investment and export financing, interest and currency management as well as payment transactions.

Private customers business intensifies the emphasis on "safe investments" – with special attention to "provision" especially the provision situation of women. Information events on that topic are organised in the branches of BTV.

This shareholders information is the last one according to the Austrian Commercial Code. At the end of the year the International Financial Reporting Standards are applied. These are compulsory accounting rules for capital market orientated companies within EU-countries: Accounts for business years starting on or after Jan. 1, 2005 have to be carried out according to the IFRS-standards. The Annual Report 2005 and the Interim Report for the first quarter 2006 have to be issued according to the standards of IFRS.

BALANCE SHEET AND PROFIT AND LOSS ACCOUNT OF BTV AG AS AT 2005-09-30

ASSETS	2005-09-30	2004-09-30	changes	changes
	mn. EUR	mn. EUR	mn. EUR	%
1. Cash in hand, balances with central banks	24,0	158,0	- 134,0	- 84,8
2. Treasury bills and other bills eligible for refinancing with the central bank	168,7	177,8	- 9,1	- 5,1
3. Loans and advances to credit institutions	96,7	116,9	- 20,2	- 17,3
4. Loans and advances to customers	4.773,4	4.296,1	477,3	11,1
5. Debt securities and other fixed-interest securities	839,8	806,8	33,0	4,1
6. Shares and other non-fixed interest securities	91,3	63,7	27,6	43,3
7. Equity shares	85,8	53,0	32,8	61,9
8. Interest in associated companies	127,4	125,6	1,8	1,4
9. Other assets	164,3	147,4	16,9	11,5
TOTAL	6.371,4	5.945,3	426,1	7,2

LIABILITIES	2005-09-30	2004-09-30	changes	changes
	mn. EUR	mn. EUR	mn. EUR	%
1. Deposits by credit institutions	1.252,2	654,8	597,4	91,2
2. Customers accounts	3.514,5	3.808,8	- 294,3	- 7,7
of which a) savings deposits	1.053,0	1.038,6	14,4	1,4
of which b) other liabilities	2.461,5	2.770,2	- 308,7	- 11,1
3. Liabilities evidenced by certificates	800,2	777,6	22,6	2,9
4. Provisions	45,4	45,2	0,2	0,4
5. Supplementary capital	289,7	256,5	33,2	12,9
6. Subscribed capital	50,0	50,0	0,0	0,0
7. Reserves	177,4	152,2	25,2	16,6
8. Liability reserve according to §23 (6) Bank Act	93,1	91,5	1,6	1,7
9. Other liabilities	148,9	108,7	40,2	37,0
TOTAL	6.371,4	5.945,3	426,1	7,2

PROFIT AND LOSS ACCOUNT	2005-09-30	2004-09-30	changes	changes
	mn. EUR	mn. EUR	mn. EUR	%
1. Interest receivable and similar income	155,4	152,3	3,1	2,0
2. Interest payable and similar expenses	- 96,1	- 91,5	4,6	5,0
I. NET INTEREST INCOME	59,3	60,8	- 1,5	- 2,5
3. Income on shares, other equity rights and variable-yield securities	0,5	0,4	0,1	25,0
4. Income on equity interests and interests in associated companies	7,0	7,1	- 0,1	- 1,4
5. Commissions	31,8	32,0	- 0,2	- 0,6
6. Earnings / expenses from financial transactions	2,8	2,9	- 0,1	- 3,4
7. Other operating income	1,2	1,0	0,2	20,0
II. OPERATING INCOME	102,6	104,2	- 1,6	- 1,5
8. Staff costs	- 37,5	- 38,3	- 0,8	- 2,1
9. Other administrative expenses (material costs)	- 16,2	- 16,6	- 0,4	- 2,4
10. Value adjustments on assets included in asset item no.9	- 4,1	- 4,0	0,1	2,5
11. Other operating expenses	- 0,2	- 0,2	0,0	0,0
III. OPERATING EXPENSES	- 58,0	- 59,1	- 1,1	- 1,9
IV. OPERATING RESULT	44,6	45,1	- 0,5	- 1,1

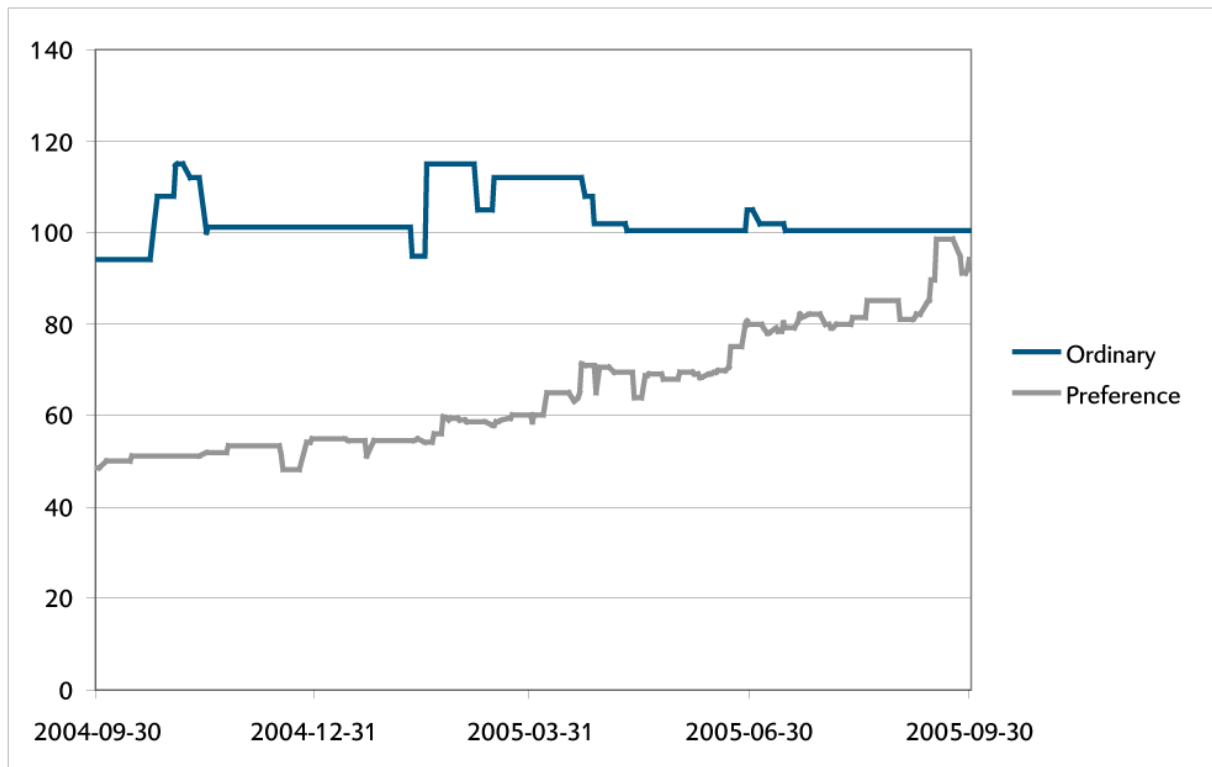
CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT OF BTV AS PER 2005-09-30

ASSETS	2005-09-30	2004-09-30	changes	changes
	mn. EUR	mn. EUR	mn. EUR	%
1. Cash in hand, balances with central banks	24,0	158,0	- 134,0	- 84,8
2. Treasury bills and other bills eligible for refinancing with the central bank	168,7	177,8	- 9,1	- 5,1
3. Loans and advances to credit institutions	97,7	121,7	- 24,0	- 19,7
4. Loans and advances to customers	4.885,4	4.345,4	540,0	12,4
5. Debt securities and other fixed-interest securities	839,8	806,8	33,0	4,1
6. Shares and other non-fixed interest securities	91,3	63,7	27,6	43,3
7. Equity shares	87,4	54,7	32,7	59,8
8. Interest in associated companies	72,1	67,8	4,3	6,3
9. Other assets	201,2	179,3	21,9	12,2
TOTAL	6.467,6	5.975,2	492,4	8,2

LIABILITIES	2005-09-30	2004-09-30	changes	changes
	mn. EUR	mn. EUR	mn. EUR	%
1. Deposits by credit institutions	1.257,0	650,3	606,7	93,3
2. Customers accounts	3.541,9	3.804,6	- 262,7	- 6,9
of which a) savings deposits	1.053,0	1.038,6	14,4	1,4
of which b) other liabilities	2.488,9	2.766,0	- 277,1	- 10,0
3. Liabilities evidenced by certificates	800,2	777,6	22,6	2,9
4. Provisions	54,9	49,7	5,2	10,5
5. Supplementary capital	289,7	256,5	33,2	12,9
6. Subscribed capital	50,0	50,0	0,0	0,0
7. Reserves	196,0	170,4	25,6	15,0
8. Liability reserve according to §23 (6) Bank Act	93,1	91,5	1,6	1,7
9. Other liabilities	184,8	124,6	60,2	48,3
TOTAL	6.467,6	5.975,2	492,4	8,2

PROFIT AND LOSS ACCOUNT	2005-09-30	2004-09-30	changes	changes
	mn. EUR	mn. EUR	mn. EUR	%
1. Interest receivable and similar income	168,8	158,8	10,0	6,3
2. Interest payable and similar expenses	- 105,2	- 94,2	11,0	11,7
I. NET INTEREST INCOME	63,6	64,6	- 1,0	- 1,5
3. Income on shares, other equity rights and variable-yield securities	0,6	0,4	0,2	50,0
4. Income on equity interests and interests in associated companies	7,0	5,1	1,9	37,3
5. Commissions	32,4	32,8	- 0,4	- 1,2
6. Earnings / expenses from financial transactions	2,8	2,9	- 0,1	- 3,4
7. Other operating income	4,0	3,6	0,4	11,1
II. OPERATING INCOME	110,4	109,4	1,0	0,9
8. Staff costs	- 38,5	- 39,4	- 0,9	- 2,3
9. Other administrative expenses (material costs)	- 15,8	- 16,0	- 0,2	- 1,3
10. Value adjustments on assets included in asset item no.9	- 5,4	- 5,2	0,2	3,8
11. Other operating expenses	- 2,5	- 2,6	- 0,1	- 3,8
III. OPERATING EXPENSES	- 62,2	- 63,2	- 1,0	- 1,6
IV. OPERATING RESULT	48,2	46,2	2,0	4,3

BTV EQUITIES AS AT 2005-09-30



The US equity markets were depressed in Q2 by rising US money market rates, a more expensive dollar and higher oil prices. These led to sluggish rises on the Nasdaq Composite and the S&P 500 and a slight fall on the Dow Jones.

By contrast, in the past few months the European equity markets have benefited from a weaker euro (which pushed up export securities in particular), the German elections and lower money and capital market rates, while takeovers and mergers have also stimulated the European stock markets, the Central and Eastern European equity markets in particular posting major gains.

The ATX rose again to 3 049.91 (+ 15 % on Q1).
At the end of March BTV preference shares were up 36 % to € 80 and BTV ordinary shares ended June at € 105.

IMPORTANT FIGURES OF 3 BANKEN GRUPPE* (CONSOLIDATED)

	2005-09-30 mn. EUR	2004-09-30 mn. EUR	changes mn. EUR	changes %
BALANCE SHEET				
Balance-sheet total	22.898	21.539	1.359	6,3
Loan and advances to customers	15.086	13.873	1.213	8,7
Fixed-interest securities	3.172	3.208	- 36	- 1,1
Primary funds (including supplementary capital)	13.983	13.874	109	0,8
of which savings deposits	4.799	4.700	99	2,1
Securities deposited by customers	18.112	16.536	1.576	9,5
PROFIT AND LOSS ACCOUNT				
Interest income (including income on equity interests)	255,1	246,1	9,0	3,7
Commission receivable (including other earnings)	145,2	136,8	8,4	6,1
Earnings / expenses from financial transactions	13,3	14,8	- 1,5	- 10,1
Staff costs	149,3	146,7	2,6	1,8
Material expenditure, depreciation other expenditure	94,3	90,8	3,5	3,9
Operating result	170,0	160,2	9,8	6,1
CAPITAL RESOURCES				
Creditable capital resources (without Tier 3)	1.898	1.832	66	3,6
Surplus capital resources	578	598	- 20	- 3,3
RESOURCES				
Average number of persons employed	3.268	3.195	73	
Branches	193	192	1	

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