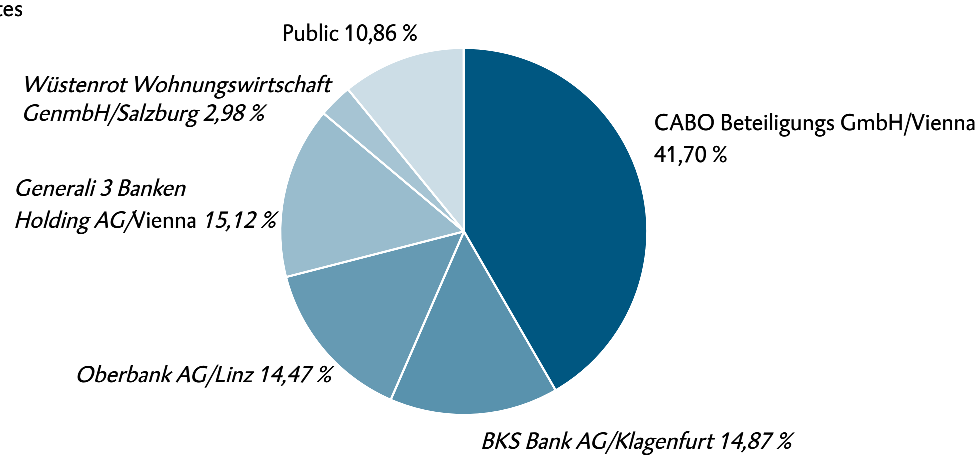
ANNUAL REPORT 2005

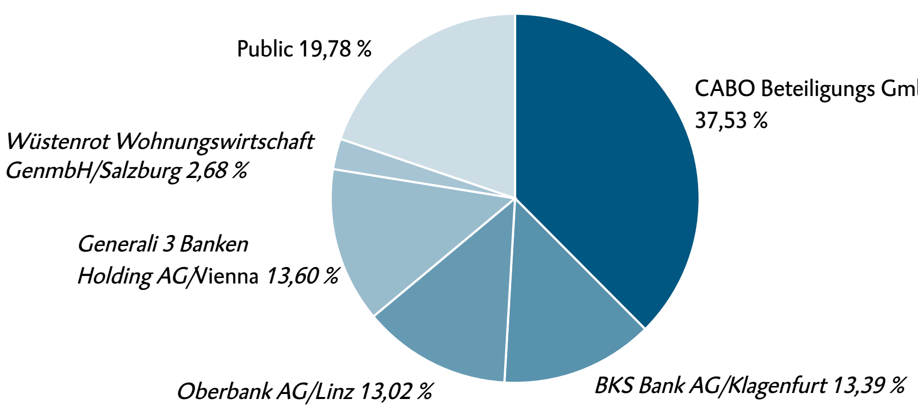
BTV
3 Banken Gruppe

SHAREHOLDERS/CODE OF CORPORATE GOVERNANCE

BTV
according to votes



BTV
according to shares in capital



The above italicised shareholders have concluded syndicate agreements.

CODE OF CORPORATE GOVERNANCE

BTV published a Code of Corporate Governance regarding aims and principles, which are given in their entirety on our website at www.btv.at. The company has observed the code last year and will keep to it during the current business year.

THE BTV GROUP – AT A GLANCE

Income in millions of €	**2005**	**2004**	**+/- %**
Interest	99,4	94,6	5,1 %
Loan loss provisions	- 26,9	- 25,5	5,4 %
Commission	40,8	39,4	3,6 %
Operating expenses	- 83,1	- 76,7	8,3 %
Profit of the year before tax	39,8	33,7	18,2 %
Group profit for the year	34,9	27,1	28,7 %
Balance sheet in millions of €			**+/- %**
Total assets	6.765	6.331	6,9 %
Loans and advances to customers after credit risk	4.762	4.416	7,8 %
Primary funds	5.248	4.800	9,3 %
of which savings deposits	1.058	1.059	- 0,1 %
of which securitised debt inc. subordinated capital	1.139	1.069	6,6 %
Equity	470	432	8,7 %
Managed deposits	10.290	9.046	13,8 %
Equity (under Austrian law - BWG) in millions of €			**+/- %**
Risk-weighted assets	4.773	4.388	8,8 %
Own funds (not inc. Tier 3)	555	554	0,2 %
of which core capital (Tier I)	340	331	2,7 %
Surplus own funds	171	203	- 15,8 %
Core capital ratio	7,12 %	7,53 %	- 0,41 %
Total capital ratio	11,63 %	12,63 %	- 1,00 %
Companies			**+/- in %**
Return on equity before tax	8,83 %	8,03 %	0,80 %
Return on equity after tax	7,74 %	6,47 %	1,27 %
Cost/income ratio	56,7 %	57,3 %	- 0,6 %
Risk/earnings ratio	27,1 %	27,0 %	0,1 %
Resources			**+/- in %**
Average no. of employees	820	829	- 9
Number of branches	37	37	0
BTV shares			
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 €	115,00/98,50	126,50/55,00	
Bottom price of ordinary/preference share in €	90,37/51,00	92,00/42,50	
Closing price of ordinary/preference share in €	105,00/78,00	101,00/55,00	
Market capitalisation in millions of €	512	482	
IFRS EPS in €	7,04	5,46	
P/E ratio, ordinary shares	14,2	18,5	
P/E ratio, preference shares	10,6	10,1	

2005 CONSOLIDATED FINANCIAL STATEMENTS PREPARED PURSUANT TO THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

CONTENT

INTRODUCTION BY THE MANAGING DIRECTORS

SHAREHOLDERS AND BUSINESS PARTNERS,
ESTEEMED CLIENTS OF BTV,

BTV has had a successful financial year thanks to global economic recovery.

2005 saw BTV heavily involved in targeted expansion. The move over the border into Switzerland/Staad now successfully completed, BTV is poised for expansion into the German market. For years we have been providing outreach services to the markets in the Memmingen, Rosenheim and Lake Constance areas from our Austrian branches on the German border, enabling many thousands of clients in Southern Germany to sample the quality of our services. Our aim is now to build on this confidence by opening foreign branches in Augsburg and Memmingen, with more to follow.

Since our foundation over 100 years ago we have worked hard to become, without acquisitions, one of the most solid and significant banks in Austria and have been market listed since 1989. 850 staff serve over 120 000 retail and 6 000 corporate BTV clients in our core Tyrol and Vorarlberg regions and in our new markets in Vienna, Eastern Switzerland, the Veneto, Baden-Württemberg and Bavaria. Our clients recognise BTV as a region-based bank with local presence whose strengths lie in meeting future challenges. Flexibility, streamlined, unbureaucratic operations and comprehensive skill in all financial matters are now more in demand than ever - and all contribute to the success of BTV - and to our clients‘ enthusiasm.

BTV has one major advantage over many of its competitors in the banking sector - its independence, which allows us to react flexibly and immediately and stay one step ahead of our competitors. This, together with our independence is certainly one of the main contributing factors to our success.
A steady, reliable business policy has made BTV in its various regions the recognised bank for wealthy private clients and medium-sized enterprises, as was made clear in summer 2005 with the opening of the new, attractive BTV client centre in Vienna‘s Albertinaplatz, a very special place that unites culture with finance and is right in the middle of Vienna‘s 1st district, at the throbbing heart of the city and Austria itself.

In the geographic middle of our new locations in Switzerland, Vienna, Southern Germany and Padua, a new foundation stone has been set in the centre of Innsbruck as we continue to build a successful future for our Group: the StadtForum. In 2005 the building construction was finished. As in the case of our new client centre in Vienna‘s Albertinaplatz, BTV StadtForum clients and employees will be interacting with modern architecture.

The great competence and quality of BTV has of course impacted our annual financial statements. In the previous year we won both corporate and retail share custom. It should be noted that as a listed company BTV has had to prepare IFRS annual financial statements for the first time in 2005.
A successful financial year raised the Group‘s after-tax profit 28.7 % to € 34.9 million. The cost/income ratio improved from 57.3 % to 56.7 %. EPS rose significantly from € 5.46 to € 7.04.

The considerable rise in annual income as a result of our excellent client relations, economy and good risk assessment further increased equity in 2005 € 37.8 million (8.7 %) to € 470 million, while attributable own funds (11.63%) considerably overshot the statutory 8% minimum requirement. BTV will consequently remain self-sufficient and independent into the future.

At the basis of these excellent figures is our staff. All BTV staff have a solid understanding of their field and can thus focus entirely on our clients and their needs. Providing a friendly, high-quality service is not just an empty phrase for BTV since taking the time to perform comprehensive analyses and jointly developing tailored services is the key to success. The combination of independence, real client service and intelligent services leads the way to general, long-term solutions. BTV ensures all its corporate and retail clients premium-quality service in all financial matters as skill, objective advice and individual solutions are at the top of our agenda. Stick with us and see your enthusiasm for us grow!

Yours

Peter Gaugg — Mag. Matthias Moncher

MANAGEMENT REPORT

BUSINESS OVER THE YEAR

IFRS group financial statements
The 2005 annual financial statements have been prepared for the first time under the International Financial Reporting Standards (IFRS). Under Austrian law, IFRS consolidated financial statements replace financial statements prepared using Austrian accounting standards. The present IFRS annual financial statements consequently replace consolidated statements prepared pursuant to section 245a of the Austrian Commercial Code in combination with section 59a of the Austrian Banking Act (BWG).

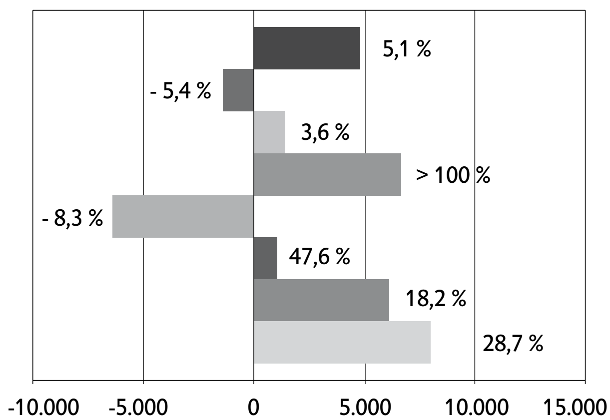
INCOME

BTV's performance over the period was good, after-tax profits rising 28.7% to € 34.9 million and the various Income Statement positions producing the following income: interest +5.1% to € 99.4 million; reserves +3.6% to € 40.8 million. Trading income consistently improved over the year to reach € 6.3 million. Operating expenses rose 8.3% to € 83.1 million mainly because of higher contributions to social capital. The cost/income ratio improved to 56.7% (2004: 57.3%) while loan loss provisions were 5.4% up on 2004. Other operating profit went up from € 2.2 million in 2004 to € 3.2 million in 2005 to produce a pre-tax profit up 18.2% to € 39.8 million.

Change in earnings 2005
thousands of €

Interest	4.798
Loan loss provisions	- 1.382
Reserves	1.409
Trading	6.648
Operating expenses	- 6.391
Other operating profit	1.042
Pre-tax profit	6.124
After-tax profit	**7.773**

Total income change in thousands of euro and change in %



Interest
Despite fierce competition and pressure on core market margins, income rose 5.1% to € 99.4 million. The interest spread rose from 1.58% in 2004 to 1.59% in 2005.

Loan loss provisions
Appropriations totalled € 26.9 million (+5.4% on 2004) in 2005, in line with budget. See the Risk Report for details of risk management and risk in general.

Commission
Securities and currency trading were significant profit-generating factors. Securities trading was the income driver (+€ 1.8 million to € 22.3 million) but currency trading was down € 3.4 million to € 2.7 million. Overall, commission was up 3.6% to € 40.8 million.

Trading
Trading income totalled € 6.3 million, significantly in excess of the slight loss posted in 2004 and materially impacted by higher securities trading income and futures trading profits (which showed a loss in 2004).

Operating expenses
These (payroll, materials and depreciation) increased 8.3% over the period (+€ 76.7 million) to € 83.1 million.

Payroll charges went up 12.3% to € 55.2 million primarily owing to long-term reserves. The drop in the discount rate to 3.5% (2004: 4.0%) was the primary reason for the over three-fold increase in social capital from € 2.1 to € 6.4 million. By contrast, wages and salaries rose 3.3% to € 36.5 million while the number of employees fell by 8 to 842 (weighted by grade). Thanks to continuing economies, materials expenditure dropped 1.5% to € 20.5 million but the higher level of write-down on intangible fixed assets and buildings raised depreciation for wear and tear 9.7% to € 7.4 million.

Other operating income
This rose from € 2.2 million in 2004 to € 3.2 million over the period, mostly as a result of the disposal of the stake in APSS GmbH, which produced a € 1.3 million gain. The Other Leasing Income/Expenses heading also improved € 0.5 million but sales of securities not included under Trading fell € 1 million.

The pre-tax profit for the year on this item as a whole was € 39.8 million, up 18.2% on the previous year.

Tax
As a result of the 2005 Tax Reform Act voted by Parliament on 6 May 2004, the Group was fiscally reorganised so that BTV AG (parent) together with Leasing GmbH and its Austrian subsidiaries at 1 January 2005 formed a tax group.

The Income and Profits Tax heading includes Austrian corporation tax owed plus in particular IFRS deferred tax assets and liabilities. BTV posted 12.4% tax for 2005 (2004: 19.5%).

Consolidated profit for the year
Pre-tax profit totalled € 39.8 million (2004: €.7 million), producing an after-tax consolidated profit of € 34.9 million (+28.7%).

RoE on after-tax consolidated profit for 2005 was 7.7% (2004: 6.5%), while EPS rose from € 5.46 to € 7.04.

A € 1.40 per share dividend will be proposed (+7.7%).

BUSINESS OVER THE YEAR

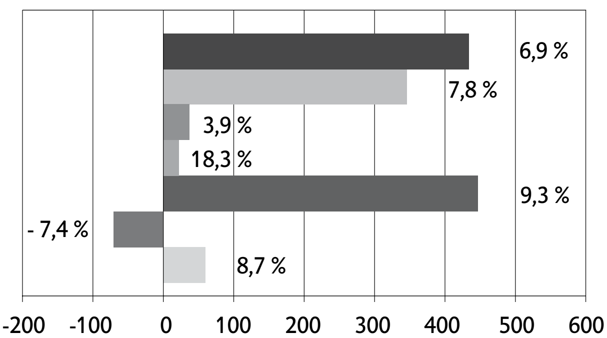
BALANCE SHEET

Total BTV group assets grew 6.9 % to **€** 6 765.4 million last year, both assets and liabilities being client-driven.

Change in essential balance sheet positions 2005
thousands of €

Total assets	435
Loans and advances to customers after credit risk	346
Other current assets	37
Cash reserves	19
Primary funds inc. supplementary capital	447
Liabilities to banks	- 71
Equity	38

Total change in millions of euro and %



On the asset side, loans and advances to customers after credit risk went up to 7.6 % to € 4910.1 million, demand being mainly for medium to long-term loans. Euro interest rates meant that Austrian and German clients were mainly seeking euro-denominated loans and that under 10% of all new lending was in foreign currencies.

2005 appropriations to loan loss provisions were mostly offset by releases and applications, bringing amortisation, making write-down a moderate 1.6 % to € 147.9 million. Risk management aims, methods and declarations for particular market and default risks are showing in the Risk Report (page 60).
The € 36.9 million rise in other current assets was broken down as follows: € 13.6 million fixed-interest securities and € 23.3 million equities and other variable-rate securities. Long-term assets and loans saw a 0.1 % increase to € 598.1 million.

Client deposits grew 10.1 % to € 4 108.2 million, savings deposits remaining unchanged since the previous year at € 1 058.2 million. 2005 followed the 2004 trend for major refinancing through own issues, securitised debt and subordinated capital expanding to € 1 139.2 million (+6.6%).

Balance Sheet equity (including consolidated profit for the year) rose 8.7 % (€ 37.8 million) to € 469.6 million, primarily owing to 2005 results.

At the balance-sheet date, the banking group‘s creditable own funds under the Austrian Banking Act (BWG) totalled € 555.3 million (2004: € 554.8 mn), and given a capital adequacy requirement at 31 December 2005 of € 384.8 million, cover was 144 % (2004: 158 %).

The banking group‘s core capital (Austrian rules) at 31 December 2005 totalled € 339.8 million (2004: € 330.5 million), core capital at the balance-sheet date being 7.12 % (-0.41%). Own funds (11.63 %) remain significantly higher than the statutory 8 % requirement.

SUSTAINABILITY REPORT
COMPLIANCE AND MONEY LAUNDERING

SUSTAINABILITY REPORT

Globalisation has made sustainability a major problem and the very word a household term. BTV has for many years made sustainability part of its business policy of putting forward strategic issues and developments that meet present needs without endangering those of the generations to come. Increasing numbers of companies are realising the importance of this general concept and basing their business policies on sustainable growth that will improve their performance. As a private-sector undertaking BTV, bearing in mind the needs of its shareholders, clients, employees and future generations places particular emphasis on sustainability. Solid results based on cost-efficiency generated by the best use of resources and socially-oriented trading generate sustainable growth.

BTV‘s commitment to its staff is a major company undertaking. Staffing is the greatest contributor to its success and BTV is seeking to meet its social commitments using comprehensive, sustainability-oriented methods.

HR management places great emphasis on the selection and development of highly qualified employees and teams for the Group‘s core and new markets. Improving specialist sales training is just as important to achieving targets as the basic training of all the company‘s employees and their commitment to the Group. Free-lance consulting was a new addition to the specialist training provided to personal account managers, while the 1800 applications received in 2005 are testimony to the attractiveness of BTV as an employer.

In 2005 BTV offered its staff, in conjunction with Merkur Versicherung, an attractive additional private health insurance, which was enthusiastically received.

The Dr. Gerhard Moser going europe Privatstiftung (trust) supports students accepted into commercial colleges in the Tyrol and Vorarlberg. Over the last seven years the trust has given over € 100 000 in grants.

Purchasing will focus on environmentally safe, recyclable products as BTV works to protect the environment and with a view to the future invests in its resources.

Sustainability as a concept has also led us to develop new banking products. The 3 Banken Investmentgesellschaft now offers sustainability-focused equity funds to investors concerned about ecological, ethical, social and sustainability issues.

COMPLIANCE

New BTV employees undertake to follow its compliance code, which is based on the Austrian banking Standard Compliance Code, and the Compliance Order. Compliance is checked and thoroughly documented on a daily basis.

Based on the Compliance Order, BTV confidentiality was defined and aligned and the staff involved were advised of the changes affecting the presentation of information.

MONEY LAUNDERING

Throughout 2005 BTV took steps to ensure compliance with all money-laundering legislation and regulations. In addition to the introduction of automated support systems based on databases of international suspects, regular transaction checks were performed on a random basis.

Staff were kept up to date with the most recent forms of money laundering to enable them to quickly spot suspicious transactions.

OUTLOOK

At retail and corporate levels BTV expects 2006 to produce further growth driven mainly by increase in market share in the Group's core Tyrol and Vorarlberg and in its new Vienna, Eastern Switzerland, Southern Germany and Veneto markets and by an expanding economy.

In the next few months BTV will be opening new foreign branches in Memmingen and Augsburg in Bavaria, thus stepping up its market offensive. BTV Leasing too will be continuing its own successful expansion by opening offices in Bavaria, a region that in the medium term is expected to produce long-term profits for the Group.

2006 should produce after-tax profits in excess of € 40 million, lifting RoE above 9% and bringing the cost/income ratio to around 56 %.

There were no material post-balance sheet events.

Innsbruck, 27 February 2006
The Managing Directors

Peter Gaugg

Mag. Matthias Moncher

RISK REPORT

BTV group risk management identifies all potential risk and measures and steers it on the basis of risk limits. Internal risk management and measurement uses the methods and processes developed by the financial industry.
The calculation of market, and in future also credit risk is based on Riskpro, a risk controlling system in international use.

In order to measure BTV risk, all the risks falling within the scope of the available risk cover fund are regularly compared. The BTV Development Committee sets the limits for the Bank as a whole and manages current risk. The Committee includes all the directors, the heads of Credit Management and Banking and of the business departments. The risks measured and limited as part of total risk are

- Credit risk
- Market risk
  - Interest rate risk
  - Equity price risk
  - Currency risk
- Liquidity risk
- Operating risk
- Other

Total credit risk (volume)

- Credit risk in volume terms depends on balance sheet Loans and advances to banks, non-Bank clients, all fixed-rate securities and off-balance sheet commitments and documentary credits taken together.
- Total BTV group credit risk over the period rose 5.6% , (+€ 349.8 million) to € 6621.7 million, of which € 304.2 million BTV AG and € 45.6 million BTV Leasing, its wholly-owned subsidiary.
- Increased credit risk fell essentially into the best risk class (no expectation of default), the „credit watch" and „high risk of default" classes shrank, and „non-performing loans" rose very slightly.
- 86% of all BTV group lending now falls into the best risk category, creating a rise of € 497 million or 9.6%.

CREDIT RISK

Asset quality

Balance-sheet date	items	No expectation of default	Credit-watch	Higher risk of default	Non-performing	Total
31.12.2005	Total Assets	5.697.153	417.767	282.024	224.769	6.621.714
	Percentage	86,04 %	6,31 %	4,26 %	3,39 %	100,00 %
	Provisions	2.342	1.274	15.545	128.717	147.879
	Percentage cover	0,04 %	0,31 %	5,51 %	57,27 %	2,23 %
31.12.2004	Total Assets	5.199.923	515.363	345.359	211.261	6.271.906
	Percentage	82,91 %	8,22 %	5,51 %	3,37 %	100,00 %
	Provisions	1.798	1.565	15.172	127.006	145.541
	Percentage cover	0,03 %	0,30 %	4,39 %	60,12 %	2,32 %
Change	Total Assets	497.231	- 97.596	- 63.334	13.508	349.809
	Percentage	9,60 %	- 18,90 %	- 18,30 %	6,40 %	5,60 %
	Provisions	544	- 290	373	1.712	2.338
	Percentage cover	30,20 %	- 18,50 %	2,50 %	1,30 %	1,60 %

RISK REPORT

Development Austria/abroad

- Presentation is by country of borrower/issuer.
- Total credit risk rose € 16.5 million (+0.4 %) in Austria over the period.
- Total credit risk rose € 333.3 million (+19 %) abroad over the period.
- Foreign credit risk as a proportion of total credit risk rose from 28% to 31.6 % over the year.

Asset quality in Austria

Balance-sheet date	Items	No expectation of default	Credit-watch	Higher risk of default	Non-performing	Total
31.12. 2005	Total Assets	3.759.961	351.896	223.780	194.835	4.530.472
	Percentage	82,99 %	7,77 %	4,94 %	4,30 %	100,00 %
	Provisions	1.853	1.078	12.293	114.137	129.362
	Percentage cover	0,05 %	0,31 %	5,49 %	58,58 %	2,86 %
31.12. 2004	Total Assets	3.609.311	433.436	278.618	192.620	4.513.985
	Percentage	76,96 %	9,60 %	6,17 %	4,27 %	100,00 %
	Provisions	1.452	1.342	12.534	116.648	131.976
	Percentage cover	0,04 %	0,31 %	4,50 %	60,56 %	2,92 %
Change	Total Assets	150.650	- 81.540	- 54.838	2.215	16.488
	Percentage	4,20 %	- 18,80 %	- 19,70 %	1,20 %	0,40 %
	Provisions	401	- 264	- 241	- 2.511	- 2.614
	Percentage cover	27,60 %	- 19,70 %	- 1,90 %	- 2,20 %	- 2,00 %

Asset quality abroad

Balance-sheet date	Items	No expectation of default	Credit-watch	Higher risk of default	Non-performing	Total
31.12. 2005	Total Assets	1.937.192	65.871	58.245	29.934	2.091.242
	Percentage	92,63 %	3,15 %	2,79 %	1,43 %	100,00 %
	Provisions	489	196	3.252	14.580	18.517
	Percentage cover	0,03 %	0,30 %	5,58 %	48,71 %	0,89 %
31.12. 2004	Total Assets	1.590.612	81.927	66.741	18.641	1.757.921
	Percentage	90,48 %	4,66 %	3,80 %	1,06 %	100,00 %
	Provisions	346	223	2.638	10.358	13.565
	Percentage cover	0,02 %	0,27 %	3,95 %	55,56 %	0,77 %
Change	Total Assets	346.581	- 16.056	- 8.497	11.293	333.321
	Percentage	21,80 %	- 19,60 %	- 12,70 %	60,60 %	19,00 %
	Provisions	143	- 26	614	4.222	4.952
	Percentage cover	41,20 %	- 11,80 %	23,30 %	40,80 %	36,50 %

Credit risk per country was as follows.

- Austrian borrowers accounted for about 68 % of total credit risk, Germans for 10.5% and the Swiss for 7%; Germany and Switzerland are both new markets. The remaining 14.1% of borrowers were American, Italian or from other countries. These positions mainly take the form of loans to banks or own securities.

Asset quality by country

	No expectation of default	Credit-watch	Higher risk of default	Non-performing	Total	Percentage
Austria	3.759.961	351.896	223.780	194.835	4.530.472	68,4 %
Germany	633.128	29.374	17.813	13.924	694.240	10,5 %
Switzerland	388.349	24.010	37.856	10.519	460.733	7,0 %
USA	212.118	148	0	281	212.547	3,2 %
Italy	184.365	1.847	366	4.677	191.256	2,9 %
Other	519.232	10.492	2.210	532	532.466	8,0 %
Total	**5.697.153**	**417.767**	**282.024**	**224.769**	**6.621.714**	**100,0 %**

RISK REPORT

Risk by segment

- Corporate clients accounted for 47.5% of total credit risk, retail clients for 25% and banking and institutional clients for the remaining 27.5%.

Asset quality by segment

	Items	No expectation of default	Credit-watch	Higher risk of default	Non-performing	Total
Corporate	Total Assets	2.518.492	292.751	183.064	149.034	3.143.342
	Provisions	1.889	959	9.769	88.660	101.278
	Percentage cover	0,08 %	0,33 %	5,34 %	59,49 %	3,22 %
Retail	Total Assets	1.359.256	122.041	97.332	75.735	1.654.365
	Provisions	452	315	5.776	40.057	46.601
	Percentage cover	0,03 %	0,26 %	5,93 %	52,89 %	2,82 %
Institutional/ banks	Total Assets	1.819.405	2.975	1.628	0	1.824.008
	Provisions	0	0	0	0	0
	Percentage cover	0,00 %	0,00 %	0,00 %	0,00 %	0,00 %
Total	Total Assets	5.697.153	417.767	282.024	224.769	6.621.714
	Provisions	2.342	1.274	15.545	128.717	147.879
	Percentage cover	0,04 %	0,31 %	5,51 %	57,27 %	2,23 %

CREDIT RISK MANAGEMENT

Risk is limited at individual and portfolio level. BTV measures risk using rating-based, unpredicted loss similar to Basel II over one year and 99.9% confidence level. Risk is managed at the individual level using credit-rating, the taking of security, on-going supervision of account management and regular monitoring of ratings and collateral.

Foreign-currency loan risk is simulated at individual and portfolio level using worst-case scenarios; country risk is managed using limits.

Corporate and retail client business is supported by an automated rating programme which ranks credit risk on a scale of one to ten. Client risk is initially assessed by the account manager on the spot but the final rating is assigned by Credit Management. Retail lending uses a scoring system that enables a reasoned assessment of borrowers.

Loan pricing takes account of rating-based risk surcharges and the cost of compliance with Basel II capital adequacy requirements.

Credit risk management at portfolio level is based on business line, currency and risk class. The regular credit risk report issued for the various consolidation levels is the main management and controlling instrument. However, on-going analyses and the taking of necessary steps ensure that business targets are achieved.

MARKET RISKS

Market risks arise from changing interest rates, share prices and currency exchange rates and are managed at general bank level. Value at risk, the concept used to assess market price risk, is a statistical procedure that uses the change in portfolio value over the last 200 days of any given period to work out the probable loss incurred.

Interest rate risk refers to the change in market value caused by changes in market rates and applies to all asset and liability positions (including transactions with no balance-sheet impact) affected by interest rates. Interest rate risk is simulated in compliance with Basel II using a 200 basis-point shift in the interest-rate curve. Interest value at risk is also calculated with 99% reliability and 30-day duration.
Most BTV loans and financing is denominated in EUR and CHF. Interest-rate pegging for these currencies is as follows:

OPEN INTEREST-RATE POSITIONS

31.12.2005 (thousands of €)	1-3 years	3-5 years	5-7 years	7-10 years	> 10 years
Pegging EUR	- 279.102	40.483	79.325	103.041	8.678
Pegging CHF	4.249	4.681	2.063	2.323	2.041

INTEREST-RATE RISK

200 basis-point shift in the rate curve

Currency	Risk (thousands of €)
EUR	- 35.402
CHF	- 8.878
Other	250
Total	**- 44.030**

Pursuant to Basel II capital adequacy requirements (ICAAP), equity price risk is reported in the trading and bank book and currency risk is reported at 99 %, 30-day value at risk and monitored. Since the trading book is not material, this is subject only to volume and stop-loss limits on particular securities, which are monitored on a continuous basis.

VALUE AT RISK

99% reliability over 30 days	% own funds	In Tsd. €
Share price	0,9 %	4.758
Currency	0,2 %	964

LIQUIDITY RISK

Short-term liquidity risk reflects the danger that the Bank may be unable to meet its commitments on time or in their entirety. BTV has complied in full with the capital adequacy requirements set out in the Banking Act. Refinancing risk refers to the danger of having to obtain additional refinancing resources at higher market rates, and the increased costs involved have been simulated using a worst-case scenario projecting a change in the rate curve and a bigger risk spread for BTV and have then been included in the calculation of the risk limit.

OPERATIONAL RISK

All risks are included in a risk list per business line. BTV has organised a system for reporting damaging events caused by inappropriate actions or breakdown of internal procedures. All damaging events are collected in a damage database, analysed and acted on accordingly to minimise future loss. Decision-makers are kept abreast of operating risk in quarterly reports. As a result of the above, we have created a code for identifying, quantifying and managing risk.

OTHER RISKS

For BTV this means business and overheads risks that owing to incorrect strategic decisions could result in unexpected drops in income. Other Risks falls under Strategic Controlling, which analyses them and then takes appropriate management action.

OUTLOOK FOR 2006

BTV will continue its cautious approach to risk throughout the coming year, placing particular emphasis on the active monitoring of credit risk and the continuous follow-up and management of market risks. This will involve regular back testing and the methodical further development of our internal model. Within the context of the Basel II Project, we shall also lay the technical foundations for appropriate credit risk mapping and capital adequacy.

I. BTV GROUP: BALANCE SHEET AS AT 31 DECEMBER 2005

Assets thousands of €	Notes	31.12.2005	31.12.2004	Change total	 %
1. Cash reserves	(1)	123.564	104.479	19.085	18,3 %
2. Loans and advances to credit institutions	(2)	116.510	118.024	- 1.514	- 1,3 %
3. Loans and advances to customers	(3)	4.910.087	4.561.360	348.727	7,6 %
4. Loan loss provisions	(4)	- 147.879	- 145.541	- 2.338	1,6 %
5. Trading	(5)	11.807	0	11.807	>100,0 %
6. Other current assets	(6)	983.100	946.172	36.928	3,9 %
7. Long-term investments and loans	(7)	598.089	597.457	632	0,1 %
8. Intangible fixed assets	(8a)	1.834	4.332	- 2.498	- 57,7 %
9. Property, plant and equipment	(8b)	97.976	80.064	17.912	22,4 %
10. Other assets	(9), (10)	70.294	64.478	5.816	9,0 %
Total assets		**6.765.382**	**6.330.825**	**434.557**	**6,9 %**

Liabilities thousands of €	Notes	31.12.2005	31.12.2004	Change total	 %
1. Banks	(11)	887.870	958.739	- 70.869	- 7,4 %
2. Customer accounts	(12)	4.108.226	3.731.227	376.999	10,1 %
3. Securitised debt	(13)	847.625	808.530	39.095	4,8 %
4. Reserves and provisions	(14)	67.531	63.386	4.145	6,5 %
5. Other liabilities	(15)	92.891	76.740	16.151	21,0 %
6. Subordinated capital	(16)	291.621	260.339	31.282	12,0 %
7. Equity	(17)	469.618	431.864	37.754	8,7 %
Total liabilities		**6.765.382**	**6.330.825**	**434.557**	**6,9 %**

II. BTV GROUP: PROFIT AND LOSS ACCOUNT 2005

thousands of €	Notes	2005	2004	Change total	%
1. Interest and similar income		232.668	220.529	12.139	5,5 %
2. Interest and similar expenses		- 133.219	- 125.878	7.341	5,8 %
I. Net interest income	**(18)**	**99.449**	**94.651**	**4.798**	**5,1 %**
3. Loan loss provisions	(19)	- 26.930	- 25.548	1.382	5,4 %
4. Commission income		48.790	46.721	2.069	4,4 %
5. Commission expense		- 7.947	- 7.287	660	9,1 %
II. Net commission income	**(20)**	**40.843**	**39.434**	**1.409**	**3,6 %**
6. Trading income	(21)	6.325	- 323	6.648	>100 %
7. Operating expenses	(22)	- 83.098	- 76.707	6.391	8,3 %
8. Other operating income	(23)	3.233	2.191	1.042	47,6 %
III. Net profit for the year before tax		**39.822**	**33.698**	**6.124**	**18,2 %**
9. Income and profits tax	(24)	- 4.931	- 6.580	- 1.649	- 25,1 %
IV. Net profit for the year after tax		**34.891**	**27.118**	**7.773**	**28,7 %**

Indicators		2005	2004
EPS (euro)	(17)	7,04	5,46
RoE before tax		8,8 %	8,0 %
RoE after tax		7,7 %	6,5 %
Cost/income ratio		56,7 %	57,3 %
Risk/earnings ratio		27,1 %	27,0 %

III. BTV GROUP: STATEMENT OF CHANGE IN EQUITY 2005

thousands of €	Subscribed capital	Retained earnings	Revenue reserves	Depreciation reserves	Total equity 2005	Total equity 2004
Equity at 31.12.2004	**50.000**	**59.096**	**306.276**	**16.492**	**431.864**	**406.926**
Capital increases	–	–	–	–	–	–
Net income for the year	–	–	34.892	–	34.892	27.157
Distributions	–	–	- 6.500	–	- 6.500	- 6.500
Exchange differentials	–	–	-11	–	- 11	–
Treasury shares	–	- 303	–	–	- 303	49
Other changes	–	- 15	5.414	4.277	9.676	4.232
of which deferred tax	–	–	- 2.769	–	- 2.769	628
Equity at 31.12.2005	**50.000**	**58.778**	**340.071**	**20.769**	**469.618**	**431.864**

IV. BTV GROUP: CASH FLOW STATEMENT 2005

thousands of €	31.12.2005	31.12.2004
Net income for the year	**34.891**	**27.118**
Items without effect on payments and operating adjustments to cash flow		
Amortisation/Revaluation of property, plant and equipment and long-term investments and loans and of current assets	10.930	14.162
Accruals and appropriations to/releases of reserves and provisions and loan loss provisions	15.112	17.681
Gains/losses on the disposal of long-term assets and loans and on property, plant and equipment	2.544	1.724
Other adjustments	- 11. 992	- 4.853
Sub-total	**51.485**	**55.832**
Change in operating assets and liabilities after adjustments for items without effect on payments		
Loans and advances to banks	- 28.143	212.102
Loans and advances to customers	- 318.500	- 93.862
Trading	- 11.543	0
Other current assets	- 37.408	- 126.900
Other operating assets	- 3.092	-18.943
Liabilities to banks	- 70.303	- 231.263
Customer accounts	358.515	30.314
Securitised debt	41.291	150.192
Other operating liabilities	7.470	10.826
Operating cash flow	**- 10.228**	**- 11.702**
Inflows from the disposal of:		
– Property, plant and equipment and intangible assets	2.256	2.316
– Long-term investments and loans	29.158	40.370
Outflows through investments in:		
– Property, plant and equipment	- 12.283	- 8.103
– Long-term investments and loans	- 15.021	- 76.756
Investment cash flow	**4.110**	**- 42.173**
Dividend payments	- 6.500	- 6.500
Subordinated debt and other financing	31.703	33.964
Financing cash flow	**25.203**	**27.464**
Cash position at the end of the previous period	**104.479**	**130.890**
Operating cash flow	- 10.228	- 11.702
Investment cash flow	4.110	- 42.173
Financing cash flow	25.203	27.464
Cash position at end of period	**123.564**	**104.479**
Interest income	217.210	205.508
Dividend income	15.458	15.021
Interest expenses	- 133.219	- 125.878
Income tax payments	- 2.549	- 4.727

V. BTV GROUP: NOTES 2005

IMPACT OF THE TRANSITION FROM HGB/BWG TO IFRS

The 2005 annual financial statements of BTV AG have been prepared for the first time under the International Financial Reporting Standards (IFRS) and offer a materially more detailed and market-related view of the BTV group's assets, income and financial position. By preparing reports to international accounting standards BTV now meets capital market comparability and transparency requirements. Since the consolidated financial statements and management report comply with EU IFRS requirements, under section 59a of the BWG there is no longer any need to produce parallel reports to Austrian standards. BTV AG, the Group's parent company, still prepares its own individual accounts to Austrian requirements, and these provide the formal basis for BWG measurement of equity and for distributions.

IFRS differs from HGB in placing shareholders' interests before those of creditors so that the principle of a cautious balance sheet, which leads to general undervaluations, is reversed and instead investors are given far more comprehensive information on the true value of the company via current and market-based valuations, the separation of financial periods, the lack of fiscal balancing and greater emphasis on profit and loss criteria.

Apart from the formal changes in presentation, the biggest differences in consolidated financial statements prepared under the two systems are: consolidation scope, valuation of financial instruments, social capital and deferred tax assets and liabilities. IFRS places enormous emphasis on comparability over time and thus on consistency with the previous year's presentation. For this reason, the Balance Sheet and ordinary accounts have been restated as of the 1 January 2004 opening balance. Comparison of these IFRS statements with the comparable statements prepared under HGB/BWG at the same balance-sheet dates and the associated income statements show the impact of the transition to IFRS. The impact of first-time IFRS application on inventory values is reversed in equity.

BTV group: Adjustment to HGB equity for IFRS

thousands of €	01.01.2004	31.12.2004
Equity under HGB	**318.776**	**345.768**
1. Change	104.034	108.560
2. Revaluation	- 20.310	- 26.863
3. Deferred tax	9.258	5.779
4. Payroll reserves and provisions	-18.557	- 18.893
5. Provisions for amortisation	12.633	16.492
6. Other	1.091	1.020
Equity under IFRS	**406.926**	**431.864**

The biggest difference between IFRS and HGB views of equity concerns consolidation scope. By contrast to previous HGB treatments, the participations in Oberbank AG and BKS Bank AG have been consolidated at equity, increasing equity from € 104 million at 1 January 2004 to € 108.6 million at 31 December 2004.

The biggest position under Revaluations is a global IFRS reserve totalling € 19.5 million at 1 January 2004, or € 18.3 million at 31 December 2004, for default risk on B1, B2 and C1-rated retail and corporate receivables.

With respect to social capital, IFRS requires full provision for all BTV pension and severance liabilities. Future pension liabilities have therefore been actuarially recalculated taking account of the collective contract increases expected and personal career increments and then discounted at market rates. The result has been a rise in payroll provisions at 1 January 2004 that have reduced by € 18.6 million equity, which closed the year at € 18.9 million.

Under IFRS all accruals and deferrals of tax arising on the differences between Austrian fiscal and IFRS valuations must be allocated since they relate to period-specific profit or loss. In other words, future tax assets will be capitalised, and deferrals carried as liabilities so long as they can be equalised in the long term. As a result, the IFRS Balance Sheet as at 1 January 2004 recognises deferred tax in amount of € 9.3 million is set off income-neutrally against equity. The amount fell to € 5.8 million at 31 December of the same year.

The income-neutral measurement of financial instruments classed as available for sale at 1 January 2004 totalled € 12.6 million imputed to equity, and at 31 December 2004 this had risen to € 16.5 million.

BTV group: Adjustment to HGB consolidated profit for the year for IFRS

thousands of €	**2004**
After-tax consolidated profit for the year under HGB	**33.428**
1. Change to scope of consolidation	4.591
2. Revaluation	- 7.947
3. Deferred tax	- 1.849
4. Payroll reserves and provisions	- 549
5. Other	- 556
After-tax consolidated profit for the year under IFRS	**27.118**

Banking participations recognised at equity lifted the IFRS 2004 Income Statement by 4.6 million €.

The two biggest Revaluation differences are firstly the release of reserves formed pursuant to section 57 BWG (not recognised under IFRS) taken together with the partial release of bad debt provision (not recognised under HGB) (total € 3.8 million). The second difference is the different measurement of financial instruments which reduces IFRS consolidated net income for the year in the amount of € 4.1 million.

ACCOUNTING AND VALUATION PRINCIPLES

The consolidated financial statements have been prepared in accordance with IFRS requirements and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and, pursuant to section 59a BWG taken together with section 245a HGB, remove the need to prepare any other consolidated financial statements. The present consolidated financial statements have been prepared in accordance with all standards applicable for the financial year concerned. IFRS 6 ad IFRS 7 have not been applied.

The uniform accounting and valuation methods used throughout the Group comply with European regulations, meaning that the present consolidated financial statements are as reliable as if they had been prepared pursuant to the Austrian Commercial Code, taken together with the Austrian Banking Act. Additional information required under EU regulations is provided in the Notes to the Financial Statements.

Spot transactions involving financial assets are recognised or derecognised at the settlement date.

The reference currency is the euro (€) and unless otherwise stated all amounts are given in thousands of euro. Calculation errors may exist in the tables that follow.

Currency translation
Under IAS 21 all assets and liabilities denominated in foreign currencies and all unliquidated spot transactions will be translated at average spot rates at the balance-sheet date. Currency futures will be valued at the current forward rate applicable to their remaining terms.

Cash position
Cash in the Cash Flow Statement = Cash Reserves on the Balance Sheet.

V. BTV GROUP: NOTES 2005

Financial instrument classes
Under IAS 39 all financial assets and liabilities including derivatives must be recognised on the balance sheet and must be measured according to the class they belong to:

a.) Securities held for trading: these are primarily intended to generate gains from short-term price changes or trading margins and are recognised at fair value in profit or loss.
b.) Structured products containing embedded derivatives that must be separated out: these are accounted for at fair value under IAS 39. BTV also includes financial instruments measured at fair value through profit & loss to remove or significantly reduce carrying values or accounting mismatches. All such assets and liabilities are measured at fair value and carried as income or expense.
c.) Long-term investments and loans held to maturity are fixed-payment and fixed-maturity assets that BTV and will hold until they mature. They are measured at historic cost with an agio or disagio released under the effective rate method until maturity.
d.) Loans and receivables with fixed or identifiable payment amounts that are not listed on any active market and not kept for trading. This class mainly includes receivables from banks and non-Bank clients and are valued at historic cost.
e.) Financial assets available for sale whose fair value changes and are recognised in equity either under the available for sale or amortisation headings constitute residual volumes, i.e. all financial assets that do not fall into any of the above classes must be recognised under this heading.

Unless fair value is based on market price or a recognised valuation model, investments in equity instruments (e.g. in GmbHs or KGs [private limited companies or limited partnerships]) are measured at purchase cost.

BTV holds financial instruments denominated not only in the functional currency but also in Swiss francs, US dollars and Japanese yen.

Hedging
BTV hedges to protect net interest income and against market risk. Fair value hedges are used to reduce interest-rate and market risks.

Fair value hedges are operated by swapping fixed-interest with money market transactions. Most own offerings are hedged in this way. Fair value hedge accounting deals mainly with interest rate swaps. Offerings are regularly accompanied by the purchase of options to protect fair value.

Consolidation principles
All material subsidiaries over which BTV AG has management control have been consolidated. Material participations in which BTV AG has a 20 - 50 % holding (associates) have been consolidated at equity. Other participations have been consolidated on the basis of their materiality.

Fully consolidated companies under IAS 27 include, in addition to BTV AG, BTV Leasing GmbH and ten financial institutions (BTV Leasing subsidiaries) and BTV Bauprojekt Langer Weg GmbH. Consolidation of investment applies IFRS 3.

Oberbank AG, BKS Bank AG, Alpenländische Garantie-GmbH and Drei-Banken-Versicherungs AG have been consolidated at equity.

Despite the fact that the stakes in Oberbank AG and BKS Bank AG do not achieve the 20% threshold, they have been consolidated for the following reasons:
Syndicate agreements for Oberbank AG and syndicate agreements for BKS Bank AG between BTV AG, BKS Bank AG and Wüstenrot Wohnungswirtschaft GenmbH for Oberbank AG and for BKS Bank AG between BTV AG, Oberbank AG and Generali 3 Banken Holding AG, guarantee the independence of the two banks concerned but that mean that BTV exercises significant influence over them.

The leasing companies were consolidated on the basis of their financial statements as at 30 September.

Intercompany liabilities and receivables, income and expenses and interim profits have been eliminated.

Loans and advances
Loans and advances to banks and customers have been recognised at historic cost and directly amortised if applicable. Amortisation has been recognised in loan loss provisions. Interest receivables are not carried as income or if an existing claim is very unlikely to be recovered.

Loan loss provisions
Banking risk is accounted for by appropriate amortisation and provisions. Counterparty risk is covered through Group-wide assessment procedures and appropriate hedging. Total loan loss provisions that take the form of balance-sheet receivables are posted as deductions on the asset side of the Balance Sheet after Loans and advances to banks and Loans and advances to customers. Loan loss provisions for off-balance sheet transactions (mainly commitments and guarantees) are recognised under Reserves and Provisions.

Bad debt provisions have been formed for portfolio losses that have occurred at the balance-sheet date but have not yet been identified on the basis of the historic probability and level of loss of the portfolio for which provisions have not otherwise been formed. The amount of the provision will take account of the economic environment and current events.

Trading assets/liabilities
Securities, derivatives and other financial instruments held for trading are recognised at fair value on the balance sheet at the balance-sheet date. Negative market value is posted under Other Liabilities on the balance sheet. Valuations are made using market prices if available, otherwise recognised methods, such as discounted cash flow analysis or the options pricing, will be applied to obtain fair value.
Realised and unrealised gain on such positions is entered under Trading Income in the income statement, and includes interest and dividend income from assets held for trading and any refinancing interest thereon.

Other current assets
Securities not classed as held for trading or long-term investments and loans under internal Group regulations fall within this heading. Disposal gains are carried to Other Operating Income. Measurement gains are carried to equity under Other Operating Income (fair value through profit & loss) or Provisions for Assets available for Sale.

Long-term investments and loans
This balance sheet position includes debenture bonds plus other fixed-interest securities with a fixed maturity date that are either long term or held to maturity, all of which form part of the held to maturity portfolio. The heading also covers participations in associates and equity interests in unconsolidated companies.

Intangible fixed assets
These are primarily tenants' rights to leases, which are measured at historic purchase cost minus regular amortisation.

Property, plant and equipment
Property, plant and equipment includes land and buildings, including office furniture and equipment, and are measured at purchase or development cost and depreciated over their projected useful working lives, which for buildings are 33 1/3 to 50 years and for office furniture and equipment are 4 - 10 years. IAS 40 requires buildings to be measured at purchase or construction cost on a continuing basis.

V. BTV GROUP: NOTES 2005

Leasing
BTV group leases are mainly finance leases, in which all risk is assumed by the lessor. Under IAS 17 lessors must state a receivable against the lessee in the cash amount of the contractually agreed payments that also takes into account any residual value that might exist.
Operating leases (in which all ownership-associated risk remains with the lessor): the lessor recognises the lease under Property, Plant and Equipment and the leased item is depreciated in line with applicable principles. Rental income is carried to income in line with surrender for use and benefit.

Liabilities
Liabilities are measured together with their repayment costs or nominal amounts. Agios/disagios are carried as income or expense pro rata. Securitised debt is set against production cost for treasury issues.

Reserves and provisions
Long-term payroll reserves (pensions, severance pay, anniversary bonuses and quarterly death liabilities) are recognised in accordance with IAS 19 (Employee Benefits) using the projected unit credit method.

Future liabilities are assessed using actuarial reports, meaning that in addition to the pay-outs known at the balance-sheet date, future expected increments in this figure are also taken into account. The main parameters used in the actuarial calculation of pension liabilities are the 3.5 % p. a. discount rate (long-term capital market rate) plus a 2.5 % p. a. pay rise for employees in active service. The parameters applied to pension reserves for existing pensioners are a 3.5 % p. a. discount rate and an expected 2.25 % p. a. collective agreement rise in pensions.

Severance pay and anniversary bonuses are also calculated on the basis of a 3.5 % p. a. discount rate and an average 2.5 % p. a. pay rise. New pensioners are taken into account individually. Long-term payroll provisions (pension, severance pay and anniversary bonus liabilities) use the current AVÖ 1999 P – Rechnungsgrundlagen für die Pensionsversicherung – mortality tables by Pagler & Pagler. By comparison with 2004, calculations have changed with respect only to the discount rate, which has fallen from 4.0 % to 3.5 %.

Actuarial gains and losses have not been presented using the corridor method.

Reserves and provisions have been formed in compliance with IAS 37 if the Group has legal or effective commitments arising from underlying transactions or events that make it likely that an outflow of economic resources will be needed to fulfil the commitment involved and a reliable assessment of the extent of the commitment is possible. Reserves and provisions are subject to annual audit and reassessment.

Corporate income tax
Income tax assets and liabilities are presented under either Other Assets or Reserves. Current income tax assets and liabilities are recognised under Value for Tax Purposes, which will be provided by the tax authorities. Deferred tax assets arising on unused tax losses are stated in the Balance Sheet if it is likely that taxable profits in the appropriate amount will be posted in future by the same company. Deferred tax is not deducted. The Bank applies group taxation.

BALANCE SHEET – ASSETS

1) CASH RESERVES

Cash reserves **thousands of €**	**31.12.2005**	**31.12.2004**
Cash	29.213	29.275
Central bank credit balances	94.351	75.204
Cash reserves		

2) LOANS AND ADVANCES TO BANKS

Loans and advances to banks **thousands of €**	**31.12.2005**	**31.12.2004**
Austrian banks	88.991	79.996
Foreign banks	27.519	38.028
Loans and advances to banks	**116.510**	**118.024**

3) LOANS AND ADVANCES TO CUSTOMERS

Loans and advances to customers **thousands of €**	**31.12.2005**	**31.12.2004**
Austrian	3.684.152	3.662.037
Foreign	1.225.935	899.323
Loans and advances to customers	**4.910.087**	**4.561.360**

Loans and advances to customers include finance lease receivables, showing net investment outstanding in the amount of € 364.7 million (2004: € 314.6 million). The corresponding gross investment on financial leases was € 431.7 million (2004: € 374.2 million), the amount still outstanding being € 67.1 million (2004: € 59.6 million). The residual value of all leasing assets was guaranteed, as in 2004. At the balance-sheet date a € 4.2 million (2004: € 4.4 million) provision had been formed for unrealisable leasing receivables.

Maturities for finance lease receivables

thousands of €	**up to 1 year**	**1 - 5 years**	**5+ years**	**Total**
Gross investment	67.175	122.430	242.134	**431.739**
Outstanding lease income	10.992	28.665	27.421	**67.078**
Net investment outstanding	56.183	93.765	214.713	**364.661**

V. BTV GROUP: NOTES 2005

4) LOAN LOSS PROVISIONS

Loan loss provisions **thousands of €**	**2005**	**2004**
Opening balance at 1 January	145.541	143.485
Releases	- 4.559	- 6.486
Allocation	23.516	25.520
Application	- 16.619	- 16.978
Loan loss provisions at 31 December	**147.879**	**145.541**
Opening balance commitments at 1 January	241	119
Releases	- 140	- 25
Allocation	80	147
Application	0	0
Reserves and provisions commitments at 31 December	**181**	**241**
Total loan loss provisions at 31 December.	**148.060**	**145.782**

5) TRADING ASSETS

Trading assets **thousands of €**	**31.12.2005**	**31.12.2004**
Debenture bonds and other fixed-interest securities	304	0
– Not quoted	304	0
Equities and other variable-interest securities	11.478	0
– Quoted	11.478	0
Positive market values arising from derivative transactions	25	0
– Interest-rate contracts	25	0
Trading assets	**11.807**	**0**

6) OTHER CURRENT ASSETS

Other current assets **thousands of €**	**31.12.2005**	**31.12.2004**
Debenture bonds and other fixed-interest securities	898.343	884.735
– Quoted	889.796	875.999
– Not quoted	8.547	8.736
Equities and other variable-interest securities	84.757	61.437
– Quoted	84.757	61.437
– Not quoted	0	0
Total current assets	**983.100**	**946.172**
of which fair value		

7) LONG-TERM INVESTMENTS AND LOANS

Long-term investments and loans thousands of €	31.12.2005	31.12.2004
a) Securities held as current assets/HTM		
Debenture bonds and other fixed-interest securities	342.135	360.942
– Quoted	322.225	345.961
– Not quoted	19.910	14.981
Interim securities held as current assets	**342.135**	**360.942**
b) Participations/associates		
Other participations	20.594	20.937
– Banks	13.512	13.594
– Non-banks	7.082	7.343
Other associates	70.161	70.085
Participations consolidated at equity	165.199	145.494
– Banks	161.784	121.052
– Non-banks	3.415	3.392
Interim participations/associates	**255.954**	**236.516**
Total long-term investments and loans	**598.089**	**597.458**

8) STATEMENT OF ACCESSIONS AND DISPOSALS

Statement of accessions and disposals in Tsd. €

HISTORIC COST	1 January	Accessions (+)	Disposals (-)	Reclassifications (+/-)	Group recognition (+/-)	Currency change (+/-)	31.12.
Intangible fixed assets	10.740	38	- 2.949	0	0	0	7.829
Land and buildings	42.821	9.410	- 1.053	2.269	- 4.182	0	49.265
Office furniture and equipment	89.785	22.353	- 4.380	- 2.269	0	- 8	105.481
Other participations	21.062	65	- 348	0	0	0	20.779
Other associates	70.089	76	0	0	0	0	70.165
Participations consolidated at equity	145.494	19.705	0	0	0	0	165.199
Total	**379.991**	**51.647**	**- 8.730**	**0**	**- 4.182**	**- 8**	**418.718**

ACCRUED AMORTISATION	1 January (+)	Scheduled amort. over year (+)	Unsched. amort. over year (+)	Unsched. amort. over year (-)	Disposals (-)	Reclassifications (+/-)	Group recognition (+/-)	Currency change (+/-)	31.12.
Intangible fixed assets	6.408	723	0	0	- 1.136	0	0	0	5.995
Land and buildings	9.273	898	0	0	- 488	0	0	0	9.683
Office furniture and equipment	43.269	5.826	0	0	- 3.829	1.822	0	- 1	47.087
Other participations	125	0	61	0	- 1	0	0	0	185
Other associates	4	0	0	0	0	0	0	0	4
Participations consolidated at equity	0	0	0	0	0	0	0	0	0
Total	**59.079**	**7.447**	**61**	**0**	**- 5.454**	**1.822**	**0**	**- 1**	**62.954**

RESIDUAL CARRYING VALUE	1 January (+)	Accessions (+)	Disposals (-)	Amortisation (-)	Revaluation (+)	Reclassifications (+/-)	Group recognition (+/-)	Currency change (+/-)	31.12.
Intangible fixed assets	4.332	38	- 1.813	- 723	0	0	0	0	1.834
Land and buildings	33.548	9.410	- 565	- 898	0	2.269	- 4.182	0	39.582
Office furniture and equipment	46.516	22.353	- 551	- 5.826	0	- 4.091	0	- 7	58.394
Other participations	20.937	65	- 347	- 61	0	0	0	0	20.594
Other associates	70.085	76	0	0	0	0	0	0	70.161
Participations consolidated at equity	145.494	19.705	0	0	0	0	0	0	165.199
Total	**320.912**	**51.647**	**- 3.276**	**- 7.508**	**0**	**- 1.822**	**- 4.182**	**- 7**	**355.764**

The carrying value of non-operating assets totalled € 5 million at the balance-sheet date (2004: € 2.9 million), scheduled amortisation totalled € 0.2 million (2004: € 0.1 million).

Fair value at 31 December 2005 totalled € 5.1 million (2004: € 3.0 million).

Operating lease maturities thousands of €	**up to 1year**	**1 - 5 years**	**5+ years**	**Total**
Future minimum rental payments	282	1.129	2.821	**4.232**

Land and Buildings include € 5.2 million from operating leases (2004: € 0.0 million), fair value being € 4.8 million.

No contingent rental income was recognised over the period.

8a) INTANGIBLE FIXED ASSETS

Intangible fixed assets **thousands of €**	**31.12.2005**	**31.12.2004**
Intangible fixed assets	1.834	4.332
Intangible fixed assets	**1.834**	**4.332**

8b) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment **thousands of €**	**31.12.2005**	**31.12.2004**
Land and buildings	39.582	33.548
Office furniture and equipment	58.394	46.516
Property, plant and equipment	**97.976**	**80.064**

9) OTHER ASSETS

Other assets **thousands of €**	**31.12.2005**	**31.12.2004**
Deferred tax assets	1.280	6.107
Positive market values arising from derivative transactions	15.871	13.827
Other	53.143	44.544
Other assets	**70.294**	**64.478**

10) DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities **thousands of €**	**31.12.2005**	**31.12.2004**
Securities	- 8.930	- 3.750
Derivatives	- 537	- 253
Long-term payroll provisions	6.537	5.821
Bad debt provision	4.767	4.568
Revaluations of finance leases and other items	- 5.747	- 5.146
Deferred tax assets and liabilities	**- 3.910**	**1.240**

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BALANCE SHEET – LIABILITIES

11) BANKS

Liabilities to banks thousands of €	31.12.2005	31.12.2004
Austrian	670.387	822.958
Foreign	217.483	135.781
Liabilities to banks	**887.870**	**958.739**

12) CUSTOMER ACCOUNTS

Customer accounts thousands of €	31.12.2005	31.12.2004
a) savings deposits		
Austrian	949.854	957.080
Foreign	108.439	101.699
Sub-total savings deposits	**1.058.293**	**1.058.779**
b) Other deposits		
Austrian	2.804.708	2.398.051
Foreign	245.225	274.397
Sub-total other deposits	**3.049.933**	**2.672.448**
Customer accounts	**4.108.226**	**3.731.227**

13) SECURITISED DEBT

Securitised debt thousands of €	31.12.2005	31.12.2004
Debentures	681.293	661.718
Domestic bonds (including medium-term cash deposit)	166.332	146.812
Securitised debt	**847.625**	**808.530**

14) RESERVES AND PROVISIONS

Reserves and provisions thousands of €	31.12.2005	31.12.2004
Long-term payroll reserves	61.212	57.010
Other Reserves and provisions	6.319	6.376
Reserves and provisions	**67.531**	**63.386**

14a) LONG-TERM PAYROLL RESERVES

Long-term payroll reserves thousands of €	Pensions	Severance pay	Anniversary bonus	Other	Total current payroll reserves
At 31.12.2003	**38.939**	**13.141**	**2.576**	**1.777**	**56.433**
Interest	1.447	507	105	73	2.132
Length of service expenses	142	836	180	0	1.158
Disbursements	- 2.570	- 868	- 187	0	- 3.625
Actuarial gain/loss	899	- 1.036	1.049	0	912
At 31.12.2004	**38.857**	**12.580**	**3.723**	**1.850**	**57.010**
Interest	1.405	491	140	73	2.109
Length of service expenses	122	762	249	0	1.133
Disbursements	- 2.733	- 704	- 164	- 9	- 3.610
Actuarial gain/loss	3.584	732	32	222	4.570
At 31.12.2005	**41.235**	**13.861**	**3.980**	**2.136**	**61.212**

14b) OTHER RESERVES AND PROVISIONS

Other reserves and provisions thousands of €	31.12.2004	Accruals	Applications	Releases	Reclassi- fications	31.12.2005
Tax	5.376	1.455	- 70	- 376	- 1.058	5.327
Other	1.000	808	0	- 816	0	992
Other reserves and provisions	**6.376**	**2.263**	**- 70**	**- 1.192**	**- 1.058**	**6.319**

15) OTHER LIABILITIES

Other liabilities thousands of €	31.12.2005	31.12.2004
Trading	43	190
– interest-rate transactions	43	190
Negative market values arising from derivative transactions	19.074	11.619
Other	73.774	64.931
Other liabilities	**92.891**	**76.740**

16) SUBORDINATED CAPITAL

Subordinated capital thousands of €	31.12.2005	31.12.2004
Supplementary capital	291.621	260.339
Subordinated capital	**291.621**	**260.339**

17) EQUITIES

At 31 December 2005 subscribed capital totalled € 50 million (2004: € 50 million). Share capital was represented by 4 500 000 bearer, voting, no-par value shares (ordinary shares) and a further 500 000 bearer, non-voting no-par value shares (preference shares) have also been issued.
At the balance-sheet date the historic redemption value of treasury shares totalled € 2.5 million (2004:€ 2.2 mn).

BTV group float

Equities	2005	2004
Equity float at 1 January	**4.958.241**	**4.923.323**
Treasury shares purchased	- 3.031	- 3.305
Treasury shares sold	93	31.613
Equity float at 31 December	**4.955.303**	**4.958.241**
plus treasury shares held by Group	44.697	41.759
Equities issued at 31 December	**5.000.000**	**5.000.000**

EPS (ordinary und preference shares)	31.12.2005	31.12.2004
Equities at 31 December	**5.000.000**	**5.000.000**
Average float	4.956.793	4.969.016
Net Group income for the year (thousands of €)	34.892	27.118
EPS (€)	**7,04**	**5,46**
Diluted gain per share (€)	7,04	5,46
Dividend per share (€)	**1,40**	**1,30**

Since no financial instruments with diluting effect on ordinary or preference shares were in circulation over the period, gain per share = diluted gain per share.

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 €	31.12.2005	31.12.2004
Share capital	50,0	50,0
Minus treasury shares	- 2,5	- 2,2
General reserves	285,4	269,7
Consolidation pursuant to section 24(2) BWG	8,6	17,2
Minus intangible assets	- 1,7	- 4,2
Core capital (Tier 1)	**339,8**	**330,5**
Supplementary own funds (Tier 2)	**304,3**	**278,1**
Valuation items	- 88,8	- 54,3
Eligible own funds (excluding Tier 3)	**555,3**	**554,3**
Own funds applied pursuant to section 23(14 Z 7) BWG (Tier 3)	0,0	0,5
Eligible own funds pursuant to section 23(14) BWG	**555,3**	**554,8**
Capital adequacy - own fund requirement	381,8	351,1
Securities trading book and general currency position - own fund requirement	3,0	0,5
Own fund requirement pursuant to section 22(1) BWG	**384,8**	**351,6**
Excess	**170,5**	**203,2**
Core capital ratio	7,12 %	7,53 %
Attributable own funds	11,63 %	12,63 %

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INCOME STATEMENT

18) NET INTEREST INCOME

Net interest income **thousands of €**	**2005**	**2004**
Interest and similar income from		
lending and money market transactions with banks	28.977	33.612
lending and money market transactions with customers	138.245	126.036
debenture bonds and fixed-interest securities	42.125	41.257
equities and variable-rate securities	3.750	2.775
other participations	1.149	5.819
participations carried at equity	14.309	9.202
other	4.113	1.828
Sub-total interest and similar income	**232.668**	**220.529**
Interest and similar expenses on		
bank deposits	- 12.377	- 9.553
client deposits	- 81.819	- 78.511
securitised debt	- 21.738	- 23.254
subordinated capital	- 11.943	- 11.100
other	- 5.342	- 3.460
Sub-total interest and similar expenses	**- 133.219**	**- 125.878**
Net interest income	**99.449**	**94.651**

19) LOAN LOSS PROVISIONS

Loan loss provisions thousands of €	2005	2004
On-balance sheet	- 23.516	- 25.520
Off-balance sheet	- 80	- 147
Loan loss insurance premiums	- 4.388	- 3.774
Release of on-balance sheet provisions	4.560	6.486
Release of off-balance sheet provisions	140	25
Direct amortisation	- 4.196	- 2.748
Income from amortised receivables	550	130
Loan loss provisions	**- 26.930**	**- 25.548**

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

20) COMMISSION INCOME

Commission thousands of €	2005	2004
Lending	2.405	2.590
Payment transactions	12.521	12.433
Securities trading	22.316	20.480
Currency, foreign exchange and precious metals trading	2.672	3.386
Other	929	545
Commission income	**40.843**	**39.434**

21) TRADING INCOME

Trading income thousands of €	2005	2004
Derivatives	556	- 4.274
Securities	4.653	2.942
Foreign currency	1.116	1.009
Trading income	**6.325**	**- 323**

22) OPERATING EXPENSES

Operating expenses thousands of €	2005	2004
Payroll	- 55.178	- 49.125
Materials	- 20.473	- 20.794
Amortisation	- 7.447	- 6.788
Operating expenses	**- 83.098**	**- 76.707**
of which **Payroll expenses**		
Wages and salaries	- 36.465	- 35.314
Statutory social security contributions	- 10.036	- 9.660
Other	- 2.271	- 2.074
Long-term payroll reserves	- 6.406	- 2.077
Payroll expenses	**- 55.178**	**- 49.125**
Materials		
Office furniture and equipment	- 2.121	- 2.288
IT	- 5.936	- 5.787
Premises	- 2.449	- 2.304
Communications	- 2.229	- 2.349
Marketing and representation	- 3.387	- 3.226
Training	- 818	- 742
Other	- 3.533	- 4.098
Materials	**- 20.473**	**- 20.794**
Amortisation		
Intangible assets	- 723	- 313
Land and buildings	- 2.124	- 1.430
Office furniture and equipment	- 4.600	- 5.045
Amortisation	**- 7.447**	**- 6.788**

22a) PAYROLL

Payroll	2005	2004
White collar	820	829
Blue collar	22	21
Payroll	**842**	**850**

Over the period there were on average 10 blue-collar workers (2004: 11) working for associated companies, whose salaries and wages are presented under Payroll.

Loans and advances to directors at 31 December 2005 totalled € 21 000 (2004: € 26 000). Loans and advances to members of the Supervisory Board totalled € 39 536 000 (2004: € 336 000). Interest and other conditions (term and security) were in line with the market. Loan repayments by directors over the period totalled € 5 000 (2004. € 6000). Loan repayments by members of the Supervisory Board totalled € 0 (2004; € 0). Loans at market rates were given to associates and relatives of members of the Supervisory Board during the period.

Key management personnel (11 in 2005, unchanged from 2004) received remuneration (including payments in kind) over 2005 in the amount of € 1 518 000 (2004: € 1 496 000), representing 2.75% of total BTV group payroll, of which € 471 000 (2004: € 482 000) variable income. Payments to former directors and surviving spouses over the period totalled € 498 000 (2004: € 487 000).
Pension reserves at 31 December 2005 for the above groups were € 10 650 000 (2004: € 9 654 000) and severance pay reserves were € 674 000 (2004: € 566 000).

Active members of the Supervisory Board of BTV AG were paid € 121 000 (2004: € 120 000).

23) OTHER OPERATING INCOME

Operating income thousands of €	2005	2004
Securities and derivatives	841	1.822
Participations	1.195	-45
Sundry other operating income	6.368	3.837
Sundry other operating expenses	- 5.171	- 3.423
Other Operating income	**3.233**	**2.191**

Other operating income/expenses do not generally include those relating to normal banking business e.g. rental income or operating expenses from buildings not used for operations, use or resale of goods, or income from non-banking business such as insurance.

24) INCOME AND PROFITS TAX

Income tax includes income tax, income tax adjustments for 2004 and changes in deferred tax assets and liabilities for all companies in the consolidation.

Income and profits tax thousands of €	**2005**	**2004**
Current tax expense	- 2.549	- 4.727
Deferred tax expense/income (-/+)	- 2.382	- 1.853
Income tax	**- 4.931**	**- 6.580**
Adjustments		
Net profit for the year before tax	39.822	33.698
Calculated tax expense	- 9.956	- 11.457
Deductible tax-free participation income and other tax-free income	3.245	6.634
Additional taxable expense	- 736	- 420
Other	- 234	328
Non-regular tax expense	405	- 247
Change in tax rate	- 47	- 2.255
Tax-free at-equity income	2.392	837
Income and profits tax	**- 4.931**	**- 6.580**

25) ALLOCATION OF PROFITS

Apportionable profit is based on the BTV AG annual financial statements. 2005 net income totalled € 21.8 million. After accruals of € 14.9 million and retained earnings, accumulated profit was € 7 million. The Management Board has proposed that a € 1.40 dividend per share should be distributed for 2005 (2004: € 1.30) and that the remaining profit should, pursuant to section 65(5) of the Equities Act, be carried forward. The distribution will thus rise from € 6.5 million to € 7 million.

26) SEGMENT REPORTING

The Segment Report is based on the internal Divisions Report that shows management responsibility within BTV for 2005. Business lines are treated as individual companies with their own capital endowment and responsibility for their own results. Business lines are demarcated in the first instance through their personal responsibility for their own clients. Changes in such responsibility can lead to changes in segmentation and should be taken into account when comparing with unadjusted 2004 figures.

BTV currently has the following business lines:

Retail
This line is responsible for retail, professional and small business clients.

Corporate
This line covers SMEs and large companies and tax advisors. All leasing subsidiaries fall into this class.

Institutional clients and banks
This line is mainly BTV‘s treasury and trading business.

Segment reporting thousands of €	Year	Corporate	Retail	Institutional and banking	Other	Total
Net interest income	2005	50.000	45.125	4.324	0	99.449
	2004	46.429	44.605	3.617	0	94.651
Loan loss provisions	2005	- 19.238	- 7.692	0	0	- 26.930
	2004	- 17.190	- 8.358	0	0	- 25.548
Commission	2005	10.084	29.340	1.419	0	40.843
	2004	9.893	27.906	1.634	0	39.434
Trading income	2005	0	0	6.325	0	6.325
	2004	0	0	-323	0	- 323
Operating expenses	2005	- 22.476	- 48.733	- 2.682	- 9.207	- 83.098
	2004	- 20.977	- 46.650	- 2.787	- 6.293	- 76.707
Other operating income	2005	30	1.061	2.036	106	3.233
	2004	- 453	815	1.849	- 20	2.191
Net profit for the year before tax	**2005**	**18.400**	**19.101**	**11.422**	**- 9.101**	**39.822**
	2004	**17.702**	**18.318**	**3.991**	**- 6.313**	**33.698**
Segment income	2005	2.839.433	1.590.239	1.933.965	0	6.363.637
	2004	2.614.178	1.502.281	1.870.038	0	5.986.497
Segment liabilities	2005	796.923	1.663.025	3.675.395	0	6.135.343
	2004	836.492	1.563.725	3.358.618	0	5.758.835
Ø Lending and market risk equivalent pursuant to section 22 BWG	2005	2.719.716	1.527.611	252.532	80.819	4.580.678
	2004	2.550.186	1.418.454	250.544	74.734	4.293.918
Ø Allocated equity	2005	217.577	122.209	20.203	90.752	450.741
	2004	204.015	113.476	20.044	81.860	419.395
Cost/income ratio (%)	2005	37,4 %	65,4 %	22,2 %		56,7 %
	2004	37,2 %	64,3 %	56,5 %		57,3 %
RoE (basis net profit for the year before tax) in %	2005	8,5 %	15,6 %	56,5 %		8,8 %
	2004	8,7 %	16,1 %	19,9 %		8,0 %

Net interest income is allocated using the market rate method. Costs are allocated to the appropriate segments using the causality principle. Costs that cannot be directly attributed are recognised under the Others heading. The 2005 rise in operating expenses is mainly the result of the change in the social capital discount rate. Since allocations to pension reserves concern Bank pensioners, this additional expense was not attributed to the segment.
Segment receivables include loans and advances to banks, loans and advances to customers, trading assets and securities classified under Other Current Assets and Non-Current Assets.
Segment liabilities fall under the headings of banks, Customer accounts, securitised debt and supplementary capital.

Business line performance is measured from the net segment pre-tax profit for the year. Equity performance is deduced from the net income for the year to equity ratio before tax.

Capital is allocated as required by law, based on the own funds requirements of the various business lines and together with the appropriate reference rate for long-term investments is reported as assessed equity under Net Interest Income.

The cost/income ratio is calculated as a proportion of operating expenses and total net interest income, commission and trading income.

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27) OTHER INFORMATION

thousands of €		31.12.2005	31.12.2004
a)	**Non-interest bearing receivables**	**50.204**	**44.032**
b)	**Assets given as security**	**158.169**	**160.538**
	– Debenture bonds and other fixed-interest securities	58.448	57.711
	– Loans and advances to banks	58	173
	– Loans and advances to customers	99.663	102.654
c)	**Liabilities for which security has been given**	**109.655**	**124.203**
	– Trust fund investments	9.934	9.748
	– Debenture bonds	0	11.628
	– Commitments to banks	99.721	102.827
d)	**Subordinated assets**	**26.725**	**32.781**
	– Debenture bonds and other fixed-interest securities	26.725	32.781
e)	**Foreign currency items**		
	– Receivables	791.879	722.723
	– Liabilities	260.881	187.393
f)	**Foreign items**		
	– Assets	2.150.911	1.781.827
	– Liabilities	673.426	512.161
g)	**Trust transactions**		
	Receivables	**42.111**	**40.557**
	– Banks	0	0
	– Non-Bank clients	42.111	40.557
	Trust liabilities	**42.111**	**40.557**
	– Banks	22.921	22.073
	– Customer accounts	19.190	18.484
h)	**Securities repos**	**170.000**	**170.000**
i)	**Contingent liabilities and loan loss risk**	**1.211.606**	**948.544**
	– Guarantees/commitments	357.155	360.832
	– Documentary credits	8.041	2.197
	– Loan loss risk	846.410	585.515

28) TRANSACTIONS WITH RELATED PARTIES

During the course of ordinary business transactions are undertaken with related parties at market rates and conditions with the following scope:

28a) UNCONSOLIDATED COMPANIES AND SUBSIDIARIES – LOANS AND ADVANCES AND LIABILITIES

thousands of €	**31.12.2005**	**31.12.2004**
Loans and advances to banks	0	0
Loans and advances to customers	6.573	9.233
Total receivables	**6.573**	**9.233**
Liabilities to banks	0	0
Customer accounts	5.978	2.616
Total liabilities	**5.978**	**2.616**

The Income Statement shows income of € 11 747 000 (2004: € 60 992 000) and expenses of € 1 870 000 (2004: € 382 000) on transactions with the parent company and its subsidiaries.

28b) ASSOCIATES AND PARTICIPATIONS – LOANS AND ADVANCES AND LIABILITIES

thousands of €	**31.12.2005**	**31.12.2004**
Loans and advances to banks	106	114
Loans and advances to customers	6.745	6.753
Total receivables	**6.851**	**6.867**
Liabilities to banks	190.659	130.164
Customer accounts	4.745	3.681
Total liabilities	**195.404**	**133.845**

The Income Statement shows income of € 6 007 000 (2004: € 2 859 000) and expenses of € 1 231 000 (2004: € 1 839 000) on transactions with the parent company and its associates.

The fair value of listed companies consolidated at equity at the balance sheet date was € 183.9 million (2004: € 174.8 million).

1 320 423 own shares were held via associates.

29) TOTAL UNLIQUIDATED DERIVATIVES

These are divided by underlying financial instrument into interest-rate, exchange-rate and securities-related transactions. The decision to divide them according to term is in line with international recommendations, as is the division into interest-rate, exchange-rate and securities-related transactions. At 31.12.2005 BTV had only OTC transactions on its books.

Derivatives not held for trading are related to interest-rate contracts and client business. Cross-currency swaps and interest rate options were in demand from clients, in addition to interest-rate swaps. BTV hedges these positions with contra transactions with other banks and accepts no risk onto its books. BTV uses mainly interest-rate swaps to manage its own general banking interest-rate risk and currency swaps to hedge its exchange risk. Securities-related transactions concern only index options bought from foreign banks.

Total unliquidated derivatives at 31 December 2005

	Contract volumes/Time to maturity				Market value	
thousands of €	up to 1 year	1-5 years	> 5 years	Total	positive	negative
Interest-rate contracts	**599.847**	**689.504**	**683.380**	**1.972.731**	**19.786**	**- 22.455**
Interest rate swaps on the bank book	48.850	291.157	331.119	671.126	9.869	-7.859
Interest rate swaps on the bank book as part of hedging business	34.179	371.854	352.261	758.294	5.460	- 10.144
Cross-currency swaps on the bank book	240.569	11.993	0	252.562	3.216	- 3.217
Interest-rate options on the bank book	267.388	14.500	0	281.888	1.216	- 1.192
Interest-rate options on the trading book	8.861	0	0	8.861	25	- 43
Exchange-rate contracts						
Currency swaps on the bank book	1.744.110	3.320	0	1.747.430	5.359	- 1.250
Securities-related transactions						
Index options on the bank book	0	128.529	54.934	183.463	28.908	- 28.908
Total unliquidated derivatives	**2.343.957**	**821.353**	**738.314**	**3.903.624**	**54.053**	**- 52.613**

30) FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table compares fair value and carrying value for balance sheet positions. Market value is the price that could be achieved on the sale of a financial instrument in an active market or the price that would have to be paid for it on such a market. Market price is used in measurements where available.

The current carrying value is used for positions with no contractually fixed maturity date. Where market price is not available, recognised valuation models, particularly the discounted cash flow and option pricing models, have been used.

Assets thousands of €	31.12.2005		31.12.2004	
	Fair Value	Carrying value	Fair Value	Carrying value
Cash reserves	123.564	123.564	104.479	104.479
Loans and advances to banks	116.606	116.510	118.024	118.024
Loans and advances to customers	4.944.874	4.910.087	4.600.360	4.561.360
Loan loss provisions	- 147.879	- 147.879	- 145.541	- 145.541
Trading	11.807	11.807	0	0
Other current assets	983.100	983.100	946.172	946.172
Long-term investments and loans	611.195	598.089	590.656	597.457
Intangible fixed assets	1.834	1.834	4.332	4.332
Property, plant and equipment	97.976	97.976	80.064	80.064
Other assets	70.294	70.294	64.478	64.478
Total assets	**6.813.371**	**6.765.382**	**6.363.024**	**6.330.825**

Liabilities thousands of €	31.12.2005		31.12.2004	
	Fair Value	Carrying value	Fair Value	Carrying value
Banks	888.081	887.870	958.740	958.739
Customer accounts	4.108.787	4.108.226	3.736.227	3.731.227
Securitised debt	862.524	847.625	822.760	808.530
Reserves and provisions	67.531	67.531	63.386	63.386
Other Liabilities	92.891	92.891	76.740	76.740
Subordinated capital	296.659	291.621	264.843	260.339
Total liabilities	**6.316.473**	**6.295.764**	**5.922.696**	**5.898.961**

31) MATURITIES

Assets thousands of €	Daily	Up to 3 months	3 months - 1 year	1-5 years	> 5 years	Total
Loans and advances to banks	27.807	74.381	14.322	0	0	116.510
Loans and advances to customers	582.597	648.336	678.830	820.592	2.179.732	4.910.087
Trading	11.478	25	5	299	0	11.807
Amortisation of securities held as current assets	59.838	42.541	91.420	470.973	279.674	944.446
Fair value of securities held as current assets	7.700	0	1.073	3.622	26.259	38.654
Securities held as long-term investments	0	0	18.631	182.771	140.733	342.135
Total	**689.420**	**765.283**	**804.281**	**1.478.257**	**2.626.398**	**6.363.639**

Passiva thousands of €	Daily	Up to 3 months	3 months - 1 year	1-5 years	> 5 years	Total
Banks	200.873	649.720	4.563	30.511	2.203	887.870
Customer accounts	1.429.991	1.618.577	673.899	385.227	531	4.108.225
Securitised debt	0	21.362	94.244	472.489	259.530	847.625
Subordinated capital	0	0	37.220	92.057	162.344	291.621
Total	**1.630.864**	**2.289.659**	**809.926**	**980.284**	**424.608**	**6.135.341**

32) BTV AG OFFICERS

The following members of the Management and Supervisory Boards were in post with BTV in 2005:

Managing Directors
Peter Gaugg, Management Board spokesman
Matthias Moncher, director

Supervisory Board

Honorary President
Dr. Heinrich Treichl, Vienna

Chairman
Konsul Kommerzialrat, Honorary Senator Dkfm. Dr. Hermann Bell, Linz

Alternates
Kommerzialrat Dr. Gerhard Moser, Innsbruck
Konsul Kommerzialrat Generaldirektor Dkfm. Dr. Heimo Penker, Klagenfurt
Dr. Guido N. Schmidt-Chiari, Vienna

Members
Dipl. Ing. Johannes Collini, Hohenems
Vorstandsdirektor Willibald Cernko, Vienna
Generaldirektor Dr. Franz Gasselsberger MBA, Linz
Kommerzialrat Dkfm. Dr. Hansjörg Jäger, Innsbruck
Dr. Dietrich Karner, Vienna
Kommerzialrat Dkfm. Dr. Johann F. Kwizda, Vienna (from 28.04.2005)
Dr. Edgar Oehler, Balgach (CH) (from 28.04.2005)
Direktor Dkfm. Heinz Öhler, Innsbruck
Dipl.-Ing. Klaus Ortner, Innsbruck (until 28.04.2005)
Dipl.-Ing. Albert Pietsch, Reutte
Kommerzialrat Direktor Karl Samstag, Vienna
Konsul Dipl.-Ing. Paul Senger-Weiss, Lauterach

Employee representatives
Andrea Abenthung-Müller, Betriebsratsobmann, Götzens
Alfred Fabro, Betriebsratsobmann-Stellvertreter, Wattens
Harald Handle, Betriebsratsobmann-Stellvertreter, Oberperfuß
Stefan Abenthung, Götzens (ab 05.04.2005)
Herbert Kärle, Stanzach
Dietmar Rädler, Innsbruck
Walter Theurl, Gaimberg
Herlinde Tiefenthaler, Hard

State commissioners
Ministerialrat Mag. Günther Neubauer, Vienna
Stellvertreter: Gerald Bichler, Vienna

33) Participations at 31 December 2005

	Company name and registered office	Holding Total %	Direct %	Equity (€ million)	Profit(loss) (€ thousands [2])	Balance-sheet date
A.	**Associates**					
1.	**Austrian financial institutions**					
	BTV Leasing GmbH, Innsbruck	100,00	100,00	25,6	916	30.09.2005
	BTV Real-Leasing GmbH, Vienna	100,00	5,00	10,2	- 2	30.09.2005
	BTV Real-Leasing I GmbH, Innsbruck	100,00	5,00	20,4	267	30.09.2005
	BTV Real-Leasing II GmbH, Innsbruck	100,00	4,26	27,5	198	30.09.2005
	BTV Real-Leasing III Nachfolg GmbH & Co. KG, Ibk.	100,00		5,2	- 133	30.09.2005
	BTV Mobilien Leasing GmbH, Innsbruck	100,00		- 2,4	- 43	30.09.2005
	BTV M1/92 Leasing GmbH, Innsbruck	100,00		- 1,4	62	30.09.2005
	BTV Anlagenleasing 1 GmbH, Innsbruck	100,00		4,9	- 299	30.09.2005
	BTV Anlagenleasing 2 GmbH, Innsbruck	100,00		5,4	1.940	30.09.2005
	BTV Anlagenleasing 3 GmbH, Innsbruck	100,00		- 0,3	3	30.09.2005
	BTV Fahrzeug-Leasing GmbH, Innsbruck	100,00		- 0,1	- 8	30.09.2005
2.	**Other Austrian companies**					
	Bauprojekt Langer Weg GmbH, Innsbruck	100,00		- 1,4	- 257	30.09.2005
	BTV Beteiligungsholding GmbH, Innsbruck	100,00	100,00	71,4[1]	14	31.12.2005
	BTV 2000 Beteiligungsverwaltungs GmbH, Innsbruck	100,00		68,3[1]	2.283	31.12.2005
	Stadtforum Tiefgaragenzufahrt GmbH, Innsbruck	100,00	100,00	0,0[1]	- 3	31.12.2005
3.	**Foreign financial institutions**					
	Privatinvest Zürich AG, Zürich	100,00	100,00	1,1[1]	1	31.12.2005
	BTV Leasing Schweiz AG, Staad	100,00		0,6[1]	0	31.12.2004
	SAGEV AG, Staad	100,00		0,2[1]	0	31.12.2004
B.	**Other companies**					
1.	**Austrian banks and financial institutions**					
	Alpenländische Garantie-GmbH, Linz	25,00	25,00	2,5[1]	42	31.12.2005
2.	**Other Austrian companies:**					
	Beteiligungsverwaltung GmbH, Linz	30,00	30,00	13,5[1]	416	31.12.2005
	BKS-Zentrale-Errichtungs- und Vermietungs-gesellschaft mbH, Klagenfurt	25,00	25,00	0,6[1]	186	31.12.2005
	Mayrhofner Bergbahnen AG, Mayrhofen	25,46		33,4[1]	3.775	30.11.2004
	DREI-BANKEN-EDV Gesellschaft mbH, Linz	30,00	30,00	2,9[1]	215	31.12.2005
	Drei-Banken Versicherungs AG, Linz	20,00	20,00	17,1[1]	980	31.12.2005
	Vorarlberger Regionalradio GmbH, Bregenz	31,00		- 0,4[1]	25	31.12.2004
	SHS Schatz, Humer, Satke & Partner GmbH, Ibk	20,00		0,9[1]	301	31.12.2004
	3 Banken Beteiligung GmbH, Linz	30,00		21,1[1]	222	31.12.2005
	LVM Beteiligungs Gesellschaft mbH, Linz	39,20		0,1[1]	-2	31.12.2005
	Alpbacher Bergbahn GmbH, Alpbach	21,43	21,43	0,4[1]	40	30.11.2004
3.	**Other foreign companies**					
	AG für energiebewusstes Bauen AGEB, Staad	50,00		0,1[1]	4	30.06.2005

[1] Equity within the meaning of section 229 HGB plus untaxed provisions and reserves
[2] Net income(loss) for the year after income tax, before accruals and appropriations and application of profits.

PARTICIPATIONS

Details of the consolidation scope are given at the beginning of the Notes to the Financial Statements. The equity and profits stated have been posted by the Austrian leasing companies and by Bauprojekt Langer Weg GmbH under IFRS rules and may therefore differ from the figures published under Austrian rules in the ordinary financial statements of these companies. In the case of all other companies, their ordinary financial statements prepared under national accounting rules were used.

The results stated reflect net income(loss) for the year after tax but before accruals and appropriations and in the case of taxable affiliates and partnerships net profit for the year before tax.

Innsbruck, 27 February 2006

The Managing Directors

Peter Gaugg

Mag. Matthias Moncher

VI. AUDIT REPORT

We have audited the consolidated financial statements of the Bank für Tirol und Vorarlberg Aktiengesellschaft, Innsbruck, for the financial year 1 January to 31 December 2005. In accordance with the International Financial Reporting Standards (IFRS) as applied within the EU and with Austrian legal requirements, the presentation and content of the consolidated financial statements and of the consolidated management report are the responsibility of the Company‘s statutory representatives. It is our duty to give an opinion on these consolidated financial statements based on our audit and to state whether the consolidated management report agrees with the consolidated financial statements.

We have performed our audit in compliance with Austrian legal requirements and auditing standards and with the International Standards on Auditing (ISA). These standards require us to plan and perform an audit that will enable us to give a reasonably reliable opinion on whether the consolidated financial statements are free of material error and to state whether the consolidated management report agrees with the consolidated financial statements. When preparing our audit we took account of our knowledge of the Group‘s business and itseconomic and legal environment and of the likelihood of errors. The figures and other information contained in the consolidated financial statements were sampled and tested during the audit. The audit also involves giving an opinion on the accounting principles applied and the material valuations performed by the statutory representatives, and an assessment of the general presentation of the consolidated financial statements. It is our opinion that our audit provides a proper basis for our opinion.

Our audit has led to no qualifications. Based on the information we have obtained during our audit, it is our opinion that the consolidated financial statements comply with statutory requirements and offer a true and fair view of the asset and financial position of the Group as at 31 December 2005 and of its income and cash flow positions for the financial year 1 January to 31 December 2005 in accordance with the International Financial Reporting Standards (IFRS), as they are applied in the EU. The consolidated management report agrees with the consolidated financial statements.

Innsbruck, 27 February 2006

KPMG Austria GmbH

Mag. Martha Kloibmüller　　Mag. Michael Ahammer

VII. SUPERVISORY BOARD REPORT

The Management Board has regularly reported to the Supervisory Board on BTV's business and position. The Supervisory Board has inter alia complied with its duties under the law and the Articles of Association at its meetings and has advised on all important questions put by the Company. KPMG Austria GmbH, Innsbruck, has audited the annual financial statements and the management report and has stated no objections, issuing a clean audit certificate. Pursuant to point 56 of the Corporate Governance Code, Willibald Cernko, director, participated.

The Supervisory Board agrees with the results of the statutory audit and approves the management report and the proposed allocation of profits. The Supervisory Board has approved the annual accounts prepared in compliance with section 125(2) of the Equities Act.

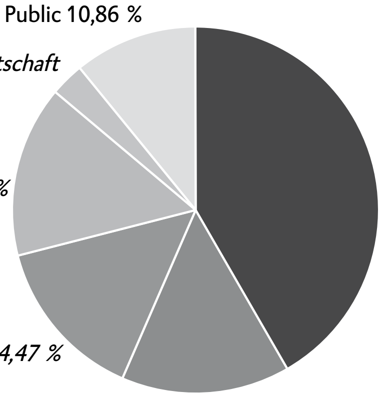
Innsbruck, March 2006

The Supervisory Board

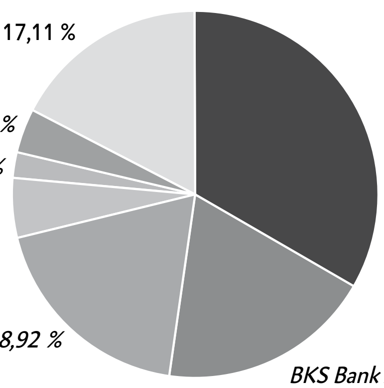
Dkfm. Dr. Hermann Bell, Vorsitzender

SHAREHOLDERS 3 BANKEN GRUPPE

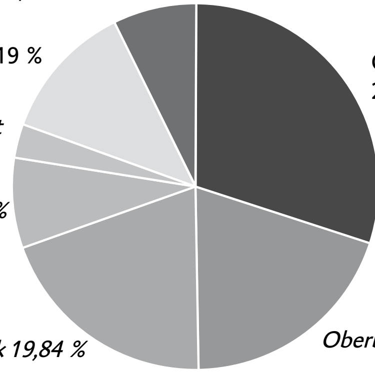
BTV
according to votes



OBERBANK
according to votes



BKS Bank
according to votes



The above italicised shareholders have concluded syndicate agreements.

3 BANKEN GRUPPE - OVERVIEW
GROUP INFORMATION

	BKS Bank		Oberbank		BTV	
	2005	2004	2005	2004	2005	2004
Profit and loss in millions of €						
Net interest income	86,7	80,3	211,5	178,9	99,4	94,6
Loan loss provisions	- 18,0	- 19,2	- 51,0	- 63,3	- 26,9	- 25,5
Commission income	40,0	35,9	90,5	83,7	40,8	39,4
Operating expenses	- 78,0	- 71,7	- 191,5	- 159,6	- 83,1	- 76,7
Net profit for the year before tax	33,5	27,8	79,2	57,2	39,8	33,7
Attributable net income for the year	29,6	21,5	69,2	41,7	34,9	27,1
Balance sheet figures in millions of €						
Total assets	4.719,0	4.564,0	12.251,6	11.293,4	6.765,4	6.330,8
Loans and advances to customers after loan loss provisions	2.922,0	2.776,1	7.223,8	6.737,4	4.762,2	4.415,8
Primary funds	2.633,7	2.524,2	7.268,4	6.901,1	5.247,5	4.800,1
of which savings deposits	1.246,8	1.186,1	2.523,3	2.514,3	1.058,3	1.058,8
of which securitised debt inc. subordinated capital	363,8	398,6	1.297,3	1.200,4	1.139,2	1.068,9
Equity	385,0	342,5	693,3	581,2	469,6	431,9
Managed deposits	8.861,9	7.795,3	14.456,6	12.961,2	10.289,6	9.046,1
of which client deposits	6.228,2	5.271,1	7.188,2	6.060,0	5.042,1	4.246,0
BWG own funds in millions of €						
Measurement basis	3.292,6	3.134,3	8.461,5	7.759,4	4.773,1	4.388,3
Own funds	335,4	322,8	1.065,4	987,1	555,3	554,3
of which core capital (Tier I)	227,5	218,9	575,9	528,9	339,8	330,5
Surplus	72,0	72,0	387,6	365,3	170,5	203,2
Core capital ratio	6,91 %	6,98 %	6,81 %	6,82 %	7,12 %	7,53 %
Total capital ratio	10,19 %	10,30 %	12,59 %	12,72 %	11,63 %	12,63 %
Subsidiaries						
RoE before tax	9,21 %	8,29 %	12,42 %	10,42 %	8,83 %	8,03 %
RoE after tax	8,15 %	6,42 %	10,85 %	7,59 %	7,74 %	6,47 %
Cost/income ratio	59,4 %	59,3 %	59,5 %	59,1 %	56,7 %	57,3 %
Risk/earnings ratio	20,7 %	23,9 %	24,1 %	35,4 %	27,1 %	27,0 %
Resources						
Average no. of employees	744	744	1.702	1.631	820	829
Number of branches	50	52	111	106	37	37

IMPRINT

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Aktiengesellschaft
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