

# QUARTERLY REPORT AS AT 2004-06-30

# BUSINESS DEVELOPMENT OF BTV AG DURING THE FIRST HALF OF 2004

## **BTV balance sheet total is at EUR 5,700 mn -primary resources grew more than 10 %**

### **The balance sheet total increased by EUR 124 mn or 2.2 %.**

Our customers' demand for safety regarding the volatile securities markets resulted in a strong increase in primary resources during the last year. Savings deposits grew by 5,8 % to EUR 1,100 mn, own issues by 12.7 % to EUR 700 mn. - if supplementary issues are included by even more than 13 %. Account - and time deposits rose by 10.7 % to EUR 2,800 mn.

### **Credit business is booming**

Loans and advances to customers rose by 5,8% to EUR 4,200 mn. This is an increase above Austrian average. Apart from home-building loans the main increase was achieved by the sectors of business, trade, self-employed and industry.

### **Operating result above last year's level**

Corporate and private customers' business gained market shares again and the stock exchange environment turned more favourable. These facts led to an operating result of EUR 30.4 mn, which was an increase again compared to the year before.

### **Independence of BTV remains unchanged**

The independence of BTV and our 3Banken partners BKS and Oberbank is secured. The majority of the shares are in the hands of permanent owners. Not even the decartelization of BA-CA and AVZ-foundation, which gives the shares of the 3Banken directly to CABO (a financial participation company belonging to BA-CA group), will change this independence.

### **A study of Financial Times confirms that BTV is a regional bank strong in capital resources**

BTV's independence is also supported by high capital resources. According to a recent study published by the Financial Times Magazine "The Banker" BTV is the second best bank in Tyrol and Vorarlberg regarding capital. The best 1.000 banks regarding capital worldwide are listed in this renowned study. Currently BTV is at rank 670, which is 68 ranks higher than the year before and 117 ranks better than two years before.

### **BTV's independence is guaranteed by high capital resources**

Capital resources of BTV in total were EUR 518.6 mn as at June 30, 2004 resulting in a legal surplus of capital resources of EUR 182.3 mn. The capital resources ratio of 12.34 % is clearly above the legal requirement of 8%. During the past five years capital resources increased by EUR 276 mn or 113,9 %, which is more than double and emphasizes again BTV's independence.

### **Good start for BTV in Switzerland**

The good start of BTV in Switzerland (the first Swiss branch of BTV was opened on July 5, 2004 in Staad at the Lake of Konstanz) was carried by a strong tail wind. The recent discussions about the EU-interest taxation and registration of clients' data, which will not be introduced in Switzerland, was an upwind for the turnover of BTV. BTV Staad at the Lake of Konstanz is a full bank, which is engaged in private and corporate customers business. Mr. Gerhard Burtscher, who was the head of BTV in the area of Vorarlberg for many years, is now the manager of BTV Staad. His team consists of experienced bank experts from Switzerland and Austria. This mixture guarantees the best transfer of know-how and philosophy.

### **Our net representing various chambers of commerce was expanded**

At the beginning of 2004 BTV took over the representation of the German chamber of commerce in Tyrol and is now the regional representative of the German, Swiss and Liechtenstein chamber of commerce in the area of Tyrol and Vorarlberg. For this reason BTV can advise and assist Austrian companies doing business in these countries, which are the main foreign trade partners of Austria. In the future BTV will also represent the Austrian chamber of commerce in Eastern Switzerland.

### **Outlook for the operating result as at Dec. 31, 2004**

We do not expect major fundamental changes for the second half. We expect the operating result for 2004 in total to be slightly below the level of the previous year, because loans only grew slightly within the last months, securities business dropped within the second quarter and financing involved less currency conversion .

# BALANCE SHEET AND PROFIT AND LOSS ACCOUNT OF BTV AG AS AT 2004-06-30

ASSETS	2004-06-30 mn. EUR	2003-06-30 mn. EUR	CHANGES mn. EUR	CHANGES %
1. Cash in hand, balances with central banks	128,4	26,5	101,9	>100
2. Treasury bills and other bills eligible for refinancing with the central bank	187,6	164,7	22,9	13,9
3. Loans and advances to credit institutions	144,6	406,7	- 262,1	- 64,4
4. Loans and advances to customers	4.222,6	3.990,8	231,8	5,8
5. Debt securities and other fixed-interest securities	666,7	718,9	- 52,2	- 7,3
6. Shares and other non-fixed interest securities	70,1	20,8	49,3	>100
7. Equity shares	53,0	52,8	0,2	0,4
8. Interest in associated companies	125,3	120,3	5,0	4,2
9. Other assets	147,9	120,8	27,1	22,4
<b>TOTAL</b>	<b>5.746,2</b>	<b>5.622,3</b>	<b>123,9</b>	<b>2,2</b>

LIABILITIES	2004-06-30 mn. EUR	2003-06-30 mn. EUR	changes mn. EUR	changes %
1. Deposits by credit institution	483,3	811,3	- 328,0	- 40,4
2. Customers accounts	3.849,5	3.520,4	329,1	9,3
of which a) savings deposits	1.054,2	996,1	58,1	5,8
of which b) other liabilities	2.795,3	2.524,3	271,0	10,7
3. Liabilities evidenced by certificates	730,7	648,1	82,6	12,7
4. Provisions	45,4	45,3	0,1	0,2
5. Supplementary capital	258,0	222,1	35,9	16,2
6. Subscribed capita	50,0	50,0	0,0	0,0
7. Reserves	152,3	134,5	17,8	13,2
8. Liability reserve according to §23 (6) Bank Act	91,5	87,7	3,8	4,3
9. Other liabilities	85,5	102,9	- 17,4	- 16,9
<b>TOTAL</b>	<b>5.746,2</b>	<b>5.622,3</b>	<b>123,9</b>	<b>2,2</b>

PROFIT AND LOSS ACCOUNT	2004-06-30 mn. EUR	2003-06-30 mn. EUR	changes mn. EUR	changes %
1. Interest receivable and similar income	101,9	107,4	- 5,5	- 5,1
2. Interest payable and similar expenses	- 60,9	- 67,7	- 6,8	- 10,0
<b>I. NET INTEREST INCOME</b>	<b>41,0</b>	<b>39,7</b>	<b>1,3</b>	<b>3,3</b>
3. Income on shares, other equity rights and variable-yield securities	0,3	0,1	0,2	>100
4. Income on equity interests and interests in associated companies	3,4	3,3	0,1	3,0
5. Commissions	22,0	22,0	0,0	0,0
6. Earnings/expenses from financial transactions	2,3	1,5	0,8	53,3
7. Other operating income	0,6	0,7	- 0,1	- 14,3
<b>II. OPERATING INCOME</b>	<b>69,6</b>	<b>67,3</b>	<b>2,3</b>	<b>3,4</b>
8. Staff costs	- 25,3	- 23,9	1,4	5,9
9. Other administrative expenses (material costs)	- 11,0	- 10,4	0,6	5,8
10. Value adjustments on assets included in asset item no. 9	- 2,7	- 2,6	0,1	3,8
11. Other operating expenses	- 0,2	- 0,3	- 0,1	- 33,3
<b>III. OPERATING EXPENSES</b>	<b>- 39,2</b>	<b>- 37,2</b>	<b>2,0</b>	<b>5,4</b>
<b>IV. OPERATING RESULT</b>	<b>30,4</b>	<b>30,1</b>	<b>0,3</b>	<b>1,0</b>

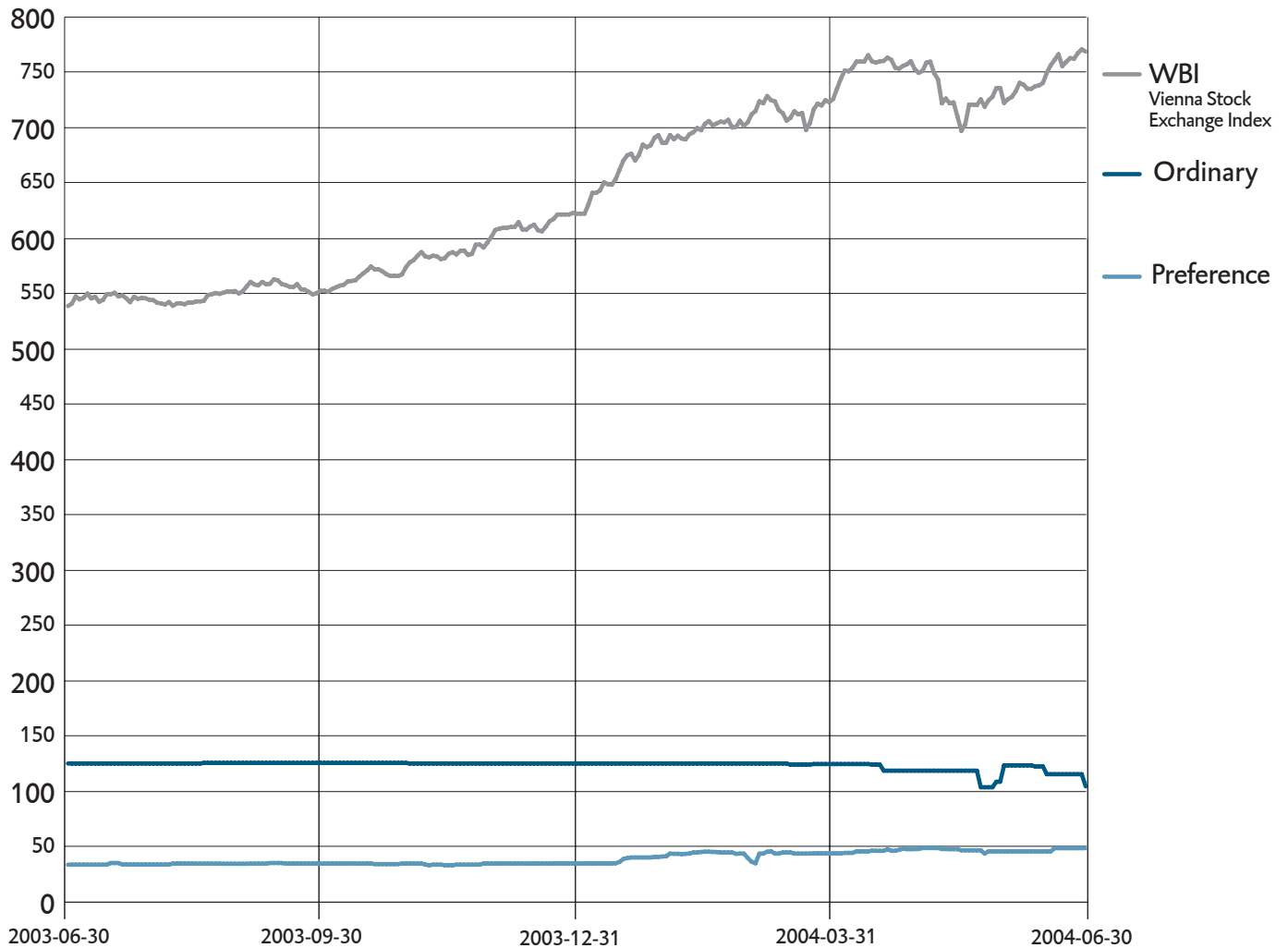
# CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT OF BTV AS PER 2004-06-2003

ASSETS	2004-06-30 mn. EUR	2003-06-30 mn. EUR	CHANGES mn. EUR	CHANGES %
1. Cash in hand, balances with central banks	128,4	26,5	101,9	>100
2. Treasury bills and other bills eligible for refinancing with the central bank	187,6	164,7	22,9	13,9
3. Loans and advances to credit institutions	146,2	408,2	- 262,0	- 64,2
4. Loans and advances to customers	4.295,6	4.037,5	258,1	6,4
5. Debt securities and other fixed-interest securities	666,7	719,0	- 52,3	- 7,3
6. Shares and other non-fixed interest securities	70,1	20,8	49,3	>100
7. Equity shares	54,5	54,9	- 0,4	- 0,7
8. Interest in associated companies	67,5	62,1	5,4	8,7
9. Other assets	176,4	153,9	22,5	14,6
<b>TOTAL</b>	<b>5.793,0</b>	<b>5.647,6</b>	<b>145,4</b>	<b>2,6</b>

LIABILITIES	2004-06-30 mn. EUR	2003-06-30 mn. EUR	changes mn. EUR	changes %
1. Deposits by credit institution	483,3	809,7	- 326,4	- 40,3
2. Customers accounts	3.852,3	3.521,6	330,7	9,4
of which a) savings deposits	1.054,2	996,1	58,1	5,8
of which b) other liabilities	2.798,1	2.525,5	272,6	10,8
3. Liabilities evidenced by certificates	730,7	648,1	82,6	12,7
4. Provisions	49,9	47,5	2,4	5,1
5. Supplementary capital	258,0	222,1	35,9	16,2
6. Subscribed capita	50,0	50,0	0,0	0,0
7. Reserves	170,7	150,4	20,3	13,5
8. Liability reserve according to §23 (6) Bank Act	91,5	87,7	3,8	4,3
9. Other liabilities	106,6	110,5	- 3,9	- 3,5
<b>TOTAL</b>	<b>5.793,0</b>	<b>5.647,6</b>	<b>145,4</b>	<b>2,6</b>

PROFIT AND LOSS ACCOUNT	2004-06-30 mn. EUR	2003-06-30 mn. EUR	changes mn. EUR	changes %
1. Interest receivable and similar income	106,0	114,8	- 8,8	- 7,7
2. Interest payable and similar expenses	- 62,6	- 72,5	- 9,9	- 13,7
<b>I. NET INTEREST INCOME</b>	<b>43,4</b>	<b>42,3</b>	<b>1,1</b>	<b>2,6</b>
3. Income on shares, other equity rights and variable-yield securities	0,3	0,1	0,2	>100
4. Income on equity interests and interests in associated companies	2,6	2,2	0,4	18,2
5. Commissions	22,6	22,5	0,1	0,4
6. Earnings/expenses from financial transactions	2,3	1,5	0,8	53,3
7. Other operating income	1,8	2,9	- 1,1	- 37,9
<b>II. OPERATING INCOME</b>	<b>73,0</b>	<b>71,5</b>	<b>1,5</b>	<b>2,1</b>
8. Staff costs	- 26,1	- 24,8	1,3	5,2
9. Other administrative expenses (material costs)	- 10,5	- 10,2	0,3	2,9
10. Value adjustments on assets included in asset item no. 9	- 3,5	- 3,3	0,2	6,1
11. Other operating expenses	- 1,3	- 1,7	- 0,4	- 23,5
<b>III. OPERATING EXPENSES</b>	<b>- 41,4</b>	<b>- 40,0</b>	<b>1,4</b>	<b>3,5</b>
<b>IV. OPERATING RESULT</b>	<b>31,6</b>	<b>31,5</b>	<b>0,1</b>	<b>0,3</b>

## PERFORMANCE OF BTV-SHARES AT 2004-06-30



High oil prices and terror threats led to an insecure development at the capital markets. In May especially the prices at the stock exchange markets fell significantly according to the old stock exchange quotation: sell in May and go away. The following correction resulted mainly from the positive company and business activity figures. In general the stock markets tended sideward in this very volatile environment over the second quarter.

The ATX (Austrian Traded Index) rose further and noted at 1,989.40 points, which was 30% higher than at the beginning of the year. The price of BTV ordinary shares was EUR 105.80 at the end of June. The price of BTV preference shares gained 38% and reached EUR 49.90.

## IMPORTANT FIGURES OF 3 BANKEN GRUPPE\* CONSOLIDATED

BILANZ	2004-06-30 mn. EUR	2003-06-30 mn. EUR	changes mn. EUR	changes %
Balance-sheet total	20.895	19.362	1.533	7,9
Loan and advances to customers	13.492	12.696	795	6,3
Fixed-interest securities	3.061	2.844	218	7,7
Primary funds (including supplementary capital)	13.898	12.767	1.131	8,9
of which savings deposits	4.701	4.365	336	7,7
Securities deposited by customers	16.259	14.636	1.623	11,1

### PROFIT AND LOSS ACCOUNT

Interest income (including income on equity interests)	161,7	160,4	1,3	0,8
Commission receivable (including other earnings)	93,7	92,9	0,8	0,9
Earnings/expenses from financial transactions	10,4	5,2	5,2	100,0
Staff costs	97,5	91,7	5,8	6,3
Material expenditure, depreciation other expenditure	60,6	60,4	0,2	0,3
Operating result	107,7	106,4	1,3	1,2

### CAPITAL RESOURCES

Creditable capital resources (without Tier 3)	1.769	1.599	171	10,7
Surplus capital resources	602	503	99	19,7

### RESOURCES

Average number of persons employed	3.184	3.138	46	1,5
Branches	191	175	16	9,1

\*) consisting of Bank für Kärnten und Steiermark AG, Oberbank AG, Bank für Tirol und Vorarlberg AG