

QUARTERLY REPORT AS PER 2003-03-31

BUSINESS DEVELOPMENT OF BTV AG DURING THE 1. QUARTER OF 2003

Balance sheet total at EUR 5 500 mn - Primary resources still on a high level

The balance sheet total increased to EUR 5 480 mn, which was by EUR 376.5 mn or 7.4 % higher than on March 31, 2002. This growth was mainly the result of an increase in the loans and advances to customers by 6.1 % or EUR 230 mn amounting up to EUR 4 020 mn. Business with private customers - especially financing for housing - was further expanded. Business with corporate customers mainly increased within industry and trade. The securities portfolio was shifted from shares to fixed-interest securities due to the stock exchange situation. Loans and advances to credit institutions rose by EUR 44.3 mn to EUR 237.8 mn.

The refinancing structure is similar as in 2002. Savings deposits developed particularly well. The savings volume was increased by 8.4 % to EUR 1 020 mn. Other liabilities to customers were at EUR 2 390 mn slightly below last year's amount. Debt securities dropped slightly to EUR 605.7 mn. The supplementary capital was significantly increased by EUR 43.2 mn to EUR 213.4 mn compared to the previous year in order to back up the capital resources. Liabilities towards banks rose by EUR 299.9 mn to EUR 847.3 mn.

Capital resources continued positive. It was possible to increase capital resources from EUR 401.4 mn to EUR 470.8 mn by allocation of reserves at the end of the year and the successful sale of supplementary capital loans. Capital resources ratio was increased by 11.38 % to 12.26 % as a result. Core capital ratio is at 6.94 % at a very high level, just slightly less (minus 0.13 %) than the previous year.

Operating result only 0.7 % below last year's good result

The operating result was only 0.7 % less than last year, which is still positive if the continuing unfavourable environment is taken into consideration. The net interest income decreased by EUR 0.3 mn or 1.5 % to EUR 19.8 mn compared to the previous year. Commission earned from securities business was by EUR 1.3 mn or 23.1 % less than last year due to the negative development of the market and our customers' cautious reaction to this situation. Commission from foreign exchange and foreign currency business was by EUR 0.1 mn less than last year. While profits from payment transactions remained stable, profits from credit business increased by EUR 0.2 mn or 12.7 % due to an increased guaranty volume. The operating income in total decreased by EUR 0.7 mn or 2.1 % to EUR 33.4 mn.

Operating expenses were reduced by 3.1 % to EUR 18.6 mn in total. The staff expenses were by 3.3 % less this year. Material costs stayed at EUR 5.2 mn roughly at the level of last year. Depreciation was by 18.8 % below March 2002. Other operating expenses increased by EUR 0.1 mn. The operating result amounting up to EUR 14.8 mn as per March 31, 2003 was by EUR 0.1 mn. or 0.7 % below last year's figure.

Operating result for 2003 expected to be slightly below last year's result

BTV managed to further increase the market share within the corporate and private customers business. The uncertain development at the financial markets affected the securities business leading to a decline in the operating result.

For the next quarters we still expect a curbed development and operating results slightly below last year due to the expected interest development and the continuing unfavourable underlying conditions.

BALANCE SHEET AND STATEMENT OF INCOME OF BTV AG AS PER 2003-03-31

ASSETS	2003-03-31 mn. EUR	2002-03-31 mn. EUR	Change mn. EUR	Change %
1. Cash in hand, balances with central banks and post office banks	148,8	59,7	89,1	149,2%
2. Treasury bills and other bills eligible for refinancing with the central bank	148,8	330,6	-181,8	-55,0%
3. Loans and advances to credit institutions	237,8	193,5	44,3	22,9%
4. Loans and advances to customers	4.015,5	3.785,5	230,0	6,1%
5. Debt securities and other fixed-interest securities	615,9	401,4	214,5	53,4%
6. Shares and other non-fixed interest securities	10,1	27,6	-17,5	-63,4%
7. Equity shares	58,4	57,1	1,3	2,3%
8. Interest in associated companies	110,4	103,8	6,6	6,4%
9. Other assets	137,1	147,1	-10,0	-6,8%
TOTAL	5.482,8	5.106,3	376,5	7,4%

LIABILITIES	2003-03-31 mn. EUR	2002-03-31 mn. EUR	Change mn. EUR	Change %
1. Deposits by credit institutions	847,3	547,4	299,9	54,8%
2. Customers accounts	3.407,8	3.380,1	27,7	0,8%
of which a) savings deposits	1.016,7	937,6	79,1	8,4%
of which b) other liabilities	2.391,1	2.442,5	-51,4	-2,1%
3. Liabilities evidenced by certificates	605,7	622,3	-16,6	-2,7%
4. Provisions	45,5	47,0	-1,5	-3,2%
5. Supplementary capital	213,4	170,2	43,2	25,4%
6. Subscribed capital	50,0	36,4	13,6	37,4%
7. Reserves	134,5	130,4	4,1	3,1%
8. Liability reserve according to §23 (6) Bank Act	87,7	85,6	2,1	2,5%
9. Other liabilities	90,9	86,9	4,0	4,6%
TOTAL	5.482,8	5.106,3	376,5	7,4%

INCOME STATEMENT	2003-03-31 mn. EUR	2002-03-31 mn. EUR	Change mn. EUR	Change %
1. Interest receivable and similar income	56,0	59,5	-3,5	-5,9%
2. Interest payable and similar expenses	-36,2	-39,4	-3,2	-8,1%
I. NET INTEREST INCOME	19,8	20,1	-0,3	-1,5%
3. Income from shares, other equity rights and variable-yield securities	0,0	0,2	-0,2	-100,0%
4. Earnings from participating interests and shares in affiliates	2,0	0,9	1,1	122,2%
5. Commissions	10,6	11,9	-1,3	-10,9%
6. Earnings/expenses from financial transactions	0,6	0,8	-0,2	-25,0%
7. Other operating income	0,4	0,2	0,2	100,0%
II. OPERATING INCOME	33,4	34,1	-0,7	-2,1%
8. Staff costs	-11,9	-12,3	-0,4	-3,3%
9. Other administrative expenses (material costs)	-5,2	-5,2	0,0	0,0%
10. Value adjustments on assets included in asset item no. 9	-1,3	-1,6	-0,3	-18,8%
11. Other operating expenses	-0,2	-0,1	0,1	100,0%
III. OPERATING EXPENSES	-18,6	-19,2	-0,6	-3,1%
IV. OPERATING RESULT	14,8	14,9	-0,1	-0,7%

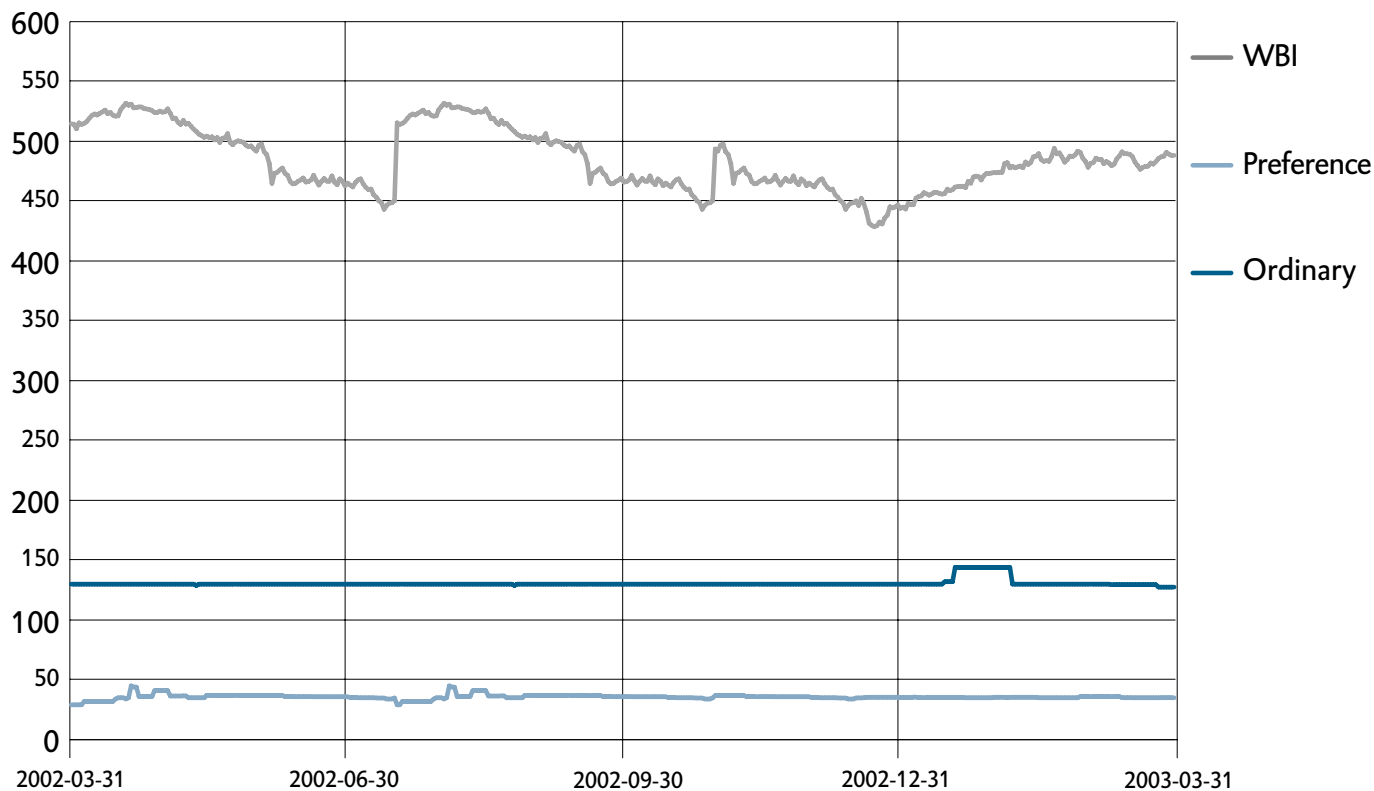
CONSOLIDATED BALANCE SHEET AND STATEMENT OF INCOME AS PER 2003-03-31

ASSETS	2003-03-31 mn. EUR	2002-03-31 mn. EUR	Change mn. EUR	Change %
1. Cash in hand, balances with central banks and post office banks	148,8	59,7	89,1	149,2%
2. Treasury bills and other bills eligible for refinancing with the central bank	148,8	330,6	-181,8	-55,0%
3. Loans and advances to credit institutions	239,4	194,2	45,2	23,3%
4. Loans and advances to customers	4.073,4	3.841,0	232,4	6,1%
5. Debt securities and other fixed-interest securities	615,9	401,4	214,5	53,4%
6. Shares and other non-fixed interest securities	10,1	27,6	-17,5	-63,4%
7. Equity shares	60,4	59,0	1,4	2,4%
8. Interest in associated companies	52,2	45,6	6,6	14,5%
9. Other assets	163,0	171,9	-8,9	-5,2%
TOTAL	5.512,0	5.131,0	381,0	7,4%

LIABILITIES	2003-03-31 mn. EUR	2002-03-31 mn. EUR	Change mn. EUR	Change %
1. Deposits by credit institutions	847,2	544,7	302,5	55,5%
2. Customers accounts	3.408,3	3.381,3	27,0	0,8%
of which a) savings deposits	1.016,7	937,6	79,1	8,4%
of which b) other liabilities	2.391,6	2.443,7	-52,1	-2,1%
3. Liabilities evidenced by certificates	605,7	622,3	-16,6	-2,7%
4. Provisions	47,8	49,2	-1,4	-2,8%
5. Supplementary capital	213,4	170,2	43,2	25,4%
6. Subscribed capital	50,0	36,4	13,6	37,4%
7. Reserves	150,5	144,0	6,5	4,5%
8. Liability reserve according to §23 (6) Bank Act	87,7	85,6	2,1	2,5%
9. Other liabilities	101,4	97,3	4,1	4,2%
TOTAL	5.512,0	5.131,0	381,0	7,4%

INCOME STATEMENT	2003-03-31 mn. EUR	2002-03-31 mn. EUR	Change mn. EUR	Change %
1. Interest receivable and similar income	59,8	61,8	-2,0	-3,2%
2. Interest payable and similar expenses	-38,5	-39,7	-1,2	-3,0%
I. NET INTEREST INCOME	21,3	22,1	-0,8	-3,6%
3. Income from shares, other equity rights and variable-yield securities	0,0	0,2	-0,2	-100,0%
4. Earnings from participating interests and shares in affiliates	1,1	0,9	0,2	22,2%
5. Commissions	10,9	12,2	-1,3	-10,7%
6. Earnings/expenses from financial transactions	0,6	0,8	-0,2	-25,0%
7. Other operating income	1,4	1,3	0,1	7,7%
II. OPERATING INCOME	35,3	37,5	-2,2	-5,9%
8. Staff costs	-12,3	-12,7	-0,4	-3,1%
9. Other administrative expenses (material costs)	-5,1	-5,1	0,0	0,0%
10. Value adjustments on assets included in asset item no. 9	-1,6	-2,0	-0,4	-20,0%
11. Other operating expenses	-1,0	-1,1	-0,1	-9,1%
III. OPERATING EXPENSES	-20,0	-20,9	-0,9	-4,3%
IV. OPERATING RESULT	15,3	16,6	-1,3	-7,8%

DEVELOPMENT OF BTV-SHARES AS PER 2003-03-31



After three years of decline the new year started promising. Technology shares in particular gained considerably during the first weeks due to the good quarterly results. Economic slowdown and the approaching war in Irak destroyed the hopes for a long lasting rise in market prices. The stock markets came under pressure again by the uncertainty if and when the war would be started. A low was hit in the second week of March, when the European markets slid below the lowest prices of last year and the DAX closed just above 2 200 points. When the uncertainty was over and the war finally started, a “war rallye” lead to a Dow Jones with the highest weekly profit for 20 years of more than 8 % plus. Within the first few days of the war it turned out that it was more difficult than expected to deprive the Iraqui regime of its power. This had an impact on the stock markets.

The profits were partly lost again until the end of the quarter. For the next weeks we expect even more volatile prices due to the approaching publications of the companies’ first quarter figures.

While the prices at most European Stock Markets clearly weakened (DAX -12,9%, EuroStoxx50 -10.7%), the ATX (Austrian Traded Index) gained 1.1 % within the first quarter 2003 despite this difficult environment. The more diversified WB-Index (Vienna stock exchange index) even increased by 1.9 % up to 488.23 points.

Also the price of BTV preference shares remained relatively steady dropping slightly by 1.3 % to EUR 35.05. The price of BTV ordinary shares dropped slightly more by 1.9 % to EUR 127.5 and proved a stable investment again.

IMPORTANT FIGURES OF 3 BANKEN GRUPPE (CONSOLIDATED)*

BALANCE SHEET	2003-03-31 mn. EUR	2002-03-31 mn. EUR	Change mn. EUR	Change %
Balance-sheet total	18.749	18.437	+ 312	+ 1,7%
Loans and advances to customers	12.362	12.032	+ 330	+ 2,7%
Fixed-interest securities	2.574	2.254	+ 320	+ 14,2%
Primary funds (including supplementary capital)	12.194	12.154	+ 40	+ 0,3%
Savings deposits	4.287	4.123	+ 164	+ 4,0%
Securities deposited by customers	14.510	15.893	- 1.383	- 8,7%
INCOME STATEMENT				
Interest income (including income from participating interests)	78,2	78,6	-0,4	- 0,5%
Commission receivable (including other earnings)	47,9	47,3	0,6	+ 1,3%
Earnings/expenses from financial transactions	1,7	2,5	-0,8	- 31,6%
Staff costs	46,0	46,8	-0,8	- 1,8%
Cost of materials, depreciation, other expenditure	30,2	29,5	0,7	+ 2,5%
Operating result	51,6	52,1	-0,5	- 0,9%
CAPITAL RESOURCES				
Capital resources (without Tier 3)	1.569	1.415	+ 154	+ 10,9%
Surplus of capital resources (without Tier 3)	497	370	+ 128	+ 34,5%
RESOURCES				
Employees	3.131	3.191	- 60	- 1,9%
Branches	173	173	+ 0	+ 0,0%

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