Annual Report
2015

Seit 1828

Bankhaus Spängler

Corporate Bodies

Supervisory Board

KR Heinrich Spängler
Chairman

KR Dr. Heinrich Wiesmüller
Honorary Chairman (until 12 May 2015)

Hon.-Prof. Mag. Dr. Johann Bertl
Vice Chairman

Dr. Reinhard Fritz

Dr. Arno Gasteiger

Dr. Maria Wiesmüller (as of 12 May 2015)

Delegates of the Staff Council

Wolfram Stöphasius

Alois Silberer

Gisela König

Management Board

Dr. Helmut Gerlich
(Spokesman)

Dr. Rudolf Oberschneider

Mag. Franz Welt

Dr. Werner Zenz

State Commissioners

Mag. Peter Maerschalk

Ministerialrat Kurt Parzer
Deputy State Commissioner

Supervisory Board Report

In financial year 2015, the Supervisory Board met on five different occasions (including the constituent session) to perform the responsibilities conferred upon it by law and the articles of incorporation. The Management Board provided the Supervisory Board with regular reports regarding the company's business situation and important transactions.

The credit committee met four times during the year to review and approve the transactions that required its consent.

The audit committee also met once every quarter. It reviewed the internal control system and obtained reports regarding the effectiveness of the risk management systems, accounting processes and activities of the internal audit department.

The nomination committee met twice to perform its responsibilities pursuant to § 29 lines 1 to 8 BWG.

The risk committee also met twice to discuss the risk strategy as well as all other subjects required by law.

The remuneration committee held one meeting to discuss adequate implementation of the remuneration provisions set out in § 39b BWG.

The Supervisory Board chairman was in regular contact with the Management Board to discuss strategic matters and obtain comprehensive information regarding the company's business development and risk management.

The annual financial statements and the management report for financial year 2015 were audited by Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H, Vienna. Since the audit did not give rise to any reservations and the statutory provisions were complied with, an unqualified audit certificate was issued.

At its meeting on 4 May 2016, the audit committee audited the annual financial statements and the management report and submitted a respective report to the Supervisory Board. The Supervisory Board agrees with the result of the audit and with the annual financial statements, management report and proposed profit appropriation and endorses the 2015 annual financial statements which are thereby approved pursuant to § 96 (4) AktG.

The Supervisory Board would like to thank the staff and the Management Board for their outstanding commitment and the excellent results achieved in financial year 2015.

Salzburg, 4 May 2016

Supervisory Board

KR Heinrich Spängler
Chairman of the Supervisory Board

Management Report

Business environment in 2015

In 2015, slow growth continued to dominate our core markets of Austria and Southern Germany. Interest rates on the money market and the capital market remained at a particularly low level, while stock markets recorded positive development although volatility was at times substantial.

Business development in 2015

Given this challenging environment, Spängler can look back on an excellent 187th year in business.

Earnings from net interest income and income from securities and investments increased by 2.5 % from EUR 18.8 million to EUR 19.3 million. Commission earnings rose by 10.4 % from EUR 20.6 million to EUR 22.7 million. The operating income went up 9.9 % to EUR 45.4 million while operating expenses rose by 6.1 % to EUR 33.3 million.

The operating result increased from EUR 9.9 million to EUR 12.1 million (+ 21.8 %). At EUR 9.8 million (+ 26.0 %), the 2015 result from ordinary activities is the highest in the history of Bankhaus Spängler. The surplus for the year amounts to EUR 7.5 million (previous year: EUR 5.9 million). EUR 6.2 million of this amount (previous year: EUR 4.2 million) were allocated to the reserves.

Both the allocation to the reserves and, from a regulatory perspective, the conversion of non-voting preference shares into shares pursuant to § 26a BWG strengthened our capital base. As per the balance sheet date, the common equity tier 1 ratio amounted to 11.3 % (previous year: 10.8 %) and the total capital ratio to 14.1 % (previous year: 13.9 %). The return on equity tier 1 amounts to 12.1 % before taxes.

Commission earnings increased by 11.1 % from EUR 326.3 million to EUR 362.4 million and the call and time deposits by 13.8 %, from EUR 506.5 million to EUR 576.6 million. These items include the occasional big deposit. Hence, significant fluctuations remain possible in the future. The growth in retail deposits pushed the balance sheet total up to EUR 1,217.8 million (+ 10.1 %).

As per the balance sheet date, loans to customers amounted to EUR 738.8 million (previous year: EUR 708.8 million) and continued to relate almost exclusively to Austrian and Bavarian borrowers. The lending ratio declined from 73 % to 68 %.

Inflows of funds, especially in our successful asset management segment, and the positive capital market trend resulted in an 8.1 % increase in private assets under custody to EUR 2.4 billion. Our asset management had client assets of around EUR 1.9 billion (previous year: EUR 1.6 billion) under management – a welcome increase of 17.6% over the previous year.

Bankhaus Carl Spängler & Co. AG has formed a credit institution group according to § 30 BWG in conjunction with the subsidiaries BS Liegenschaften GmbH and Zellinvest Anlageberatung GmbH. In compliance with § 249 (2) UGB, Spängler does not prepare consolidated financial statements or a group management report pursuant to § 59 BWG since the subsidiaries are of minor relevance to the company's net assets, financial position and results of operations, both individually and together.

Trend in balance sheet total, tier 1 capital and selected key ratios:

	2015	2014	2013
Balance sheet total in million EUR	1,217.8	1,105.7	1,136.8
Common equity tier 1 capital in million EUR	80.9	74.2	70.3
Cost-income ratio in %	73.4	76.0	77.1
Return on equity (before taxes) in %	12.1	10.5	8.3

Number of staff

The average number of staff in the financial year was 261 (previous year: 259).

Our employees have a high level of relevant skills and have enjoyed the trust of our customers for many years. We consider basic and advanced training of our staff to be of crucial importance in maintaining high quality in the fields of consulting and customer support.

Risk report

The specific and controlled taking of risks in consideration of return-oriented parameters represents an integral part of the internal capital adequacy assessment process at Bankhaus Spängler.

The counterparty risk is the risk of Spängler's clients or business partners failing to meet their contractual payment obligations either partly or entirely.

The counterparty risks arising from our client business remain broadly diversified and are appropriately backed by normal banking security. The credit risk is juxtaposed with provisions in the amount of EUR 21.9 million representing approx. 2.9 % of the credit volume.

Broad diversification of borrowers and a voluntary risk limit (e.g. in the credit amounts) largely limit the counterparty risk to the borrower default risk. The country risk is low both in the credit and the interbank business. As regards our own securities holdings, we have been concentrating on core European government and bank bonds with high credit ratings for many years.

With respect to our interbank business, all trading partners are subject to an annual rating as well as counterparty-specific, rating-based and partially duration-based limits. To minimize the processing risk, we either involve clearing houses which process transactions after performance by both parties or focus on selected partners with excellent credit standing. Bankhaus Spängler neither held nor holds any credit derivatives.

The interest risk is the risk arising from unforeseen changes in market interest rates with varying fixed interest rates applying to asset and liability items. The interest risk is regularly modelled via gap analysis and interest income simulations and is managed and limited by the Management Board via voluntary risk limits suggested by a dedicated committee (Assets / Liabilities Committee).

The liquidity risk, which is of paramount importance to the long-term survival and independence of the company, is accorded particular attention. The liquidity risk is the risk of failing to meet current or future payment obligations, either partly or entirely, or of failing to procure the required liquidity at the expected conditions when needed. This risk is monitored via regular capital commitment balances and various early warning indicators and is bound by various voluntary, and comparably strict, limits.

Exchange rate risks refer to the potential loss that may arise from a negative change in the value of open spot exchange positions, outstanding receivables or payables denominated in a foreign currency or open forward exchange transactions. Open foreign exchange positions are usually closed on the same day or limited to the operational need. The exchange rate risk is thus very low.

Derivative instruments essentially serve to hedge interest and exchange rate risks and are partially hedged via margin agreements. The primary financial instrument holding is specified in the Appendix. In the period under review, the bank did not hold any positions in the securities trading portfolio.

The operational risk is defined as the risk of losses arising due to the inadequacy or failure of internal processes, individuals or systems or due to external events. Operational risks are minimized via clearly structured and documented responsibilities and operating processes, a constantly developing internal control system and sufficient insurance cover.

Events occurring after the conclusion of the financial year

No events of special relevance to Bankhaus Carl Spängler & Co. AG occurred after the balance sheet date of 31 December 2015.

Other disclosures

As an institution active in the banking industry, the company does not incur any "research & development" expenses.

Bankhaus Spängler has a branch office in Zell am See and further offices in the state of Salzburg as well as in Vienna, Linz and Kitzbühel.

Outlook for 2016

The success of the last few years has confirmed our resolution to continue pursuing the company's strategic mission of being the "leading consulting bank with a focus on private assets and family enterprises".

We will respond to the rapidly changing customer needs arising from increasing digitalisation by investing selectively in the bank's multi-channel structure. Numerous significant changes in the regulatory and fiscal environment will continue to give rise to high costs and tie up substantial staff capacities in 2016.

In financial year 2016, we expect further slow growth in our core markets and little change in the interest environment. Combined with rising political risks, this environment is likely to lead to further distortion on the capital markets. Although this development is associated with substantial challenges, we view financial year 2016 with cautious optimism.

Bankhaus Spängler is supported by two profitable complementary mainstays, its interest and retail brokerage businesses. The positive earnings trend of the last few years confirms our resolution to carry on this successful business model.

Our success is built on the continuity of our shareholder structure, the reasonable size of our business, the outstanding commitment of our staff and, above all, the trust our clients place in us, particularly in difficult times.

The management would like to thank all members of staff for their excellent work and mutually respectful cooperation.

Bankhaus Carl Spängler & Co.
Aktiengesellschaft

Dr. Helmut Gerlich

Dr. Rudolf Oberschneider

Mag. Franz Welt

Dr. Werner Zenz

Salzburg, 20 April 2016

Balance sheet as at 31 December 2015

Assets

	2015		2014
	EUR	EUR	kEUR
1. Cash in hand, balances with central banks and post office banks		120.388.380,86	83.169
2. Public sector debt instruments and bills eligible for refinancing with central banks			
a) public sector debt instruments and similar securities	39.764.928,78		40.869
b) bills eligible for refinancing with central banks	0,00		0
		39.764.928,78	40.869
3. Due from credit institutions			
a) repayable on demand	35.415.563,06		13.271
b) other receivables	67.972.559,08		71.580
		103.388.122,14	84.851
4. Due from customers		762.771.346,35	709.035
5. Debt obligations and other fixed-interest securities			
a) by public issuers	0,00		0
b) by other issuers	114.268.165,05		100.441
thereof: own debt obligations . . . EUR 0,00 (2014: kEUR 0.0)			
		114.268.165,05	100.441
6. Shares and other variable-interest securities		39.214.181,25	49.355
7. Investments		8.791.666,49	8.817
thereof: investments in credit institutions . . . . EUR 367.586,45 (2014: kEUR 367.6)			
8. Shares in affiliated companies		11.325.107,47	11.325
thereof: in credit institutions EUR 0,00 (2014: TEUR 0,0)			
9. Intangible fixed assets		236.766,46	309
10. Tangible fixed assets		13.429.916,16	13.265
thereof: land and buildings occupied by the credit institution for its own activities . . . EUR 7.459.678,06 (2014: TEUR 7.232,4)			
11. Other assets		4.202.674,81	4.230
12. Prepayments and accrued income		56.673,10	75
		1.217.837.928,92	1.105.741

Liabilities

	2015 EUR	2015 EUR	2014 kEUR
1. Due to credit institutions			
a) repayable on demand	5.008.624,22		12.723
b) with agreed maturities or notice periods	39.940,93		67
		5.048.565,15	12.790
2. Due to customers			
a) savings deposits, thereof:			
aa) repayable on demand	52.614.514,16		45.719
bb) with agreed maturities or notice periods	309.792.664,77		280.586
	362.407.178,93		326.305
b) other liabilities, thereof:			
aa) repayable on demand	518.280.068,12		462.771
bb) with agreed maturities or notice periods	58.348.275,07		43.738
	576.628.343,19		506.509
		939.035.522,12	832.814
3. Securitised liabilities			
other securitised liabilities		154.802.002,95	146.601
4. Other liabilities		4.126.364,66	4.221
5. Prepayments and accrued income		50.388,96	64
6. Provisions			
a) provisions for severance payments	6.977.000,00		6.403
b) provisions for pensions	2.881.208,77		2.878
c) tax provisions	507.000,00		203
d) other	4.699.679,26		4.313
		15.064.888,03	13.797
7. Tier 2 capital pursuant to Part Two Title I Chapter 4 of Regulation (EU) No. 575/2013		16.200.367,65	17.712
8. Additional core capital pursuant to Part Two Title I Chapter 3 of Regulation (EU) No. 575/2013			
Non-voting instruments acc. to § 26a BWG		1.818.181,82	0
9. Subscribed capital		18.181.818,18	20.000
10. Capital reserve			
allocated		2.000.000,00	2.000
11. Revenue reserve			
other reserves		46.614.183,78	40.414
12. Liability reserve pursuant to § 57 (5) BWG[1)]		11.757.000,00	11.757
13. Net profit for the year		2.357.231,23	2.776
14. Untaxed reserves			
a) valuation reserve arising from special amortisation or depreciation	36.559,48		43
b) other untaxed reserves	744.854,91		752
thereof: transfer reserve pursuant to § 12 EstG 1988 EUR 744.854,91 (2014: TEUR 752)		781.414,39	795
		1.217.837.928,92	1.105.741

Items shown below the balance sheet

Assets

	2015		2014
	EUR	EUR	kEUR
Foreign assets		341.993.375,88	275.783

Liabilities

	2015 EUR	2015 EUR	2014 kEUR
1. Contingent liabilities			
a) acceptances and liabilities from the endorsement of rediscounted bills	1.186.000,00		1.186
b) obligations arising from guarantees and liability arising from the provision of collateral security	20.866.129,95		23.359
		22.052.129,95	24.545
2. Lending risks		136.736.000,00	133.245
thereof: liabilities arising from pension transactions ..... EUR 0,00 (2014: TEUR 0,0)			
3. Eligible capital pursuant to Part Two of Regulation (EU) No. 575/2013		100.399.900,59	95.780
thereof tier 2 capital pursuant to Part Two Title I Chapter 4 of Regulation (EU) No. 575/2013		19.527.068,88	21.533
4. Own funds requirements pursuant to Art. 92 of Regulation (EU) No. 575/2013		57.166.000,00	55.063
a) own funds requirements pursuant to Art. 92 (1) letter a of Regulation (EU) No. 575/2013		11,3 %	10,8 %
b) own funds requirements pursuant to Art. 92 (1) letter b of Regulation (EU) No. 575/2013		11,3 %	10,8 %
c) own funds requirements pursuant to Art. 92 (1) letter c of Regulation (EU) No. 575/2013		14,1 %	13,9 %
5. Foreign liabilities		100.631.591,32	104.879

Profit and loss account for the period from 1 january 2015 to 31 december 2015

	2015		2014	
	EUR	EUR	kEUR	kEUR
1. Interest and similar income		20.513.600,45		21.302
thereof:				
from fixed-interest securities 2.165.846,83			2.289	
2. Interest and similar expenses		– 3.077.533,50		– 4.179
I. NET INTEREST INCOME		17.436.066,95		17.123
3. Income from securities and investments		1.830.404,78		1.669
a) income from shares, other equity interests and variable-interest securities	556.311,67		641	
b) income from investments	1.142.843,11		937	
c) income from shares in affiliated companies	131.250,00		91	
4. Commission income		23.795.259,25		21.498
5. Commission expenses		– 1.101.913,97		– 946
6. Income/expenses associated with financial transactions		2.466.745,73		1.192
7. Other operating income		989.232,67		794
II. OPERATING INCOME		45.415.795,41		41.330
8. General administrative expenses				
a) staff expenses	– 22.214.215,62			– 21.277
aa) salaries –16.364.507,51			– 15.728	
bb) statutory social-security contributions as well as levies and compulsory contributions dependent on salaries –4.026.903,81			– 3.805	
cc) other social welfare expenses – 497.153,96			– 442	
dd) expenses for retirement benefits and other benefits – 363.594,60			– 385	
ee) allocation to pension provision – 2.851,27			– 148	
ff) expenses for severance and allocations to in-house staff provident funds – 959.204,47			– 769	
b) other administrative expenses (cost of material)	– 8.844.983,79			– 8.191
		– 31.059.199,41		– 29.468
9. Allowances for assets included in asset items 9 and 10		– 1.400.363,99		– 1.453
10. Other operating expenses		– 863.301,20		– 483
III. OPERATING EXPENSES		– 33.322.864,60		– 31.404
IV. OPERATING RESULT		12.092.930,81		9.926

		2015		2014	
		EUR	EUR	kEUR	kEUR
11./12.	Net income/expenses arising from the sale and valuation of loans and securities		– 3.180.135,45		– 2.315
13./14.	Net income/expenses arising from the sale and valuation of securities valued as financial assets and of investments in affiliated companies and holdings		868.182,83		152
V.	RESULT FROM ORDINARY ACTIVITES		9.780.978,19		7.763
15.	Taxes on income		– 2.116.933,12		– 1.732
16.	Other taxes unless included in item 15		– 136.270,41		– 128
VI.	SURPLUS FOR THE YEAR		7.527.774,66		5.903
17.	In/decrease in reserves.		– 6.186.544,41		– 4.240
	thereof: allocation to the liability reserve EUR 0,00 (2014: TEUR 0,0)				
VII.	PROFIT OF THE YEAR		1.341.230,25		1.663
18.	Profit brought forward.		1.016.000,98		1.113
VIII.	NET PROFIT FOR THE YEAR		2.357.231,23		2.776

Notes to the financial year 2015

(The previous year's figures are given in brackets)

I) Accounting and valuation methods

The balance sheet as at 31 December 2015 and the profit and loss account for the period from 1 January 2015 to 31 December 2015 were drawn up in accordance with the principles of proper accounting, the provisions of the Austrian Companies Act (Unternehmensgesetzbuch, UGB) and the Austrian Banking Act (Bankwesengesetz, BWG) and provide, as far as possible, a true and fair view of the net assets, financial position and results of operations of the Company.

The financial assets have been stated at their cost of acquisition or at the lower going-concern value taking the diluted lower value principle into account. The right to elect pro-rata write-downs and write-ups under § 56 (2) and (3), respectively, of the BWG has been exercised. As at 31 December 2015, the amount differing from the lower redemption amount was kEUR 1.018 (kEUR 207) and from the higher redemption amount was kEUR 695 (kEUR 124). All other assets were valued in accordance with the strict principle of the lower of cost or market. In compliance with § 208 (2) UGB, a write-up amounting to kEUR 679 (kEUR 741) was waived. The future tax charge resulting therefrom is kEUR 170 (kEUR 185). Adequate allowances have been made to provide for any discernible risks in the bank's lending business. Items denominated in currencies of the countries of the European Monetary Union (EMU) have been valued at their official fixed conversion rates. Items denominated in other currencies have been translated at the mean rates of exchange valid as per the balance sheet date. Provisions for pensions were assessed at the present value determined in accordance with an actuarial appraisal. For part of the pension commitments, allowance has been made for monetary depreciation. The provision for severance pay for Management Board members was also defined on the basis of an actuarial appraisal. The provision for severance pay for the staff was formed according to the the discounted cash flow method. The pension age for both men and women has been assumed to be 62 years, with the pension age having been gradually raised to this figure in the case of women. In consideration of the salary forecast, the assumed rate of interest for provisions for pension, severance pay and anniversary bonuses was reduced from 2.25 % in the previous year to 2.14 %. For the first time, a fluctuation discount of 5 % was assumed in the calculation of the provisions for anniversary bonuses.

II) Information regarding the balance sheet

Fixed asset development
See enclosed Assets Analysis.

Due from credit institutions and clients
Residual terms of receivables not at call, by maturity:

	Credit institutions		Other borrowers	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	kEUR	kEUR	kEUR	kEUR
a) up to 3 months	17,195	30,910	60,591	43,273
b) 3 months to 1 year	30,969	13,765	51,505	43,097
c) between 1 year and 5 years	19,480	25,754	216,741	211,062
d) over 5 years	329	1,151	262,626	250,003

General bad-debt provision against receivables
A general bad-debt provision of kEUR 778 (kEUR 103) has been set up against the item "Due from customers".

Amounts falling due in 2016:	kEUR
a) Receivables	
Public sector debt instruments	5,751
Due from credit institutions	1,481
Due from customers	23,999
Debt obligations and other fixed-interest securities	24,142
b) Liabilities	
Bonds	14,000
Medium-term bonds	19,956

Investments
Disclosures on subsidiaries and affiliated companies:

	Equity holding	Last annual accounts (31.12.2015) Equity capital	Result of the year
	%	kEUR	kEUR
Spängler Spartrust Immo GmbH, Salzburg	100	354	–1
Spängler Spartrust Immo GmbH & Co KG, Salzburg	5	6,334	825
Spängler M&A GmbH, Salzburg	80	353	7
BS Liegenschaften GmbH, Salzburg (from last annual accounts as per 31 Dec, 2014)	100	9,296	–120
Zellinvest Anlageberatung GmbH, Zell am See (from last annual accounts as per 31 Dec, 2014)	87,5	220	156
Spängler IQAM Invest GmbH, Salzburg (from last annual accounts as per 31 Dec, 2014)	38	13,677	2,006
HEW GmbH & Co KG, Wals (from last annual accounts as per 31 Dec, 2014)	30	7,144	-27
PME GmbH, Wals (from last annual accounts as per 31 Dec, 2014)	30	37	4
Schmittenhöhebahn AG, Zell am See (from last annual accounts as per 30 Nov, 2014)	21	64,967	901

Receivables and payables from and to affiliated companies and companies in which an equity interest is held:

	Affiliated companies:		Investments	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	kEUR	kEUR	kEUR	kEUR
a) Receivables				
Balance sheet item, assets 3)	0	0	7	246
Balance sheet item, assets 4)	21,893	22,447	7,496	4,999
a) Liabilities				
Balance sheet item, liabilities 1)	0	0	1,364	1,736
Balance sheet item, liabilities 2)	2,004	1,440	4,126	7,052

Listed marketable securities pursuant to § 56 (4) BWG

The difference between the cost of acquisition or book values stated in the balance sheet and their higher market values is kEUR 525 (kEUR 634).

Unlisted and listed securities

The asset items 5, 6, 7 and 8 include unlisted securities in the amount of kEUR 49,515 (kEUR 53,746) and listed securities in the amount of kEUR 113,549 (kEUR 99,722).

Breakdown of the securities admitted to trading on a stock exchange included in asset items 5 and 6 in accordance with § 64 (1) line 11 BWG

	31.12.2015	31.12.2014
	kEUR	kEUR
Valued as fixed assets	55,718	47,995
Valued as current assets	57,831	51,727

Securities trading account
Total items held in the securities trading account do not exceed the limits laid down in Article 94 of Regulation (EU) No. 575/2013 (Capital Requirements Regulation, CRR). As at the balance sheet date, no items were held in the securities trading account.

Intangible assets and tangible fixed assets

These items are valued at their cost of acquisition or production less scheduled amortisation or depreciation. Scheduled amortisation or depreciation is made on a straight-line basis.

The land value of the developed properties was kEUR 2,407 (kEUR 2,407) as at the balance sheet date.

Other assets

The main components of this item refer to gold par values of kEUR 3,607 (kEUR 3,575), salary advances granted to staff of kEUR 196 (kEUR 208), commission from consulting and agency business of kEUR 40 (kEUR 46) and amounts due from property management of kEUR 193 (kEUR 225).

Due to credit institutions and clients

Residual terms of receivables not at call, by maturity:

	Credit institutions		Other lenders	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	kEUR	kEUR	kEUR	kEUR
up to 3 months	40	67	165,653	142,999
between 3 months and 1 year	0	0	153,198	118,857
between 1 year and 5 years	0	0	46,277	59,010
over 5 years	0	0	3,013	3,458

Share capital (nominal capital)	31.12.2015	31.12.2014
	kEUR	kEUR
Ordinary shares 10,000,000 no-par value shares	18,182	18,182
Preferred shares (non-voting) 1,000,000 no-par value shares	1,818	1,818
	20,000	20,000

By resolution adopted at the 17th Ordinary General Meeting of Shareholders held on 16 May 2011, the Management Board was authorised to increase the Company's share capital by a maximum amount of EUR 7.5 million to a maximum amount of EUR 22.5 million within a period of 5 years (i.e. by 26 May 2016). By resolution adopted at the 19th Ordinary General Meeting of Shareholders held on 3 May 2013, the share capital was increased by EUR 5.0 million to EUR 20.0 million using company funds.

By resolution adopted at the Extraordinary General Meeting held on 2 December 2015, the non-voting preference shares were converted into non-voting shares pursuant to § 26a BWG.

Tier 1 capital	31.12.2015	31.12.2014
	kEUR	kEUR
Subscribed capital	18,182	18.182
Non-voting instruments acc. to § 26a BWG (previous year: preference shares)	1,818	1,454
Allocated capital reserve	2,000	2,000
Other revenue reserve	46,614	40,414
Liability reserve	11,757	11,757
Untaxed reserve less deferred tax	738	749
Intangible assets	–237	–309
	80,872	74,247

Tier 2 capital		
Tier 2 bonds	12,842	17,133
Hidden reserve in accordance with § 57 (1) BWG	3,850	4,400
Fair value reserve arising from land and buildings	2,835	0
	19,527	21,533
Eligible capital	100,399	95,780

Total return on capital in accordance with § 64 (1) line 19 BWG	31.12.2015	31.12.2014
	kEUR	kEUR
Result of the year after tax	7,528	5,903
Balance sheet total	1,217,838	1,105,741
Total return on capital	0.62 %	0.53 %

The Supervisory Board's approval of the annual accounts and the resolution approving the appropriation of profits by the Ordinary General Meeting of Shareholders are still outstanding.

Tier 2 capital

As per 31 December 2015, the bank held tier 2 loans in the amount of kEUR 16,039 (kEUR 17,539). The bank holds kEUR 211 (kEUR 406) thereof in its own portfolio. Expenses associated with the tier 2 loans totalled kEUR 360 (kEUR 401).

Provisions	31.12.2015	31.12.2014
	kEUR	kEUR
Severance liabilities	6,977	6,403
Pension liabilities	2,881	2,878
Other staff provisions	3,375	3,106
Corporate income tax	507	203
Miscellaneous	1,325	1,207
	15,065	13,797

Other liabilities

The main items under this heading are liabilities due to the revenue office relating to capital gains tax, turnover tax and EU withholding tax of kEUR 2,907 (kEUR 2,318), due to the ARZ Allgemeines Rechenzentrum of kEUR 360 (kEUR 517), due to other suppliers of kEUR 738 (kEUR 971), and liabilities arising from partial retirement agreements of kEUR 98 (kEUR 295). The other liabilities include expenses in the amount of kEUR 1,220 (kEUR 2,613) which will only affect payments after the balance sheet date.

Untaxed reserves

a) The valuation reserve resulting from special fiscal write-downs relates to the following items:

	31.12.2015	31.12.2014
	kEUR	kEUR
Investments	477	477
Tangible fixed assets	304	318
	781	795

Contingent liabilities

Contingent liabilities amount to kEUR 22,052 (kEUR 24,545), of which kEUR 20,866 (kEUR 23,359) relate to guarantees and the remainder to other warranties and indemnities. Guarantees extended to affiliated companies amount to kEUR 15.

Lending risks

Lending risks amount to kEUR 136,736 (kEUR 133,245) and relate to loan commitments that have not yet been utilised.

Financial derivatives in kEUR:

	Nominal amount		Market value (positive)		Market value (negative)	
	2015	2014	2015	2014	2015	2014
a) Interest rate contracts:						
Interest rate swaps	38,198	37,253	253	190	578	1,062
Interest rate options	123,007	107,256	2,915	4,201	1,131	950
b) Exchange rate contracts:						
Forward exchange	53,811	22,684	403	849	54	836
Currency swaps	83,367	44,345	91	129	266	45

Financial derivatives were concluded for purposes of hedging interest and currency risks.

The following instruments were used for hedging purposes and represent a micro-hedge with underlying transactions. The other derivatives were measured individually using the cash method.

Interest rate swaps with a volume of EUR 38 million (EUR 37 million) were concluded to hedge the interest rate risk associated with receivables from customers and securities. Their term to maturity ranges between 2 and 10 years. Effectiveness is measured with the help of a critical term match.

Interest rate options concluded with clients with a nominal volume of EUR 27 million (EUR 19 million) serve to hedge the interest rate risk. Their term to maturity ranges between 2 and 10 years. Effectiveness is measured with the help of a critical term match.

Currency swaps and forward exchange transactions with a volume of EUR 137 million (EUR 67 million) have been concluded for purposes of hedging currency risks. EUR 40 million (EUR 44 million) thereof secure loans denominated in foreign currencies. Their term is 3 months. Since the term of the hedging transaction is shorter than the term of the underlying transaction, upon the conclusion of the hedge it was agreed that, upon the expiry of the hedging transaction, the hedge will continue without interruption via the conclusion of a follow-up transaction (rolling hedge). Effectiveness is measured with the help of a critical term match.

Foreign currency amounts:	31.12.2015	31.12.2014
	kEUR	kEUR
Total assets denominated in foreign currencies	83,666	95,618
Total liabilities denominated in foreign currencies	44,035	47,315

Assets deposited as collateral under § 64 (1) line 8 BWG

As at 31 December 2015, fixed-interest securities in a nominal amount of kEUR 5,000 (kEUR 5,000) had been deposited as collateral for liabilities arising from the following transactions:

	31.12.2015	31.12.2014
	kEUR	kEUR
Cover fund for moneys held in trust for wards	4,000	4,000
Cover fund for pension liabilities	1,000	1,000
	5,000	5,000

Further collateral has been provided in favour of clearinghouses for the settlement of security and payment transactions:

	31.12.2015	31.12.2014
	kEUR	kEUR
Cover fund in favour of Österreichische Kontrollbank AG	1,000	1,000
Cover fund in favour of OeNB	4,000	4,000
Cover fund in favour of DS. Advanced	9,800	9,800
Cover deposit in favour of CLEAR STREAM BANKING S.A., Luxembourg	8,000	8,000
	22,800	22,800

III) Information regarding the income statement

Staff expenditure

The item “Expenditure on severance pay and allocations to in-house staff provident funds” includes expenditure on severance pay amounting to kEUR 818 (kEUR 644).

In/decrease in reserves:	31.12.2015		31.12.2014	
	kEUR		kEUR	
Allocations:				
Liability reserve	0		0	
Free reserves	6,200	6,200	4,300	4,300
Release:				
Valuation reserve	13	13	60	60
		6,187		4,240

Untaxed reserves

The effect of the change in untaxed reserves (reserves for taxes under § 10 to 12 of the Austrian Income Tax Act (Einkommenssteuergesetz, EStG)) on taxes on income in the financial year resulted in an increase in the tax charge for 2015 of approx. kEUR 3 (kEUR 15).

Deferred taxes

The amount recognisable as an asset for deferred tax assets under § 198 (10) UGB amounts to kEUR 1,081 (kEUR 1,126).

Expenses for severance pay and pensions

In the year under review, the expenditure on severance pay and pensions amounted to kEUR 1,331 (kEUR 1,357). Of this amount, kEUR 640 (kEUR 463) related to the Management Board and managerial staff.

Cost of auditor

In the year under review, the costs associated with the audit of the annual financial statements amounted to kEUR 108 (kEUR 100) and the costs of other auditing services to kEUR 0 (kEUR 8).

Other operating income

The main items refer to internal service charges in the amount of kEUR 276 (kEUR 288), income from buildings and service apartments in the amount of kEUR 302 (kEUR 259), gains from fixed asset disposals in the amount of kEUR 24 (kEUR 18) and releases of provisions in the amount of kEUR 100 (kEUR 4).

Other operating expenses

The main items consist of expenditure for legal risks in the amount of kEUR 250 (kEUR 300), expenses relating to buildings and service apartments in the amount of kEUR 47 (kEUR 25) and amounts for the financing of the single resolution mechanism of kEUR 353 (kEUR 0) as well as for the Einlagensicherungsfonds der Banken & Bankiers (Austrian deposit guarantee fund) of kEUR 132 (kEUR 0).

IV) Further information

Consolidated financial statements
Bankhaus Carl Spängler & Co. AG has formed a credit institution group according to § 30 BWG in conjunction with the subsidiaries BS Liegenschaften GmbH and Zellinvest Anlageberatung GmbH. In compliance with § 249 (2) UGB, Spängler does not prepare consolidated financial statements or a group management report pursuant to § 59 BWG since the subsidiaries are of minor relevance to the company's net assets, financial position and results of operations, both individually and together.

Disclosure pursuant to § 431 of Regulation (EU) No. 575/2013
The relevant information is available on our website at http://www.spaengler.at.

Other financial liabilities
The total other financial obligations not reported in the balance sheet consist entirely of obligations arising from the utilisation of fixed assets not reported in the balance sheet and amount to kEUR 972 (kEUR 997) for the following financial year and to kEUR 4,774 (kEUR 4.765) for the following five years.

Staff
In the year under review, the average number of staff was 261 (259).

Advances, loans to and contingent claims on members of the Management Board and the Supervisory Board

	Loans/ advances		Contingent claims	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	kEUR	kEUR	kEUR	kEUR
Management Board	1,250	134	10	0
Supervisory Board	580	584	533	530
Total	1,830	718	543	530

Loans to members of the Management Board and Supervisory Board are extended at prevailing market rates. In the year under review, loan repayments were made in the amount of kEUR 31 (kEUR 29).

Remuneration of the Management Board and the Supervisory Board

	31.12.2015	31.12.2014
In the year under review, expenditure under this heading amounted to the following:	kEUR	kEUR
Remuneration, Management Board	1,522	1,526
Remuneration, Supervisory Board	51	50

Management Board and Supervisory Board:
See page 1.

SEIT 1828

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