Annual Report 2014

Seit 1828

Bankhaus Spängler

Corporate Bodies

Supervisory Board

Kom.-Rat Heinrich Spängler
Chairman

Kom.-Rat Dr. Heinrich Wiesmüller
Honorary Chairman

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

Dr. Reinhard Fritz

Dr. Arno Gasteiger

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 2014, 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 remuneration committee held one meeting to discuss adequate implementation of the remuneration provisions set out in § 39b of the Austrian Banking Act (Bankwesengesetz, BWG).

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

The risk committee also held one meeting. During its first meeting, the committee heard reports on risk strategy and the current risk situation.

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.

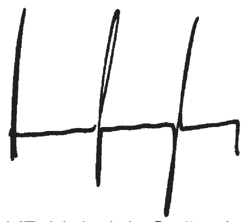
The annual financial statements and the management report for financial year 2014 were audited by Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H, Vienna. Since the audit did not give rise to any reservations and the statutory provisions were complied with, an unqualified audit certificate was issued.

At its meeting on 12 May 2015, 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 as submitted by the Management Board, and endorses the 2014 annual financial statements which are thereby approved pursuant to § 96 (4) of the Austrian Stock Corporation Act (Aktiengesetz, 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 2014.

Salzburg, 12 May 2015

Supervisory Board



KR Heinrich Spängler
Chairman of the Supervisory Board

Management Report

Business environment in 2014

In 2014, our core markets of Austria and Bavaria were still dominated by slow growth. Due to sluggish investment activities, the demand for loans was weak. Interest rates on the money market and the capital market remained at a particularly low level. Stock markets recorded positive development.

Business development in 2014

Given the challenging framework conditions, Spängler's 186th year in business was quite satisfactory.

Earnings from net interest income and income from securities and investments declined by 0.7 % from EUR 18.9 million to EUR 18.8 million. Commission earnings increased by 10.4 % from EUR 18.6 million to EUR 20.6 million. The operating income went up 3.1 % to EUR 41.3 million while operating expenses rose by 1.6 % to EUR 31.4 million.

The operating result increased from EUR 9.2 million to EUR 9.9 million (+ 8.3 %) and the result from ordinary activities from EUR 5.9 million to EUR 7.8 million (+ 32.5 %). The surplus for the year amounts to EUR 5.9 million (previous year: EUR 4.2 million) of which EUR 3.5 million (previous year: EUR 2.4 million) were allocated to the reserves.

Our capital base with a common equity tier 1 ratio of 10.8 % (previous year: 9.9 %) and a total capital ratio of 13.9 % (previous year: 13.2 %) was further strengthened. The return on equity tier 1 amounts to 10.5 % before taxes.

Profit-based pricing in a market that continued to be dominated by competition on terms and conditions as well as the continuance of historically low interest rates led to a 6.6 % decline in the broadly diversified savings deposits down to EUR 326.3 million. In contrast, the call and time deposits increased by 2.3 % from EUR 495.5 million to EUR 506.5 million. As a result, the balance sheet total declined to EUR 1,105.7 million (- 2.7 %).

As per the balance sheet date, due from customers amounted to EUR 709.0 million (previous year: EUR 673.0 million). As before, this item relates almost exclusively to Austrian and Bavarian borrowers. The lending ratio rose from 67 % to 73 %.

The positive capital market trend, as well as inflows of funds, resulted in a 6.7 % increase in private assets under custody from EUR 2.1 to EUR 2.3 billion.

Customers' assets under management amounted to approx. EUR 1.6 billion (previous year: EUR 1.3 billion), a welcome increase of 22.6 %.

Bankhaus Carl Spängler & Co. AG has formed a credit institution group according to § 30 BWG in conjunction with the subsidiaries BS Liegenschaften GmbH (previously: Spängler Vermögensverwaltungsgesellschaft m.b.H.) 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:

	2014	2013	2012
Balance sheet total in million EUR	1,105.7	1,136.8	1,300.2
Common equity tier 1 capital in million EUR	74.2	70.3	67.8
Cost-income ratio in %	76.0	77.1	77.4
Return on equity (before taxes) in %	10.5	8.3	12.4

Number of staff

As per 31 December 2014, the company had a total of 259 employees. The number of staff was thus more or less unchanged from the previous year.

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 23.2 million representing approx. 3.2 % of the credit volume.

Broad diversification of borrowers and a voluntary risk limit (e.g. in the credit amounts) largely restrict the credit 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

On 15 January 2015, the Swiss National Bank scrapped the 1.20 EUR/CHF exchange rate. At some time during this turbulent trading day, the EUR lost over 30 % of its value against the CHF. The share of CHF loans in the total credit volume amounts to 6 % at Bankhaus Spängler. In the case of a limited number of clients, the appreciation of the CHF has had a negative effect on their ability to repay the loan. In the 2014 financial statements, a respective provision was set up.

Further information

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 2015

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". With this aim in mind, we have restructured our Family Management department and relocated the department to our new building at Ernest-Thun-Strasse 8 in Salzburg.

In the 2nd quarter 2015, we intend to combine our private clients and private banking consulting capacities in one location at our head office with the aim of further increasing our consulting quality.

The numerous significant changes in the regulatory and fiscal environment (EU Bank Recovery and Resolution Directive, FATCA, OECD data exchange, new deposit protection regulations, etc.) will continue to give rise to high costs or tie up substantial staff capacities in 2015.

In the current financial year, Spängler plans to convert non-voting preference shares into shares pursuant to § 26a BWG that are fully eligible as tier 1 capital – provided the supervisory authorities grant their approval.

Training and advanced training measures will continue as before.

In 2015, we expect further slow growth of the Austrian economy and little change in the interest environment. The low oil price and the effects of the expected fiscal reform should, to some degree, have a positive effect on economic activity. Although this continues to give rise to substantial risks, we view financial year 2015 with cautious optimism.

The earnings capacity of Bankhaus Spängler's two complementary mainstays, the interest and the retail brokerage business, is substantial. The development in the last few years further 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, 27 April 2015

Balance sheet as at 31 December 2014

Assets

	2014 EUR	2014 EUR	2013 kEUR
1. Cash in hand, balances with central banks and post office banks		83.169.211,15	35.349
2. Public sector debt instruments and bills eligible for refinancing with central banks			
a) public sector debt instruments and similar securities	40.868.668,82		36.136
b) bills eligible for refinancing with central banks	0,00		0
		40.868.668,82	36.136
3. Due from credit institutions			
a) repayable on demand	13.270.543,39		77.968
b) other receivables	71.579.947,44		98.721
		84.850.490,83	176.689
4. Due from customers		709.035.470,88	673.036
5. Debt obligations and other fixed-interest securities			
a) by public issuers	0,00		0
b) by other issuers	100.441.036,03		93.144
		100.441.036,03	93.144
6. Shares and other variable-interest securities		49.355.356,49	84.152
7. Investments thereof: investments in credit institutions .... EUR 367.586,45 (2013: kEUR 425,0)		8.816.477,23	9.505
8. Shares in affiliated companies thereof: in credit institutions EUR 0,00 (2013: kEUR 0,0)		11.325.107,47	11.300
9. Intangible fixed assets		309.252,60	220
10. Tangible fixed assets thereof: land and buildings occupied by the credit institution for its own activities ..... EUR 7.232.411,80 (2013: kEUR 7.232,8)		13.265.001,58	13.107
11. Other assets		4.230.460,65	4.129
12. Prepayments and accrued income		74.865,03	35
		1.105.741.398,76	1.136.802

Liabilities

	2014 EUR	2014 EUR	2013 kEUR
1. Due to credit institutions			
a) repayable on demand	12.722.901,97		17.829
b) with agreed maturities or notice periods	66.881,72		114
		12.789.783,69	17.943
2. Due to customers			
a) savings deposits, thereof:			
aa) repayable on demand	45.718.748,28		41.625
bb) with agreed maturities or notice periods	280.586.262,04		307.594
	326.305.010,32		349.219
b) other liabilities			
aa) repayable on demand	462.771.247,54		390.781
bb) with agreed maturities or notice periods	43.738.140,04		104.673
	506.509.387,58		495.454
		832.814.397,90	844.673
3. Securitised liabilities			
other securitised liabilities		146.600.774,29	166.341
4. Other liabilities		4.221.037,35	4.055
5. Accruals and deferred income		64.351,42	60
6. Provisions			
a) provisions for severance payments	6.403.000,00		6.170
b) provisions for pensions	2.878.357,50		2.730
c) tax provisions	203.000,00		275
d) other	4.313.057,00		3.436
		13.797.414,50	12.611
7. Tier 2 capital pursuant to Part Two Title I Chapter 4 of Regulation (EU) No. 575/2013		17.711.584,87	17.740
8. Subscribed capital		20.000.000,00	20.000
9. Capital reserve			
allocated		2.000.000,00	2.000
10. Revenue reserve			
other reserves		40.414.183,78	36.114
11. Liability reserve pursuant to § 57 (5) BWG[1)]		11.757.000,00	11.757
12. Net profit for the year		2.776.000,98	2.653
13. Untaxed reserves			
a) valuation reserve arising from special amortisation or depreciation	43.337,07		97
b) other untaxed reserves	751.532,91		758
thereof: transfer reserve pursuant to § 12 EstG 1988 EUR 751.532,91 (2013: kEUR 758)		794.869,98	855
		1.105.741.398,76	1.136.802

Items shown below the balance sheet

Assets

	2014		2013
	EUR	EUR	kEUR
Foreign assets		275.782.865,37	259.306

Liabilities

	2014 EUR	2014 EUR	2013 kEUR
1. Contingent liabilities			
a) acceptances and liabilities from the endorsement of rediscounted bills	1.186.000,00		1.189
b) obligations arising from guarantees and liability arising from the provision of collateral security	23.358.564,00		30.754
		24.544.564,00	31.943
2. Lending risks		127.771.000,00	124.846
thereof: liabilities arising from pension transactions ..... EUR 0,00 (2013: kEUR 0,0)			
3. Eligible capital pursuant to Part Two of Regulation (EU) No. 575/2013[2]		95.779.958,37	94.034
thereof: tier 2 capital pursuant to Part Two Title I Chapter 4 of Regulation (EU) No. 575/2013		21.532.793,57	
4. Own funds requirements pursuant to Art. 92 of Regulation (EU) No. 575/2013[3]		55.063.000,00	57.022
a) own funds requirements pursuant to Art. 92 (1) letter a of Regulation (EU) No. 575/2013		10,8 %	k. A.
b) own funds requirements pursuant to Art. 92 (1) letter b of Regulation (EU) No. 575/2013		10,8 %	k. A.
c) own funds requirements pursuant to Art. 92 (1) letter c of Regulation (EU) No. 575/2013		13,9 %	k. A.
5. Foreign liabilities		104.879.276,58	108.876

1) 31 December 2013: Liability reserve pursuant to § 23 (6) BWG (as amended per 31 December 2013)
2) 31 December 2013: Liability reserve pursuant to § 23 (14) BWG (as amended per 31 December 2013) thereof own funds pursuant to § 23 (14) line 7 BWG (as amended per 31 December 2013)
3) 31 December 2013: Own funds required pursuant to § 22 (1) BWG (as amended per 31 December 2013) thereof own funds required pursuant to § 22 (1) lines 1, 4 and 5 BWG (as amended per 31 December 2013)

Profit and loss account for the period from 1 january 2014 to 31 december 2014

		2014		2013	
		EUR	EUR	kEUR	kEUR
	1. Interest and similar income thereof: from fixed-interest securities EUR 2.088.782,63		21.301.304,94		22.405
	2. Interest and similar expenses		– 4.178.725,82		– 5.158
I.	NET INTEREST INCOME		17.122.579,12		17.247
	3. Income from securities and investments		1.669.298,80		1.676
	a) income from shares, other equity interests and variable-interest securities	641.243,09		912	
	b) income from investments	936.760,17		764	
	c) income from shares in affiliated companies	91.295,54		0	
	4. Commission income		21.497.414,91		19.633
	5. Commission expenses		– 945.682,35		– 1.010
	6. Income/expenses associated with financial transactions		1.192.294,15		1.299
	7. Other operating income		794.398,01		1.239
II.	OPERATING INCOME		41.330.302,64		40.084
	8. General administrative expenses				
	a) staff expenses	– 21.276.415,18			– 21.161
	aa) salaries –15.727.617,06			– 15.248	
	bb) statutory social-security contributions as well as levies and compulsory contributions dependent on salaries –3.805.240,17			– 3.652	
	cc) other social welfare expenses – 441.749,30			– 432	
	dd) expenses for retirement benefits an other benefits – 384.629,89			– 484	
	ee) allocation to pension provision – 148.496,90			– 326	
	ff) expenses for severance and allocations to in-house staff provident funds – 768.681,86			– 1.019	
	b) other administrative expenses (cost of material)	– 8.191.425,72			– 8.034
			– 29.467.840,90		– 29.195
	9. Allowances for assets included in asset items 9 an 10		– 1.452.875,14		– 1.427
	10. Other operating expenses		– 483.515,04		– 295
III.	OPERATING EXPENSES		– 31.404.231,08		– 30.917
IV.	OPERATING RESULT		9.926.071,56		9.167

	2014		2013	
	EUR	EUR	kEUR	kEUR
11./12. Net income/expenses arising from the sale and valuation of loans and securities		– 2.314.676,27		– 2.806
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		152.147,91		– 502
V. RESULT FROM ORDINARY ACTIVITES		7.763.543,20		5.859
15. Taxes on income		– 1.732.164,56		– 1.473
16. Other taxes unless included in item 15		– 128.213,02		– 167
VI. SURPLUS FOR THE YEAR		5.903.165,62		4.219
17. In/decrease in reserves		– 4.239.674,29		– 2.365
thereof: allocation to the liability reserve EUR 0,00 (2013: kEUR 0,0)				
VII. PROFIT OF THE YEAR		1.663.491,33		1.854
18. Profit brought forward		1.112.509,65		799
VIII. NET PROFIT FOR THE YEAR		2.776.000,98		2.653

Notes to the financial year 2014

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

I) Accounting and valuation methods

The balance sheet as at 31 December 2014 and the profit and loss account for the period from 1 January 2014 to 31 December 2014 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 2014, the amount differing from the lower redemption amount was kEUR 207 (kEUR 86) and from the higher redemption amount was kEUR 124 (kEUR 132). 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 EUR 741 (kEUR 271) was waived. The future tax charge resulting therefrom is kEUR 185 (kEUR 68). 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. Provisions for severance pay have been set up applying the discounted cash flow method. The pension age for both men and women has been assumed to be 62 years. The assumed rate of interest for provisions for pension, severance pay and anniversary bonuses was reduced from 2.5 % in the previous year to 2.25 %. Similar to the previous year, the calculation of the provision for anniversary bonuses did not include a fluctuation discount.

II) Information regarding the balance sheet

Receivables and credit balances
Breakdown of receivables from credit institutions and other borrowers, not including those repayable on demand, according to their residual term to maturity (the respective figures in items 2, 3, 4 and 5 on the asset side of the balance sheet)

	Credit institutions		Other borrowers	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	kEUR	kEUR	kEUR	kEUR
a) up to 3 months	30,497	99,351	58,025	64,539
b) 3 months to 1 year	20,951	40,751	128,229	113,193
c) between 1 year and 5 years	73,207	51,576	265,880	246,690
d) over 5 years	6,249	14,732	269,857	266,153

General bad-debt provision against receivables
A general bad-debt provision of kEUR 103 (kEUR 102) has been set up against the item "Due from customers".

Amounts falling due in 2015:	kEUR
a) Receivables	
Public sector debt instruments	3,698
Due from credit institutions	4,102
Due from customers	189
Debt obligations and other fixed-interest securities	10,978
b) Liabilities	
Bonds	1,566
Medium-term bonds	43,950

Investments
ADisclosures on subsidiaries and affiliated companies:

	Equity holding	Last annual accounts (31.12.2014)	
		Equity capital	Result of the year
	%	kEUR	kEUR
Spängler Spartrust Immo GmbH, Salzburg	100	150	0
Spängler Spartrust Immo GmbH & Co KG, Salzburg	5	4,767	743
Spängler M&A GmbH, Salzburg	80	50	22
BS Liegenschaften GmbH, Salzburg (from last annual accounts as per 31 Dec, 2013)	100	9,416	–137
Zellinvest Anlageberatung GmbH, Zell am See (from last annual accounts as per 31 Dec, 2013)	87,5	220	12
Spängler IQAM Invest GmbH, Salzburg (from last annual accounts as per 31 Dec, 2013)	38	14,290	1,897
HEW GmbH & Co KG, Wals (from last annual accounts as per 31 Dec, 2013)	30	4,571	-20
PME GmbH, Wals (from last annual accounts as per 31 Dec, 2013)	30	34	3
Schmittenhöhebahn AG, Zell am See (from last annual accounts as per 31 Dec, 2013)	21	64,920	1,158

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

	Affiliated companies:		Investments	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	kEUR	kEUR	kEUR	kEUR
a) Receivables				
Balance sheet item, assets 3)	0	0	246	93
Balance sheet item, assets 4)	22,447	17,385	4,999	5,233
a) Liabilities				
Balance sheet item, liabilities 1)	0	0	1,736	1,267
Balance sheet item, liabilities 2)	1,440	1,492	7,052	4,501

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 634 (kEUR 218).

Unlisted and listed securities

The asset items 5, 6, 7 and 8 include unlisted securities in the amount of kEUR 53,746 (kEUR 88,942) and listed securities in the amount of kEUR 99,722 (kEUR 92,202).

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

	31.12.2014	31.12.2013
	kEUR	kEUR
Valued as fixed assets	47,995	54,080
Valued as current assets	51,727	38,122

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 3,575 (kEUR 3,499), salary advances granted to staff of kEUR 208 (kEUR 246), commission from consulting and agency business of kEUR 46 (kEUR 57) and amounts due from property management of kEUR 225 (kEUR 220).

Liabilities
Breakdown of liabilities to credits and other lenders, not including those repayable on demand, according to their residual term to maturity (the respective figures in items 1 and 2 on the liability side of the balance sheet):

	Credit institutions		Other lenders	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	kEUR	kEUR	kEUR	kEUR
up to 3 months	67	114	7,473	89,255
between 3 months and 1 year	0	0	100,188	129,609
between 1 year and 5 years	0	0	155,867	135,857
over 5 years	0	0	60,796	57,546

Share capital (nominal capital)	31.12.2014	31.12.2013
	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.

Tier 1 capital	31.12.2014	
	kEUR	
Subscribed capital	19,636	
Allocated capital reserve	2,000	
Other revenue reserve	40,414	
Liability reserve	11,757	
Untaxed reserve less deferred tax	749	
Intangible assets	–309	74,247
Tier 2 capital		
Tier 2 capital	17,133	
Hidden reserve in accordance with § 57 (1) BWG	4,400	21,533
Eligible capital		95,780

Total return on capital in accordance with § 64 (1) line 19 BWG	31.12.2014
	kEUR
Result of the year after tax	5,903
Balance sheet total	1,105,741
Total return on capital	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 2014, the bank held tier 2 loans in the amount of kEUR 17,539 (kEUR 17,539). The bank holds kEUR 406 (kEUR 1,176) thereof in its own portfolio. Expenses associated with the tier 2 loans totalled kEUR 401 (kEUR 417).

Provisions	31.12.2014	31.12.2013
	kEUR	kEUR
Severance liabilities	6,403	6,170
Pension liabilities	2,878	2,730
Other staff provisions	3,106	2,701
Corporate income tax	203	275
Miscellaneous	1,207	735
	13,797	12,611

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 2,318 (kEUR 2,844), due to the ARZ Allgemeines Rechenzentrum of kEUR 517 (kEUR 171), due to other suppliers of kEUR 971 (kEUR 599), and liabilities arising from partial retirement agreements of kEUR 295 (kEUR 410). The other liabilities include expenses in the amount of kEUR 2,613 (kEUR 3,254) 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:

	31.12.2014	31.12.2013
	kEUR	kEUR
Investments	477	477
Tangible fixed assets	318	378
	795	855

Contingent liabilities
Contingent liabilities amount to kEUR 24,545 (kEUR 31,943), of which kEUR 23,359 (kEUR 30,753) 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 127,771 (kEUR 124,846) and relate to loan commitments that have not yet been utilised.

Financial derivatives in kEUR:

	Nominal amount		Market value (positive)		Market value (negative)	
	2014	2013	2014	2013	2014	2013
a) Interest rate contracts:						
Interest rate swaps	37,253	36,569	190	363	1,062	890
Interest rate options	107,256	109,340	4,201	4,456	950	465
b) Exchange rate contracts:						
Forward exchange	22,684	11,879	849	99	836	79
Currency swaps	44,345	57,029	129	225	45	127

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 37 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 8 years. Effectiveness is measured with the help of a critical term match.

Currency swaps with a volume of EUR 44 million (EUR 54 million) were concluded to hedge 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.

Supplementary information

The comparative figures under item "2. Eligible capital pursuant to Part Two of Regulation (EU) No. 575/2013" and "3. Own funds requirements pursuant to Article 92 of Regulation (EU) No. 575/2013" below the balance sheet cannot be compared since the previous year's figures have been reported according to the own funds requirements under § 23 BWG in the 2013/184 version.

Foreign currency amounts:	31.12.2014	31.12.2013
	kEUR	kEUR
Total assets denominated in foreign currencies	95,618	100,618
Total liabilities denominated in foreign currencies	47,315	48,346

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

As at 31 December 2014, fixed-interest securities in a nominal amount of kEUR 5,000 (kEUR 6,000) had been deposited as collateral for liabilities arising from the following transactions:

	31.12.2014	31.12.2013
	kEUR	kEUR
Cover fund for moneys held in trust for wards	4,000	5,000
Cover fund for pension liabilities	1,000	1,000
	5,000	6,000

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

	31.12.2014	31.12.2013
	kEUR	kEUR
Cover fund in favour of Österreichische Kontrollbank AG	1,000	500
Cover fund in favour of OeNB	4,000	10,000
Cover fund in favour of HSBC	0	1,000
Cover fund in favour of DS. Advanced	9,800	1,000
Cover deposit in favour of CLEAR STREAM BANKING S.A., Luxembourg	8,000	8,000
	22,800	20,500

III) Information regarding the income statement

Staff expenditure

The item "Expenditure on severance and allocations to in-house staff provident funds" includes expenditure on severance amounting to kEUR 644 (kEUR 907).

In/decrease in reserves:	31.12.2014		31.12.2013	
	kEUR		kEUR	
Allocations:				
Liability reserve	0		0	
Free reserves	4,300	4,300	2,500	2,500
Release:				
Valuation reserve	60	60	135	135
		4,240		2,365

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 2014 of approx. kEUR 15 (kEUR 34).

The amount recognisable as an asset for deferred tax assets under § 198 (10) UGB amounts to kEUR 26 (kEUR 151). The option of waiving the capitalisation of this amount was utilised.

Expenses for severance and pension

In the year under review, the expenditure on severance and pensions amounted to kEUR 1,357 (kEUR 1,886). Of this amount, kEUR 463 (kEUR 769) 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 100 (kEUR 86) and the costs of other auditing services to kEUR 8 (kEUR 8).

Other operating income

The main items refer to internal service charges in the amount of kEUR 288 (kEUR 367), income from buildings and service apartments in the amount of kEUR 259 (kEUR 246), gains from fixed asset disposals in the amount of kEUR 18 (kEUR 324) and releases of provisions in the amount of kEUR 4 (kEUR 51).

Other operating expenses

The main items consist of expenditure for legal risks in the amount of kEUR 300 (kEUR 174) and expenses relating to buildings and service apartments in the amount of kEUR 25 (kEUR 41).

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 997 (kEUR 736) for the following financial year and to kEUR 4,765 (kEUR 3,466) for the following five years.

Staff

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

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

	Loans/ advances		Contingent claims	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	kEUR	kEUR	kEUR	kEUR
Management Board	134	329	0	0
Supervisory Board	584	1,809	530	530
Total	718	2,138	530	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 29 (kEUR 31).

Remuneration of the Management Board and the Supervisory Board

	31.12.2014	31.12.2013
In the year under review, expenditure under this heading amounted to the following:	kEUR	kEUR
Remuneration, Management Board	1,526	1,463
Remuneration, Supervisory Board	50	46

Management Board and Supervisory Board:
See page 1.

SEIT 1828

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