Annual Report 2016

Seit 1828

Bankhaus Spängler

Executive Bodies

Supervisory Board:

KR Heinrich Spängler
Chairman

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

Dr. Reinhard Fritz

Dr. Arno Gasteiger

Dr. Maria Wiesmüller

Delegates of the Staff Council:

Gisela König

Christine Rettenbacher (as of 12 Oct. 2016)

Alois Silberer

Wolfram Stöphasius (until 12 Oct. 2016)

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 2016, 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.

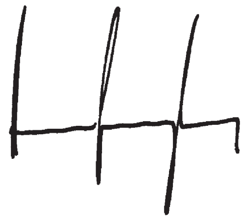
The annual financial statements and the management report for financial year 2016 were audited by Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H, Vienna. Since the audit did not give rise to any reservations and the statutory provisions were complied with, an unqualified audit certificate was issued.

At its meeting on 5 May 2017, 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 2016 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 2016.

Salzburg, 5 May 2017

Supervisory Board



KR Heinrich Spängler
Chairman of the Supervisory Board

Management Report

Business environment in 2016

In 2016, 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 2016

Given this challenging environment, Spängler can look back on an excellent 188th year in business.

Earnings from net interest income and income from securities and investments increased by 12.8 % from EUR 19.3 million to EUR 21.7 million. Commission earnings declined by 1.7 % from EUR 22.7 million to EUR 22.3 million. The operating income went up 3.6 % to EUR 47.0 million while operating expenses rose by 5.8 % to EUR 35.3 million.

The operating result declined from EUR 12.1 million to EUR 11.8 million (-2.6 %). At EUR 10.1 million (+2.8 %), the 2016 result from ordinary activities is the highest in the history of Bankhaus Spängler. The surplus for the year amounts to EUR 9.6 million (previous year: EUR 7.5 million). EUR 6.7 million of this amount (previous year: EUR 6.2 million) were allocated to the reserves.

This allocation strengthened our capital base. As per the balance sheet date, the common equity tier 1 ratio amounted to 12.7 % (previous year: 11.3 %) and the total capital ratio to 15.6 % (previous year: 14.1 %). The return on equity tier 1 amounts to 11.5 % before taxes.

Savings deposits declined by 8.6 % from EUR 362.4 million to EUR 331.2 million, while call and time deposits increased by 3.7 %, from EUR 576.6 million to EUR 598.1 million. These items include the occasional big deposit. Hence, significant fluctuations remain possible in the future. The balance sheet total rose to EUR 1,259.4 million (+3.4 %).

As per the balance sheet date, loans to customers amounted to EUR 733.6 million (previous year: EUR 738.8 million) and continued to relate almost exclusively to Austrian and Bavarian borrowers. The lending ratio declined from 68 % to 67 %.

Private assets under custody went up 1.4 % to EUR 2.5 billion. Our asset management had client assets of around EUR 1.9 billion (previous year: EUR 1.9 billion) under management – a slight increase of 0.8% 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:

	2016	2015	2014
Balance sheet total in million EUR	1,259.4	1,217.8	1,105.7
Common equity tier 1 capital in million EUR	87.5	80.9	74.2
Cost-Income ratio in %	75.0	73.4	76.0
Return on Equity (before taxes) in %	11.5	12.1	10.5

Number of staff

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

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 21.1 million representing approx. 2.8 % 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 counterpartyspecific, rating-based and partially duration-based limits. To minimize the processing risk, we either involve clearinghouses, 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 conditionswhen 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.

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 2017

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 2017.

In financial year 2017, 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 2017 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 2017

Balance Sheet as per 31 December 2016

Assets

	As per 31 Dec. 2016		As per 31.12.2015
	EUR	EUR	kEUR
1. Cash in hand, balances with central banks and post office banks		158,331,147.88	120,388
2. Public sector debt instruments eligible for refinancing with central banks			
Public sector debt instruments and similar securities		37,352,495.48	39,765
3. Due from credit institutions			
a) repayable on demand	43,130,679.13		35,415
b) other receivables	84,043,931.75		67,973
		127,174,610.88	103,388
4. Due from customers		734,594,535.02	762,771
5. Debt obligations and other fixed-interest securities			
by other issuers thereof: own debt obligations EUR 0.00 (2015: kEUR 0.0)		117,356,747.08	114,268
6. Shares and other variable-interest securities		41,011,667.06	39,214
7. Investments thereof: in credit institutions EUR 367,586.45 (2015: kEUR 367,6)		8,573,216.64	8,792
8. Shares in affiliated companies thereof: in credit institutions EUR 0.00 (2015: kEUR 0.0)		14,860,107.47	11,325
9. Intangible fixed assets		187,582.66	237
10. Tangible fixed assets thereof: land and buildings occupied by the credit institution for its own activities EUR 7,446,902.81 (2015: TEUR 7,459.7)		13,900,590.68	13,430
11. Other assets		4,205,632.71	4,203
12. Prepayments and accrued income		150,445.91	57
13. Deferred tax assets		1,750,900.00	0
		1,259,449,679.47	**1,217,838**

Liabilities

	As per 31 Dec. 2016		As per 31.12.2015
	EUR	EUR	kEUR
1. Due to credit institutions			
a) repayable on demand	29,703,689.88		5,009
b) with agreed maturities ot notice periods	21,753.80		40
		29,725,443.68	5,049
2. Due to customers			
a) Savings deposits thereof:			
aa) repayable on demand	62,478,183.34		52,614
bb) with agreed maturities or notice periods	268,710,646.14		309,793
	331,188,829.48		362,407
b) other liabilities thereof:			
aa) repayable on demand	535,835,815.41		518,280
bb) with agreed maturities or notice periods	62,304,259.80		58,349
	598,140,075.21		576,629
		929,328,904.69	939,036
3. Securitised liabilities other securitised liabilities		172,657,014.46	154,802
4. Other liabilities		4,451,490.99	4,126
5. Prepayments and accrues income		37,461.09	51
6. Provisions			
a) provisions for severance payments	7,544,500.00		6,977
b) provisions for pensions	3,231,819.09		2,881
c) tax provisions	480,000.00		702
d) other	4,245,079.60		4,700
		15,501,398.69	15,260
7. Tier capital pursuant to Part Two Title I Chapter 4 of Regulation (EU) No. 575/2013		16,657,994.77	16,200
8. Non-voting instruments acc. to § 26a BWG		1,818,181.82	1,818
9. Subscribed capital		18,181,818.18	18,182
10. Capital reserve allocated		2,000,000.00	2,000
11. Revenue reserve other reserves		53,900,244.57	47,200
12. Liability reserve pursuant to § 57 Abs 5 BWG		11,757,000.00	11,757
13. Net profit for the year		3,432,726.53	2,357
		1,259,449,679.47	**1,217,838**

Items shown below the balance sheet

Assets

	As per 31 Dec. 2016		As per 31.12.2015
	EUR	EUR	kEUR
Foreign assets		330,256,805.37	341,993

Liabilities

	As per 31 Dec. 2016		As per 31.12.2015
	EUR	EUR	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 from the provision of colleteral security	17,718,891.99		20,866
		18,904,891.99	22,052
2. Lending risks thereof: liabilities arising from pension transactions EUR 0.00 (2015: kEUR 0.0)		137,989,000.00	136,736
3. Eligible capital pursuant to Part Two of Regulation (EU) No. 575/2013		107,538,672.25	100,400
thereof tier 2 capital pursuant to Part Two Title I Chapter 4 of Regulation (EU) No. 575/2013		20,069,010.34	19,527
4. Own funds requirements pursuant to Art. 92 of Regulation (EU) No. 575/2013		690,989,901.94	714,575
a) own funds requirements pursuant to Art. 92 (1) letter a of Regulation (EU) No. 575/2013.		12.7%	11.3%
b) own funds requirements pursuant to Art. 92 (1) letter b of Regulation (EU) No. 575/2013.		12.7%	11.3%
c) own funds requirements pursuant to Art. 92 (1) letter c of Regulation (EU) No. 575/2013.		15.6%	14.1%
Foreign liabilities		112,405,975.70	100,632

Income Statement
for the period from 1 January 2016 to 31 December 2016

	2016			2015	
	EUR	EUR	EUR	kEUR	
1. Interest and similar income			19,563,298.78		20,514
thereof: from fixed-interest securities	1,621,060.35			2,166	
2. Interest and similar expenses			-2,205,641.50		-3.078
I. NET INTEREST INCOME			**17,357,657.28**		**17,436**
3. Income from securities and investments			4,379,750.36		1,830
a) income from shares, other equity interests and variable-interest securities		170,312.19		556	
b) income from investments		4,069,438.17		1,143	
c) income from shares in affiliated companies		140,000.00		131	
4. Commission income			23,321,553.28		23,796
5. Commission expenses			-1,023,698.33		-1,102
6. Income/expenses associated with financial transactions			2,040,449.72		2.467
7. Other operating income			972,929.99		989
II. OPERATING INCOME			**47,048,642.30**		**45,416**
8. General administrative expenses					
a) staff expenses		-23,320,310.81			-22,214
aa) salaries	-17,085,368.72			-16,364	
bb) statutory social-security contributions as well as levies and compulsory contributions dependent on salaries	-4,060,369.20			-4,027	
cc) other social welfare expenses	-528,970.18			-497	
dd) expenses for retirement benefits and other benefits	-391,054.06			-364	
ee) allocation to pension provision	-350,610.32			-3	
ff) expenses for severance pay and allocations to in-house staff provient funds	-903,938.33			-959	
b) other administrative expenses (cost of material)		-8,564,563.38			-8,845
			-31,884,874.19		-31,059
9. Allowances for assets included in 9 and 10			-1,386,301.14		-1,400
10. Other operating expenses			-1,996,092.56		-863
III. OPERATING EXPENSES			**-35,267,267.89**		**-33,323**

	2016			2015
	EUR	EUR	EUR	kEUR
IV. OPERATING RESULT			**11,781,374.41**	**12,093**
11./12. Net income/expenses arising from the sale and valuation of loans and securities.			-155,306.48	-3,180
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			-1,573,646.93	868
V. RESULT FROM ORDINARY ACTIVITIES			**10,052,421.00**	**9,781**
15. Taxes on income			-350,527.89	-2,117
thereof deferred taxes		1,946,253.60		0
16. Other taxes unless included in item 15			-142,397.81	-136
VI. SURPLUS FOR THE YEAR			**9,559,495.30**	**7,528**
17. In/decrease in reserves thereof: allocation to the liability reserve EUR 0.00 (2015: kEUR 0).			-6,700,000.00	-6,187
VII. PROFIT OF THE YEAR.			**2,859,495.30**	**1,341**
18. Profit brought forward			573,231.23	1,016
VIII. NET PROFIT FOR THE YEAR			**3,432,726.53**	**2,357**

Notes to the annual financial statements 2016

(Previous year's figures in brackets)

DThe annual financial statements 2016 were drawn up in accordance with the provisions of the Austrian Banking Act (Bankwesengesetz, BWG) and the Austrian Companies Act (Unternehmensgesetzbuch, UGB). The balance sheet and the income statement were prepared according to the structure defined in Appendix 2 of § 43 BWG.

I. Accounting and valuation methods

The annual financial statements were drawn up in accordance with the principles of proper accounting and the general principle requiring companies to provide as far as possible a true and fair view of their net assets, financial position and results of operations. The accounting and valuation methods comply with the going concern principle. Due to the Accounting Amendment Act (Rechnungslegungsänderungsgesetz, RÄG), this was the first time that deferred tax assets were reported in the balance sheet pursuant to § 198 (9) and (10) UGB and securities positions were written up in accordance with § 208 (1) UGB. In the absence of further untaxed reserves, adjustments were made to the previous year's revenue reserves and tax provisions.

Receivables were stated at their nominal value as a matter of principle. Adequate allowances have been made to provide for any discernible risks in the bank's lending business. 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. Marketable securities were reported under the respective balance sheet items in accordance with the strict principle of the lower of cost or market and in consideration of the applicable write-up requirements. In the financial year, no items were held in the securities trading account.

Intangible fixed assets and tangible assets were measured at acquisition cost less straight-line amortisation and depreciation. Minor assets were fully written off in the year of acquisition and recorded as disposals.

Liabilities were reported at their repayment amount. Discounts and premiums on issues are capitalised or carried as liabilities and written down over the respective term. Provisions were formed in the amount required according to prudent commercial assessment. 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 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 2.14 % in the previous year to 1.30 %. As in the previous year, a fluctuation discount of 5 % was assumed in the calculation of the provisions for anniversary bonuses.

Receivables and payables denominated in foreign currencies were measured at the mean ECB rate as per the balance sheet date.

II. Information regarding the balance sheet

Public sector debt instruments

The fixed assets include listed debt instruments (including accrued interest) in the amount of EUR 15,062,201.43 (kEUR 14,259). The difference between the balance sheet value and the lower repayment value (nominal) pursuant to § 56 BWG amounts to EUR 51,347.45 (kEUR 11). The difference between the balance sheet value and the higher repayment value (nominal) pursuant to § 56 BWG amounts to EUR 237,650.20 (kEUR 272).

The current assets include listed debt instruments (including accrued interest) in the amount of EUR 22,290,294.05 (kEUR 25,506). The difference between the book value and the higher market value amounts to EUR 260,890.00 (kEUR 296).

In 2017, public sector debt instruments (excluding accrued interest) will be due in the amount of EUR 4,519,816.37 (kEUR 5,751).

Due from credit institutions

Residual terms of receivables not at call, by maturity:

	31 Dec. 2016	31 Dec. 2015
	EUR	kEUR
a) up to 3 months	36,601,831.92	17,195
b) between 3 months and 1 year	25,903,930.92	30,969
c) between 1 year and 5 years	18,136,000.00	19,480
d) over 5 years	3,402,169.91	329

The amounts due from credit institutions include unlisted securities (including accrued interest) in the amount of EUR 21,898,950.20 (kEUR 21,125). EUR 1,208,719.18 (kEUR 209) thereof are held as part of the fixed assets.

Due from customers

Residual terms of receivables not at call, by maturity:

	31 Dec. 2016	31 Dec. 2015
	EUR	kEUR
a) up to 3 months	22,007,091.51	60,591
b) between 3 months and 1 year	64,526,366.69	51,505
c) between 1 year and 5 years	216,990,802.84	216,741
d) over 5 years	267,590,352.62	262,626

The amounts due from customers include unlisted securities (including accrued interest) in the amount of EUR 1,023,243.34 (kEUR 0) which are held as part of the fixed assets.

A general bad-debt provision was formed in the amount of kEUR 1,283,700.00 (kEUR 778).

Debt obligations and other fixed-interest securities

The fixed assets include listed securities (including accrued interest) in the amount of EUR 59,428,734.58 (kEUR 56,324). The difference between the balance sheet value and the lower repayment value (nominal) pursuant to § 56 BWG amounts to EUR 205,951.29 (kEUR 260). The difference between the balance sheet value and the higher repayment value (nominal) pursuant to § 56 BWG amounts to EUR 52,564.93 (kEUR 42).

The current assets include listed securities (including accrued interest) in the amount of EUR 57,928,012.50 (kEUR 57,945). The difference between the book value and the higher market value amounts to EUR 364,466.51 (kEUR 229).

In 2017, securities (excluding accrued interest) will be due in the amount of EUR 23,495,591.00 (kEUR 24,142).

Shares and other variable-interest securities

The fixed assets include listed shares in the amount of EUR 1,579,696.25 (kEUR 0) and unlisted shares in the amount of EUR 2,760,895.64 (kEUR 2,820).

The current assets include unlisted shares in the amount of EUR 36,671,075.17 (kEUR 36,394).

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 EUR 2,406,639.00 (kEUR 2,407) as at the balance sheet date.

Investments and shares in affiliated companies

Disclosures regarding individual companies (shareholding of 20 % and above):

	Equity holding	Annual financial statements	Equity capital	Previous year	Result of the year	Previous year
	in %		EUR	kEUR	EUR	kEUR
Spängler Spartrust Immo GmbH, Salzburg	100.00	31 Dec. 2016	366,995.67	354	13,270.74	0
Spängler Spartrust Immo GmbH & Co KG, Salzburg	5.00	31 Dec. 2016	7,048,864.40	6.334	714,911.68	825
Spängler M&A GmbH, Salzburg	80.00	31 Dec. 2016	397,475.84	353	44,367.96	8
Spängler Immobilien GmbH, Salzburg	100.00	31 Dec. 2016	16,282.48	0	-18,717.52	0
BS Liegenschaften GmbH, Salzburg	100.00	31 Dec. 2016	12,269,826.61	9,245	-1,975,253.67	–50
Zellinvest Anlageberatung GmbH, Zell am See	87.50	31 Dec. 2016	220,000.00	220	230,955.50	411
Spängler IQAM Invest GmbH, Salzburg	37.57	31 Dec. 2015	6,332,123.49	13,677	2,169,233.65	2.006
HEW GmbH & Co KG, Wals	30.00	31 Dec. 2015	7,123,449.62	7,144	-20,420.83	–27
PME GmbH, Wals	30.00	31 Dec. 2015	40,193.20	37	2,792.41	4
Schmittenhöhebahn AG, Zell am See	20.79	30 Nov. 2015	65,847,778.23	65,827	879,274.13	901

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

	Affiliated companies		Investments	
	31 Dec. 2016	31 Dec. 2015	31 Dec. 2016	31 Dec. 2015
	EUR	kEUR	EUR	kEUR
a) Receivables				
Due from credit institutions	0	0	0	7
Due from customers	16,562,288.18	21,893	1,320,977.58	7,496
b) Liabilities				
Due to credit institutions	0	0	528,858.08	1,364
Due to customers	2,166,605.91	2,004	1,932,795.54	4,126

Other assets

The main components of this item refer to a coin collection worth EUR 3,307,131.76 (kEUR 3,307), gold coins worth EUR 331,117.20 (kEUR 300), salary advances granted to staff of EUR 175,570.34 (kEUR 196), commission from consulting and agency business of EUR 44,018.61 (kEUR 40) and amounts due from property management of EUR 194,244.21 (kEUR 193).

Deferred tax assets

Pursuant to § 198 (9 and 10) UGB, deferred tax assets arose in the amount of EUR 1,750,900.00 (kEUR 1,081) and were reported on the balance sheet 2016 for the first time. The assets result from various valuations under commercial and fiscal law of receivables from customers, investments, tangible fixed assets and provisions. The differences were calculated using a 25 % tax rate.

Assets denominated in foreign currencies

As at the balance sheet date, the bank had assets in foreign currencies amounting to EUR 90,424,906.40 (kEUR 83,666).

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

As at 31 December 2016, fixed-interest securities in a nominal amount of EUR 5,000,000.00 (kEUR 5,000) had been deposited as collateral for liabilities arising from the following transactions:

	31 Dec. 2016	31 Dec. 2015
	EUR	kEUR
Cover fund for moneys held in trust for wards	4,000,000.00	4,000
Cover fund for pension liabilities	1,000,000.00	1,000

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

	31 Dec. 2016	31 Dec. 2015
	EUR	kEUR
Cover fund in favour of Österreichische Kontrollbank AG	1,000,000.00	1,000
Cover fund in favour of DS. Advanced	9,800,000.00	9,800
Cover deposit in favour of CLEAR STREAM BANKING S.A., Luxembourg	8,500,000.00	8,000
Cover deposit in favour of OeNB	4,000,000.00	4,000

Due to credit institutions

Residual terms of payables not at call, by maturity:

	31 Dec. 2016	31 Dec. 2015
	EUR	kEUR
up to 3 months	21,753.80	40
between 3 months and 1 year	0	0
between 1 year and 5 years	0	0
over 5 years	0	0

Due to customers

Residual terms of payables not at call, by maturity:

	31 Dec. 2016	31 Dec. 2015
	EUR	kEUR
up to 3 months	123,121,455.44	165,653
between 3 months and 1 year	76,832,570.41	153,198
between 1 year and 5 years	127,065,167.56	46,277
over 5 years	3,995,712.53	3,013

Securitised liabilities

This item includes debt obligations (including accrued interest) in the amount of EUR 58,170,691.90 (kEUR 48,189) and medium-term bonds (including accrued interest) in the amount of EUR 114,486,322.56 (kEUR 106,613). The discount / premium resulting from the issuance of debt obligations and medium-term bonds is reported in the prepayments and accrued income and is repaid over the respective term.

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 EUR 2,057,179.88 (kEUR 2,907), due to the ARZ Allgemeines Rechenzentrum of EUR 170,308.99 (kEUR 360), due to other suppliers of EUR 1,868,608.44 (kEUR 738), and liabilities arising from partial retirement agreements of EUR 318,000.00 (kEUR 98). The other liabilities include expenses in the amount of kEUR 2,394,311.11 (kEUR 1,220) which will only affect payments after the balance sheet date.

Provisions

	31 Dec. 2016	31 Dec. 2015
	EUR	kEUR
Liabilities for severance pay	7,544,500.00	6,977
Pension liabilities	3,231,819.09	2,881
Other staff provisions	3,350,979.60	3,375
Corporate income tax	480,000.00	507
Miscellaneous	894,100.00	1,325

Tier 2 capital

As per 31 December 2016, the bank held tier 2 loans (including accrued interest) in the amount of EUR 16,657,994.77 (kEUR 16,200). The bank holds EUR 150,408.74 (kEUR 211) thereof in its own portfolio. This item includes interest accruals of EUR 108,814.82 (kEUR 161). Interest expenses relating to tier 2 capital totalled EUR 293,795.60 (kEUR 360).

Subscribed capital and non-voting instruments acc. to § 26a BWG

		31 Dec. 2016	31 Dec. 2015
		EUR	kEUR
Ordinary shares	10.000.000 no-par value shares	18,181,818.18	18,182
Non-voting shares	1.000.000 no-par value shares	1,818,181.82	1,818
		20,000,000.00	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.

Liabilities denominated in foreign currencies

As at the balance sheet date, the bank had liabilities in foreign currencies amounting to EUR 57,661,156.35 (kEUR 44,035).

Contingent liabilities

Contingent liabilities amount to EUR 18,904,891.99 (kEUR 22,052), EUR 17,718,891.99 (kEUR 20,866) of which relate to guarantees and the remainder to other warranties and indemnities. Guarantees extended to affiliated companies amount to kEUR 14,534.57 (kEUR 15).

Lending risks

Lending risks amount to EUR 137,989,000.00 (kEUR 136,736) and relate to loan commitments that have not yet been utilised.

Eligible capital

	31 Dec. 2016	31 Dec. 2015
	EUR	kEUR
Common equity tier 1 capital		
Subscribed capital	18,181,818.18	18,182
Non-voting instruments pursuant to § 26a BWG	1,818,181.82	1,818
Allocated capital reserve	2,000,000.00	2,000
Free revenue reserve	53,900,244.57	47,353
Liability reserve	11,757,000.00	11,757
Deductions from common capital - intangible assets	-187,582.66	–237
	87,469,661.91	80,873
Tier 2 capital		
Hidden reserve in accordance with § 57 (1) BWG	3,300,000.00	3,850
Revaluation reserve	2,430,000.00	2,835
Tier 2 capital	14,339,010.34	12,842
	20,069,010.34	19,527
Eligible capital	107,538,672.25	100,400

Total return on capital in accordance with § 64 (1) line 19 BWG	31 Dec. 2016	31 Dec. 2015
	EUR	kEUR
Result of the year after tax	9,559,495.30	7,528
Balance sheet total	1,259,449,679.47	1,217,838
Total return on capital	0.76 %	0.62 %

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.

Financial derivatives

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 31 million (EUR 38 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 25 million (EUR 27 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 63 million (EUR 137 million) have been concluded for purposes of hedging currency risks. EUR 30 million (EUR 40 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

Financial derivatives

	Nominal amount		Market value (positive)		Market value (negative)	
	31 Dec. 2016	31 Dec. 2015	31 Dec. 2016	31 Dec. 2015	31 Dec. 2016	31 Dec. 2015
	EUR	kEUR	EUR	kEUR	EUR	kEUR
a) Interest rate contracts:						
Interest rate swaps	30,714,029.79	38,198	294,230.50	253	877,068.80	578
Interest rate options	50,328,642.30	123,007	1,065,512.89	2.915	1,065,485.12	1,131
b) Exchange rate contracts:						
Forward exchange transactions	27,828,898.26	53,811	427,883.49	403	323,358.79	54
Currency swaps	35,099,298.24	83,367	226,750.90	91	178,686.60	266

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.

III. Information regarding the income statement

Other operating income

The main items refer to internal service charges in the amount of EUR 334,497.12 (kEUR 276), income from buildings and service apartments in the amount of EUR 304,885.33 (kEUR 302), gains from fixed asset disposals in the amount of EUR 33,650.00 (kEUR 24) and releases of provisions in the amount of EUR 164,633.71 (kEUR 100).

Staff expenditure

The item "Expenditure on severance pay and allocations to in-house staff provident funds" includes an allocation to the severance pay provision of EUR 753,948.21 (kEUR 818).

In the year under review, the expenditure on severance pay and pensions amounted to EUR 1,685,791.26 (kEUR 1,331). Of this amount, EUR 649,224.59 (kEUR 640) related to the Management Board and managerial staff.

Pension provisions contain expenditure on commitments for which a provision was formed in the amount of EUR 350,610.32 (kEUR 3) and expenditure on commitments for which exclusive amounts of EUR 391,054.06 (kEUR 364) are payable.

The wages and salaries item includes expenditure on provisions for anniversary bonuses and three-month death allowances of EUR 114,077.61 (kEUR 29).

Cost of material

In the year under review, the costs associated with the audit of the annual financial statements amounted to EUR 108,000.00 (kEUR 108) and the costs of other auditing services to EUR 3,600.00 (kEUR 0).

Other operating expenses

The main items refer to expenses associated with the Bankenstabilitätsabgabe (bank stability charge, nonrecurring) of EUR 1,192,469.00 (kEUR 0), expenses relating to buildings and service apartments in the amount of EUR 51,098.63 (kEUR 47), contributions to the Bankenabwicklungsfonds (bank liquidation fund) of EUR 256,314.00 (kEUR 353) and contributions to the Einlagensicherungsfonds der Banken & Bankiers (Austrian deposit guarantee fund) of EUR 309,780.00 (kEUR 132).

Taxes on income

This item includes the corporate income tax for financial year 2016 in the amount of EUR 2,308,541.01 (kEUR 2,116), corporate income tax for previous years in the amount of EUR -11,759.52 (kEUR 0) and deferred tax assets of EUR -1,946,253.60 (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.

Proposed appropriation of results

It has been proposed to distribute EUR 2,007,000.00 of the reported net profit for the year of EUR 3,432,726.53 to the shareholders, allocate EUR 400,000.00 to the revenue reserve and carry EUR 1,025,726.53 forward to new account.

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 2016.

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 EUR 1,038,221.07 (kEUR 972) for the following financial year and to EUR 5,279,702.22 (kEUR 4.774) for the following five years.

Staff

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

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

	Loans/advances		Contingent claims	
	31 Dec. 2016	31 Dec. 2015	31 Dec. 2016	31 Dec. 2015
	EUR	kEUR	EUR	kEUR
Management Board	1,092,427.65	1,250	10	10
Supervisory Board	659,012.52	580	24	533
Total	1,751,440.17	1,830	34	543

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 EUR 196,071.61 (kEUR 31).

Remuneration of the Management Board and the Supervisory Board

	31 Dec. 2016	31.12.2015
	EUR	kEUR
Remuneration, Management Board	1,558,666.31	1,522
Remuneration, Supervisory Board	50,575.00	51

In the past financial year, expenses for pensions of former Management Board members amounted to EUR 108,380.00 (kEUR 107).

2016 Asset analysis

		Cost of aquisition				Accumulated amortisation or depreciation						
	Balance-sheet item	As per 1/1/2016	Additions	Disposals	As per 31/12/2016	As per 1/1/2016	Additions / Amortisation or depreciation	Write-ups	Disposals	As per 31/12/2016	Book values, 31/12/2015	Book values, 31/12/2016
		EUR	EUR	EUR	EUR	EUR					EUR	EUR
	I. Financial assets 1. Securities held as fixed assets											
2a	Public sector debt instruments and similar securities	14,139,435.30	8,577,832.55	7,753,570.60	14,963,697.25	0.00	0.00	0.00	0.00	0.00	14,139,435.30	14,963,697.25
3	Due from credit institutions	201,000.00	2,000.000.00	1,000.000.00	1,201,000.00	0.00	0.00	0.00	0.00	0.00	201,000.00	1.201.000.00
4	Due from customers	0.00	1,019,860.00	2,333.10	1,017,526.90	0.00	0.00	0.00	0.00	0.00	0.00	1,017,526.90
5	Debt obligations and other fixed-interest securities	55,718,471.78	27,138,247.64	23,953,333.06	58,903,386.36	0.00	0.00	0.00	0.00	0.00	55,718,471.78	58,903,386.36
6	Shares and other variable-interest securities	2,821,204.06	3,255,738.75	1,734,867.50	4,342,075.31	1,483.42	0.00	0.00	0.00	1,483.42	2,819,720.64	4,340,591.89
		72,880,111.14	41,991,678.94	34,444,104.26	80,427,685.82	1,483.42	0.00	0.00	0.00	1,483.42	72,878,627.72	80,426,202.40
	2. Investments											
7	a) in credit institutions	367,586.45	0.00	0.00	367,586.45	0.00	0.00	0.00	0.00	0.00	367,586.45	367,586.45
7	b) in other undertakings	9,809,683.24	0.00	236,453.86	9,573,229.38	1,385,603.20	141,496.00	0.00	159,500.01	1,367,599.19	8,424,080.04	8,205,630.19
		10,177,269.69	0.00	236,453.86	9,940,815.83	1,385,603.20	141,496.00	0.00	159,500.01	1,367,599.19	8,791,666.49	8,573,216.64
8	3. Shares in affiliated companies	11,325,107.47	5,035,000.00	0.00	16,360,107.47	0.00	1,500,000.00	0.00	0.00	1,500,000.00	11,325,107.47	14,860,107.47
		94,382,488.30	47,026,678.94	34,680,558.12	106,728,609.12	1,387,086.62	1,641,496.00	0.00	159,500.01	2,869,082.61	92,995,401.68	103,859,526.51
9	**II. Intangible assets**	2,488,193.65	75,362.47	0.00	2,563,556.12	2,251,427.19	124,546.27	0.00	0.00	2,375,973.46	236,766.46	187,582.66
10	**III. Tangible fixed assets**											
10	1. Land and buildings	21,644,373.11	404,211.49	0.00	22,048,584.60	11,324,916.01	458,016.83	0.00	0.00	11,782,932.84	10,319,457.10	10,265,651.76
	(thereof land value)	(2,406,639.00)	0.00	0.00	(2,406,639.00)	0.00	0.00	0.00	0.00	0.00	(2,406,639.00)	(2,406,639.00)
10	2. Plant and office equipment	10,408,949.92	1,017,492.03	265,556.37	11,160,885.58	7,503,789.38	720,846.44	0.00	248,661.78	7,975,974.04	2.905,160.54	3,184,911.54
10	3. Payments on account and assets in the course of construction	205,298.52	622,276.24	377,547.38	450,027.38	0.00	0.00	0.00	0.00	0.00	205,298.52	450,027.38
		32,258,621.55	2,043,979.76	643,103.75	33,659,497.56	18,828,705.39	1,178,863.27	0.00	248,661.78	19,758,906.88	13,429,916.16	13,900,590.68
		129,129,303.50	49,146,021.17	35,323,661.87	142,951,662.80	22,467,219.20	2,944,905.54	0.00	408,161.79	25,003,962.95	106,662,084.30	117,947,699.85

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Aktiengesellschaft

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