

**ENLIGHTENMENT WITH A
CAPITAL E**

CAPITAL  BANK

Capital Bank
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Annual Report
2016

**WE ACT WITH TRUST AND CONFIDENCE
IN THE FUTURE.**

Capital Bank 2016

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CHRISTIAN JAUK

CHAIRMAN OF THE MANAGEMENT BOARD

Leap of faith is a nice concept. On the one hand, it describes an important conviction, since interpersonal relationships are difficult to establish without faith, while on the other the "leap" part points towards the future and indicates that there will be something there that we are currently seeking and towards which we can align our plans. A confident look into the future is inspiring and exciting at the same time according to this.

CONSTANTIN VEYDER-MALBERG

MEMBER OF THE MANAGEMENT BOARD

As a bank, we need to guarantee a relationship and cooperation with our customers that considers trust to be a central value. This also involves reliability, as anyone who trusts something also among other things wants to be reliably updated on the latest developments, which comes to another central value in any kind of relationship, i.e. responsibility.

WOLFGANG DORNER

MEMBER OF THE MANAGEMENT BOARD

Trust, reliability and responsibility are a trio of values that can be used as a basis for embarking on paths for the future. These values also involve security, a readiness to align oneself consistently with established rules and an ability to permit and take into account other points of view. Together these all provide wonderful scope for action for all partners involved.

"All you need in this life is ignorance and confidence, and then success is sure", wrote Mark Twain once in a letter. Ignorance in turn leads to trust that is within the grey area between knowledge and a lack of knowledge, as stated by German philosopher Georg Simmel, who also noted that this is the important force within society which can be used as a basis for practical action. As such, Simmel's ideas are in line with those of John Locke, who in the 17th century replaced fate in authority-dominated societies with trust in action based on mutual respect. Trust is an important unifier, which establishes obligations and requires reliability. It would not be able to exist without a little bit of ignorance and uncertainty, and trust is the starting point for everything, which was the concept behind Deutsche Bank's advertisements in the 1990s.

Our guest author Michael Lehofer also states in his article that the word 'trust' also involves daring to do something. "It takes courage to trust. The courage that we need to learn to have trust is based upon the fact that we no longer react to our old traumas, and instead we look at ourselves and at others in new ways every day, and we take the risk of discovering others as well as ourselves as never before. If this helps us to stay young, and to experience life as a new adventure every day by setting aside our concepts and theories about the world and risking the adventure of our own life, then we will have a life that is trusting, confident and secure at the same time." And this is also how we come full circle in terms of economics, which also involves certain elements related to future sustainability, or as the title of this Annual Report puts it so well: We act with trust and confidence in the future!

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FOREWORD

The future is secured through trust - this statement perfectly encapsulates the central message advanced by our guest author, Prof. Dr. phil. Michael Lehofer in his foreword. Indeed, Lehofer engages in great detail with the subject of trust in his essay. Trust is the glue that holds societies together; trust is the willingness to accept a small measure of uncertainty in order to enable a much greater degree of progress.

In the annual survey of senior managers, trust is always ranked among the top three values that are important in management. This makes eminent sense, since without trust, companies would have to invest in monitoring mechanisms that would not only be costly, but would compromise a positive working environment. If we were to turn this into a popular adage, it might be: Trust is good, monitoring is expensive.

And without further ado, we hope you enjoy reading our guest contribution!

TRUST

An inspirational essay by Michael Lehofer

When you love someone, the way a parent loves a child, or vice versa, it can sometimes come as a painful shock to realise that trust is lacking. We assume that we have a heightened sensitivity to a person's trustworthiness. We want to be able to rely on something or someone, and we are troubled when that's missing.

In my work as a psychotherapist with couples, I come back to one observation again and again: people who believe themselves to be attractive can, of course, imagine intimacy with another person whom they have chosen as a partner. But I am convinced that this strong desire to be everything for someone else can be attributed to more than just a possessive mentality. Our yearning for trust is based on our need to feel connected.

Every person is born with an immature brain. This immaturity is such that each of us is unable to consciously remember anything before the fourth year of life (though this is not true of the subconscious). What's more, a person's brain only reaches full maturity at twenty years of age. We are unique as a species in this way. The evolutionary reasons behind this developmental process have to do with the fact that we're not determined merely by our genes, i.e. reacting only instinctively to the world. Rather, our early experiences in life influence the morphological

and functional structure of our brains. Our life experiences modify our mental and functional behaviour throughout our lives in ways that have not been observed in other species.

This immaturity and plasticity of our brains during infancy unfortunately also creates a particular vulnerability. Childhood psychological traumas have lasting, limiting effects and can be incredibly difficult to treat therapeutically. As a result, when considering how to care for our societies, we must pay particular attention to children and young people.

The vulnerability that results from the brain's immaturity during infancy means that people are especially dependent on each other. An individual with an immature brain can hardly live completely alone. It's therefore incredibly important to us that we be able to rely completely on another. This kind of bond is our most essential basic need.

Fulfilling this need is fundamental to our ability to realise our own full

potential and, ultimately, to believing ourselves to be of value – our sense of self-worth.

Some people wonder why monogamy has become idealised in our society, even though it is rarely realised in real life. Many suspect that there is a history of cultural mechanisms of control lurking behind that ideal, mechanisms deployed by organisations, such as religious institutions, to secure their own power and even profit economically from this influence over people's private lives. This could well play a role.

I believe it is more likely that this deep need for strong bonding during our infancy moulds our lifelong identity, that we simply can't get around our desire to find somebody for whom we can be everything, and who can be everything to us. It might also be explained by the fact that we ultimately emerge from the experience of relationships during our infancy and youth more or less wounded, and this is why many couples counsellors suspect that the one true love we spend so much time looking for is something that is meant to help us to close those old childhood wounds. That would at least explain the almost always unrealistic expectations we place on romantic relationships, which tend to be the primary cause behind a number of relationship problems and the reason these not infrequently fail.

Bonding is a basic need. From the psychological perspective, this sensibility for bonding derives

from the emotional responsibility of the primary caregiver, such as the mother or father. Emotional responses are external manifestations of inner emotional states, either mimetic or verbal, that correspond to or match the feelings of the other. One person reacting to another's laughter by smiling is one such example of an emotional response.

Now we can see why it is so painful when you can no longer trust someone who's important to you. Trust is an expression of a successful bond. Bonding means: I can rely on you. If I cannot rely on you, then I'm lost. We have of course become used to living in a world in which trust has become something of a rarity. Which makes it all the more valuable. There are people who seem to be unable to rely on anybody, and whether or not they admit it, these people are lonely. Loneliness is a terrible thing. Loneliness is the greatest fear imaginable. Loneliness is the anxiety that results from not feeling a bond with others.

Loneliness is when you have no one else whom you can trust. In the world of the lonely, nothing feels familiar. One is alienated from the world. There is no fun or joy in life, even if one is respected or free from financial worries. The lonely person is – always – the poorest person in the world.

And yet, though loneliness is the most dangerous condition in which one could find oneself, many who suffer from it are unaware. Why is that? We first need to distinguish between being lonely and being alone. In German, the word ‘allein’ (alone) is made up of two elements: ‘all’ (all) and ‘ein’ (one): To be alone is therefore to feel “all one”, so to speak. The point of this wordplay is to show that it’s possible to be alone without necessarily feeling lonely.

A hermit, for example, is ideally not at all lonely, as he feels himself bound incredibly closely – monogamously, we could say – to his God, such that he is indeed alone, but not lonely. Drawing this difference between loneliness and being alone allows us to discern how in one case, that of being alone, one can experience a bond with another – with nature, with God, maybe even with oneself in terms of love for oneself – whereas in the other case, that of being lonely, there is no sense of a bond with anyone or anything.

Many fail to notice their loneliness, having spent so much energy throughout their lives trying to escape from themselves. Escaping loneliness is only possible

when one can escape oneself. These people of course fear subconsciously that they may well be confronted one day, entirely unprepared, with the full force of their loneliness.

Trust is a result of feeling a connection to the person who is – perhaps metaphorically – standing opposite us. Of course, this need not be equivalent to a sensation of total unity with another, like the sensation of having found one's so-called soul mate or true love. It's obviously equally advantageous if a relationship of trust exists with a business associate. Trust is beneficial in all relationships, essentially. A bond is a foundation that guarantees us maximum emotional support.

As a result, discovering that people whom we have trusted may cheat, deceive, or prove themselves unworthy of our trust is all the more painful. These life experiences traumatise us in a particular way. It is incredibly painful when the rug is pulled out from underneath your feet when you had been feeling safe and secure. Many never fully

recover from this kind of severe breach of trust, and they remain embittered.

Bitterness results when somebody is simply unable to move past an injury which caused them to close off their heart. Learning to open one's heart again after disappointment is absolutely necessary in order to really engage with people again, to be able to make those connections and forge bonds. Forming and experiencing bonds provides us with the feeling of being alive and enjoying trust, without which we'd simply vegetate, spending our lives as a sort of living dead.

To win back trust after suffering a disappointment, you need to become more aware of yourself, understand that you're always responsible for yourself, even when others have grossly misused your trust. Disappointment is disenchantment, which means, after all, that enchanting illusions have come to an end. When you look at it like that, disappointment can be something positive, in spite of the hurt that one often seeks to sugar-coat, even when it's not advisable. This means that you can always recast negative life experiences in a positive light. This only becomes possible when you can acknowledge that there is much to learn in precisely these situations.

The key to transforming a breach of trust into an opportunity for positive personal growth is in avoiding self-pity and accepting personal responsibility.

Where there is self-pity and a denial of personal responsibility there is also bitterness. This is how we can return to being our lively and happy selves.

How can you win another's trust? That which was discussed above is equally applicable here. We can learn quite a lot by looking to those whom we know to be brilliant salespeople. They are able to immediately establish a connection with their customers, such that they feel like they're old friends right from the get go. You could say that good salespeople are able to win other people's trust even without all of the preceding mutual experiences usually required.

They do this in much the same way that a mother forges a bond with her baby. They respond to their customers' emotional needs. They promote a feeling of familiarity by reflecting the needs and concerns of the customer. Trust is built when we believe that the other person understands us completely. Trust is built when we start to believe that the other person understands us better than we understand ourselves.

It is entirely understandable that we trust those who prove themselves capable in their relations with us. Which politicians will people trust? What determines whether citizens will trust a politician? It is primarily a result of whether people hear their own desires and needs reflected in what the politician says. It can be incredibly tempting for those who are particularly gifted in this respect to become a populist. Populists play with people's emotions, especially their fears, to win more power for themselves.

Salespeople can also behave unscrupulously, abusing the trust they've been given to sell people poor products or convince them that they need things they really don't. Others who wield the principle of trust to their own (often economic) advantage include leaders of sects, fraudsters who trick others into marriage, so-called ladies' men, and many other dubious organisations.

In doing so, they take advantage of the deep desire for trust that we all share. Deep desires lead to a yearning for a kind of completeness. We examined this above when we considered the case of monogamy. We all have a strong yearning for completeness. The unfortunate results can range from individual cases, such as horrible marriages, to large-scale ones, such as dictatorships and war. But our yearning for completeness can only really be fulfilled through the authentic experience of love. But that's another story.

In real life we must be disciplined in learning to contain our desire for completeness. Many people convince themselves to see the good in people, or that they need to see the good in others, even when all the signs point to negative consequences. They ignore bad omens in their attempt to maintain their own positive self-image. These people are in love with a world they have imagined, and they unconsciously set themselves up for disappointment.

How is it that someone can, in spite of their prior experiences and all the signposts, place their trust in someone when there is no indication that this would be a good idea? This kind of unjustified optimism is a frequent trademark of people many of us regard as naive. They not infrequently remind us of an insatiably greedy baby.

In psychological terms, blind confidence comes as a result of oral greed. This greed can lead to an overwhelming desire to see things as we would wish them to be, meaning that we overlook reality

of a situation. One fascinating manifestation of this perplexing, almost delusional way of looking at the world is erotomania. Erotomaniacs are convinced of their beloved's undying love even when that person makes unequivocally clear that there is absolutely no emotional relationship between them. But that yearning, that insatiable yearning, leads the erotomaniac to believe in a false reality that can no longer be corrected.

Yet we all experience something similar in situations in which we develop a need to satisfy an insatiable hunger for something. Trustfulness can end up costing rather a lot when it comes to business, and leads in more than a few cases to bankruptcy.

When we look at trustfulness, it's striking that people who are trusting cannot seem to learn from their negative experiences. Some look to find an exalted form of bliss in trustfulness (this is reflected in the German word *Vertrauensseligkeit*, which incorporates the word for bliss: *Seligkeit*), and they are not prepared to regard trustfulness with more critical distance, even if they'd be far better protected in their lives by doing so. That is to say, trustfulness is an addictive behaviour. Like all addictions, it ostensibly fulfils a need, it is an attempt at problem-solving that has gone haywire.

The trusting person is captive to the theoretical possibility that his or her needs will be satisfied, such that he or she consistently overlooks how unlikely

this hope actually is. A gambling addiction can also be thought of as a disorder of trustfulness. How many businesspeople conduct their business in a way more akin to gambling than in a structured, thought-through, and intuitively plausible manner?

It is striking that trusting individuals can be reasonable and even cautious apart from those aspects of life in which they are so trusting. But they can't help being trusting in those areas of life that they have almost subconsciously demarcated for their trustfulness.

People who are overly concerned with maintaining harmony tend towards this dangerous mode of being. These individuals who go out of their way to maintain harmony avoid conflict like the plague. They truly believe that conflict can wrench them from their lives and therefore poses an existentially destabilising threat. They are therefore condemned to trustfulness as a result. They are also condemned to trustfulness even when this trustfulness is the very root cause

of injury and frustration in their lives. Thus people who go out of their way to avoid conflict end up automatically embroiled in conflicts. This need for harmony is, like many other things in life, an attempt to avoid harm that ends up itself causing harm. In short, one might say that trustfulness is not a terribly good idea. Of course, trusting people are willing victims for corrupt, exploitative people who care nothing for the wellbeing of others. How much harder would their business be if there weren't masses of trusting victims? That should give us some food for thought.

When it comes to counteracting the seductiveness of completeness as it is refracted through the desire we all share to place our trust in others, we would do well to consider first that trust is related to the ability to judge character. Trust arises when we experience that another person understands us, which is to say, that this person reveals his or her ability to judge character and offers us access to it.

Some people suffer many disappointments in life, the result being that they break off relationships with those whom they previously trusted. They simply will not accept others' breaches of trust and, what's more, fail to accept personal responsibility. Over time they end up having fewer and fewer people in their lives. Whether they like it or not, some of these people will become loners. That's a bitter reality.

Anyone who has reached a certain age has already had to experience numerous disappointments in life – or should that be, has had the opportunity to experience them? What is remarkable is that a disappointed person's trust is not based on their perceptions, but rather much more on theoretical constructions. True trust is pure perception. I myself tend to go through life in the following way: I trust everyone, but only to the extent and in those situations in which they are capable of loyalty.

A person who tends to act pompous on occasion would, for example, not be considered trustworthy in situations in which he would likely act pompous. By which I mean that you can rely on a pompous person to act in a particular way in certain situations. In general, people's needs are the reason behind more limited trustworthiness. I can count on a person's devious, egotistical, and scheming qualities as much as I can on their friendliness and kindness.

It would be ridiculous to deny that we all have a mix of qualities that

become more or less prominent during particular situations in our lives. We are much more inconsistent than we would like to believe, as is everyone else around us.

Trusting another person means knowing their strengths and their weaknesses and adjusting your exposure to them according to the particular state they're in. From this perspective, trust and suspicion are both connected to the same individual, and that is not at all a contradiction. In this way, suspicion – a lack of trust – may actually be an expression of something that may actually fall under the realm of trust.

What I mean to say is that there's such a thing as justified suspicion, and a lack of trust is not, in and of itself, necessarily wrong. Suspicion is a fascinating topic, especially for a psychiatrist, as it represents one of the end points on a continuum. At the other end is paranoia. Paranoia can present in a number of psychiatric disorders, such as delusional disorders and, the classic example, schizophrenia. Here we are concerned with paranoid tendencies amongst people with personality disorders.

Studies have found that about six percent of company heads either give evidence of having a narcissistic personality disorder or are psychopaths. These people are unfeeling and manipulative. This lack of emotion, which in most cases is deftly concealed by a seductive charm, becomes extremely useful in the

cold-blooded way in which they manipulate other people to their own ends. In doing so, they have one goal: to have the other person always under their control, always to tower over them.

This is why this type of person always needs to have the last word, is generally a poor listener, as they are not at all interested in what others have to say, and tends to use so-called killer phrases whilst communicating, except in those cases in which they hope to gain someone's sympathy. Killer phrases are those that stop a discussion in its tracks, that seem to present an argument in the interest of exchange, but are actually used in order to disparage the other person.

This type of person of course places the blame for failures or mistakes on others whilst at the same time either overlooking others' successes or taking credit for them themselves. They project anything bad that's happened and even anything less than excellent on the people around them. From their subjective point of view they

identify everything that is foolish and malicious in the world in these people, whereas in themselves they find only that which is good and proper. These people think they have a monopoly on the truth, as the saying goes.

Once you've cobbled together a world ruled by this kind of polarity, that world is always easy to explain: it's your fault and I am innocent; you're wrong and I'm right.

The disadvantage of seeing the world in this way, aside from its incompatibility with forming and maintaining social relationships and the conflicts this engenders, is that people with this disorder end up having to be paranoid. Their lack of trust is based on their fixed notion that ends up projecting anything bad onto other people. Suspicion is prompted by a person's own weaknesses, setbacks, and failures, which are then wrongly attributed to others around them. This is then experienced as a threat by the person projecting.

There is ultimately no reason for the suspicion displayed by psychopaths and narcissists behind top executive desks – even if they imagine themselves presented with one reason after another. Rather it is an expression of a specific way of existing in the world. In the end, we have to admit that we all have a little bit of a psychopath or narcissist in us, but just to a very small degree, one hopes. If it were any more than that, then we would terrorise our own communities. From the standpoint of social policy,

fundamentalism and terrorism are deeply narcissistic and psychopathic phenomena.

Unfortunately, it is immediately obvious that formalised, well-structured processes in modern workplaces do not at all improve the level of trust in institutions. The formalisation of interpersonal relationships has replaced a more informal mutual trust, one based on a handshake, so to speak. Of course it would be nice if we were able to hold on to the informal, more personal forms of certainty in addition to the formalised guarantees in the context of professional relationships.

The reality looks quite different, though. This reality finds expression in the continually growing willingness to take others to court and to disregard anything and everything that isn't painstakingly set out in a contract. A system that is meant as such to provide quality assurance in a formal manner instead leads to impaired quality, the diminution of

creativity, and – as a result of insufficient trust – to a loss of authentic teamwork.

Sometimes you have to ask yourself whether the administrative costs consumed by modern management instruments are really worth it. That's why it's vital that we increase the benefits of using modern management methodologies with measures that promote trust among people who already do or ought to work with each other.

Teamwork is feasible only when people can cooperate with each other in a manner based on trust. You can see this in team sports, for example. A team is better than the sum of its individual players if and when an amicable sense of trust exists between the players. Otherwise, the effect is reversed: the sum of the qualities of the team's individual players would be theoretically greater than the quality of the team in reality. This is why teams with players who are not as good can still beat teams with better players, provided they are the better team.

Even if we accept that it's better to work together, as in the case of teams, we must not then assume that cooperative effort on its own will necessarily result in community building. We would do better to remember that a sense of community has to come first and is even a requirement for cooperative effort. And this is based on trust. Trust is the glue that people add to community.

As a psychotherapist, of course, I often see crises of trust between people, particularly of a sort that is often symptomatic of dysfunctional relationships. Not infrequently, people come to me and complain about symptoms related to a lack of trust towards their partner, their boss, their friend, or another contemporary. A worthwhile question to ask in this situation, from a psychotherapeutic point of view, is to what degree this person trusts him or herself. After all, we not too infrequently find that the exact thing that we're not in a position to give ourselves is reflected back to us by our surroundings.

Trusting oneself – self-confidence – is a valuable commodity, one that we need in order to lead happy lives. Self-confidence means we can rely on ourselves, we know what we are capable of, we know we can rely on the abilities we have discovered in ourselves. Unfortunately, many people who suffer from poor self-confidence fail to gain self-confidence from their own positive experiences. This is because they are held down by ideas

about themselves that were shaped by insufficient self-worth and that were formed during childhood, and these prejudices prevent them from getting to know themselves better.

The growth that is a natural part of a person's development is simply not possible in cases like this. In cases of normal development, the realisation over time about how much more you can do and how accepted you are is translated into a positive image of yourself. For many people, this is made impossible by the rigidity of their own feelings and thoughts. The result is insufficient self-confidence.

The cause might be negative memories from earlier relationships, such as your father telling you that you're an utter failure. In these cases, it doesn't matter if you are, for example, the managing director of a large institution or occupy some other important role; you remain someone with no self-confidence. Sometimes this lack of self-confidence is compensated by a form of psychological overcompensation which tends towards megalomania in place of healthy self-confidence.

The tender and sensitive way in which primary caregivers deal with children whilst also using their authority to provide direction serves as the optimal basis for the development of self-confidence. This approach is obviously important later in life in all of a person's other relationships too. In much the same way, you can help your partner, your colleague, your

friend, or an acquaintance gain in self-confidence.

Trust means daring yourself to do something. Trust involves courage. That said, it's important to remember that blind trust is never a good idea. A constructive mode of trust, which represents a rich resource in one's life, involves the ability to be truly aware of oneself and of others. Both the credulous and the suspicious are incapable of this awareness of others, which is why trust is not advisable in the one case and suspicion is pointless in the other.

Learning to be aware of yourself and others is a significant challenge. Harms we have suffered in our lives can sometimes leave us numb. The courage we need in order to learn to trust comes from our ability to stop reacting to our old traumas. Instead we need to look at ourselves and others each day in a fresh light and take on the risk involved in discovering the other as well as ourselves in an entirely new way. If we can stay young in this way, experiencing life as a new adventure each and every day by putting aside

our notions and theories about the world, being able to risk the adventure of our own lives, then we will be able to live more trusting and more certain lives.

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