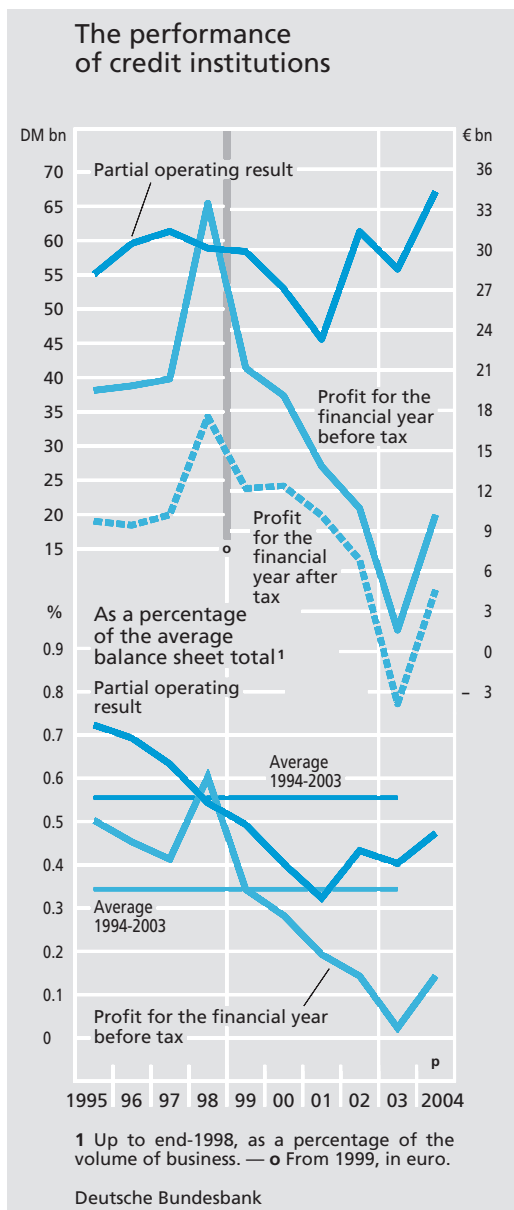


The performance of German credit institutions in 2004

The performance of the German banks improved last year. Nevertheless, the German banking industry is only gradually regaining its former sound profitability. Like the year before, 2004 failed to produce a radical recovery. Once again, the cautious improvement in profitability derived mainly from the cost side. By contrast, it is still not possible to speak of a general reversal of trend in terms of income-related developments. This might be due to the weak economic growth during the 2004 financial year.

The published individual accounts drawn up in accordance with the German Commercial Code (*Handelsgesetzbuch*) indicate that (net) income from German banks' operating business increased. There was a slight improvement in both net interest and net commissions received, more than offsetting the declining own-account trading profits, which had been especially high in 2003. Added to this was a fall in administrative spending. Lower risk provisioning and the declining balance on "extraordinary account" likewise contributed to the improvement in profit for the financial year. If taxes on income and earnings are taken into account, this was positive again following a deficit in 2003. For the current financial year so far, a further moderate recovery in domestic banks' performance is emerging.



Income from interest business

Interest business makes improved contribution to profit,...

After significantly adjusting their balance sheets in 2003, domestic banks further reduced their risk assets in the 2004 financial year. Factoring on the part of individual banks, which was considerable in some cases, is also likely to be reflected here. Unlike in 2003, banks nevertheless managed to achieve earnings growth in interest business.

However, this was ultimately due to the fact that interest expenditure declined more sharply than interest income. Interest expenditure fell by €8.5 billion to €218.6 billion, as against a fall in interest income from €308.7 billion to €303.6 billion. This resulted in net interest received rising by €3.3 billion to €85.0 billion. As is revealed in a long-term analysis, this is a quite typical development, which in the past has often boosted German credit institutions' performance in periods of low or lowered interest rates (see box on pages 18-19). After a perceptible decline in 2003, the share of net interest received in earnings from domestic banks' operating business went up again in the reporting year from 70.2% to 73.4%. On balance, despite a minor expansion again in the volume of business, the interest margin – the ratio of net interest received to the banks' balance sheet total – rose slightly by 0.02 percentage point to 1.18%. As lending within the banking sector was expanded only slightly in the reporting year, the balance sheet total – after adjustment for interbank business, which has no effect on net interest received – likewise showed only a marginal increase. As a result, the interest margin relative to the adjusted business volume went up only slightly as well from 1.60% in 2003 to 1.63% in the reporting year.

The marked increase in net interest received was attributable, above all, to the commercial banks – in this instance, exclusively the big banks. In contrast to the general development, there was a sharp rise in interest received by the big banks. The increase was due, in particular, to a marked year-on-year rise in current income from shares and other

... but largely confined to big banks

Performance of the various categories of banks in 2003/2004 *

€ million

Category of banks	Partial operating result 1		Operating result 2		Profit for the financial year before tax 3		Memo item Balance sheet total 4	
	2003	2004	2003	2004	2003	2004	2003	2004
All categories of banks	28,769	34,547	17,275	22,722	1,823	10,420	7,038,224	7,183,653
Commercial banks	5,133	9,537	4,784	6,776	- 5,688	- 337	2,251,587	2,361,952
Big banks 5	266	3,794	649	2,373	- 7,315	- 2,067	1,533,976	1,764,080
Regional banks and other commercial banks 5	4,740	5,623	4,007	4,295	1,501	1,649	689,268	573,493
Branches of foreign banks	127	120	128	108	126	81	28,343	24,379
Landesbanken 6	5,110	4,944	2,340	4,988	- 2,233	472	1,639,615	1,519,005
Savings banks	9,335	9,863	4,559	4,404	4,756	4,466	980,622	985,944
Regional institutions of credit cooperatives	176	259	130	371	49	220	203,899	194,244
Credit cooperatives	4,473	4,980	2,543	2,861	2,923	2,953	556,946	567,674
Mortgage banks	2,332	2,421	1,198	966	830	567	877,381	875,035
Special purpose banks 6	2,210	2,543	1,721	2,356	1,186	2,079	528,174	679,799

* The figures for the most recent date should be regarded as provisional in all cases. — 1 Net interest and net commissions received less general administrative spending. — 2 Partial operating result plus net profit or net loss on financial operations, net other operating income or charges and net income or net charges from the valuation of

assets (other than financial fixed assets). — 3 Operating result plus net other and extraordinary income or charges. — 4 Annual average. — 5 From 2004, Deutsche Postbank AG allocated to the category of "Big banks". — 6 From 2004, NRW.BANK allocated to the category of "Special purpose banks".

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variable-rate securities, which are included in interest received. Given only slightly higher interest expenditure, this was also reflected in net income from interest business, which had been no more than weak in 2003. Following a marked decline in 2003, the share of net interest received in the big banks' operating result thus showed a perceptible increase again and, in fact, roughly matched the average of the past ten years. Although the big banks slightly expanded the statistically adjusted business volume again after cutting it back noticeably in 2003, the interest margin in 2004, at 0.98%, on balance, was clearly above the previous year's figure of 0.85%.¹ The regional banks also recorded an increase in the interest margin from 1.91% to 2.09% in the 2004 financial year.

In contrast to the commercial banks, the two categories of banks for which net interest received is traditionally of far greater importance in operating business were unable to expand their interest margin in the 2004 financial year. In the case of the savings banks, the year-on-year interest margin went down slightly by 0.05 percentage point to 2.35%. In the case of credit cooperatives, it remained at 2.51%. While the credit cooperatives were able to moderately increase their net interest

No expansion in interest margin at savings banks and credit cooperatives

¹ As of the 2004 reporting year, extensive changes were made in the allocation of the banks to the respective banking categories. Besides "Regional and other commercial banks" and the "Big banks", this mainly affected the "Landesbanken" as well as the "Special purpose banks". Given the size of the reclassified credit institutions, a year-on-year comparison of the (absolute) profit and loss ratios for the affected banking groups is possible only on a very restricted basis. In this text, in analysing percentage year-on-year developments, data are used which have been adjusted for statistical changes, especially the cited reclassifications.

The impact of changes in short-term interest rates on the performance of German credit institutions

The impact of capital market rates on the performance of banks or their net interest received has already been investigated for Germany resulting in the finding of a positive correlation with a time lag of one to three years.¹ However, much less is known about what effect central bank rates have on the banks' profitability. As the interest rate channel plays a major role in the transmission of monetary policy impulses in Germany, it may be assumed that changes in central bank rates and the money market rates, which follow them closely, do have an influence on the way banks structure their terms and conditions and, therefore, possibly on their profitability as well.

Below, a simple empirical approach will be used to investigate how much evidence there is (along with a possible influence of capital market rates) for a relation between the German banks' income and the money market rate.² The present study is confined to changes in net interest received as one of the German banking industry's major income components.

It is only in new business or under variable-rate contracts that the banks can promptly pass on changes in their refinancing costs on the money market to their customers. Therefore, the influence of a change in interest rates on the banks' profit and loss accounts is likely to depend

on the maturities and/or interest rate fixation periods in lending and deposit business.

In the German banking system, longer-term maturities are more in evidence in lending business than on the liabilities side. It may, therefore, be assumed that, say, rising interest rates impact more quickly on interest paid than on interest received. Consequently, this should be reflected initially in lower net interest received, ie the difference between interest received and interest paid. Conversely, net interest received will probably benefit temporarily from an interest rate cut. In both cases, however, temporary adjustment effects are in play – not lasting changes in the level of income.

As net interest received is of widely differing importance for the individual categories of banks, the estimation of the following two-equation system is broken down by category of bank.

$$\begin{aligned}
 (1) \quad \Delta y^i_{1,t} &= \Delta X_t \beta + \varepsilon^i_{1,t} \\
 (2) \quad \Delta y^i_{2,t} &= \Delta X_t \beta + \varepsilon^i_{2,t}
 \end{aligned}$$

$\Delta y^i_{1,t}$ denotes the first difference of the interest received and $\Delta y^i_{2,t}$ that of the interest paid of the categories of banks under consideration (for i = savings banks, credit cooperatives, big banks as well as regional banks and other commercial banks).³ The vector X_t comprises, as explanatory variables, the three-month money market rate

tion. Owing to the non-stationarity of the variables, the estimation is carried out in first differences. — ⁴ Furthermore, a "Dummy Hypo" variable was included in the equations to take account of the reclassification of Hypo-Bank (which had been classified as a regional bank before its merger with Vereinsbank in 1998) as a big bank. — ⁵ This is

1 See Deutsche Bundesbank, The performance of German credit institutions in 1998, *Monthly Report*, July 1999, pp 27-57. — 2 The simple approach adopted was selected in view of the small number of observations. — 3 Annual data on the performance of the German banking industry, which are discussed in the main text, were used for the estimation. All variables are entered as logarithms into the equation.

Item	Category of banks			
	Savings banks	Credit cooperatives	Big banks	Regional banks and other commercial banks
Income				
Constant	0.06***	0.09***	0.10***	0.10***
Fibor	0.16***	0.25***	0.45***	0.39***
Fibor (-1)	0.19***	0.16***	0.05*	0.08***
10-year yield (-3)	0.22***			
Dummy Hypo			0.40***	-0.36***
Dummy Postbank				-0.25***
Adj R ²	0.73	0.67	0.79	0.89
Charges				
Constant	0.07***	0.09***	0.11***	0.11***
Fibor	0.34***	0.40***	0.66***	0.59***
Fibor (-1)	0.24***	0.22***		0.06*
Fibor (-2)			-0.05*	
10-year yield (-3)	0.22**			
Dummy Hypo			0.48***	-0.49***
Dummy Postbank				-0.33***
Adj R ²	0.83	0.79	0.83	0.92

*** (or **, *) denotes significant coefficients at the 1% (or 5%, 10%) significance level.

reported by Frankfurt banks as well as its first and second lags.⁴ In order to model separately the influence of cyclical changes as well as changes in the capital market rates at the long end, GDP and the ten-year yield on debt securities in the second and third lag were additionally incorporated as explanatory variables.⁵ The two-equation system is estimated applying the SUR method⁶ for the period from 1970 to 2004 with step-by-step elimination of the non-significant variables. The results are shown in the table above.

The estimation results confirm the expected relation. As surmised owing to the differing maturity structure, interest paid reacts more strongly than interest received.⁷ Larger differences be-

consistent with the expected lagged impact of the capital market rates on net interest received. See, for example, Deutsche Bundesbank, *The performance of German credit institutions in 1998*, *Monthly Report*, July 1999, pp 27-57. The incorporation of simultaneous yields as well as yields lagged by one period does not produce

tween the individual categories of banks do become apparent, however. For example, changes in the money market rate have a stronger contemporaneous influence on interest received and paid in the case of the big and regional banks than they do for the savings banks and credit cooperatives, although the impact declines more markedly in the ensuing period. By contrast, comparing the overall impact of an interest rate impulse on the profit and loss accounts of the individual categories of banks reveals that the reaction of net interest received is somewhat more pronounced for the savings banks and credit cooperatives. However, this does not differ substantially from the reaction in the case of the big banks or the regional banks and other commercial banks.

any essential changes in the estimation results. — ⁶ A Zellner (1962), *An Efficient Method of Estimating Seemingly Unrelated Regressions and Tests for Aggregation Bias*, *Journal of the American Statistical Association*, Vol. 57, pp 348-368. — ⁷ A Wald test rejects the equality of the coefficients at the 1% significance level.

Interest received by credit institutions *

Item	2002	2003	2004
	€ billion		
Interest received (total)	344.5	308.7	303.6
from lending and money market transactions	266.0	243.6	235.8
from debt securities and Debt Register claims	57.9	50.7	49.9
Current income (total)	17.4	11.0	14.7
from shares and other variable-rate securities	7.2	6.5	9.6
from participating interests ¹	1.8	1.2	1.2
from shares in affiliated enterprises	8.4	3.3	3.8
Profits transferred under profit pooling and profit transfer agreements	3.1	3.5	3.2
	Year-on-year change, as a percentage ²		
Interest received (total)	- 9.9	- 10.4	- 1.7
from lending and money market transactions	- 10.8	- 8.4	- 3.2
from debt securities and Debt Register claims	- 10.9	- 12.5	- 1.5
Current income (total)	+ 0.4	- 37.1	+ 33.6
from shares and other variable-rate securities	- 26.6	- 10.0	+ 48.1
from participating interests ¹	- 15.4	- 33.5	- 0.7
from shares in affiliated enterprises	+ 56.4	- 61.2	+ 17.5
Profits transferred under profit pooling and profit transfer agreements	+ 62.2	+ 14.5	- 8.7
	As a percentage of the average balance sheet total		
Interest received (total)	4.83	4.39	4.23
from lending and money market transactions	3.73	3.46	3.28
from debt securities and Debt Register claims	0.81	0.72	0.69
Current income (total)	0.24	0.16	0.20
from shares and other variable-rate securities	0.10	0.09	0.13
from participating interests ¹	0.03	0.02	0.02
from shares in affiliated enterprises	0.12	0.05	0.05
Profits transferred under profit pooling and profit transfer agreements	0.04	0.05	0.04

* The figures for the most recent date should be regarded as provisional in all cases. — 1 Including amounts paid up on cooperative society shares. — 2 Statistical changes have been eliminated.

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income with weak growth in the volume of business, the savings banks' net interest received fell in the period under review despite the slightly rising business volume. This was due to perceptibly declining interest received from lending and money market transactions. Among the categories of banks which typically have a smaller interest margin owing to the fact that they concentrate on interbank and wholesale banking business, both the regional institutions of credit cooperatives and the Landesbanken achieved a slight increase in the interest margin.

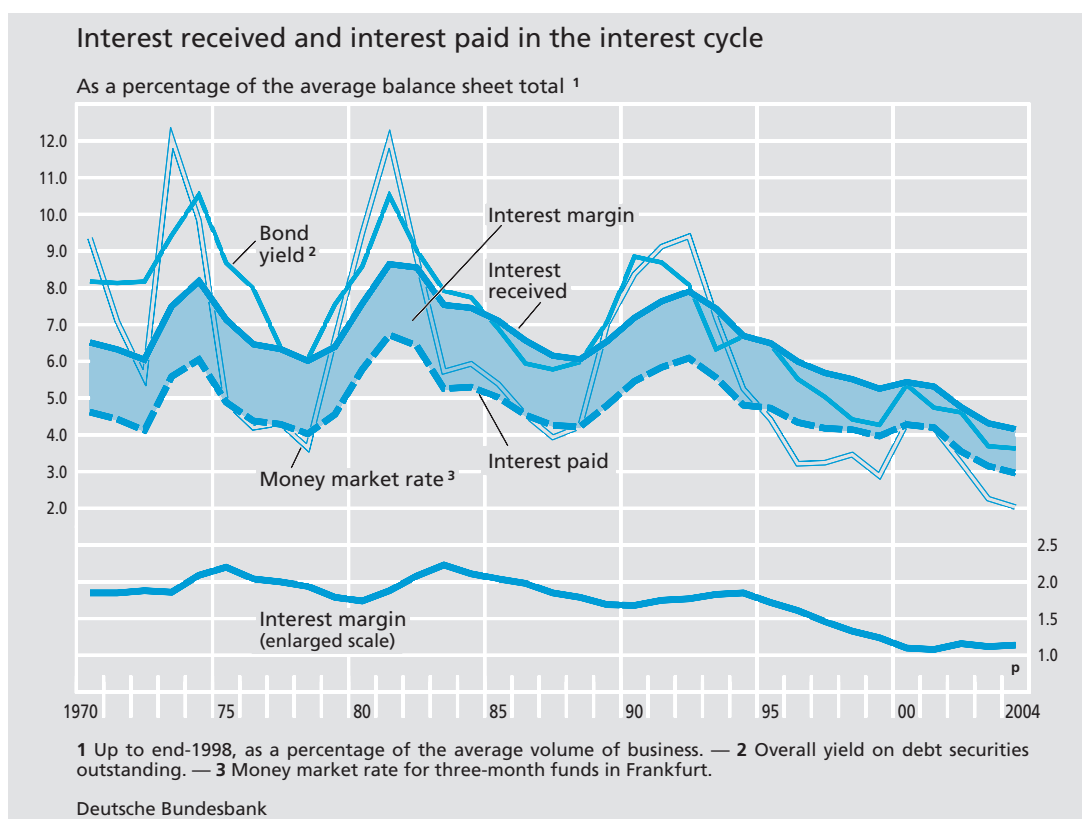
Net commissions received

Following a period of stagnation in 2003, German banks were again able to slightly improve their net commissions received. In 2004, they were €1.0 billion up on the year at €25.3 billion. The moderate rise in commissions paid was more than offset by the growth in commissions received. In relation to the balance sheet total, however, net commissions received stagnated at 0.35%.

Slight improvement in net commissions received

The bulk of the increase in net commissions received in the reporting year was accounted for by the savings banks, who improved their commissions result by €0.4 billion to €5.6 billion. The savings banks' network-related growing insurance business is likely to have been one significant factor in this. The commercial banks, which generated just under 55% of the net commissions received by the domestic credit institutions, achieved no more than weak growth in this sector with an increase of €0.2 billion to €13.5 billion.

Net commissions received, by category of banks



Net profit or net loss on financial operations

Marked decline in net profit from financial operations ...

The net profit from the domestic banks' financial operations in the 2004 financial year declined sharply following a record outcome in 2003. At €1.3 billion, the German banks recorded their poorest net profit in own-account trading of the past ten years.

... owing to the slump in the big banks' trading result

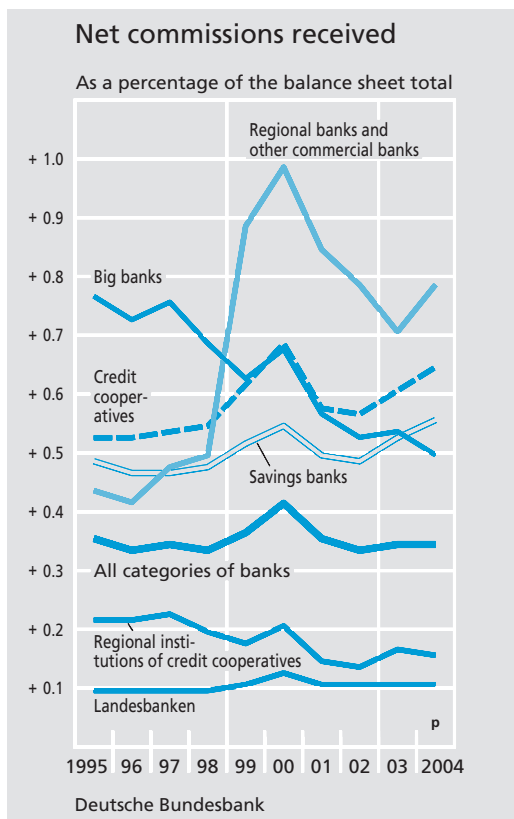
This development was essentially due to the big banks and – as the published individual accounts show – one big bank in particular. After achieving the largest net profit from own-account trading for more than ten years in 2003, in the year under review the big banks recorded the lowest net result from financial operations since 1994 at €0.6 billion. One of the reasons for this was declining

earnings from investments in emerging markets and from trading in convertible bonds and interest rate derivatives. The other categories of banks, too, were unable to buck the trend of declining net profits from financial operations, although own-account trading traditionally plays a far less important part in their overall result.

Administrative expenditure

The German credit institutions continued their cost-cutting efforts in the 2004 financial year and were able, once again, to reduce their administrative expenditure somewhat. Overall, general administrative costs fell from €77.3 billion in 2003 to €75.8 billion in the reporting year. Staff costs, which still account

Further slight lowering of administrative costs



for more than half of administrative expenditure, fell only slightly by €0.3 billion to €41.2 billion, even though there was a 11,500 reduction in the number of employees in the domestic banking industry. Given the severance payments provided, this is hardly surprising, however. Most of the reduction in costs was accounted for by other administrative spending, which essentially comprises operating expenditure, expenditure on third-party services and depreciation of tangible fixed assets. In relation to the balance sheet total, general administrative expenditure in the reporting year went down by 0.04 percentage point to 1.06%.

It was mainly the commercial banks that were able to reap the benefits of earlier cost-cutting programmes and, in particular, make a further

reduction in administrative expenditure. Contrary to the general trend, there was hardly any further reduction in the number of employees in the private banking industry in the period under review following significant cut-backs in the past few years. Nevertheless, the earlier staffing economies are taking effect now that the costs of adjustment have ceased to be a factor. For instance, in this category of banks, a decline in staff costs as well as in other administrative spending caused general administrative expenditure to fall by €1.0 billion to €33.4 billion. For the first time in more than 15 years, the savings banks, too, managed to significantly lower their administrative costs. At €18.9 billion, general administrative expenditure was €0.5 billion, or 2½%, down on the year. Although it was, above all, the savings banks that made the sharpest adjustment – at least in absolute terms – in the reporting year with a staffing reduction of 6,500, the savings in administrative costs were attributable only to a limited extent to lower staffing costs. In the case of the credit cooperatives, general administrative costs remained largely at the 2003 level of €13.0 billion, even though the number of employees was reduced markedly in this category of banks as well. As the credit cooperatives also recorded a slight increase in the business volume, however, administrative expenditure in relation to the balance sheet total fell from 2.32% in 2003 to 2.28% in the reporting year.

Developments in administrative costs, by category of banks

Net other operating income or charges

The balance of other operating income or charges made an unusually large positive

Structural data on German credit institutions *

Category of banks	Number of institutions 1			Number of branches 1			Number of employees 2		
	2002	2003	2004	2002	2003	2004	2002	2003	2004
All categories of banks 3	2,419	2,294	2,229	35,340	33,753	42,659	717,150	690,350	678,800
Commercial banks 3	355	356	357	5,122	5,105	14,750	4 209,850	4 192,900	4 192,550
Big banks 3	4	4	5	2,256	2,221	11,962	.	.	.
Regional banks	245	231	224	2,849	2,861	2,705	.	.	.
Branches of foreign banks	106	121	128	17	23	83	.	.	.
Landesbanken 5	13	13	12	553	571	549	41,850	40,500	38,550
Savings banks	519	489	477	15,628	14,757	14,292	278,800	271,900	265,400
Regional institutions of credit cooperatives	2	2	2	12	12	11	6,050	5,400	5,050
Credit cooperatives	1,490	1,394	1,338	13,889	13,201	12,967	6 168,950	6 168,250	6 164,200
Mortgage banks	25	25	25	117	76	59	.	.	.
Special purpose banks 5	15	15	18	19	31	31	7 11,650	7 11,400	7 13,050
<i>Memo item</i>									
Building and loan associations	28	27	27	2,843	2,822	2784	8 20,950	8 20,600	8 20,100
Deutsche Postbank AG 3	1	1	.	12,667	10,645

* The figures for the most recent date should be regarded as provisional in all cases. — 1 Source: Bank office statistics, in Deutsche Bundesbank, *Banking statistics*, Statistical Supplement to the Monthly Report 1, p 104 (German edition). The term "credit institution" is used as in the Banking Act, resulting in divergences from data in "Balance sheet statistics" and "Statistics on the profit and loss account". — 2 Excluding Deutsche Bundesbank and Deutsche Postbank AG. Sources: Data provided by associations. Part-time employees are counted on a per capita basis. — 3 From 2004, Deutsche

Postbank AG allocated to the category of "Big banks". — 4 Employees in private banking, including mortgage banks established under private law. — 5 From 2004, NRW.BANK allocated to the category of "Special purpose banks". — 6 Only employees whose primary occupation is in banking. — 7 Employees in public mortgage banks (mortgage banks established under public law) and special purpose banks established under public law. — 8 Only office-based employees.

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Net other operating income or charges again positive

contribution to the overall result again in financial year 2004. The other operating charges in the narrower sense fell so sharply that the profit contribution, at €4.1 billion, was even slightly up on the already very high figure for 2003 – despite the perceptible decline in other operating income in the narrower sense. This was largely due to the improved results of the commercial banks, however. In the reporting year, too, at €1.2 billion compared with €1.4 billion in 2003, the regional and other commercial banks again recorded the highest net profit of all categories of banks in this sector. However, with a rise of €0.7 billion to €0.9 billion, it was the big banks that achieved the highest growth. This was due mainly to the elimination of special IT-related charges and of business continuity measures in the case of the subsidiary of a

single institution, as the relevant annual report revealed.

Slight improvement in the operating result before valuation of assets

Overall, the improvement in the partial operating result, comprising the higher net interest and net commissions received as well as the lower administrative costs, was greater than the losses in the net profit from own-account trading. The operating result before valuation of assets, which contains not only the partial operating result and the income from own-account trading but also the improved net other operating income or charges, therefore rose slightly from €39.0 billion in 2003 to €40.0 billion in the report-

Further improvement in cost/income ratio

Cost/income ratios, by category of banks *

As a percentage

Category of banks	General administrative spending in relation to		
	2002	2003	2004
	gross earnings ¹		
All categories of banks	71.3	72.9	68.7
Commercial banks	80.2	87.0	77.8
Big banks ²	83.4	98.7	85.5
Regional banks and other commercial banks ²	75.9	73.7	65.9
Branches of foreign banks	64.6	58.6	60.0
Landesbanken ³	62.5	57.4	57.4
Savings banks	67.9	67.5	65.7
Regional institutions of credit cooperatives	66.1	86.2	79.5
Credit cooperatives	75.2	74.3	72.2
Mortgage banks	37.0	37.6	36.6
Special purpose banks ³	31.7	34.7	36.5
	income from operating business ⁴		
All categories of banks	67.2	66.5	65.5
Commercial banks	74.2	74.0	73.5
Big banks ²	77.9	79.5	80.8
Regional banks and other commercial banks ²	69.2	66.9	62.2
Branches of foreign banks	57.8	53.6	55.4
Landesbanken ³	56.1	53.1	53.5
Savings banks	66.5	66.4	64.9
Regional institutions of credit cooperatives	52.5	63.1	59.2
Credit cooperatives	73.1	69.6	68.7
Mortgage banks	35.6	37.8	35.0
Special purpose banks ³	31.4	32.8	35.4

* The figures for the most recent date should be regarded as provisional in all cases. — ¹ Aggregate net interest and net commissions received. — ² From 2004, Deutsche Postbank AG allocated to the category of "Big banks". — ³ From 2004, NRW.BANK allocated to the category of "Special purpose banks". — ⁴ Gross earnings plus net profit or net loss on financial operations and net other operating income or charges.

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ing period. This also meant that the domestic banks were able to make a further slight reduction in their cost/income ratio. With a reduction of 1 percentage point, the improvement in the cost/income ratio based on total operational income was, in fact, somewhat larger in 2004 than in 2003. After statistical adjustment, nearly all categories of institutions recorded a slight decline in administrative expenditure in relation to operational income. The fall was particularly marked in the case of the regional institutions of credit co-operatives and the regional banks.

Net income or net charges from the valuation of assets

As in 2003, the German banking industry was able to make a marked reduction in its risk provisioning in the 2004 financial year. Net charges from the valuation of loans, claims and securities, at €17.2 billion, were €4.5 billion, or 20½%, down on the year. In the case of banks showing, on balance, write-offs and write-downs, these fell by €3.9 billion to €19.4 billion. The increase in value adjustments and the release of provisions, which are less important in terms of volume, had a similar effect. These went up by €0.6 billion to €2.2 billion.² Net valuation charges also went down perceptibly in relation to the average balance sheet total of the German banking industry, which increased in 2004. Taken across all banks, net income or net charges from the valuation of assets

Further decline in risk provisioning

² Within these items, use had already been made of the cross-offsetting option permissible under section 340 (f) (3) of the German Commercial Code.

Operating result before net income or net charges from the valuation of assets *

Category of banks	2002		2003		2004	
	€ million	% 1	€ million	% 1	€ million	% 1
All categories of banks	38,214	0.54	39,026	0.55	39,962	0.56
Commercial banks	12,506	0.54	12,129	0.54	12,076	0.51
Big banks 2	6,177	0.39	5,400	0.35	5,320	0.30
Regional banks and other commercial banks 2	6,201	0.92	6,573	0.95	6,611	1.15
Branches of foreign banks	128	0.40	156	0.55	145	0.59
Landesbanken 3	5,648	0.34	6,094	0.37	5,787	0.38
Savings banks	9,568	0.98	9,806	1.00	10,234	1.04
Regional institutions of credit cooperatives	1,025	0.48	644	0.32	692	0.36
Credit cooperatives	4,632	0.85	5,638	1.01	5,916	1.04
Mortgage banks	2,436	0.26	2,308	0.26	2,591	0.30
Special purpose banks 3	2,399	0.47	2,407	0.46	2,666	0.39

* The figures for the most recent date should be regarded as provisional in all cases. Partial operating result plus net profit or net loss on financial operations and net other operating income or charges. — 1 As a percentage

of the average balance sheet total. — 2 From 2004, Deutsche Postbank AG allocated to the category of "Big banks". — 3 From 2004, NRW.BANK allocated to the category of "Special purpose banks".

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amounted to 0.24% in the reporting year, compared with 0.44% in 2002 and 0.31% in 2003, and thus roughly matched the levels of 2000 and 2001. On balance, €1.4 billion was added to the fund for general banking risks (pursuant to section 340 (g) of the German Commercial Code) in 2004. However, in the performance analysis presented here, this amount is allocated to the disposition of profit (accumulation of reserves) and is therefore not reflected in a lower profit for the financial year.

Write-downs on debt securities, which accrue in part to net income or net charges from the valuation of assets, amounted to €0.6 billion in 2004, which was perceptibly lower than in 2003 (€1.9 billion). This means that, in the reporting year, too, most of the net valuation

charges are likely to have been accounted for by banks' lending business. In this respect, for the first time since 1999, domestic German credit institutions encountered a declining number of corporate insolvencies, which decreased by 1/2% to 39,213. As there was a simultaneous increase in the percentage of small firms affected by insolvencies, risk provisioning from the German banks' corporate banking business probably played a less important role than it had done in 2003, especially as the German banks are likely to have made a further reduction in loans to enterprises as part of the general decline in their risk assets. By contrast, the sharply rising trend in consumer insolvencies continued in 2004 (+46% to 49,123) and therefore again placed a greater strain in the banks' profits than in the year before. However, this in-

*Risk
provisioning
in domestic
lending
business*

Relative significance of major income and cost items for individual categories of banks in 2004 *

As a percentage of total surplus in operating business

Item	All categories of banks	Big banks ¹	Regional banks ¹	Landesbanken ²	Savings banks	Regional institutions of credit cooperatives	Credit cooperatives	Mortgage banks
Net interest received	73.4	62.6	68.5	79.4	79.6	55.8	75.5	96.6
Net commissions received	21.9	31.9	25.9	13.8	19.1	18.7	19.5	- 0.8
Net profit or net loss on financial operations	1.1	2.2	- 1.2	2.1	0.6	22.1	0.2	0.0
Net other operating income or charges	3.6	3.3	6.8	4.7	0.7	3.4	4.8	4.2
Total surplus in operating business	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
General administrative spending of which	- 65.5	- 80.8	- 62.2	- 53.5	- 64.9	- 59.2	- 68.7	- 35.0
Staff costs	- 35.6	- 41.4	- 29.1	- 26.8	- 39.8	- 30.5	- 40.6	- 16.6
Other administrative spending	- 29.9	- 39.4	- 33.1	- 26.7	- 25.1	- 28.7	- 28.0	- 18.4
Net income or net charges from the valuation of assets	- 14.9	- 10.6	- 13.2	- 6.4	- 20.0	- 18.9	- 16.2	- 40.8
Net other and extraordinary income or charges	- 10.6	- 16.0	- 15.1	- 36.3	0.2	- 8.9	0.5	- 10.0
<i>Memo item</i>								
Profit for the financial year before tax	9.0	- 7.5	9.4	3.8	15.3	13.0	15.6	14.2
Taxes on income and earnings	- 4.8	0.8	- 5.7	- 6.7	- 7.4	4.7	- 7.8	- 8.2
Profit for the financial year after tax	4.2	- 6.7	3.7	- 2.9	8.0	17.7	7.8	6.0

* The figures for the most recent date should be regarded as provisional in all cases. — ¹ From 2004, Deutsche Postbank AG allocated to the category of "Big banks". — ² From 2004, NRW.BANK allocated to the category of "Special purpose banks".

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crease should be seen in the context of loans to households constituting a comparatively small share of the total volume of loans and the fact that they therefore have a relatively minor impact on risk provisioning as a whole.

The big banks and the Landesbanken, ie mainly those banks which had been particularly affected by the steep increase in risk provisioning in 2002, sharply reduced their net valuation charges. The regional banks and other commercial banks also cut back their risk provisioning. By contrast, the savings banks involved in retail business recorded higher net charges than in 2003, whereas those of the cooperative banks remained more or less unchanged. Overall, the strain placed on the individual categories of banks

by net income or net charges from the valuation of assets varied considerably. In relation to the average balance sheet total, the big banks, the Landesbanken and the regional institutions of credit cooperatives allocated 0.17%, 0.05% and 0.17% respectively for risk provisioning. In the case of the regional banks and other commercial banks, the percentage share amounted to 0.40%. The savings banks and credit cooperatives, finally, which traditionally show a comparatively high figure here owing to the structure of their business, recorded a valuation outcome of 0.59% and 0.54% of the average balance sheet total respectively.

The operating result of the German banking industry as a whole improved in 2004 from €17.3 billion to €22.7 billion, not least owing

Higher operating result

Valuation expenditure, by category of banks

to lower risk provisioning. Although the increase was widely spread, it was especially pronounced for the big banks and the Landesbanken, both of which had suffered sharp setbacks in the past. By contrast, the savings banks recorded a slight fall in their operating result.

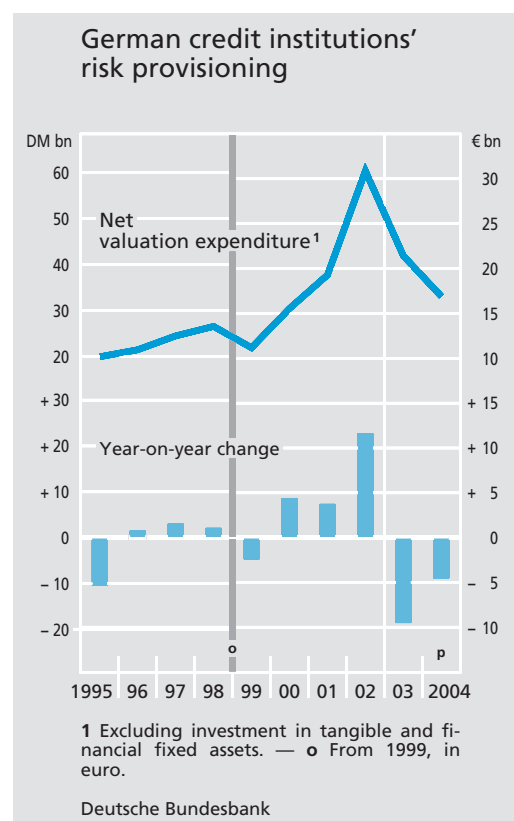
Other and extraordinary income or charges

Balance on "extraordinary account" again imposing a heavy strain

In the reporting year, net other and extraordinary income or charges improved only slightly from -€15.5 billion in 2003 to -€12.3 billion, thus remaining on a scale which, on a longer-term comparison, reduced the result of the German banking industry extremely sharply. As in 2003, some categories of banks were particularly affected by this development. Thus, the negative balance of the "extraordinary accounts" in the case of the regional banks and other commercial banks (-€2.6 billion following -€2.5 billion) as well as the Landesbanken (-€4.5 billion following -€4.6 billion) remained at the same level as in 2003, while it was halved in the case of the big banks but was again at a comparatively high level at -€4.4 billion, having been -€8.0 billion. As in 2003, the other categories of banks made a comparatively small contribution to the "extraordinary accounts" of all credit institutions.

Falling write-downs on financial investment business

In contrast to 2003, when the development of the "extraordinary accounts" was dominated by the slump in the net result from credit institutions' financial investment business, this, at -€0.3 billion, made no more than a



small contribution to the negative outcome of these accounts in 2004. Specifically, in the case of institutions which showed net charges from write-offs and write-downs in respect of participating interests, shares in affiliated enterprises and securities treated as fixed assets, these declined from €7.5 billion in 2003 to €1.4 billion in 2004.³ However, the matching (net) income also declined from €2.2 billion in 2003 to €1.1 billion in 2004. Overall, financial investment business could not offset other components of the "extraordinary accounts" which typically have a negative impact on earnings. However, loss trans-

³ In the case of income or charges on financial investment business, the credit institutions made use, as usual, of the option of offsetting these two items. Pursuant to section 340 (c) (2) of the German Commercial Code, such offsetting permits the inclusion of income and charges from financial investment business.

Breakdown of other and extraordinary income or charges *

€ million

Item	2002	2003	2004
Net other and extraordinary income or charges	3,923	- 15,452	- 12,302
Income (total)	17,292	3,845	3,296
From value adjustments in respect of participating interests, shares in affiliated enterprises and securities treated as fixed assets	12,040	2,188	1,069
From the release of special reserves	889	450	52
From loss transfers	777	96	484
Extraordinary income	3,586	1,111	1,691
Charges (total)	- 13,369	- 19,297	- 15,598
Write-offs and write-downs in respect of participating interests, shares in affiliated enterprises and securities treated as fixed assets	- 3,412	- 7,480	- 1,354
Charges incurred through loss transfers	- 4,550	- 2,861	- 1,426
Transfers to special reserves	- 64	- 63	- 40
Extraordinary charges	- 2,102	- 5,264	- 8,899
Profits transferred under profit pooling and profit transfer agreements	- 3,241	- 3,629	- 3,879

* The figures for the most recent date should be regarded as provisional in all cases.

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fers (-€0.9 billion following -€2.8 billion) impaired the balance on "extraordinary account" less severely than in 2003, while transferred profits increased slightly from €3.6 billion to €3.9 billion and net income from the release of special reserves fell (€12 billion following €387 billion).

Above all, however, it was net extraordinary income or charges in the narrower sense that had a negative impact, amounting to -€7.2 billion in the reporting year (compared with -€4.2 billion in 2003), with mainly the big banks and Landesbanken suffering significant strains arising from the extraordinary account in the narrower sense. In the case of the big banks, net extraordinary income or charges were at more or less the same high level as in 2003 (-€3.5 billion compared with -€3.6 bil-

lion). Besides charges associated with restructuring measures, this mainly reflected special write-downs from the property financing area of a single bank, as the published individual accounts show. The deterioration in the balance of the extraordinary accounts in the narrower sense was, however, mainly due to the category of Landesbanken (-€2.8 billion following -€0.6 billion). Some of the Landesbanken were affected by the repayment obligations resulting from the EU investigations into the granting of state aid. The improvement likewise achieved by this category of banks in the net result from financial investment business was a long way from offsetting the increased charges.

EU investigations into the granting of state aid impairing "extraordinary account"

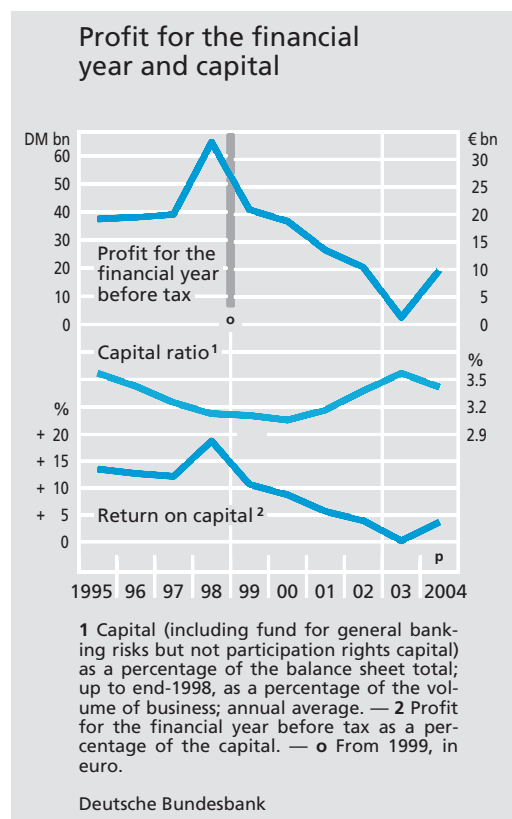
Profit for the financial year, taxes on income and earnings

*Rising profit for
the financial
year before tax*

The declining burden from the “extraordinary account” led to an increase in the profit for the financial year before tax which was greater than the increase in the operating result. In 2004, the German banking industry’s profit for the year before tax totalled €10.4 billion, compared with only €1.8 billion in 2003. This positive trend may be observed across most of the categories of banks. It is also apparent, however, that the improvement in the profit for the year before tax can also be seen as a correction of earlier developments. It was, therefore, most obvious in those categories in which the decline had been especially marked in the past few years. In addition to the Landesbanken (€0.5 billion compared with -€2.2 billion), these were mainly the big banks (-€2.1 billion compared with -€7.3 billion), which nevertheless in total showed a negative figure for the third time in succession. The credit cooperatives (€3.0 billion compared with €2.9 billion) were likewise able to slightly improve their pre-tax profits, while the savings banks (€4.5 billion as against €4.8 billion) and the mortgage banks (€0.6 billion after €0.8 billion) suffered minor losses.

*Higher return
on equity*

The overall more favourable performance developments in the reporting year were also reflected in the fact that the German banks showed a higher return on equity, which had deteriorated in the two years before. Calculated on an average of all banks and before tax, it amounted to 4.21% in 2004, compared with 4.49% in 2002 and 0.72% in 2003. However, this meant it was still clearly



down on the level of the period from 1997 to 2001, in which there were marked differences between the individual categories of banks.

Driven by income, taxes on income and earnings rose slightly from €5.5 billion in 2003 to €5.6 billion in the reporting year. Whereas most categories of banks recorded higher tax charges in 2004, these were perceptibly lower for the savings banks which, owing to a special effect based on the non-recognition of write-downs to their going-concern value for tax purposes, had had to pay extensive tax arrears in 2003.⁴

*Slight increase
in taxes on
income and
earnings*

⁴ See Deutsche Bundesbank, The performance of German credit institutions in 2003, *Monthly Report*, September 2004, pp 15-41.

Return on capital of individual categories of banks *

As a percentage

Category of banks	2000	2001	2002	2003	2004
All categories of banks	9.32 (6.09)	6.19 (4.57)	4.49 (2.91)	0.72 (- 1.45)	4.21 (1.94)
Commercial banks	8.19 (7.32)	4.74 (4.24)	0.97 (0.04)	- 6.24 (- 6.57)	- 0.41 (- 1.39)
<i>of which</i>					
Big banks ¹	6.34 (7.23)	4.96 (5.69)	- 3.14 (- 3.30)	- 12.85 (- 11.99)	- 3.97 (- 3.56)
Regional banks and other commercial banks ¹	11.58 (7.44)	4.13 (1.26)	8.99 (6.62)	4.53 (2.25)	5.67 (2.24)
Landesbanken ²	8.14 (4.22)	4.78 (4.01)	2.80 (1.94)	- 4.25 (- 5.17)	1.07 (- 0.83)
Savings banks	13.39 (6.05)	9.16 (5.06)	8.15 (4.65)	10.89 (4.00)	9.86 (5.11)
Regional institutions of credit cooperatives	12.95 (8.84)	4.43 (2.74)	4.56 (4.95)	0.66 (2.30)	2.91 (3.97)
Credit cooperatives	8.59 (4.09)	7.46 (4.41)	9.68 (6.60)	10.64 (5.24)	10.23 (5.12)
Mortgage banks	5.89 (2.50)	8.92 (6.48)	9.12 (7.36)	5.34 (3.70)	3.32 (1.40)

* The figures for the most recent date should be regarded as provisional in all cases. Profit for the financial year before tax (in brackets: after tax) as a percentage of the average capital as shown in the balance sheet (including the fund for general banking risks, but excluding partici-

pation rights capital). — 1 From 2004, Deutsche Postbank AG allocated to the category of "Big banks". — 2 From 2004, NRW.BANK allocated to the category of "Special purpose banks".

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Higher balance sheet profit

After tax, the German banking industry's net profit for the 2004 financial year totalled €4.8 billion compared with a net loss of -€3.7 billion in the previous year. Both the big banks and the Landesbanken showed a negative result. As in previous years, in calculating the balance sheet profit, substantial losses carried forward, totalling €2.6 billion in 2004, reduced the profit for the year after tax. In addition, €1.4 billion net was allocated to the fund for general banking risks, thus putting pressure on profits. In the reporting year, too, the German banking industry drew on provisions and participation rights capital to stabilise the recorded balance sheet profit, albeit on a perceptibly smaller scale than in 2003.⁵ Overall, the balance sheet profit shown by the German banks increased only slightly. It amounted to €3.9 billion in 2004, after being

no more than €3.6 billion in 2003 and as much as €4.8 billion in 2002.

Outlook

For the current financial year so far, a further moderate recovery in domestic banks' performance is emerging. For example, rising equity prices, at least in the first half of the year, should result in good net commission income and a higher year-on-year trading result. The restructuring measures implemented in the reporting year will probably push down administrative costs further, which should certainly benefit, not least, the savings banks

Outlook for 2005

⁵ In particular, some institutions in the "Big banks" category, some Landesbanken and some mortgage banks stabilised their recorded balance sheet profit in this way.

and the credit cooperatives as well. However, in interest business, it remains to be seen how far an increase on the result for 2004 can be achieved. In this respect, the continuing weak growth path of domestic economic activity, at least in the first half of 2005, stood in the way of a sustained rise. However, the continuing decline in the number of corporate insolvencies, at least in the first half of the

year, will probably ease the situation with regard to the valuation result. Finally, as things stand at present, there are no identifiable special factors, such as the EU investigations into the granting of state aid, that would not only place a burden on the performance of individual categories of banks but also, on account of their scale, have a perceptible impact on the aggregate performance figures.

The tables accompanying this article are printed on pages 33-43.



DEUTSCHE
BUNDESBANK

Monthly Report
September 2005

Major components of credit institutions' profit and loss accounts, by category of banks *

As a percentage of the average balance sheet total ^o

Financial year	All categories of banks	Commercial banks			Landesbanken ²	Savings banks	Regional institutions of credit cooperatives	Credit cooperatives	Mortgage banks	Special purpose banks ²
		Total	of which							
			Big banks ¹	Regional banks and other commercial banks ¹						
Interest received (total) ³										
1998	5.59	5.07	4.61	5.68	5.53	6.05	4.61	5.95	6.54	5.20
1999	5.33	5.00	4.85	5.45	5.28	5.71	4.11	5.60	6.04	5.11
2000	5.51	5.32	5.24	5.58	5.63	5.72	5.04	5.69	5.81	5.03
2001	5.39	5.12	4.91	5.68	5.47	5.75	4.91	5.76	5.73	4.95
2002	4.83	4.41	4.09	5.18	4.67	5.53	4.15	5.47	5.36	4.59
2003	4.39	3.82	3.42	4.74	4.25	5.20	3.42	5.12	5.09	4.15
2004	4.23	3.60	3.30	4.57	4.39	4.92	3.28	4.88	4.85	3.97
Interest paid										
1998	4.22	3.61	3.33	3.99	4.91	3.54	3.86	3.40	5.92	4.37
1999	4.05	3.57	3.69	3.30	4.66	3.23	3.51	3.10	5.51	4.49
2000	4.36	4.15	4.30	3.85	5.07	3.39	4.26	3.24	5.35	4.46
2001	4.28	3.97	4.02	3.85	4.88	3.47	4.29	3.36	5.30	4.43
2002	3.63	3.07	2.99	3.25	4.08	3.15	3.49	2.98	4.97	4.01
2003	3.23	2.65	2.57	2.83	3.63	2.80	2.96	2.61	4.66	3.60
2004	3.04	2.35	2.31	2.48	3.74	2.57	2.79	2.37	4.41	3.47
Excess of interest received over interest paid = net interest received (interest margin)										
1998	1.37	1.45	1.28	1.69	0.62	2.52	0.76	2.56	0.62	0.83
1999	1.28	1.43	1.15	2.15	0.62	2.48	0.60	2.49	0.52	0.62
2000	1.14	1.17	0.94	1.72	0.56	2.33	0.78	2.45	0.45	0.57
2001	1.12	1.15	0.89	1.83	0.60	2.28	0.62	2.41	0.43	0.53
2002	1.20	1.34	1.10	1.93	0.59	2.38	0.66	2.49	0.40	0.59
2003	1.16	1.17	0.85	1.91	0.63	2.40	0.46	2.51	0.43	0.55
2004	1.18	1.25	0.98	2.09	0.65	2.35	0.49	2.51	0.44	0.50
Excess of commissions received over commissions paid = net commissions received										
1998	0.34	0.62	0.69	0.50	0.10	0.48	0.20	0.55	-0.01	0.13
1999	0.37	0.70	0.63	0.89	0.11	0.52	0.18	0.62	-0.01	0.05
2000	0.42	0.76	0.68	0.99	0.13	0.55	0.21	0.69	-0.01	0.05
2001	0.36	0.64	0.57	0.85	0.11	0.50	0.15	0.58	-0.01	0.05
2002	0.34	0.60	0.53	0.79	0.11	0.49	0.14	0.57	-0.01	0.09
2003	0.35	0.59	0.54	0.71	0.11	0.53	0.17	0.61	-0.01	0.09
2004	0.35	0.57	0.50	0.79	0.11	0.56	0.16	0.65	0.00	0.09

* The figures for the most recent date should be regarded as provisional in all cases. — ^o Up to end-1998, as a percentage of the volume of business; from 1999, as a percentage of the balance sheet total. Excluding the balance sheet total/volume of business of the foreign branches of savings banks. From 2004,

excluding the balance sheet total of the foreign branches of regional institutions of credit cooperatives. Statistical increase in the volume of business owing to the inclusion of foreign branches: in 1998, mortgage banks + DM1.3 billion. — 1, 2, 3 For footnotes, see p 34.

Major components of credit institutions' profit and loss accounts, by category of banks * (cont'd)

As a percentage of the average balance sheet total °

Financial year	All categories of banks	Commercial banks				Landesbanken 2	Savings banks	Regional institutions of credit cooperatives	Credit cooperatives	Mortgage banks	Special purpose banks 2
		Total	of which		Regional banks and other commercial banks 1						
			Big banks 1								
General administrative spending											
1998	1.16	1.53	1.54	1.49	0.40	2.04	0.57	2.34	0.18	0.57	
1999	1.16	1.71	1.50	2.28	0.44	2.01	0.56	2.30	0.15	0.19	
2000	1.16	1.67	1.51	2.08	0.43	1.99	0.56	2.39	0.15	0.19	
2001	1.14	1.65	1.48	2.12	0.45	1.97	0.55	2.36	0.15	0.18	
2002	1.10	1.55	1.36	2.06	0.44	1.95	0.53	2.30	0.14	0.22	
2003	1.10	1.53	1.37	1.93	0.42	1.97	0.54	2.32	0.16	0.22	
2004	1.06	1.42	1.27	1.90	0.44	1.92	0.52	2.28	0.16	0.22	
Partial operating result											
1998	0.55	0.54	0.43	0.70	0.32	0.96	0.39	0.77	0.43	0.39	
1999	0.50	0.42	0.29	0.76	0.29	0.99	0.22	0.81	0.36	0.48	
2000	0.41	0.26	0.11	0.64	0.26	0.89	0.43	0.75	0.30	0.43	
2001	0.33	0.15	-0.02	0.56	0.25	0.81	0.22	0.63	0.27	0.39	
2002	0.44	0.38	0.27	0.65	0.26	0.92	0.27	0.76	0.25	0.47	
2003	0.41	0.23	0.02	0.69	0.31	0.95	0.09	0.80	0.27	0.42	
2004	0.48	0.40	0.22	0.98	0.33	1.00	0.13	0.88	0.28	0.37	
Net profit or net loss on financial operations											
1998	0.07	0.13	0.09	0.18	0.07	0.05	0.05	0.02	0.00	0.01	
1999	0.06	0.15	0.17	0.07	0.03	0.03	0.12	0.01	0.00	0.00	
2000	0.10	0.24	0.32	0.07	0.05	0.02	0.09	0.00	0.00	0.00	
2001	0.08	0.20	0.30	-0.03	0.04	0.00	0.06	-0.01	0.00	0.00	
2002	0.04	0.09	0.13	0.01	0.04	0.00	0.11	-0.01	0.00	0.00	
2003	0.09	0.24	0.32	0.07	0.02	0.02	0.18	0.02	0.00	0.00	
2004	0.02	0.02	0.04	-0.04	0.02	0.02	0.19	0.01	0.00	0.00	
Net income or net charges from the valuation of assets											
1998	-0.25	-0.25	-0.15	-0.37	-0.27	-0.34	-0.19	-0.36	-0.08	-0.23	
1999	-0.19	-0.23	-0.24	-0.22	-0.11	-0.17	-0.17	-0.39	-0.10	-0.24	
2000	-0.24	-0.18	-0.16	-0.25	-0.12	-0.46	-0.47	-0.47	-0.19	-0.15	
2001	-0.28	-0.26	-0.24	-0.33	-0.20	-0.52	-0.32	-0.50	-0.12	-0.15	
2002	-0.44	-0.39	-0.38	-0.42	-0.47	-0.71	-0.42	-0.67	-0.20	-0.21	
2003	-0.31	-0.33	-0.31	-0.37	-0.23	-0.54	-0.25	-0.56	-0.13	-0.13	
2004	-0.24	-0.22	-0.17	-0.40	-0.05	-0.59	-0.17	-0.54	-0.19	-0.05	

*, ° For footnotes, see p 33. — 1 From 2004, Deutsche Postbank AG allocated to the category of "Big banks". — 2 From 2004, NRW.BANK allocated to the category of "Special purpose

banks". — 3 Interest received plus current income and profits transferred under profit pooling and profit transfer agreements.

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Major components of credit institutions' profit and loss accounts,
by category of banks * (cont'd)

As a percentage of the average balance sheet total °

Financial year	All categories of banks	Commercial banks			Landesbanken 2	Savings banks	Regional institutions of credit cooperatives	Credit cooperatives	Mortgage banks	Special purpose banks 2
		Total	of which							
			Big banks 1	Regional banks and other commercial banks 1						
Operating result										
1998	0.41	0.47	0.32	0.65	0.20	0.69	0.26	0.54	0.36	0.22
1999	0.41	0.38	0.20	0.81	0.25	0.87	0.19	0.54	0.27	0.27
2000	0.30	0.36	0.24	0.63	0.22	0.44	0.05	0.35	0.14	0.30
2001	0.18	0.14	0.05	0.36	0.14	0.32	0.01	0.22	0.18	0.27
2002	0.10	0.15	0.00	0.50	-0.13	0.27	0.06	0.17	0.06	0.26
2003	0.25	0.21	0.04	0.58	0.14	0.46	0.06	0.46	0.14	0.33
2004	0.32	0.29	0.13	0.75	0.33	0.45	0.19	0.50	0.11	0.35
Net other and extraordinary income or charges										
1998	0.20	0.58	1.03	0.09	0.06	0.01	0.46	0.03	-0.04	0.01
1999	-0.05	0.00	0.04	-0.07	-0.01	-0.27	-0.04	-0.06	-0.03	-0.02
2000	-0.01	-0.07	-0.03	-0.16	-0.03	0.11	0.30	0.05	-0.05	0.00
2001	0.02	0.04	0.13	-0.18	-0.03	0.06	0.12	0.14	-0.05	-0.07
2002	0.06	-0.11	-0.12	-0.08	0.21	0.08	0.09	0.29	0.07	-0.03
2003	-0.22	-0.47	-0.52	-0.36	-0.28	0.02	-0.04	0.07	-0.04	-0.10
2004	-0.17	-0.30	-0.25	-0.46	-0.30	0.01	-0.08	0.02	-0.05	-0.04
Profit for the financial year before tax										
1998	0.61	1.06	1.35	0.74	0.26	0.70	0.72	0.57	0.31	0.22
1999	0.35	0.38	0.23	0.74	0.24	0.60	0.16	0.48	0.24	0.25
2000	0.29	0.29	0.21	0.47	0.19	0.55	0.36	0.40	0.09	0.30
2001	0.20	0.18	0.18	0.18	0.11	0.38	0.13	0.35	0.13	0.20
2002	0.15	0.04	-0.12	0.41	0.08	0.35	0.14	0.46	0.14	0.23
2003	0.03	-0.25	-0.48	0.22	-0.14	0.48	0.02	0.52	0.09	0.22
2004	0.15	-0.01	-0.12	0.29	0.03	0.45	0.11	0.52	0.06	0.31
Profit for the financial year after tax										
1998	0.32	0.59	0.66	0.51	0.14	0.26	0.58	0.22	0.18	0.19
1999	0.20	0.28	0.20	0.45	0.13	0.24	0.11	0.21	0.13	0.22
2000	0.19	0.26	0.24	0.30	0.10	0.25	0.24	0.19	0.04	0.28
2001	0.15	0.16	0.21	0.05	0.10	0.21	0.08	0.21	0.09	0.18
2002	0.10	0.00	-0.13	0.30	0.05	0.20	0.16	0.31	0.11	0.21
2003	-0.05	-0.27	-0.44	0.11	-0.17	0.18	0.08	0.26	0.07	0.21
2004	0.07	-0.05	-0.10	0.11	-0.02	0.23	0.15	0.26	0.03	0.29

For footnotes, see pp 33-34.

Deutsche Bundesbank

Credit institutions' profit and loss accounts *

Financial year	Interest business			Non-interest business			General administrative spending			Partial operating result (col 1 plus col 4 less col 7)
	Net interest received (col 2 less col 3)	Interest received (total) 1	Interest paid	Net commissions received (col 5 less col 6)	Commissions received	Commissions paid	Total (col 8 plus col 9)	Staff costs	Total other administrative spending 2	
	1	2	3	4	5	6	7	8	9	
	DM billion									
1997	144.6	554.5	409.9	34.1	39.1	5.0	116.9	67.1	49.8	61.8
1998	147.5	602.9	455.3	37.0	43.6	6.6	125.2	70.1	55.1	59.3
1999	152.2	631.5	479.3	43.9	52.3	8.4	137.3	75.2	62.1	58.9
	€ billion									
1999	77.8	322.9	245.0	22.5	26.8	4.3	70.2	38.4	31.8	30.1
2000	76.9	369.9	293.1	28.1	33.8	5.7	77.7	42.0	35.7	27.3
2001	79.2	382.4	303.2	25.3	31.2	5.9	81.0	43.0	38.0	23.5
2002	85.6	344.5	258.9	24.3	30.2	5.9	78.3	41.6	36.7	31.6
2003	81.7	308.7	227.0	24.4	30.6	6.3	77.3	41.6	35.7	28.8
2004	85.0	303.6	218.6	25.3	32.1	6.8	75.8	41.2	34.6	34.5
	Year-on-year percentage change 5									
1998	2.2	8.8	11.2	8.5	11.7	33.0	7.2	4.6	10.8	- 3.9
1999	3.0	4.7	5.2	18.7	19.9	26.4	9.6	7.2	12.8	- 1.1
2000	- 1.2	14.6	19.6	25.1	26.3	32.5	10.6	9.3	12.3	- 9.2
2001	3.0	3.4	3.5	- 9.8	- 7.6	3.3	4.3	2.5	6.6	- 13.8
2002	8.0	- 9.9	- 14.6	- 4.0	- 3.2	0.0	- 3.3	- 3.4	- 3.3	34.2
2003	- 4.5	- 10.4	- 12.3	0.4	1.7	7.2	- 1.2	0.1	- 2.5	- 9.1
2004	4.0	- 1.7	- 3.7	4.1	4.8	7.5	- 1.9	- 0.8	- 3.2	20.1
	As a percentage of the average balance sheet total									
1997	1.50	5.76	4.26	0.35	0.41	0.05	1.21	0.70	0.52	0.64
1998	1.37	5.59	4.22	0.34	0.40	0.06	1.16	0.65	0.51	0.55
1999	1.28	5.33	4.05	0.37	0.44	0.07	1.16	0.63	0.52	0.50
2000	1.14	5.51	4.36	0.42	0.50	0.08	1.16	0.63	0.53	0.41
2001	1.12	5.39	4.28	0.36	0.44	0.08	1.14	0.61	0.54	0.33
2002	1.20	4.83	3.63	0.34	0.42	0.08	1.10	0.58	0.52	0.44
2003	1.16	4.39	3.23	0.35	0.44	0.09	1.10	0.59	0.51	0.41
2004	1.18	4.23	3.04	0.35	0.45	0.09	1.06	0.57	0.48	0.48

* The figures for the most recent date should be regarded as provisional in all cases. — 1 Interest received plus current income and profits transferred under profit pooling and profit transfer agreements. — 2 Including depreciation of and adjustments for tangible and intan-

gible assets, but excluding depreciation of and adjustments for assets leased ("broad" definition). — 3 Up to end-1998, volume of business; from 1999, balance sheet total. — 4 Excluding the volume of business/

Net profit or net loss on financial operations	Net other operating income or charges	Net income or net charges from the valuation of assets (other than tangible or financial fixed assets)	Operating result (col 10 to col 13)	Net other and extraordinary income or charges	Profit for the financial year before tax (col 14 plus col 15)	Taxes on income and earnings	Profit or loss (-) for the financial year after tax (col 16 less col 17)	Memo item Balance sheet total ^{3,4}	Financial year
11	12	13	14	15	16	17	18	19	
DM billion									
5.3	2.2	-25.1	44.2	- 4.0	40.2	19.8	20.4	9,625.1	1997
7.1	5.2	-27.2	44.4	21.5	65.9	31.1	34.7	10,778.2	1998
7.0	4.8	-22.5	48.1	- 6.3	41.8	17.6	24.2	11,845.3	1999
€ billion									
3.6	2.4	-11.5	24.6	- 3.2	21.4	9.0	12.4	6,056.4	1999
6.4	2.0	-15.9	19.9	- 0.6	19.3	6.7	12.6	6,716.3	2000
5.4	3.5	-19.6	12.8	1.2	14.1	3.7	10.4	7,090.8	2001
3.0	3.7	-31.2	7.0	3.9	10.9	3.9	7.1	7,129.1	2002
6.4	3.8	-21.8	17.3	-15.5	1.8	5.5	- 3.7	7,038.2	2003
1.3	4.1	-17.2	22.7	-12.3	10.4	5.6	4.8	7,183.7	2004
Year-on-year percentage change ⁵									
34.0	148.6	- 8.3	0.9	.	64.2	58.0	70.1	12.1	1998
1.7	-7.7	17.1	8.3	.	-36.5	-43.6	-30.2	9.9	1999
79.8	16.4	-38.0	-19.1	81.4	- 9.6	-24.9	1.5	10.9	2000
-16.7	73.0	23.5	-35.6	.	-27.3	-45.6	-17.5	5.6	2001
-45.1	4.4	-59.1	-45.4	220.2	-22.2	4.9	-31.8	0.5	2002
118.6	3.1	30.3	146.1	.	-84.7	42.9	.	-1.3	2003
-80.4	9.0	20.7	31.5	20.4	471.6	1.9	.	2.1	2004
As a percentage of the average balance sheet total									
0.06	0.02	-0.26	0.46	-0.04	0.42	0.21	0.21	.	1997
0.07	0.05	-0.25	0.41	0.20	0.61	0.29	0.32	.	1998
0.06	0.04	-0.19	0.41	-0.05	0.35	0.15	0.20	.	1999
0.10	0.03	-0.24	0.30	-0.01	0.29	0.10	0.19	.	2000
0.08	0.05	-0.28	0.18	0.02	0.20	0.05	0.15	.	2001
0.04	0.05	-0.44	0.10	0.06	0.15	0.05	0.10	.	2002
0.09	0.05	-0.31	0.25	-0.22	0.03	0.08	-0.05	.	2003
0.02	0.06	-0.24	0.32	-0.17	0.15	0.08	0.07	.	2004

balance sheet total of the foreign branches of savings banks. From 2004, excluding the balance sheet total of the foreign branches of regional institutions of credit cooperatives. Statistical increase in the

volume of business due to the inclusion of the foreign branches: in 1998, mortgage banks + DM1.3 billion. — ⁵ Statistical changes have been eliminated.

Credit institutions' profit and loss accounts *

€ million

Financial year	Number of reporting institutions	Interest business			Non-interest business			General administrative spending			Partial operating result (col 2 plus col 5 less col 8)
		Net interest received (col 3 less col 4)	Interest received (total) 1	Interest paid	Net commissions received (col 6 less col 7)	Commissions received	Commissions paid	Total (col 9 plus col 10)	Staff costs	Total other administrative spending 2	
	1	2	3	4	5	6	7	8	9	10	11
All categories of banks											
1999	2,897	77,823	322,864	245,041	22,461	26,760	4,299	70,192	38,436	31,756	30,092
2000	2,636	76,894	369,946	293,052	28,095	33,793	5,698	77,673	41,997	35,676	27,316
2001	2,423	79,229	382,414	303,185	25,349	31,236	5,887	81,045	43,031	38,014	23,533
2002	2,268	85,568	344,472	258,904	24,327	30,212	5,885	78,324	41,578	36,746	31,571
2003	2,128	81,709	308,742	227,033	24,356	30,645	6,289	77,296	41,585	35,711	28,769
2004	2,055	85,012	303,592	218,580	25,345	32,105	6,760	75,810	41,240	34,570	34,547
Commercial banks											
1999	224	25,774	90,035	64,261	12,619	14,556	1,937	30,862	15,821	15,041	7,531
2000	224	25,731	117,211	91,480	16,822	19,617	2,795	36,806	18,562	18,244	5,747
2001	213	27,230	120,978	93,748	15,227	18,588	3,361	38,909	19,155	19,754	3,548
2002	206	30,850	101,741	70,891	13,894	17,145	3,251	35,897	17,414	18,483	8,847
2003	193	26,334	85,993	59,659	13,250	16,612	3,362	34,451	17,024	17,427	5,133
2004	187	29,476	85,007	55,531	13,497	17,213	3,716	33,436	16,635	16,801	9,537
Big banks 6											
1999	4	14,351	60,389	46,038	7,908	8,869	961	18,652	10,049	8,603	3,607
2000	4	14,174	79,073	64,899	10,205	11,251	1,046	22,770	12,182	10,588	1,609
2001	4	14,727	81,187	66,460	9,454	11,134	1,680	24,505	12,688	11,817	- 324
2002	4	17,615	65,553	47,938	8,481	10,073	1,592	21,768	11,107	10,661	4,328
2003	4	13,035	52,461	39,426	8,223	10,191	1,968	20,992	10,957	10,035	266
2004	5	17,340	58,161	40,821	8,836	11,087	2,251	22,382	11,473	10,909	3,794
Regional banks and other commercial banks 6											
1999	192	11,272	28,532	17,260	4,664	5,606	942	11,954	5,689	6,265	3,982
2000	193	11,377	36,799	25,422	6,550	8,291	1,741	13,696	6,296	7,400	4,231
2001	188	12,341	38,240	25,899	5,701	7,376	1,675	14,248	6,399	7,849	3,794
2002	183	13,060	35,015	21,955	5,317	6,969	1,652	13,954	6,229	7,725	4,423
2003	170	13,134	32,665	19,531	4,885	6,272	1,387	13,279	5,990	7,289	4,740
2004	163	11,971	26,216	14,245	4,526	5,985	1,459	10,874	5,085	5,789	5,623
Branches of foreign banks											
1999	28	151	1,114	963	47	81	34	256	83	173	- 58
2000	27	180	1,339	1,159	67	75	8	340	84	256	- 93
2001	21	162	1,551	1,389	72	78	6	156	68	88	78
2002	19	175	1,173	998	96	103	7	175	78	97	96
2003	19	165	867	702	142	149	7	180	77	103	127
2004	19	165	630	465	135	141	6	180	77	103	120
Landesbanken 7											
1999	13	8,391	71,683	63,292	1,438	2,431	993	5,925	3,023	2,902	3,904
2000	13	8,386	84,761	76,375	1,943	3,185	1,242	6,479	3,364	3,115	3,850
2001	13	9,519	87,500	77,981	1,745	2,831	1,086	7,255	3,613	3,642	4,009
2002	14	9,743	76,744	67,001	1,794	2,963	1,169	7,210	3,579	3,631	4,327
2003	13	10,260	69,740	59,480	1,748	3,016	1,268	6,898	3,378	3,520	5,110
2004	12	9,886	66,634	56,748	1,718	3,010	1,292	6,660	3,342	3,318	4,944

For footnotes, see pp 40-41.

Deutsche Bundesbank

Net profit or net loss on financial operations	Net other operating income or charges	Net income or net charges from the valuation of assets (other than tangible or financial fixed assets)	Operating result (col 11 to col 14)	Net other and extraordinary income or charges	Profit for the financial year before tax (col 15 plus col 16)	Taxes on income and earnings ³	Profit or loss (-) for the financial year after tax (col 17 less col 18)	Withdrawals from or transfers to (-) reserves and participation rights capital ⁴	Balance sheet profit or loss (-) (col 19 plus col 20)	Memo item Average annual balance sheet total ⁵	Financial year
12	13	14	15	16	17	18	19	20	21	22	
All categories of banks											
3,587	2,448	- 11,511	24,616	- 3,231	21,385	8,988	12,397	- 4,225	8,172	6,056,385	1999
6,449	2,046	- 15,886	19,925	- 601	19,324	6,747	12,577	- 3,975	8,602	6,716,341	2000
5,370	3,540	- 19,616	12,827	1,225	14,052	3,672	10,380	- 3,797	6,583	7,090,826	2001
2,950	3,693	- 31,217	6,997	3,923	10,920	3,850	7,070	- 2,267	4,803	7,129,090	2002
6,449	3,808	- 21,751	17,275	- 15,452	1,823	5,505	- 3,682	7,270	3,588	7,038,224	2003
1,266	4,149	- 17,240	22,722	- 12,302	10,420	5,609	4,811	- 878	3,933	7,183,653	2004
Commercial banks											
2,643	748	- 4,144	6,778	83	6,861	1,894	4,967	- 1,199	3,768	1,801,497	1999
5,371	868	- 4,012	7,974	- 1,563	6,411	695	5,716	- 1,147	4,569	2,201,783	2000
4,719	1,245	- 6,166	3,346	905	4,251	446	3,805	- 2,040	1,765	2,362,423	2001
2,144	1,515	- 9,034	3,472	- 2,563	909	869	40	769	809	2,309,650	2002
5,363	1,633	- 7,345	4,784	- 10,472	- 5,688	302	- 5,990	5,661	- 329	2,251,587	2003
416	2,123	- 5,300	6,776	- 7,113	- 337	806	- 1,143	594	- 549	2,361,952	2004
Big banks ⁶											
2,151	- 324	- 2,978	2,456	441	2,897	350	2,547	- 602	1,945	1,246,031	1999
4,761	- 327	- 2,352	3,691	- 510	3,181	- 443	3,624	- 1,325	2,299	1,508,019	2000
4,882	195	- 3,900	853	2,098	2,951	- 438	3,389	- 1,154	2,235	1,653,158	2001
2,074	- 225	- 6,119	58	- 1,989	- 1,931	96	- 2,027	2,889	862	1,601,526	2002
4,901	233	- 4,751	649	- 7,964	- 7,315	- 490	- 6,825	7,698	873	1,533,976	2003
619	907	- 2,947	2,373	- 4,440	- 2,067	- 218	- 1,849	3,337	1,488	1,764,080	2004
Regional banks and other commercial banks ⁶											
360	1,048	- 1,167	4,223	- 358	3,865	1,505	2,360	- 592	1,768	523,687	1999
442	1,151	- 1,651	4,173	- 1,052	3,121	1,125	1,996	186	2,182	659,720	2000
- 192	1,035	- 2,231	2,406	- 1,197	1,209	840	369	- 883	- 514	672,803	2001
59	1,719	- 2,844	3,357	- 568	2,789	735	2,054	- 2,120	- 66	676,254	2002
451	1,382	- 2,566	4,007	- 2,506	1,501	754	747	- 2,035	- 1,288	689,268	2003
- 208	1,196	- 2,316	4,295	- 2,646	1,649	998	651	- 2,743	- 2,092	573,493	2004
Branches of foreign banks											
132	24	1	99	-	99	39	60	- 5	55	31,779	1999
168	44	- 9	110	- 1	109	13	96	- 8	88	34,044	2000
29	15	- 35	87	4	91	44	47	- 3	44	36,462	2001
11	21	- 71	57	- 6	51	38	13	-	13	31,870	2002
11	18	- 28	128	- 2	126	38	88	- 2	86	28,343	2003
5	20	- 37	108	- 27	81	26	55	-	55	24,379	2004
Landesbanken ⁷											
384	604	- 1,506	3,386	- 142	3,244	1,435	1,809	- 957	852	1,358,039	1999
680	573	- 1,756	3,347	- 504	2,843	1,371	1,472	- 629	843	1,506,853	2000
573	859	- 3,181	2,260	- 423	1,837	296	1,541	- 637	904	1,599,330	2001
644	677	- 7,746	- 2,098	3,400	1,302	399	903	- 129	774	1,644,026	2002
345	639	- 3,754	2,340	- 4,573	- 2,233	482	- 2,715	3,619	904	1,639,615	2003
262	581	- 799	4,988	- 4,516	472	835	- 363	1,161	798	1,519,005	2004

Credit institutions' profit and loss accounts * (cont'd)

€ million

Financial year	Number of reporting institutions	Interest business			Non-interest business			General administrative spending			Partial operating result (col 2 plus col 5 less col 8)
		Net interest received (col 3 less col 4)	Interest received (total) 1	Interest paid	Net commissions received (col 6 less col 7)	Commissions received	Commissions paid	Total (col 9 plus col 10)	Staff costs	Total other administrative spending 2	
	1	2	3	4	5	6	7	8	9	10	11
Savings banks											
1999	578	22,263	51,228	28,965	4,637	4,868	231	18,012	10,784	7,228	8,888
2000	561	21,526	52,774	31,248	5,052	5,355	303	18,335	10,993	7,342	8,243
2001	536	21,606	54,522	32,916	4,743	5,019	276	18,688	11,076	7,612	7,661
2002	519	23,234	53,932	30,698	4,784	5,065	281	19,022	11,324	7,698	8,996
2003	489	23,504	50,962	27,458	5,180	5,495	315	19,349	11,725	7,624	9,335
2004	477	23,196	48,494	25,298	5,560	5,910	350	18,893	11,581	7,312	9,863
Regional institutions of credit cooperatives											
1999	4	1,320	9,008	7,688	395	710	315	1,224	563	661	491
2000	3	1,821	11,800	9,979	499	979	480	1,323	621	702	997
2001	2	1,480	11,769	10,289	354	647	293	1,316	614	702	518
2002	2	1,414	8,865	7,451	303	565	262	1,135	540	595	582
2003	2	936	6,972	6,036	343	629	286	1,103	523	580	176
2004	2	948	6,362	5,414	317	704	387	1,006	518	488	259
Credit cooperatives											
1999	2,032	13,066	29,331	16,265	3,247	3,580	333	12,078	7,062	5,016	4,235
2000	1,791	12,887	29,920	17,033	3,601	3,988	387	12,547	7,252	5,295	3,941
2001	1,619	12,855	30,783	17,928	3,107	3,460	353	12,592	7,352	5,240	3,370
2002	1,488	13,648	29,958	16,310	3,124	3,491	367	12,615	7,442	5,173	4,157
2003	1,392	13,987	28,514	14,527	3,401	3,802	401	12,915	7,619	5,296	4,473
2004	1,336	14,253	27,687	13,434	3,683	4,182	499	12,956	7,671	5,285	4,980
Mortgage banks											
1999	32	4,135	47,896	43,761	-90	167	257	1,213	645	568	2,832
2000	31	3,995	51,095	47,100	-47	187	234	1,337	689	648	2,611
2001	27	4,005	53,012	49,007	-75	182	257	1,402	694	708	2,528
2002	25	3,695	49,868	46,173	-55	208	263	1,347	664	683	2,293
2003	25	3,795	44,657	40,862	-58	256	314	1,405	663	742	2,332
2004	25	3,848	42,398	38,550	-31	247	278	1,396	663	733	2,421
Special purpose banks 7											
1999	14	2,874	23,683	20,809	215	448	233	878	538	340	2,211
2000	13	2,548	22,385	19,837	225	482	257	846	516	330	1,927
2001	13	2,534	23,850	21,316	248	509	261	883	527	356	1,899
2002	14	2,984	23,364	20,380	483	775	292	1,098	615	483	2,369
2003	14	2,893	21,904	19,011	492	835	343	1,175	653	522	2,210
2004	16	3,405	27,010	23,605	601	839	238	1,463	830	633	2,543
Memo item: Banks majority-owned by foreign banks 8											
1999	60	2,657	6,649	3,992	1,303	1,597	294	2,790	1,342	1,448	1,170
2000	55	2,517	7,105	4,588	1,262	2,049	787	2,840	1,381	1,459	939
2001	51	3,019	11,676	8,657	1,426	2,233	807	3,216	1,474	1,742	1,229
2002	49	3,430	15,964	12,534	1,186	1,929	743	3,381	1,486	1,895	1,235
2003	45	3,521	14,921	11,400	1,425	1,818	393	3,325	1,443	1,882	1,621
2004	42	3,933	15,128	11,195	1,724	2,167	443	3,523	1,470	2,053	2,134

* The figures for the most recent date should be regarded as provisional in all cases. Excluding building and loan associations, institutions in liquidation and institutions with a truncated financial year. — 1 Interest received plus current income and profits transferred under profit pooling and profit transfer agreements. — 2 Including depre-

ciation of and adjustments for tangible and intangible assets, but excluding depreciation of and adjustments for assets leased ("broad" definition). — 3 In part, including taxes paid by legally dependent building and loan associations affiliated to Landesbanken. — 4 Including profit or loss brought forward and withdrawals from or transfers to the fund for general

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Net profit or net loss on financial operations	Net other operating income or charges	Net income or net charges from the valuation of assets (other than tangible or financial fixed assets)	Operating result (col 11 to col 14)	Net other and extraordinary income or charges	Profit for the financial year before tax (col 15 plus col 16)	Taxes on income and earnings ³	Profit or loss (-) for the financial year after tax (col 17 less col 18)	Withdrawals from or transfers to (-) reserves and participation rights capital ⁴	Balance sheet profit or loss (-) (col 19 plus col 20)	Memo item: Average annual balance sheet total ⁵	Financial year
12	13	14	15	16	17	18	19	20	21	22	
Savings banks											
236	263	- 1,559	7,828	- 2,423	5,405	3,227	2,178	- 873	1,305	896,501	1999
150	- 109	- 4,229	4,055	977	5,032	2,770	2,262	- 976	1,286	922,381	2000
- 11	408	- 4,980	3,078	571	3,649	1,633	2,016	- 829	1,187	948,723	2001
- 43	615	- 6,927	2,641	786	3,427	1,471	1,956	- 676	1,280	975,490	2002
215	256	- 5,247	4,559	197	4,756	3,011	1,745	- 580	1,165	980,622	2003
163	208	- 5,830	4,404	62	4,466	2,150	2,316	- 917	1,399	985,944	2004
Regional institutions of credit cooperatives											
256	45	- 365	427	- 79	348	107	241	- 103	138	219,046	1999
219	17	- 1,108	125	710	835	265	570	- 465	105	234,249	2000
132	138	- 772	16	286	302	115	187	- 108	79	239,709	2001
234	209	- 905	120	189	309	- 27	336	- 259	77	213,520	2002
370	98	- 514	130	- 81	49	- 123	172	- 93	79	203,899	2003
376	57	- 321	371	- 151	220	- 80	300	- 202	98	194,244	2004
Credit cooperatives											
49	594	- 2,046	2,832	- 321	2,511	1,399	1,112	- 204	908	524,020	1999
23	325	- 2,445	1,844	250	2,094	1,096	998	85	1,083	525,687	2000
- 41	495	- 2,671	1,153	735	1,888	772	1,116	- 182	934	534,337	2001
- 28	503	- 3,687	945	1,572	2,517	801	1,716	- 768	948	548,026	2002
138	1,027	- 3,095	2,543	380	2,923	1,484	1,439	- 440	999	556,946	2003
40	896	- 3,055	2,861	92	2,953	1,475	1,478	- 432	1,046	567,674	2004
Mortgage banks											
-	90	- 799	2,123	- 249	1,874	810	1,064	- 35	1,029	793,628	1999
1	305	- 1,681	1,236	- 462	774	463	311	188	499	880,137	2000
- 1	273	- 1,121	1,679	- 495	1,184	324	860	680	1,540	924,683	2001
5	138	- 1,843	593	692	1,285	247	1,038	- 331	707	929,571	2002
2	- 26	- 1,110	1,198	- 368	830	255	575	14	589	877,381	2003
1	169	- 1,625	966	- 399	567	328	239	588	827	875,035	2004
Special purpose banks ⁷											
19	104	- 1,092	1,242	- 100	1,142	116	1,026	- 854	172	463,654	1999
5	67	- 655	1,344	- 9	1,335	87	1,248	- 1,031	217	445,251	2000
- 1	122	- 725	1,295	- 354	941	86	855	- 681	174	481,621	2001
- 6	36	- 1,075	1,324	- 153	1,171	90	1,081	- 873	208	508,807	2002
16	181	- 686	1,721	- 535	1,186	94	1,092	- 911	181	528,174	2003
8	115	- 310	2,356	- 277	2,079	95	1,984	- 1,670	314	679,799	2004
Memo item: Banks majority-owned by foreign banks ⁸											
- 12	296	- 497	957	- 436	521	323	198	277	475	129,812	1999
- 116	454	- 324	953	21	974	251	723	229	952	126,022	2000
- 143	327	- 422	991	- 266	725	349	376	134	510	168,517	2001
108	561	- 632	1,272	- 18	1,254	449	805	- 310	495	284,168	2002
287	292	- 799	1,401	- 837	564	274	290	390	680	291,782	2003
- 83	249	- 614	1,686	- 877	809	487	322	186	508	313,299	2004

banking risks. — **5** Excluding the balance sheet total/volume of business of the foreign branches of savings banks. From 2004, excluding the balance sheet total of the foreign branches of regional institutions of credit cooperatives. — **6** From 2004, Deutsche Post AG allocated to the category of "Big banks". — **7** From 2004, NRW.BANK, allocated to the category of

"Special purpose banks". — **8** Separate presentation of the (legally independent) credit institutions majority-owned by foreign banks and included in the categories "Regional banks and other commercial banks" and "Mortgage banks".

Credit institutions' charge and income items *

Financial year	Number of reporting institutions	Charges										
		Total	Interest paid	Commissions paid	Net loss on financial operations	Gross loss on transactions in goods and subsidiary transactions	General administrative spending					Other administrative spending ¹
							Total	Wages and salaries	Social security costs and costs relating to pensions and other benefits		Total	
									Total	of which Pensions		
DM million												
1996	3,458	553,979	377,496	4,115	383	–	100,398	64,434	50,018	14,416	5,549	35,964
1997	3,359	597,592	409,914	4,960	625	–	106,781	67,097	52,182	14,915	5,563	39,684
1998	3,167	666,066	455,339	6,593	289	–	114,367	70,123	53,679	16,444	6,524	44,244
1999	2,897	696,747	479,258	8,408	1,048	–	126,395	75,174	58,217	16,957	6,902	51,221
€ million												
1999	2,897	356,241	245,041	4,299	536	–	64,625	38,436	29,766	8,670	3,529	26,189
2000	2,636	412,264	293,052	5,698	370	–	71,853	41,997	32,772	9,225	3,843	29,856
2001	2,423	430,361	303,185	5,887	831	–	75,237	43,031	33,766	9,265	3,899	32,206
2002	2,268	400,045	258,904	5,885	884	–	72,472	41,578	32,514	9,064	3,489	30,894
2003	2,128	364,797	227,033	6,289	354	–	71,901	41,585	32,088	9,497	3,946	30,316
2004	2,055	346,754	218,580	6,760	899	–	71,021	41,240	31,645	9,595	4,031	29,781

* The figures for the most recent date should be regarded as provisional in all cases. — 1 Spending item does not include depreciation of and adjustments for tangible and intangible assets, shown net of

depreciation of assets leased ("narrow" definition). All other tables are based on a broad definition of "other administrative spending". —

Financial year	Income									
	Total	Interest received			Current income			Profits transferred under profit pooling and profit transfer agreements	Commissions received	
		Total	from lending and money market transactions	from debt securities and Debt Register claims	Total	from shares and other variable yield securities	from participating interests ¹			from shares in affiliated enterprises
DM million										
1996	572,862	503,250	424,031	79,219	13,081	6,150	2,155	4,776	1,998	33,339
1997	617,995	535,553	452,798	82,755	16,737	8,301	2,900	5,536	2,184	39,056
1998	700,804	578,663	488,258	90,405	22,551	10,627	3,628	8,296	1,640	43,603
1999	720,993	604,647	505,191	99,456	24,546	12,969	2,789	8,788	2,275	52,338
€ million										
1999	368,638	309,151	258,300	50,851	12,550	6,631	1,426	4,493	1,163	26,760
2000	424,841	351,570	290,904	60,666	16,994	7,951	2,219	6,824	1,382	33,793
2001	440,741	363,138	298,110	65,028	17,379	9,849	2,169	5,361	1,897	31,236
2002	407,115	323,949	266,031	57,918	17,446	7,226	1,835	8,385	3,077	30,212
2003	361,115	294,244	243,578	50,666	10,975	6,503	1,220	3,252	3,523	30,645
2004	351,565	285,710	235,827	49,883	14,665	9,631	1,212	3,822	3,217	32,105

¹ Including amounts paid up on cooperative society shares.

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Value adjustments in respect of tangible and intangible assets		Other operating charges	Value adjustments in respect of loans and advances, and provisions for contingent liabilities and for commitments	Value adjustments in respect of participating interests, shares in affiliated enterprises and securities treated as fixed assets	Charges incurred through loss transfers	Transfers to special reserves	Extraordinary charges	Taxes on income and earnings ²	Other taxes	Profits transferred under profit pooling and profit transfer agreements	Financial year
Total	of which Assets leased										
DM million											
10,073	439	5,294	25,061	571	2,105	388	2,921	20,347	2,838	1,989	1996
10,564	478	6,022	28,655	596	909	609	4,258	19,838	2,016	1,845	1997
11,328	494	6,362	30,059	545	1,294	358	6,395	31,148	243	1,746	1998
11,680	792	6,122	30,339	1,078	1,013	8,479	3,237	17,579	376	1,735	1999
€ million											
5,972	405	3,130	15,512	551	518	4,335	1,655	8,988	192	887	1999
6,243	423	4,280	17,902	1,747	751	59	2,271	6,747	179	1,112	2000
5,975	167	4,237	22,327	1,827	2,785	113	2,221	3,672	215	1,849	2001
5,995	143	4,288	34,213	3,412	4,550	64	2,102	3,850	185	3,241	2002
5,520	125	5,404	23,325	7,480	2,861	63	5,264	5,505	169	3,629	2003
4,901	112	3,792	19,418	1,354	1,426	40	8,899	5,609	176	3,879	2004

² In part, including taxes paid by legally dependent building and loan associations affiliated to Landesbanken.

Net profit on financial operations	Gross profit on transactions in goods and subsidiary transactions	Value re-adjustments in respect of loans and advances, and provisions for contingent liabilities and for commitments	Value re-adjustments in respect of participating interests, shares in affiliated enterprises and securities treated as fixed assets	Other operating income		Income from the release of special reserves	Extraordinary income	Income from loss transfers	Financial year
				Total	of which from leasing business				
DM million									
4,513	548	2,993	1,174	9,461	1,668	342	972	1,191	1996
5,931	507	3,564	2,264	10,246	1,841	822	820	311	1997
7,368	457	2,895	15,740	11,826	988	298	15,087	676	1998
8,064	432	7,825	6,083	11,645	1,021	319	2,607	213	1999
€ million									
4,123	221	4,001	3,110	5,954	522	163	1,333	109	1999
6,819	201	2,016	2,329	6,727	536	1,840	1,025	145	2000
6,201	183	2,711	5,787	7,976	247	1,502	2,378	353	2001
3,834	170	2,996	12,040	8,139	243	889	3,586	777	2002
6,803	165	1,574	2,188	9,341	220	450	1,111	96	2003
2,165	160	2,178	1,069	8,069	239	52	1,691	484	2004