

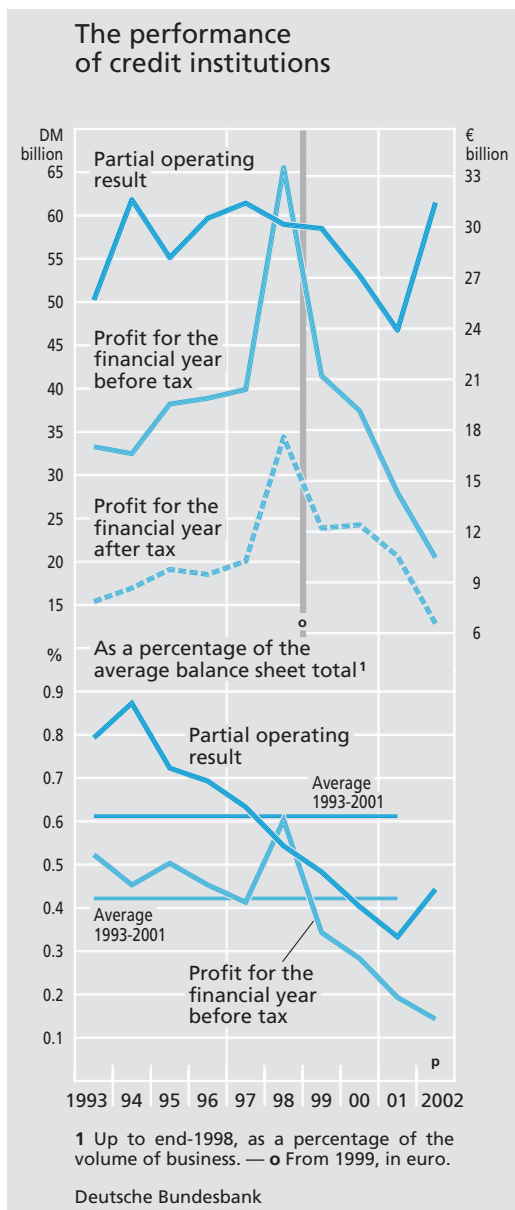
The performance of German credit institutions in 2002

The German banking industry was still under-performing in financial year 2002. The operating result and the profit for the financial year were both down again on the year. In operating business, the distinct increase in net interest received and perceptible savings made on administrative costs more than offset the decline in net income from commission business and proprietary trading. However, the cost of value adjustments and risk provisioning went up by more than one-third, which ultimately led to the operating result being half that of the previous year. In relation to the balance sheet total, it thus plunged to the lowest level for ten years. In 2002 there was also a further marked decrease in the profit for the financial year after tax. According to the interim reports and the partial information available at present, the situation with regard to German banks' performance will not ease until financial year 2003.

Overview

The tense situation with regard to the banks' performance reflects, on the one hand, cyclical factors and, on the other, the effects of structural problems within the banking sector, these having been made worse by the fact that the German economy has experienced several years of stagnation. Sliding equity prices put downward pressure on income from commission business and proprietary

*Underlying
conditions*



trading. At the same time, unsatisfactory economic developments led to increased risk provisioning. However, a marked increase in net interest received, due to a sharp increase in low-yield sight deposits, offset this to some extent in financial year 2002. Moreover, the banks' restructuring measures, some of which are extensive and take the form of sharp cuts in administrative expenditure, began to bear fruit.

Despite the sharp increase in net interest received (€5.6 billion), the interest margin of 1.20% was, in an environment of low interest rates, still well below the average of the past ten years (1.48%). At the same time, there was a €1.1 billion decrease in net income from commission business. Together with the marked increase in gross earnings, savings of €3.0 billion in administrative costs boosted the partial operating result by €7.5 billion, taking it to €31.6 billion. By contrast, net income from proprietary trading was still on the decline. Net other operating income stagnated. On balance, the German banks reduced their cost/income ratio by just under 4 percentage points compared with the previous year, taking it down to just over 67%. It was, however, still well up on the average of the past ten years (just over 64½%).

Operating result

Not least because of the difficult economic environment, there was a further marked increase in risk provisions for loan and securities business in the year under review. Risk provisioning thus represents the key negative factor affecting performance. In 2002 net valuation expenditure (€31.5 billion) was almost 60% up on the already high figure for 2001. It therefore had a distinct negative impact on the operating result after the valuation of loans and securities; at €6.8 billion, this was far lower than in 2001 (€13.4 billion), despite the improvement in the partial operating result.

Sharp increase in valuation expenditure

The banks drew on the "extraordinary accounts" to bolster their results somewhat. However, the sharp year-on-year increase in net receipts (€3.9 billion in 2002 as against

Further decline in annual profit

Performance of the various categories of banks in 2001/2002 P

€ 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	
	2001	2002 P	2001	2002 P	2001	2002 P	2001	2002 P
All categories of banks	24,075	31,623	13,399	6,782	14,489	10,647	7,090,826	7,105,094
Commercial banks	3,548	8,861	3,346	3,472	4,251	945	2,362,423	2,309,385
Big banks	- 324	4,328	853	58	2,951	- 1,931	1,653,158	1,601,527
Regional banks and other commercial banks	3,794	4,437	2,406	3,357	1,209	2,825	672,803	675,988
Branches of foreign banks	78	96	87	57	91	51	36,462	31,870
Land banks	4,009	4,350	2,260	- 2,303	1,837	1,098	1,599,330	1,620,301
Savings banks	7,661	8,985	3,078	2,670	3,649	3,446	948,723	975,493
Regional institutions of credit cooperatives	518	581	16	119	302	308	239,709	213,520
Credit cooperatives	3,370	4,181	1,153	882	1,888	2,393	534,337	548,018
Mortgage banks	3,070	2,293	2,251	593	1,621	1,285	924,683	929,570
Banks with special functions	1,899	2,372	1,295	1,349	941	1,172	481,621	508,807

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.

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€1.1 billion in 2001) went only some way towards offsetting the marked decline in the operating result. Accordingly, the net profit for the financial year before tax went down from €14.5 billion in 2001 to only €10.6 billion in the year under review. The net profit after tax for 2002 was €6.8 billion, compared with €10.7 billion in the previous year. The banks channelled €2.1 billion of these funds to reserves, taking the net balance sheet profit to €4.7 billion, which was thus even below the poor figure for the previous year (€7.0 billion).

The continued unfavourable performance nonetheless seems to indicate that German banking was beginning to emerge from the doldrums in 2002. In particular, following the stringent balance sheet adjustments, valu-

ation expenditure is likely to decrease perceptibly in the current year. However, the stock market recovery will also have a positive effect. The continuing heavy demand on the part of private non-banks for sight deposits will tend to reduce interest expenditure, while, viewed in terms of income, the (in some cases) drastic reduction in risk assets is certainly likely to put pressure on net interest received. On the whole, these developments are therefore quite consistent with the cautious view that the outlook for performance is gradually improving, which is also the impression conveyed by the information received to date from the German banking industry.

Interest received by credit institutions

Item	2000	2001	2002 P
	€ billion		
Interest received (total)	369.9	391.0	344.4
from lending and money market transactions	290.9	305.3	266.0
from debt securities and Debt Register claims	60.7	66.3	57.9
Current income (total)	17.0	17.5	17.4
from shares and other variable yield securities	8.0	9.9	7.2
from participating interests ¹	2.2	2.2	1.8
from shares in affiliated enterprises	6.8	5.4	8.4
Profits transferred under profit pooling and profit transfer agreements	1.4	1.9	3.1
	Year-on-year change, in % ²		
Interest received (total)	+ 14.6	+ 5.7	- 11.9
from lending and money market transactions	+ 12.6	+ 5.0	- 12.9
from debt securities and Debt Register claims	+ 19.3	+ 9.3	- 12.7
Current income (total)	+ 35.4	+ 2.6	0.0
from shares and other variable yield securities	+ 19.9	+ 24.0	- 26.8
from participating interests ¹	+ 55.6	- 2.3	- 15.6
from shares in affiliated enterprises	+ 51.9	- 20.8	+ 55.2
Profits transferred under profit pooling and profit transfer agreements	+ 18.8	+ 37.3	+ 62.1
	Percentage of the average balance sheet total		
Interest received (total)	5.51	5.51	4.85
from lending and money market transactions	4.33	4.31	3.74
from debt securities and Debt Register claims	0.90	0.94	0.82
Current income (total)	0.25	0.25	0.25
from shares and other variable yield securities	0.12	0.14	0.10
from participating interests ¹	0.03	0.03	0.03
from shares in affiliated enterprises	0.10	0.08	0.12
Profits transferred under profit pooling and profit transfer agreements	0.02	0.03	0.04

¹ Including amounts paid up on cooperative society shares. —
² Statistical changes have been eliminated.

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Net interest received

Interest business provided the main positive contribution to German banks' performance in financial year 2002. Following an increase in the previous year to €80.0 billion, net interest received swelled by 7.0% to €85.6 billion in 2002. A further factor was the exceptionally sharp decline in interest expenditure (by €52.2 billion to €258.9 billion), which was even larger than the similarly marked decline in interest received (by €46.6 billion to €344.4 billion). In relation to total profits from the German banks' operating business, net interest received thus contributed 73.4% in the year under review, as opposed to 69.9% in 2001. The interest margin, defined as the ratio of net interest received to the domestic credit institutions' balance sheet total, thus widened again for the first time since the early 1990s – from 1.13% in 2001 to 1.20% in the year under review.

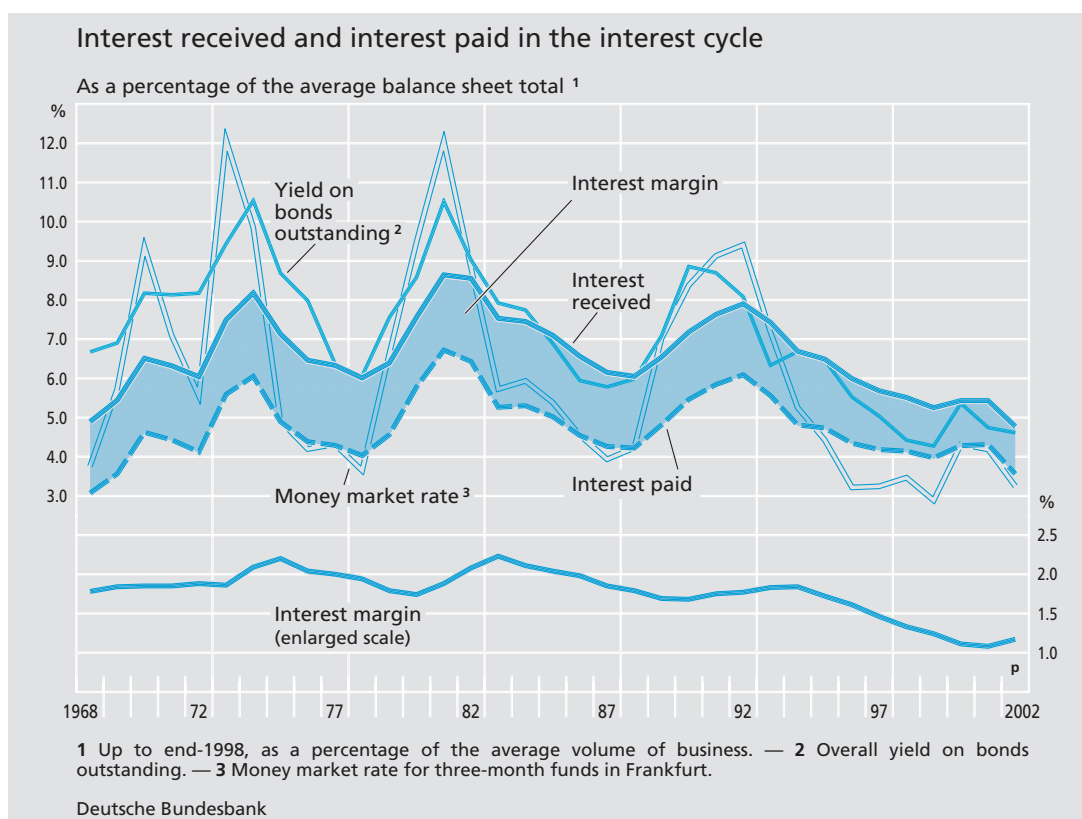
Marked increase in net interest received

The increase is even more obvious if net interest received is related to the balance sheet total after adjustment for interbank business. In 2002 interbank business, which generally has no effect on net interest received, increased far more sharply than the banks' average volume of business for the year, which was only 0.2% up on the 2001 figure. Calculated in this manner, the "adjusted" interest margin went up to 1.64% in 2002 from 1.53% in the previous year.

Increase in "adjusted" interest margin

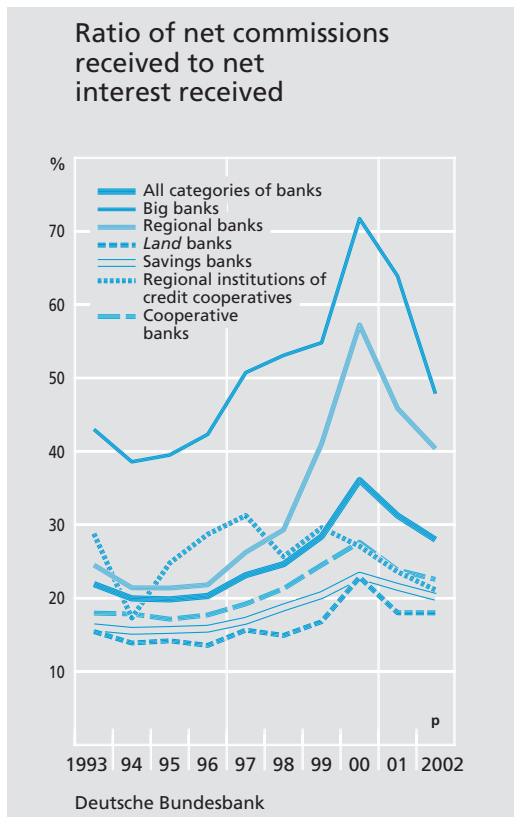
Of the various categories of banks, commercial banks, in particular, distinctly widened their interest margin in financial year 2002. The lead in this respect was taken by the big

Interest margin by category of banks



banks; with net interest received amounting to €17.6 billion, they increased their interest margin by 0.21 percentage point to 1.1%. Key factors were, however, the perceptible decline in the balance sheet total of this category of banks and the marked increase in receipts from their participating interests, these being included in net interest received. The share of net interest received in total profits from operating business thus went up at the big banks from 50½% in 2001 to 63% in 2002. Given their traditionally different business structure, net interest received played a far more important role at savings banks and credit cooperatives, representing a share in the operating result of 81% and 79% respectively. Moreover, the interest margin was far higher at these categories of banks (2.38% and 2.49% respectively), although

the increase was comparatively only slight (by 0.10 and 0.08 percentage point respectively). Of the categories of institutions which, owing to their concentration on interbank and wholesale business, generally have a narrower interest margin, the *Land* banks achieved at least a moderate increase in net interest received and, given weak growth in the balance sheet total, a slight increase in the interest margin. By contrast, at the regional institutions of cooperative banks, net interest received in 2002 was again down on the year. However, owing to an even more marked decline in the balance sheet total, this category of banks recorded, on balance, an increase in their interest margin.



Net commissions received

Further decrease in net commissions received

After the previous year's fairly poor result, the German banks recorded a further decline in commission business in financial year 2002. As income from commission business shrank further, net commissions received by domestic credit institutions fell in 2002 by €1.1 billion (-4.1%) to €24.3 billion.

Besides the low volume of sales on the German equity markets (at €2.6 trillion, down 20% on the year in 2002), persistently weak issuing activity by domestic enterprises was responsible for the decrease in net commissions received. Only 21 enterprises went public in 2001 and in 2002 the number dwindled to six, the latter raising a total of only €0.2 billion in capital. Bank customers also showed

less interest in mutual fund shares in 2002; purchases of mutual fund shares by domestic non-banks, for example, declined in that period by €20.7 billion to €64.4 billion. Although there was at the same time a marked increase in the volume of German bond trading, this consisted mainly of transactions within the banking sector, which had no impact on net commissions received by the banking industry as a whole.

The other components of commissions received also tended to contribute, on balance, to fairly sluggish growth. Receipts from asset management and guarantee business were both down on the year. By contrast, growth in commissions from payment transactions had a stabilising effect. Moreover, there was also an increase in receipts from the intermediation of third parties' financial products, such as insurance policies.

Other components of commissions received

The commercial banks were almost the only credit institutions to be affected by the renewed decline in net commissions received, although they again accounted for more than half the net commissions received in 2002. On balance, net commissions received by this category of banks fell by €1.3 billion to €13.9 billion. By contrast, the increase in net commissions received in the savings bank sector and by the cooperative banks was somewhat stronger than the overall figure. However, in terms of the operating result, this line of business is far less important for these institutions than for the commercial banks. The 2002 result was €4.8 billion and €3.1 billion respectively, corresponding to roughly 16.7% and

Net commissions received by category of banks

Relative significance of major income and cost items for individual categories of banks in 2002 ^P

Percentage of total surplus in operating business

Item	All categories of banks	Big banks	Regional banks	Land banks	Savings banks	Regional institutions of credit cooperatives	Credit cooperatives	Mortgage banks
Net interest received	73.4	63.1	64.8	75.9	81.3	65.5	79.1	97.8
Net commissions received	20.9	30.3	26.4	13.9	16.7	14.0	18.1	- 1.5
Net profit or net loss on financial operations	2.5	7.4	0.3	5.0	- 0.2	10.8	- 0.2	0.1
Net other operating income or charges	3.2	- 0.8	8.5	5.2	2.2	9.7	3.0	3.6
Total surplus in operating business	100	100	100	100	100	100	100	100
General administrative spending	- 67.2	- 77.8	- 69.2	- 56.1	- 66.5	- 52.6	- 72.9	- 35.7
of which								
Staff costs	- 35.7	- 39.7	- 30.9	- 27.9	- 39.6	- 25.0	- 43.0	- 17.6
Other administrative spending	- 31.5	- 38.1	- 38.3	- 28.2	- 26.9	- 27.6	- 29.9	- 18.1
Net income or net charges from the valuation of assets	- 27.0	- 21.9	- 14.2	- 61.7	- 24.2	- 41.9	- 21.9	- 48.7
Net other and extraordinary income or charges	3.3	- 7.1	- 2.6	26.4	2.7	8.8	8.8	18.3
<i>Memo item</i>								
Profit for the financial year before tax	9.1	- 6.9	14.0	8.5	12.1	14.3	13.9	34.0
Taxes on income and earnings	3.3	0.3	3.6	3.1	5.2	- 1.3	4.8	6.5
Profit for the financial year after tax	5.8	- 7.2	10.4	5.4	6.9	15.6	9.1	27.5

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18.1% of the total operating result of these categories of banks.

Net profit or net loss on financial operations

Decrease in the net profit from proprietary trading

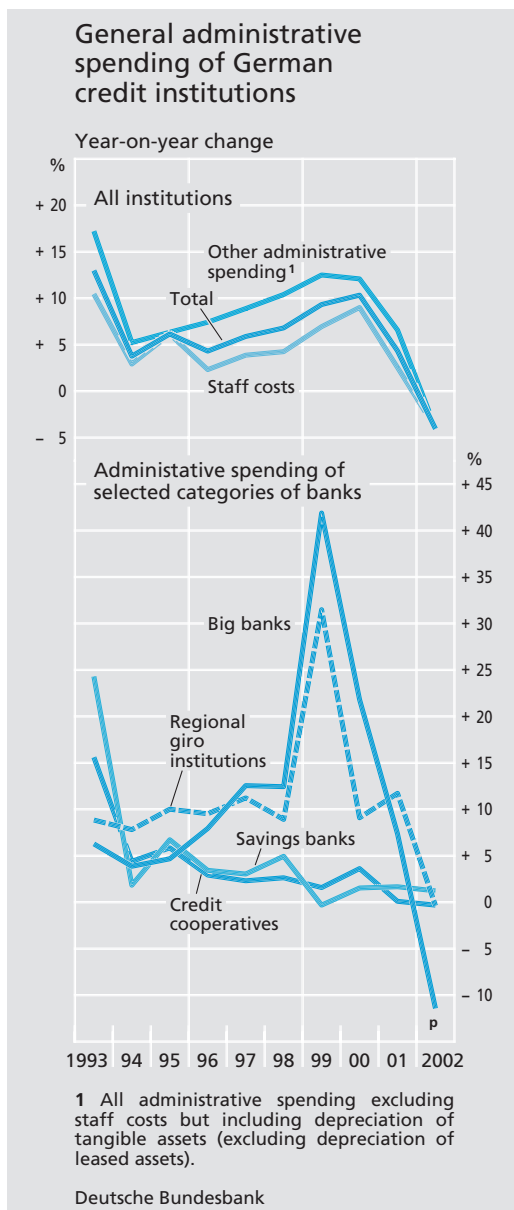
Apart from net commissions received, weak international stock market growth had a negative impact on proprietary trading by German banks. At €3.0 billion, the net profit from financial business was not only 45% down on the year, it was also the poorest result for five years. This decline affected big banks almost exclusively. Whereas, at €2.1 billion, their income from proprietary trading was 57.5% down on the previous year, both *Land* banks and regional institutions of co-operative banks recorded higher receipts

from proprietary trading than in the previous year. At the *Land* banks, in particular, this was also due to higher receipts from foreign exchange transactions than in 2001. The big banks' share in the proprietary trading figures for the sector as a whole consequently went down from 91% in 2001 to 70% in the year under review.

Administrative expenditure

Overall, the German banks cut their administrative costs in 2002 by €3.0 billion to €78.3 billion; in relation to the balance sheet total, this was equivalent to a reduction from 1.15% in 2001 to 1.10% in the year under review. Evidently, the cost-cutting programmes, some of which had already been

Marked decline in administrative expenditure



initiated in earlier years, were having a distinct impact in the period under review. Major efforts in this respect were made by the big banks in particular; in 2002 their administrative costs shrank by €2.7 billion or 11.2%. The regional institutions of credit cooperatives achieved similarly high percentage savings. By contrast, administrative spending at the public sector banks and the coopera-

tive banks remained virtually unchanged in relation to the balance sheet total.

Reductions in administrative expenditure made similar inroads into staff costs (€1.6 billion or 3.7%) and other administrative spending (€1.4 billion or 3.7%). The decrease in staff costs essentially reflected the shedding of a large number of jobs in the banking sector (18,300 jobs or 2.5% of the workforce). On balance, the number of those employed in the banking industry in 2002 fell below the 1992 level. In 2002 nearly 12,000 jobs were cut in the private banking sector alone; staffing reductions in this category of banks were therefore more than three times up on the year. However, the savings banks also upped the pace of redundancies, slashing 4,000 jobs and thus making an even greater contribution to reducing the number of jobs in the banking sector than in 2001.

Alongside further consolidation of the branch network, cost-cutting in the field of IT was also evidently a factor in the marked reduction in "other administrative spending". The big banks, in particular, achieved savings of €1.2 billion or 9.8%. In addition, the regional institutions of credit cooperatives made perceptible reductions in other administrative spending, although consolidation with regard to the number of institutions and their branches was very much in evidence at savings banks and credit cooperatives, too.

All in all, there was a continuation of the process of consolidation in the banking sector, which has now been under way for some years; the number of institutions was reduced

Similarly sharp reductions in staff costs and ...

... in other administrative spending

Further consolidation in the banking sector

Structural data on German credit institutions

Category of banks	Number of institutions ¹			Number of branches ¹			Number of employees ²		
	2000	2001	2002 p	2000	2001	2002 p	2000	2001	2002 p
All categories of banks	2,733	2,518	2,418	39,617	37,585	35,340	733,800	728,950	710,650
Commercial banks	314	304	354	6,520	5,576	5,122 ³	219,650 ³	215,300 ³	203,350 ³
Big banks	4	4	4	2,873	2,369	2,256	.	.	.
Regional banks	223	221	245	3,567	3,194	2,849	.	.	.
Branches of foreign banks	87	79	105	80	13	17	.	.	.
Land banks	13	13	13	638	604	553	41,850	42,800	41,850
Savings banks	562	534	519	16,892	16,648	15,628	283,450	282,850	278,800
Regional institutions of credit cooperatives	3	2	2	25	18	12	7,300	6,950	6,050
Credit cooperatives	1,795	1,621	1,490	15,332	14,584	13,889 ⁴	171,000 ⁴	169,900 ⁴	168,950 ⁴
Mortgage banks	31	28	25	192	136	117	.	.	.
Banks with special functions	15	16	15	18	19	19 ⁵	10,550 ⁵	11,150 ⁵	11,650 ⁵
<i>Memo item</i>									
Building and loan associations	31	29	28	3,677	3,694	2,843 ⁶	22,250 ⁶	21,450 ⁶	20,950 ⁶
Postbank	1	1	1	13,629	12,792	12,667	.	.	.

¹ Source: Statistics of bank offices, 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 Bundesbank and Postbank. Sources: Data provided by

associations. Part-time employees are counted on a per capita basis. — ³ Employees in private banking, including mortgage banks established under private law. — ⁴ Only employees whose primary occupation is in banking. — ⁵ Employees in public mortgage banks (mortgage banks established under public law) and public banks with special functions. — ⁶ Only office-based employees.

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by 100 to 2,418 and 2,245 branches were closed, leaving 35,340 in 2002. In particular, there were again a number of mergers of credit cooperatives, leading to a further restructuring of the branch network. The number of credit cooperatives went down from 1,621 at the end of 2001 to 1,490 by the end of 2002, while the number of branches of this category of banks decreased from 14,584 to 13,889. However, the savings banks also made a particular contribution to the consolidation of the branch network. At the end of 2002, there were 1,020 fewer branches of savings banks, leaving a total of 15,628. In the private banking sector, however, the pace of branch network rationalisation was slower than in 2001.

Net other operating income or charges

At €3.7 billion, net other operating income or charges in financial year 2002 remained stable at the same high level as in 2001. The slight deterioration in other operating income or charges in the narrower sense was mainly offset by a slight decrease in other taxes (unrelated to income and earnings). Of the various categories of banks, regional banks and other commercial banks benefited from a distinct increase of €0.7 billion in net other operating income and charges, which took it to €1.7 billion, whereas the big banks, in particular, recorded a slight decrease.

Net other operating income or charges stagnated

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

Category of banks	2000		2001		2002 P	
	€ million	% 1	€ million	% 1	€ million	% 1
All categories of banks	35,811	0.53	33,164	0.47	38,281	0.54
Commercial banks	11,986	0.54	9,512	0.40	12,513	0.54
Big banks	6,043	0.40	4,753	0.29	6,177	0.39
Regional banks and other commercial banks	5,824	0.88	4,637	0.69	6,208	0.92
Branches of foreign banks	119	0.35	122	0.33	128	0.40
Land banks	5,103	0.34	5,441	0.34	5,660	0.35
Savings banks	8,284	0.90	8,058	0.85	9,565	0.98
Regional institutions of credit cooperatives	1,233	0.53	788	0.33	1,024	0.48
Credit cooperatives	4,289	0.82	3,824	0.72	4,667	0.85
Mortgage banks	2,917	0.33	3,521	0.38	2,436	0.26
Banks with special functions	1,999	0.45	2,020	0.42	2,416	0.47

* 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.

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Operating result before the valuation of assets and the cost/income ratio

Increase in operating result before valuation of assets

At €38.3 billion, the operating result before the valuation of assets, which is made up of the partial operating result, the net profit or net loss on financial operations and net other operating income or charges, increased by 15% overall to €38.3 billion in 2002 compared with the poor result for 2001. In relation to the average volume of business as well, the operating result before the valuation of assets increased markedly for nearly all categories of banks (see above table). Land banks were the sole exception, showing only a slight increase. Unlike the other categories of banks, however, they had not recorded a decrease in 2001.

The general increase in the operating result before the valuation of assets was also reflected in the overall decline in the cost/income ratio; relative to gross earnings, it decreased across all categories of banks from just over 77% in 2001 to slightly more than 71% in 2002. If the net profit or net loss on financial operations and net operating income or charges are also taken into account, it declined from 71% in 2001 to just over 67% in 2002 (see table on page 25). Lower administrative spending and higher net interest received outweighed the slight decline in net commissions received and the net profit or net loss on financial operations respectively (for the partial operating result, see table on page 17). This brought to an end the continuing upward trend in the cost/income ratio over the past few years. Nonetheless, there

For the first time in years, renewed decrease in cost/income ratio

was quite considerable variation in these developments at the level of the individual categories of banks. The regional institutions of credit cooperatives and the commercial banks, in particular, recorded a far smaller cost/income ratio, admittedly following an above-average increase in the previous year.

Net income or net charges from the valuation of assets

Sharp increase in German banks' risk provision

The German banks again expanded their risk provisions considerably in the year under review. This had a considerable adverse effect on overall performance (see chart on page 26). In 2002 there was an extremely large increase in net valuation expenditure at some individual banks. The overall figure was €31.5 billion, which is equivalent to an increase of €11.7 billion or 59½% on 2001. Net valuation expenditure also rose distinctly in relation to the average balance sheet total, reaching 0.44% in 2002 compared with 0.24% in 2000 and 0.28% in 2001. Depending on the business structure of the individual categories of banks, this share varied considerably (from 0.71% at savings banks to 0.20% at mortgage banks). On balance, after €1.0 billion in 2001, €2.0 billion was added to the fund for general banking risks in 2002. However, in the performance analysis presented here, this amount is allocated to the disposition of profit (accumulation of reserves) and is not reflected in a lower net annual profit.

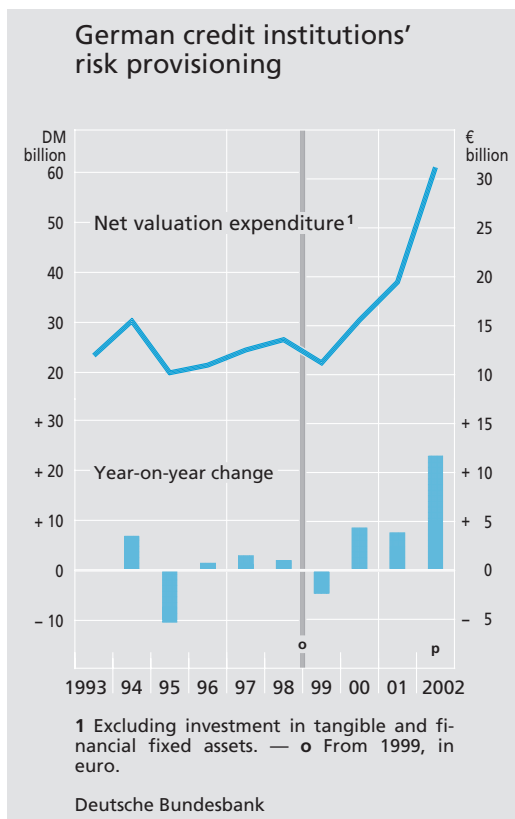
Specifically, depreciation and value adjustment increased sharply by €12.0 billion to

Credit institutions' cost/income ratios, by category of banks

In %			
Category of banks	General administrative spending as a percentage of		
	2000	2001	2002 p
	gross earnings ¹		
All categories of banks	74.0	77.2	71.2
Commercial banks	86.5	91.6	80.2
Big banks	93.4	101.3	83.4
Regional banks and other commercial banks	76.4	79.0	75.9
Branches of foreign banks	137.7	66.7	64.6
Land banks	62.7	64.4	62.5
Savings banks	69.0	70.9	67.9
Regional institutions of credit cooperatives	57.0	71.8	66.1
Credit cooperatives	76.1	78.9	75.1
Mortgage banks	33.9	34.9	37.0
Banks with special functions	30.5	31.7	31.6
	income from operating business ²		
All categories of banks	68.4	71.0	67.2
Commercial banks	75.4	80.4	74.1
Big banks	79.0	83.8	77.9
Regional banks and other commercial banks	70.2	75.4	69.2
Branches of foreign banks	74.1	56.1	57.8
Land banks	55.9	57.1	56.1
Savings banks	68.9	69.9	66.5
Regional institutions of credit cooperatives	51.8	62.5	52.6
Credit cooperatives	74.5	76.7	72.9
Mortgage banks	31.4	31.9	35.6
Banks with special functions	29.7	30.4	31.2

¹ Aggregate net interest and net commissions received. —
² Gross earnings plus net profit or net loss on financial operations and net other operating income or charges.

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Depreciation and value adjustment

€34.5 billion, whereas the comparatively minor value adjustments and release of provisions rose only slightly from €2.7 billion in 2001 to €3.0 billion in 2002.¹ Again in 2002 most of the net valuation expenditure was probably related to domestic banking business. In 2002 the German banks again had to set aside very extensive risk provisions to cover sizeable increases in the number of corporate insolvencies among their domestic customers, including some major enterprises. Following sharp increases in 2001, there was again a large rise in the number of company insolvencies in the year under review – 37,579 after 32,278 in 2001.² However, the comparatively small share of loans to households means that the similarly marked increase in consumer insolvencies is likely to have played only a minor role in the overall in-

crease in risk provisions. In addition to the insolvencies and accounting scandals at some major enterprises, the risks related to “combating terrorism” in the wake of 11 September 2001 probably also had an impact on the valuation expenditure for foreign loans. By the end of 2002, in particular, there was a marked increase in uncertainties with regard to the Iraq conflict. Although German banks reduced their foreign investment in specific countries considerably, they simultaneously had to expand their risk provisions for some of these countries. By contrast, at €0.9 billion, the write-downs on fixed interest securities, which were partly covered by the net income or net charges from the valuation of assets, were well down on 2001 (€3.3 billion); this was due, not least, to the favourable interest rate environment.

All in all, in 2002 the increase in net income or net charges from the valuation of assets was again particularly large in those categories of banks which are more heavily involved in wholesale and international business. However, unlike in the previous year, the banks which focus on retail business, such as savings banks and credit cooperatives, had to cope with major increases in their risk provisions. In line with this, net income or net charges from the valuation of assets reduced

Banks with wholesale and international business particularly affected

¹ Within these items use had already been made of the cross-offsetting option permissible under section 340 (f) (3) of the German Commercial Code.

² Insolvency legislation applicable to natural persons was reformed at the end of 2001. These figures are therefore comparable only to a limited extent as the population of natural persons includes both households and, for example, independent workers and one-man businesses. A year-on-year comparison, which is confined to insolvencies of partnerships and corporations, nevertheless still reveals an increase of 13% to 24,025 (2002) (Source: Federal Statistical Office).

the banks' operating result in 2002 from €38.3 billion before valuation to only €6.8 billion after valuation. Compared with the previous year, this corresponds to a decrease of €6.6 billion – or just over 49% – in the operating result after valuation. The *Land* banks recorded a negative figure of -€2.3 billion; the figure for the regional institutions of credit cooperatives was €119 million, while the big banks were still just in the black with €58 million. Savings banks and credit cooperatives also showed clear decreases overall, while regional and other commercial banks improved their operating result perceptibly.

Net other and extraordinary income or charges

"Extraordinary accounts" bolster result

Net other and extraordinary income or charges rose sharply in 2002 compared with the previous year; from €1.1 billion in 2001, they increased three and a half times in the year under review to €3.9 billion. The *Land* banks, in particular, drew on €3.4 billion from the "extraordinary accounts" (as opposed to -€0.4 billion in 2001) to bolster their overall result. However, the mortgage banks, savings banks and credit cooperatives also increased the contribution of the extraordinary accounts to the result. By contrast, the extraordinary accounts pushed the big banks' result down by a further €2.0 billion, after boosting it by €2.1 billion in 2001, while the regional and other commercial banks reduced their negative balance from -€1.2 billion (2001) to -€0.5 billion in the year under review.

A very sharp €4.7 billion increase in the result of the banks' financial investment business, taking it from €3.9 billion in 2001 to €8.6 billion in the year under review, contributed to the high balance across all categories of banks. There was a sharp increase in receipts from value adjustments in respect of participating interests, shares in affiliated enterprises and securities treated as fixed assets.³ The *Land* banks and the mortgage banks, in particular, generated on balance considerable growth of their "extraordinary accounts". Most of the big banks also used this to bolster their result; beyond this category of banks, the sharp increase in expenditure by one institution in this area meant that the net contribution was nevertheless lower than in the previous year.

Marked increase in net receipts from financial investment business

In addition, there was a considerably higher positive contribution from net extraordinary income and charges in the narrower sense (€1.4 billion in the year under review compared with €0.2 billion in 2001). The (in some cases considerable) increases in this item at *Land* banks, credit cooperatives and their regional institutions and mortgage banks contributed to this figure, while in the case of commercial banks and savings banks this item reduced the result. The net increases in income and earnings, which were marked for some categories of banks, more than offset the increasing negative impact of loss transfers and profit transfers and the decrease in

Sharp increase in income exceeded increase in charges in the "extraordinary account"

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

Breakdown of other and extraordinary income or charges

€ million

Item	2000	2001	2002 p
Net other and extraordinary income or charges	- 601	1,090	3,865
Income (total)	5,339	9,970	17,221
from value readjustments in respect of participating interests, shares in affiliated enterprises and transferable securities held as financial fixed assets	2,329	5,736	12,008
from the release of special reserves	1,840	1,503	888
from loss transfers	145	353	777
Extraordinary income	1,025	2,378	3,548
Charges (total)	- 5,940	- 8,880	- 13,356
Value adjustments in respect of participating interests, shares in affiliated enterprises and transferable securities held as financial fixed assets	- 1,747	- 1,827	- 3,386
Charges incurred through loss transfers	- 751	- 2,785	- 4,546
Transfers to special reserves	- 59	- 198	- 63
Extraordinary charges	- 2,271	- 2,221	- 2,121
Profits transferred under profit pooling and profit transfer agreements	- 1,112	- 1,849	- 3,240

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income from the release of special reserves within the "extraordinary accounts". Specifically, loss transfers amounting to €3.8 billion in 2002 had a greater overall impact than in the previous year (€2.4 billion). Derived profits also increased perceptibly from €1.8 billion in 2001 to €3.2 billion in 2002; €0.7 billion of this amount accrued to institutions majority-held by foreign banks. At the same time, net income from the release of special reserves,⁴ which were mainly formed in 1999 and are being released up to 2003 with an effect on income, fell to €0.8 billion from €1.3 billion in 2001.

Taxes on income and earnings, profit for the financial year

Despite the sharp increase in the result from the "extraordinary accounts", this nowhere near offset the considerable decrease in the operating result. The banks' net profit for the year before tax was correspondingly low: from €14.5 billion in 2001 it shrank by nearly 27% to €10.6 billion in 2002. However, the picture varies widely across the various categories of banks. The slump at the big banks was the primary factor contributing to the marked downturn; these banks recorded a €1.9 billion deficit in 2002, which contrasted

Further sharp decrease in annual profit before tax

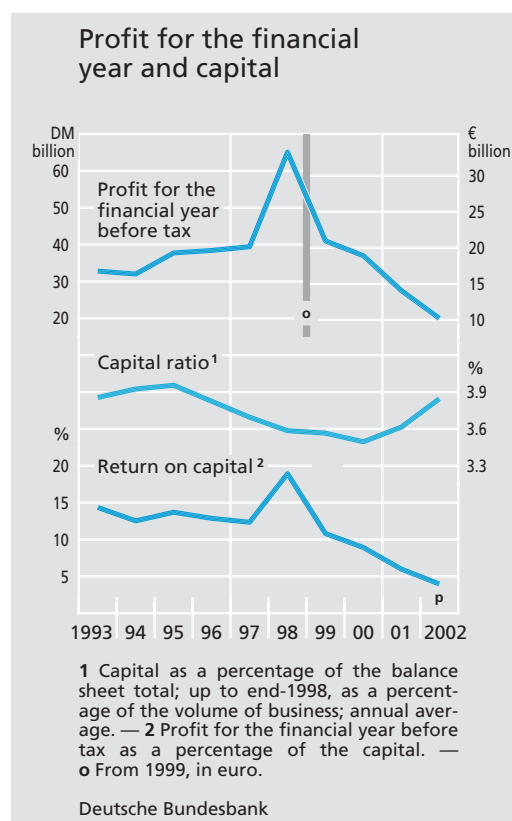
⁴ See Deutsche Bundesbank, The performance of German credit institutions in 2000, *Monthly Report*, September 2001, p 30 and Deutsche Bundesbank, The performance of German credit institutions in 1999, *Monthly Report*, September 2000, pp 59-61.

with a positive balance of €3.0 billion in the previous year. The *Land* banks also recorded decreases which took their profit for the year before tax down from €1.8 billion in 2001 to €1.1 billion in the year under review. By contrast, running against the general trend, the regional and other commercial banks, in particular, recorded a marked increase from €1.2 billion in 2001 to €2.8 billion in 2002. However, the credit cooperatives, too, reported a clear improvement in their pre-tax profits, which were up from €1.9 billion in 2001 to €2.4 billion in the year under review, while pre-tax profits at the savings banks, at €3.4 billion, were somewhat down on the previous year (€3.6 billion).

All in all, however, the banks again recorded sharp decreases. Return on equity before tax was also correspondingly weaker; following the marked deterioration in 2001, there was a further perceptible decline from an average of 6.39% to 4.38% in the year under review. At the same time, the differences between the various categories of banks became far wider (see table on page 30).

*Higher taxes
on income and
earnings*

Taxes on income and earnings made a first slight recovery in 2002, rising by just under 4% to €3.9 billion, after having hit a low in 2001 that had not been seen for many years. The tax ratio reached 37% and was thus roughly at the level of 2000, well above the low 2001 level of only 26%. The big banks, in particular, which had recorded a total of €0.4 billion in tax revenue, again had an – admittedly small – amount of tax expenses (€0.1 billion) in 2002. For the *Land* banks, too, tax expenses were, at €0.4 billion, one-



third up on the 2001 figure. Apart from a slight increase at the credit cooperatives, however, tax expenses showed a further, in some cases sharp, decline at the other categories of banks. In addition to the decrease in earnings and tax-exempt proceeds from sales, key factors contributing to the overall low figure for tax expenses were the ongoing reduction in provisions for taxation (including liabilities-side deferred taxes in connection with the amended tax legislation of the past few years) and the expansion of asset-side deferred taxes.⁵

⁵ These correspond to possible tax relief, which, in Germany, was due, *inter alia*, to non-tax-deductible provisions to cover potential losses and, in the case of the foreign branches of some institutions, to country-specific differences between valuation methods under commercial law and tax law.

Return on capital of individual categories of banks *

In %

Category of banks	1998	1999	2000	2001	2002 p
All categories of banks	19.34 (10.20)	11.22 (6.51)	9.32 (6.07)	6.39 (4.73)	4.38 (2.78)
Commercial banks	27.36 (15.18)	9.69 (7.01)	8.19 (7.31)	4.74 (4.24)	1.01 (0.08)
<i>of which</i>					
Big banks	39.51 (19.24)	6.23 (5.48)	6.34 (7.23)	4.96 (5.69)	-3.14 (-3.30)
Regional banks and other commercial banks	16.75 (11.54)	16.51 (10.08)	11.58 (7.41)	4.13 (1.26)	9.10 (6.73)
<i>Land banks</i>	11.69 (6.34)	10.61 (5.92)	8.14 (4.22)	4.78 (4.01)	2.36 (1.51)
Savings banks	17.82 (6.52)	15.18 (6.12)	13.39 (6.02)	9.16 (5.06)	8.20 (4.65)
Regional institutions of credit cooperatives	28.57 (23.13)	5.74 (3.98)	12.95 (8.84)	4.43 (2.74)	4.54 (4.94)
Credit cooperatives	12.84 (5.05)	10.70 (4.74)	8.59 (4.09)	7.46 (4.41)	9.20 (6.02)
Mortgage banks	17.81 (10.42)	15.62 (8.87)	5.89 (2.37)	12.22 (9.14)	9.12 (7.36)

* 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 participation rights capital).

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Again far smaller balance sheet profit

All in all, this led to a further reduction in the profit for the financial year after tax. In 2002 it was €6.8 billion, 37% down on the previous year's profit of €10.7 billion. The prime contributors to this slump were the big banks, whose annual profit after tax went down from €3.4 billion to -€2.0 billion, ie well in the red,⁶ and the *Land* banks, which, with a profit for the year of €0.7 billion, achieved less than half the 2001 result (€1.5 billion). Overall, apart from the clearly lower profit for the financial year after tax of €6.8 billion, the balance sheet profit also showed, as in the previous year, substantial losses of €1.7 billion being carried forward. Net transfers of €2.0 billion to the fund for general banking risks, as opposed to €1.0 billion in 2001, put further negative pressure on profits. By contrast, the banks stabilised their

balance sheet profit by drawing extensively on the provisions and participation rights capital to a total of €5.5 billion – a sum well in excess of the amounts transferred to the provisions or used to top up the participation rights capital (€3.9 billion).⁷ Overall, the outcome for 2002 was a far weaker balance sheet profit of €4.7 billion, following €8.6 billion in 2000 and €7.0 billion in 2001.

⁶ This clearly negative figure was the result of a considerably higher annual deficit at one specific big bank. The other big banks offset this deficit to some extent.

⁷ This was mainly due to the very high withdrawals made by one specific big bank, which thus offset the considerable annual deficit.

Outlook

Likely decrease in net interest received in 2003

With regard to interest paid, in the current financial year the banks are likely to benefit from the sustained growth of low-yield overnight deposits. At the end of the first half-year, non-banks' overnight deposits were just under 13½% up on their 2001 level. Their share in the aggregate balance sheet total was thus 10%, slightly up from 9½% at the end of 2002. The banks are also likely to benefit from the renewed increase in the appeal of short-term savings deposits. With regard to their lending business, aligning the terms more closely with credit risk can be expected to have a positive effect on interest received. Finally, however, in addition to the flat yield curve in the second half of 2002 and the first half of 2003, the hiving-off of risk assets – which, in some cases, is marked – will have a negative impact on interest received. Overall, therefore, net interest received may generally be expected to decrease.

Positive tendencies in commissions business ...

By contrast, in commissions business, the domestic banks' profit from income and earnings is likely to improve slightly in 2003. Although there were no new equity issues in the German stock markets, the distinct share price gains in the equity markets, in particular, as well as the fact that there has been at least a slight recovery in the volume of issues

in the other sectors, should lead to an increase in net commissions received. In terms of net income from proprietary trading, the recovery is also likely to have a positive effect in the stock markets.

With regard to administrative costs, the full effect of the cost-cutting programmes was probably not yet felt in 2002. Further distinct savings can be expected here in the course of 2003.

The fact that the increase in the number of company insolvencies slowed in the first half of 2003 might be the first sign that the economic situation is stabilising at a low level. Against the backdrop of the extensive value adjustments already carried out in 2001, this is also likely to have a positive impact on the development of the banks' valuation expenditure for the current year. Given the global economic situation, there will probably be less need for greater risk provisioning in 2003 than in 2002. Moreover, the partial reduction in risk assets will have an additional alleviating effect on the expected valuation expenditure but may also slow the growth of interest received. In sum, the German credit institutions are likely to have emerged from a profitability low in 2002 and be on the verge of a slight easing of their performance situation in the current financial year.

... and in administrative expenditure to be expected

Valuation expenditure eases

The tables accompanying this article are printed on the following pages.



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

Percentage of the average balance sheet total ^o

Financial year	All categories of banks	Commercial banks			Land banks	Savings banks	Regional institutions of credit cooperatives	Credit cooperatives	Mortgage banks	Banks with special functions
		Total	of which							
			Big banks	Regional banks and other commercial banks						
Interest received (total) ¹										
1996	6.07	5.71	5.40	6.06	5.90	6.61	4.78	6.54	6.54	5.67
1997	5.76	5.34	4.94	5.82	5.70	6.28	4.64	6.20	6.39	5.30
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	5.51	5.12	4.91	5.68	5.47	5.75	4.91	5.76	6.66	4.95
2002 p	4.85	4.41	4.09	5.18	4.74	5.52	4.15	5.46	5.36	4.59
Interest paid										
1996	4.42	3.91	3.69	4.15	5.21	3.70	4.02	3.63	5.88	4.76
1997	4.26	3.71	3.44	4.02	5.05	3.56	3.92	3.43	5.76	4.45
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	4.39	3.97	4.02	3.85	4.88	3.47	4.29	3.36	6.15	4.43
2002 p	3.64	3.07	2.99	3.25	4.14	3.14	3.49	2.97	4.97	4.01
Excess of interest received over interest paid = net interest received										
1996	1.65	1.80	1.71	1.91	0.69	2.91	0.76	2.91	0.67	0.90
1997	1.50	1.62	1.50	1.79	0.65	2.72	0.72	2.76	0.63	0.85
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	1.13	1.15	0.89	1.83	0.60	2.28	0.62	2.41	0.52	0.53
2002 p	1.20	1.34	1.10	1.93	0.60	2.38	0.66	2.49	0.40	0.59
Excess of commissions received over commissions paid = net commissions received										
1996	0.34	0.58	0.73	0.42	0.10	0.47	0.22	0.53	- 0.01	0.18
1997	0.35	0.63	0.76	0.48	0.10	0.47	0.23	0.54	- 0.01	0.17
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 p	0.34	0.60	0.53	0.79	0.11	0.49	0.14	0.57	- 0.01	0.09

^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. Statistical increase in the volume of

business owing to the inclusion of foreign branches: in 1998, mortgage banks + DM1.3 billion. — ¹ Interest received plus current income and profits transferred under profit pooling and profit transfer agreements.

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

Percentage of the average balance sheet total °

Financial year	All categories of banks	Commercial banks			Land banks	Savings banks	Regional institutions of credit cooperatives	Credit cooperatives	Mortgage banks	Banks with special functions
		Total	of which							
			Big banks	Regional banks and other commercial banks						
General administrative spending										
1996	1.29	1.67	1.84	1.50	0.43	2.11	0.60	2.44	0.20	0.69
1997	1.21	1.58	1.70	1.44	0.42	2.05	0.58	2.38	0.19	0.66
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	1.15	1.65	1.48	2.12	0.45	1.97	0.55	2.36	0.18	0.18
2002 p	1.10	1.55	1.36	2.06	0.45	1.94	0.53	2.30	0.14	0.22
Partial operating result										
1996	0.70	0.71	0.60	0.84	0.35	1.28	0.39	1.00	0.45	0.39
1997	0.64	0.68	0.56	0.83	0.33	1.14	0.37	0.92	0.44	0.35
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	0.34	0.15	- 0.02	0.56	0.25	0.81	0.22	0.63	0.33	0.39
2002 p	0.45	0.38	0.27	0.66	0.27	0.92	0.27	0.76	0.25	0.47
Net profit or net loss on financial operations										
1996	0.05	0.09	0.10	0.07	0.04	0.05	0.10	0.03	0.00	0.01
1997	0.06	0.10	0.13	0.06	0.05	0.06	0.10	0.02	0.00	0.02
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 p	0.04	0.09	0.13	0.01	0.04	0.00	0.11	0.00	0.00	0.00
Net income or net charges from the valuation of assets										
1996	- 0.26	- 0.28	- 0.15	- 0.41	- 0.15	- 0.47	- 0.04	- 0.37	- 0.08	- 0.21
1997	- 0.26	- 0.30	- 0.25	- 0.36	- 0.14	- 0.46	- 0.10	- 0.41	- 0.11	- 0.13
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	- 0.14	- 0.15
2002 p	- 0.44	- 0.39	- 0.38	- 0.42	- 0.49	- 0.71	- 0.42	- 0.69	- 0.20	- 0.21

° For footnotes, see p 33.

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

Percentage of the average balance sheet total °

Financial year	All categories of banks	Commercial banks			Land banks	Savings banks	Regional institutions of credit cooperatives	Credit cooperatives	Mortgage banks	Banks with special functions
		Total	of which							
			Big banks	Regional banks and other commercial banks						
Operating result										
1996	0.51	0.55	0.54	0.58	0.28	0.80	0.46	0.72	0.36	0.26
1997	0.46	0.50	0.40	0.61	0.26	0.72	0.38	0.62	0.33	0.29
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	0.19	0.14	0.05	0.36	0.14	0.32	0.01	0.22	0.24	0.27
2002 p	0.10	0.15	0.00	0.50	- 0.14	0.27	0.06	0.16	0.06	0.27
Net other and extraordinary income or charges										
1996	- 0.05	- 0.07	- 0.04	- 0.10	- 0.07	0.01	- 0.02	0.03	- 0.03	- 0.22
1997	- 0.04	- 0.10	- 0.12	- 0.10	- 0.02	0.02	- 0.05	0.03	- 0.03	- 0.11
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	- 0.07	- 0.07
2002 p	0.05	- 0.11	- 0.12	- 0.08	0.21	0.08	0.09	0.28	0.07	- 0.03
Profit for the financial year before tax										
1996	0.46	0.49	0.50	0.48	0.21	0.82	0.43	0.76	0.33	0.03
1997	0.42	0.40	0.28	0.51	0.25	0.75	0.33	0.65	0.29	0.18
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	0.18	0.20
2002 p	0.15	0.04	- 0.12	0.42	0.07	0.35	0.14	0.44	0.14	0.23
Profit for the financial year after tax										
1996	0.22	0.30	0.33	0.27	0.13	0.28	0.24	0.28	0.20	- 0.01
1997	0.21	0.27	0.21	0.33	0.13	0.26	0.15	0.25	0.17	0.15
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	0.13	0.18
2002 p	0.10	0.00	- 0.13	0.31	0.04	0.20	0.16	0.29	0.11	0.21

° For footnotes, see p 33.

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									
1995	133.6	498.9	365.4	27.1	30.4	3.3	105.2	62.8	42.3	55.5
1996	140.8	518.3	377.5	29.2	33.3	4.1	110.0	64.4	45.6	60.0
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	80.0	391.0	311.0	25.4	31.3	5.9	81.3	43.2	38.1	24.1
2002 p	85.6	344.4	258.9	24.3	30.2	5.9	78.3	41.6	36.7	31.6
	Year-on-year change in % 5									
1996	+ 5.5	+ 3.9	+ 3.3	+ 7.9	+ 9.7	+ 24.4	+ 4.6	+ 2.6	+ 7.7	+ 8.2
1997	+ 2.8	+ 7.0	+ 8.5	+ 16.9	+ 17.5	+ 21.4	+ 6.4	+ 4.3	+ 9.4	+ 3.1
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	+ 4.0	+ 5.7	+ 6.1	- 9.7	- 7.3	+ 4.4	+ 4.7	+ 2.8	+ 6.8	- 11.9
2002 p	+ 7.0	- 11.9	- 16.8	- 4.1	- 3.4	- 0.6	- 3.7	- 3.7	- 3.7	+ 31.4
	Percentage of the average balance sheet total									
1995	1.76	6.57	4.81	0.36	0.40	0.04	1.38	0.83	0.56	0.73
1996	1.65	6.07	4.42	0.34	0.39	0.05	1.29	0.75	0.53	0.70
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	1.13	5.51	4.39	0.36	0.44	0.08	1.15	0.61	0.54	0.34
2002 p	1.20	4.85	3.64	0.34	0.43	0.08	1.10	0.58	0.52	0.45

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 intangible 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/balance

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 extra-ordinary 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									
4.4	1.4	- 20.5	40.8	- 2.2	38.6	19.1	19.5	7,592.9	1995
4.1	1.4	- 22.1	43.5	- 4.3	39.2	20.3	18.9	8,545.9	1996
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	3.7	- 19.8	13.4	1.1	14.5	3.8	10.7	7,090.8	2001
3.0	3.7	- 31.5	6.8	3.9	10.6	3.9	6.8	7,105.1	2002 p
Year-on-year change in % 5									
- 6.0	+ 0.9	- 7.4	+ 6.8	- 96.2	+ 1.7	+ 6.5	- 2.9	+ 12.6	1996
+ 24.3	+ 58.2	- 13.6	+ 1.7	+ 6.9	+ 2.7	- 2.5	+ 8.3	+ 12.6	1997
+ 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	+ 81.8	- 24.4	- 32.8	.	- 25.0	- 44.3	- 14.7	+ 5.6	2001
- 45.0	- 0.2	- 59.4	- 49.3	+ 254.6	- 26.4	+ 3.8	- 37.0	+ 0.2	2002 p
Percentage of the average balance sheet total									
0.06	0.02	- 0.27	0.54	- 0.03	0.51	0.25	0.26	.	1995
0.05	0.02	- 0.26	0.51	- 0.05	0.46	0.24	0.22	.	1996
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	0.19	0.02	0.20	0.05	0.15	.	2001
0.04	0.05	- 0.44	0.10	0.05	0.15	0.05	0.10	.	2002 p

sheet total of the foreign branches of savings banks. 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 *

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	DM million 152,209	631,467	479,258	43,930	52,338	8,408	137,284	75,174	62,109	58,855
		€ million									
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	79,998	391,012	311,014	25,368	31,317	5,949	81,291	43,176	38,115	24,075
2002 p	2,268	85,567	344,428	258,861	24,315	30,225	5,910	78,259	41,554	36,705	31,623
Commercial banks											
1999	224	DM million 50,410	176,093	125,684	24,681	28,469	3,788	60,361	30,943	29,418	14,729
		€ million									
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 p	206	30,850	101,745	70,895	13,893	17,144	3,251	35,882	17,411	18,471	8,861
Big banks											
1999	4	DM million 28,068	118,111	90,042	15,467	17,346	1,880	36,480	19,654	16,826	7,055
		€ million									
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 p	4	17,615	65,553	47,938	8,481	10,073	1,592	21,768	11,107	10,661	4,328
Regional banks and other commercial banks											
1999	192	DM million 22,046	55,804	33,758	9,122	10,964	1,842	23,380	11,127	12,253	7,788
		€ million									
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 p	183	13,060	35,019	21,959	5,316	6,968	1,652	13,939	6,226	7,713	4,437
Branches of foreign banks											
1999	28	DM million 295	2,179	1,883	92	158	66	501	162	338	- 113
		€ million									
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 p	19	175	1,173	998	96	103	7	175	78	97	96
Land banks											
1999	13	DM million 16,411	140,200	123,788	2,812	4,755	1,942	11,588	5,912	5,676	7,636
		€ million									
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 p	14	9,801	76,845	67,044	1,796	2,991	1,195	7,247	3,603	3,644	4,350

* For footnotes, see pp 40.

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 ³	Profit for the financial year before tax (col 15 plus col 16)	Taxes on income and earnings ⁴	Profit or loss (-) for the financial year after tax (col 17 less col 18)	Withdrawals from or transfers to (-) reserves and participation rights capital ⁵	Balance sheet profit or loss (-) (col 19 plus col 20)	Memo item Average annual balance sheet total ⁶	Financial year
12	13	14	15	16	17	18	19	20	21	22	
All categories of banks											
DM million											
7,016	4,788	-22,514	48,145	- 6,319	41,825	17,579	24,246	- 8,263	15,983	11,845,257	1999
€ million											
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	3,719	-19,765	13,399	1,090	14,489	3,756	10,733	- 3,782	6,951	7,090,826	2001
2,951	3,707	-31,499	6,782	3,865	10,647	3,895	6,752	- 2,093	4,659	7,105,094	2002 p
Commercial banks											
DM million											
5,169	1,463	- 8,105	13,257	162	13,419	3,704	9,715	- 2,345	7,370	3,523,421	1999
€ million											
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	1,508	- 9,041	3,472	- 2,527	945	868	77	738	815	2,309,385	2002 p
Big banks											
DM million											
4,207	- 634	- 5,824	4,804	863	5,666	685	4,981	- 1,177	3,804	2,437,024	1999
€ million											
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	1,601,527	2002 p
Regional banks and other commercial banks											
DM million											
704	2,050	- 2,282	8,259	- 700	7,559	2,944	4,616	- 1,158	3,458	1,024,243	1999
€ million											
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
- 191	1,035	- 2,231	2,406	- 1,197	1,209	840	369	- 883	- 514	672,803	2001
59	1,712	- 2,851	3,357	- 532	2,825	734	2,091	- 2,151	- 60	675,988	2002 p
Branches of foreign banks											
DM million											
258	47	2	194	-	194	76	117	- 10	108	62,154	1999
€ million											
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 p
Land banks											
DM million											
751	1,181	- 2,945	6,622	- 278	6,345	2,807	3,538	- 1,872	1,666	2,656,093	1999
€ million											
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	666	- 7,963	- 2,303	3,401	1,098	399	699	87	786	1,620,301	2002 p

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

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											
		DM million									
1999	578	43,543	100,193	56,651	9,069	9,521	452	35,228	21,092	14,137	17,383
		€ million									
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 p	519	23,177	53,809	30,632	4,773	5,054	281	18,965	11,295	7,670	8,985
Regional institutions of credit cooperatives											
		DM million									
1999	4	2,582	17,618	15,036	773	1,389	616	2,394	1,101	1,293	960
		€ million									
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 p	2	1,413	8,864	7,451	303	565	262	1,135	540	595	581
Credit cooperatives											
		DM million									
1999	2,032	25,555	57,366	31,812	6,351	7,002	651	23,623	13,812	9,810	8,283
		€ million									
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 p	1,488	13,644	29,932	16,288	3,122	3,488	366	12,585	7,426	5,159	4,181
Mortgage banks											
		DM million									
1999	32	8,087	93,676	85,589	– 176	327	503	2,372	1,262	1,111	5,539
		€ million									
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	4,774	61,610	56,836	– 56	263	319	1,648	839	809	3,070
2002 p	25	3,695	49,868	46,173	– 55	208	263	1,347	664	683	2,293
Banks with special functions											
		DM million									
1999	14	5,621	46,320	40,699	421	876	456	1,717	1,052	665	4,324
		€ million									
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 p	14	2,987	23,365	20,378	483	775	292	1,098	615	483	2,372
Memo item: Banks majority-owned by foreign banks 7											
		DM million									
1999	60	5,197	13,004	7,808	2,548	3,123	575	5,457	2,625	2,832	2,288
		€ million									
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 p	49	3,431	15,969	12,538	1,186	1,929	743	3,377	1,484	1,893	1,240

* 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 depreciation of and adjust-

ments for tangible and intangible assets, but excluding depreciation of and adjustments for assets leased ("broad" definition). — 3 Excess of charges over income: –. — 4 In part, including taxes paid by legally dependent building and loan associations affiliated to Land banks. —

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 ³	Profit for the financial year before tax (col 15 plus col 16)	Taxes on income and earnings ⁴	Profit or loss (-) for the financial year after tax (col 17 less col 18)	Withdrawals from or transfers to (-) reserves and participation rights capital ⁵	Balance sheet profit or loss (-) (col 19 plus col 20)	Memo item: Average annual balance sheet total ⁶	Financial year
12	13	14	15	16	17	18	19	20	21	22	
Savings banks											
DM million											
462	514	- 3,049	15,310	- 4,739	10,571	6,311	4,260	- 1,707	2,552	1,753,403	1999
€ million											
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	623	- 6,895	2,670	776	3,446	1,490	1,956	- 668	1,288	975,493	2002 p
Regional institutions of credit cooperatives											
DM million											
501	88	- 714	835	- 155	681	209	471	- 201	270	428,417	1999
€ million											
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	119	189	308	- 27	335	- 259	76	213,520	2002 p
Credit cooperatives											
DM million											
96	1,162	- 4,002	5,539	- 628	4,911	2,736	2,175	- 399	1,776	1,024,894	1999
€ million											
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
- 27	513	- 3,785	882	1,511	2,393	828	1,565	- 791	774	548,018	2002 p
Mortgage banks											
DM million											
-	176	- 1,563	4,152	- 487	3,665	1,584	2,081	- 68	2,013	1,552,201	1999
€ million											
-	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	452	- 1,270	2,251	- 630	1,621	408	1,213	695	1,908	924,683	2001
5	138	- 1,843	593	692	1,285	247	1,038	- 330	708	929,570	2002 p
Banks with special functions											
DM million											
37	203	- 2,136	2,429	- 196	2,234	227	2,007	- 1,670	336	906,828	1999
€ million											
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	50	- 1,067	1,349	- 177	1,172	90	1,082	- 870	212	508,807	2002 p
Memo item: Banks majority-owned by foreign banks ⁷											
DM million											
- 23	579	- 972	1,872	- 853	1,019	632	387	542	929	253,890	1999
€ million											
- 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	- 640	1,269	- 13	1,256	448	808	- 310	498	284,569	2002 p

⁵ Including profit or loss brought forward and withdrawals from or transfers to the fund for general banking risks. — ⁶ Excluding the balance sheet total of the foreign branches of savings banks. — ⁷ Separate presentation of the (legally independent) credit institu-

tions 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					General administrative spending					
		Total	Interest paid	Commissions paid	Net loss on financial operations	Gross loss on transactions in goods and subsidiary transactions	Total	Staff costs			Other administrative spending ¹	
								Total	Wages and salaries	Social security costs and costs relating to pensions and other benefits		
		DM million										
1994	3,675	508,019	346,224	3,217	1,209	-	90,147	59,039	46,378	12,661	4,557	31,108
1995	3,571	527,936	365,373	3,308	207	-	95,834	62,814	48,713	14,101	5,702	33,020
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	438,833	311,014	5,949	831	-	75,464	43,176	33,874	9,302	3,916	32,288
2002 p	2,268	400,264	258,861	5,910	883	-	72,430	41,554	32,495	9,059	3,488	30,876

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". — ² In part, including

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									
1994	525,311	465,862	390,532	75,330	12,755	4,407	3,356	4,992	1,271	30,503
1995	547,389	486,795	409,177	77,618	10,865	4,628	2,255	3,982	1,265	30,394
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	449,566	371,685	305,347	66,338	17,429	9,858	2,168	5,403	1,898	31,317
2002 p	407,016	323,923	266,014	57,909	17,429	7,213	1,830	8,386	3,076	30,225

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 transferable securities held as financial 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											
8,925	312	3,078	31,566	1,569	882	638	1,426	15,543	2,505	1,090	1994
9,707	382	4,750	23,421	521	949	171	983	19,111	2,198	1,403	1995
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
5,994	167	4,248	22,476	1,827	2,785	198	2,221	3,756	221	1,849	2001
5,979	150	4,267	34,499	3,386	4,546	63	2,121	3,895	184	3,240	2002 ^p

taxes paid by legally dependent building and loan associations affiliated to *Land* banks.

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 transferable securities held as financial 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									
1,698	605	670	2,996	6,830	365	371	1,607	143	1994
4,602	570	2,878	851	8,184	1,594	413	455	117	1995
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	5,736	8,172	247	1,503	2,378	353	2001
3,834	170	3,000	12,008	8,138	242	888	3,548	777	2002 ^p



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