The performance of German credit institutions in 2016

In a challenging financial market setting of persistently low interest rates on the one hand and solid economic growth on the other, the profitability of German banks, as reported in the published annual reports prepared according to the German Commercial Code (Handelsgesetzbuch), has declined in their core business areas. With total assets also down, net interest income and net commission income were significantly reduced from the previous year by a total of €5.4 billion, dropping to €120.9 billion. By contrast, the significantly improved other operating result of €4.1 billion had a stabilising effect, which meant that operating income just exceeded the previous year's level, at €128.1 billion. On the back of somewhat lower administrative spending, the cost/income ratio of German banks improved slightly to 69.2%. Overall, the heterogeneity between and also within the various categories of banks was particularly pronounced in 2016 on account of one-off factors, some of which affected specific larger banks only.

The result from the valuation of assets fell from its historically favourable level, deteriorating by €5.3 billion to -€8.8 billion. This was mainly due to very high value adjustments, primarily in the credit portfolios of shipping loans at specific big banks and Landesbanken. The savings banks and credit cooperatives (primary institutions), on the other hand, benefited from the healthy economic climate and the concomitant low need for risk provisioning in households' credit portfolios. On balance, they released risk provisions built up in previous years, leading to positive results from the valuation of assets. The resultant higher annual results were mostly used to further bolster their balance sheet capital base.

The profit for the financial year before tax rose by 4.6% to €27.8 billion. Of this amount, €4.2 billion was used to offset net losses brought forward from previous years and €7.8 billion went towards taxes on earnings. The revenue reserves were stocked up by €0.6 billion net and the fund for general banking risks by €10.8 billion on balance. The primary institutions accounted for more than 80% of the net transfers to this fund. Altogether, the aggregate balance sheet capital (total equity) for all banks arising from the profit for the financial year thus increased by €11.4 billion, with gross capital injections of €16.7 billion standing against high withdrawals of €5.3 billion. The latter were mainly used for a distribution to the parent institution in the case of one big bank and to offset losses in the case of two Landesbanken hit especially hard by the shipping crisis. The aggregate balance sheet profit rose by almost two-thirds to €4.4 billion.

Banks' business environment

Sustained positive real economic setting

The German economy's solid growth continued in the 2016 reporting year. Once again, this was mainly driven by steeply rising private and government consumption. Households benefited from the increase in real disposable income brought about by the low inflation rate and favourable labour market situation. Government spending was stepped up largely because of expenditure on the provision of support for refugees, but also on pensions and healthcare. In addition, the upturn in the residential real estate market, which has persisted for some years now, continued. Building permits for housing construction, for instance, stood at a total of 375,388, which was 19.8% higher than their prior-year level.[1] The increase in exports was dampened by weak world trade, however. In particular, German enterprises' exports to non-euro area countries was subdued. Against this background, industrial investment also remained lacklustre.

The ECB's monetary policy measures

In order to counteract heightened downside risks to price stability in the euro area, the ECB Governing Council decided in March 2016 to decrease the interest rate on the deposit facility further to -0.40%, to raise the monthly purchase volume of the expanded asset purchase programme (APP) from €60 billion to €80 billion starting in April 2016, and to include corporate bonds in the purchase programme starting in June 2016. At the same time, four new targeted longer-term refinancing operations were announced, each with a maturity of four years, starting in June 2016. Against the backdrop of persistently weak inflation dynamics, the ECB Governing Council decided in December 2016 to maintain its expansionary monetary policy stance and, from April 2017, to continue the net asset purchases at the reduced pace of €60 billion until December 2017 at least. Moreover, it decided to decrease the minimum residual maturity period for the public sector purchase programme from two years to one year and to also permit purchases of securities with a yield (to maturity) below the interest rate on the deposit facility, to the extent necessary, with both decisions effective as of January 2017.

Change in accounting rules

On 11 March 2016, the Act Implementing the Mortgage Credit Directive and Amending Accounting Rules *(Gesetz zur Umsetzung der Wohnimmobilienkreditrichtlinie und zur Änderung handelsrechtlicher Vorschriften)* entered into force. Article 7 amended the measurement approach pursuant to the German Commercial Code for pension provisions with a residual maturity of more than one year. The revised version extended the reference period used to calculate the average discount rate. For most banks, the one-off effect stemming from the first application of the amended discounting rules led to reversals of provisions or to significantly lower transfer amounts and thus benefited the annual results considerably (further information on this topic can be found in the box on page 55). According to the information contained in the annual reports of 30 institutions belonging to different categories of banks,[2] in which nearly two-thirds of the aggregate total assets of the German banking system are concentrated, the cost savings of these institutions came to a total of €3.0 billion in the reporting year. According to the statement issued by the Institute of Public Auditors in Germany (IDW) on the accounting for pension obligations pursuant to the German Commercial Code (IDW RS HFA 30), reporting parties can choose whether to disclose effects on profit and loss stemming from a change in the discount rate together with changes in fair value and current income from plan assets either in staff costs or in the financial result (net

1 See also Federal Statistical Office, Bautätigkeit und Wohnungen, Fachserie 5, Reihe 1, 2016.
2 In order to use the same reporting group for the special analysis of the one-off effect stemming from the first-time application of the amended discounting rules and of the transmission of negative interest rates on p 59, the 30 largest credit institutions were selected on the basis of total assets; the chosen institutions had disclosed in their annual reports information about the effects on profit and loss arising from the accounting for pension obligations pursuant to the German Commercial Code as well as information about positive and negative interest in 2015 and 2016.

Methodological notes

Data based on individual accounts in accordance with the German Commercial Code and on monthly balance sheet statistics

The results from the profit and loss accounts are based on the published annual reports of the individual institutions in accordance with the provisions set forth in the German Commercial Code (*Handelsgesetzbuch,* or HGB) and the Regulation on the Accounting of Credit Institutions (*Verordnung über die Rechnungslegung der Kreditinstitute,* or RechKredV). They differ in terms of their conception, structure and definitions from the internationally customary IFRS (International Financial Reporting Standards) accounting standards[1] for capital market-oriented banking groups, which means that – from a methodological viewpoint – the respective business results and certain balance sheet or individual profit and loss items are not comparable across the national and international accounting frameworks.

For reasons of comparability within Germany, it is advisable to consider the individual accounts when analysing financial performance. Using group accounts would make a meaningful analysis difficult as, first, many German banks are not part of a group, meaning that their individual accounts drawn up in accordance with the German Commercial Code would still have to be used; second, the accounts of capital market-oriented groups are prepared according to international accounting standards.

The figures for balance sheet capital (total equity), total assets and other stock variables are not obtained from the annual reports but are taken as annual average values on the basis of the monthly balance sheet statistics reported for the institution as a whole.

Reporting group

The reporting group for statistics on banks' profit and loss accounts (profit and loss statistics) includes all banks that are both monetary financial institutions and credit institutions as defined in the German Banking Act (*Kreditwesengesetz,* or KWG), as well as being domiciled in Germany. Branches of foreign banks that are exempted from the provisions of section 53 of the Banking Act, banks in liquidation and banks with a financial year under 12 months (truncated financial year) are not included in this performance analysis.

Elimination of the category "regional institutions of credit cooperatives"

As in the monthly balance sheet statistics, the category "regional institutions of credit cooperatives" is no longer reported separately in the profit and loss statistics for data protection reasons. The earnings data of "DZ Bank AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main", which was created in July 2016 through the merger between "DZ Bank AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main" and "WGZ BANK AG Westdeutsche Genossenschafts-Zentralbank, Düsseldorf", are included in the category "Banks with special, development and other central support tasks" in the long-term internet time series from the reporting year 2016 onwards. However, in the tables and charts, as well as in the tables accompanying this *Monthly Report* article, they are assigned to this category for the entire period under observation (2007 to 2016).

Calculation of the long-term average

At the launch of European monetary union in 1999, the reporting group relevant for calculating the money supply and for monetary analysis was uniformly defined by the ECB for the euro area as a whole and referred to as the monetary financial institutions (MFI) sector. Unlike the population of banks used for the Bundesbank analysis up to that time, building and loan associations are also included. Except where another time period is explicitly mentioned, the calculations with regard to the longer-term average cover the years since the launch of European monetary union, ie from 1999 to 2016.

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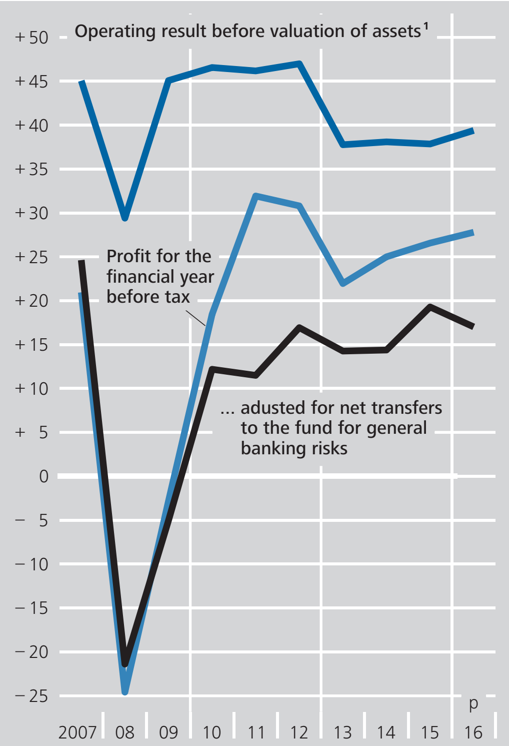
1 IFRS-based financial statements are of relevance, for instance, to matters of macroprudential analysis and oversight, concentrating on systemically important banks and their international business activities (including their foreign subsidiaries). For details, see Deutsche Bundesbank, Financial Stability Review 2013, November 2013.

The performance of credit institutions

€ billion



1 Operating income less general administrative spending.
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interest income or other operating income). The changes to the rules therefore affected different parts of the profit and loss account, depending on the reporting practice chosen by the banks. The majority of the 30 banks recognised the effects on profit and loss in other operating income, which thus saw savings of around €1.5 billion.

Opportunities and challenges of digitalisation

Alongside the ongoing low-interest-rate environment, banks are also facing challenges from advances in the digitalisation of financial services. Changing customer behaviour, growing competition from companies with innovative IT-based business models (fintechs), and the need for higher investment in IT security are compounding competitive and cost pressures. However, the expansion of digital distribution platforms with tailored new branch concepts as well as the combination of digital solutions with established brands and mature customer bases offer significant potential for future efficiency gains.

Number of banks still falling

The process of consolidation in the German banking sector accelerated in the reporting year. In the course of the year, the total number of credit institutions covered by statistics on the profit and loss accounts fell by 68, of which 59 banks alone were attributable to the primary institutions. The following figures are therefore based on a reporting group comprising 1,611 institutions with aggregate total assets of €8.4 trillion.

Net interest income down perceptibly

Significant drop in current income

Net interest income accounts for 73.2% of operating income on a long-term average, making it by far the most important source of income for German banks. Aside from the contribution to earnings made by actual interest-bearing business,[3] the sum of current income[4] and income from profit transfers[5] also forms part of net interest income. These comparatively volatile earnings components contribute roughly 20% to net interest income on a long-term average, but relate mainly to the big banks with international operations. In the reporting year, the aggregate net interest income for all banks declined by 4.9% to €91.1 billion (71.2% of operating income). This was largely due to the lower sum of current income and income from profit transfers, which was down by 17.3% to €14.7 billion. The contribution to earnings made by actual interest-bearing business – net interest income in the narrower sense – contracted by 2.1% to €76.4 billion. The stronger decline in interest paid[6] relative to interest income and the positive one-off effect stemming from the adjustment to the measurement of pension obligations, which pushed

3 Total income from lending and money market transactions as well as from debt securities and debt register claims less interest paid.
4 Income from shares and other variable-yield securities, from participating interests, and from shares in affiliated enterprises.
5 Profits transferred under profit pooling, profit transfer agreements or partial profit transfer agreements.
6 Interest paid decreased by around 14%, and interest received by around 9%.

New discounting methodology for calculating pension obligations

The Act Implementing the Mortgage Credit Directive and Amending Accounting Rules *(Gesetz zur Umsetzung der Wohnimmobilienkreditrichtlinie und zur Änderung handelsrechtlicher Vorschriften)* entered into force on 11 March 2016. Article 7 amended the measurement approach pursuant to the German Commercial Code *(Handelsgesetzbuch)* for pension provisions with a residual maturity of more than one year. Pension obligations are liabilities that are likely to be incurred in the future, and provisions need to be set aside for these – discounted to their present value. These provisions are recorded as debt in the balance sheet. Transfers to pension provisions can be recorded as staff costs, interest paid or other operating expenses, and thus diminish the annual result.

The reference period for calculating the discount rate was adjusted in the revised and extended German Commercial Code of 11 March 2016. The rate used to discount the amount required to settle the pension obligations over the residual maturity period is now no longer the average market interest rate over the last seven years, but over the last ten.

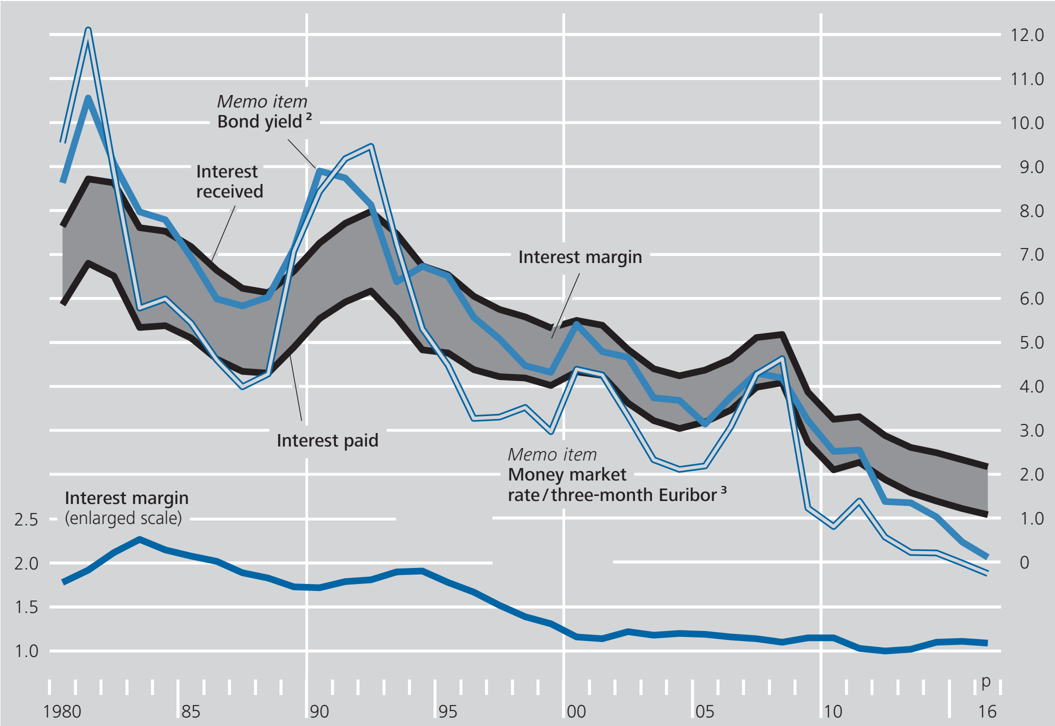
The new rule is to be applied for the first time to the annual accounts for the financial year ending after 31 December 2015.[1] The extension of the reference period means that the higher interest rates seen some years ago will again be taken into account when calculating the average rate – at least for the next few years. This will lead to an increase in the relevant discount rates and thus to a reduction in transfers to pension provisions.[2] In the short term, this has a favourable impact on the annual result and (assuming distributions remain stable) shifts the balance on the liabilities side from debt to equity. According to the explanatory memorandum, this should perceptibly mitigate the negative impact of the protracted low-interest-rate environment on the attractiveness of occupational pensions. As this impact on profits stems solely from a change in the law and not from the business activity itself, and so as not to undermine the principle of prudence, legislators imposed a restriction on the distribution of the positive difference arising from the application of the old and new rule.[3]

The first-time application of the new measurement approach considerably improved the annual results for the 2016 reporting year. For example, if an enterprise opted to use the simplified rule pursuant to section 253 (2) sentence 2 of the German Commercial Code and assumed a residual maturity of 15 years for all pension provisions, the discount rate applicable on the reporting date of 31 December 2016 would be 3.24% based on an average of the previous seven years, and 4.01% based on an average of the previous ten years. Under the old system, a settlement amount of €100 with a residual maturity of 15 years would have required provisions of €62 in 2016, compared with just €55.40 under the new system. Pension provisions under the new rules are thus more than 10% lower.

1 However, there is an option to already apply the new rule to a financial year starting after 31 December 2014 and ending before 1 January 2016.
2 For a comparison of the projected development of the discount rate according to the old and new method, assuming interest rates persist at their current low levels, see German Financial Stability Committee (2016), Dritter Bericht an den Deutschen Bundestag zur Finanzstabilität in Deutschland, p 43, available online at https://www.bundesbank.de/Redaktion/DE/Downloads/Aufgaben/Finanz_und_Waehrungssystem/2016_06_30_afs_bericht.pdf?__blob=publicationFile
3 For more information, see Bundestags-Drucksache 18/7584, Beschlussempfehlung und Bericht des Ausschusses für Recht und Verbraucherschutz (6. Ausschuss) zu dem Gesetzentwurf der Bundesregierung – Drucksachen 18/5922, 18/6286, 18/6410 Nr. 5 – Entwurf eines Gesetzes zur Umsetzung der Wohnimmobilienkreditrichtlinie, p 149, available online at http://dip21.bundestag.de/dip21/btd/18/075/1807584.pdf

Interest received and interest paid by credit institutions in the interest cycle

As a percentage of total assets[1]



1 Up to end-1998, as a percentage of the average volume of business. **2** Average yield on domestic bearer debt securities. **3** Up to end-1998, money market rate for three-month funds in Frankfurt am Main.
Deutsche Bundesbank

net interest income up by €0.7 billion at one big bank alone, countered a larger decrease. Overall, the low-interest-rate environment is thus still weighing on banks' results. In order to gain new insights into the profitability and resilience of German institutions (see the box on pages 57 and 58), the Federal Financial Supervisory Authority (BaFin) and the Bundesbank conducted a third low-interest-rate survey in 2017, following on from its 2013 and 2015 iterations.

Favourable funding situation

As in previous years, banks benefited from a favourable funding situation. This assessment was also confirmed by the institutions that regularly participate in the Bank Lending Survey (BLS) conducted by the Bundesbank. The interest rates on the main refinancing operations and on the marginal lending facility which, together with the rate on the deposit facility, constitute the Eurosystem's key interest rates, remained at their historically low levels in the reporting year, at 0.00% and 0.25% respectively. Interest rates in the interbank market, already negative in the previous year, kept hitting new historic lows. For unsecured money market transactions between banks with a maturity of three months, EURIBOR (Euro Inter-Bank Offered Rate) stood at -0.32% on average in December, and Eonia (Euro OverNight Index Average), the unsecured interbank overnight rate, was -0.35%. Furthermore, the ongoing accumulation of overnight deposits benefited from the continued pronounced preference for liquidity among households, which saw their financial assets grow to €5.6 trillion by the end of the year. Aggregated across all banks, the share of total assets accounted for by overnight deposits held by domestic households has almost tripled since 2007 to 13%. This development played a major role in the considerable overall increase in the share of overnight deposits held by non-banks, which rose to almost one-quarter of total assets during this period.

Overview of the results of the 2017 low-interest-rate survey

Following two surveys in 2013 and 2015, the Bundesbank and the Federal Financial Supervisory Authority (BaFin) this year conducted a third survey among roughly 1,500 small and medium-sized German credit institutions that are directly overseen by national supervisors on their profitability and resilience in the low-interest-rate environment.

The aim of the survey was to gain a comprehensive insight into the profit outlook of German credit institutions and to identify at an early stage potential risks that might arise, above all, in a setting of persistently low interest rates. The survey results will be taken into account in future supervisory activities.

The first part of the survey was used to obtain the credit institutions' planning and forecast data as well as earnings simulations for five interest rate scenarios that were defined by the supervisors (constant interest rate level, positive interest rate shock, negative interest rate shock, inverse turn in the yield curve based on a static balance sheet assumption and negative interest rate shock based on a dynamic balance sheet assumption) over the period 2017 to 2021.

The evaluations show that the low-interest-rate environment continues to put German credit institutions under considerable strain, particularly those with business models that are predominantly reliant on interest income. All in all, the institutions expect to see a 9% drop in their profit for the financial year before tax by 2021. Based on planned balance sheet growth of around 10% over the same period, this corresponds to a 16% decline in their return on assets (profit for the financial year before tax as a share of total assets). In the previous survey, which was conducted in 2015, banks had anticipated a 25% decrease. The main drivers of the banks' current assessment are expectations of higher burdens arising from value adjustments as well as a marked decline in net interest income. Faced with ever-narrower margins in interest business, the institutions plan to increasingly tap alternative sources of income. For instance, net commission income is expected to make a significant contribution to stabilising their results in future. In addition, transfers to the fund for general banking risks are expected to decline over the planning horizon. Under the planning scenario, passing on negative interest rates on deposits is currently an option for only around one in four banks.

On the expenditure side, action is to be taken to keep the increase in administrative spending significantly below the expansion in total assets. But despite these efforts, banks expect the cost/income ratio to rise considerably over the planning horizon to 2021, from an average of 63% of late to 72%.

The simulations for the five interest rate scenarios defined by the supervisors show that a significantly sharper drop in results would have to be expected assuming a continuing or increasingly worsening low-interest-rate environment and an inverse turn in the yield curve while assuming a static balance sheet. On the whole, the return on assets (based on a static balance sheet assumption in each case) would fall by around 40%, and by as much as around 60% assuming a negative interest rate shock, although as many as around two out of three institutions stated that the pass-through of negative interest on deposits had already been factored into this scenario. Under the assumption of a positive interest rate shock, a slump in profits due to value adjustments would have to be expected in the short term. However, the original level would be exceeded by as much as 7% in the medium to long term because of the easing pressure on margins.

Once again, the survey was supplemented by a stress test covering not only interest rate risk but credit and market risk as well. The aim here was to test the credit institutions' resilience in a status quo scenario, taking into account additional stress factors such as an abrupt interest rate reversal, an increase in the number of defaults in the credit portfolio as well as a sudden rise in credit spreads or falling asset prices. Over a one-year stress horizon the aggregate Common Equity Tier 1 capital ratio would fall by just under 3 percentage points, from 16.24% at end-2016 to 13.29% at end-2017, the main drivers being value effects on interest-bearing positions as a result of rising interest rates and credit spreads. The European Central Bank will use the stress test results in Pillar 2 Guidance as part of the Supervisory Review and Evaluation Process (SREP) to determine the prudential target equity ratio. Institutions that are especially vulnerable are subjected to intensified supervision.

For the first time, the survey also gathered data on other side effects of the low-interest-rate environment. In this respect, the main focus was on residential mortgage lending and the development of credit standards.

In order to assess how a potential price correction in the housing market would affect banks' capital levels, a residential property stress test was conducted on the basis of the data collected.[1]

1 Further information on both the results of the low-interest-rate survey and the stress tests is available on the Bundesbank's website at http://www.bundesbank.de/Redaktion/EN/Pressemitteilungen/BBK/2017/2017_08_30_joint_press_release.html

Decline in market-based funding

The importance of market-based funding for German banks has been steadily declining over the past few years.[7] The favourable liquidity position and the ongoing targeted balance sheet reductions at capital market-oriented Landesbanken and mortgage banks were key factors in this. The downward trend did not continue in the reporting year, however, with negotiable debt securities still accounting for around 15% of total assets, as in the previous year. At €19.8 billion on balance, more debt securities were actually issued than redeemed in the long-term maturity segment (maturity of more than four years) for the first time since 2006. The yields on short-dated debt securities, which were negative throughout the year, are likely to have supported demand for bonds with longer residual maturity periods, the yields on which rebounded from the zero interest mark into clearly more positive territory, especially in the final quarter.

Massive increase in excess liquidity

The Eurosystem's extensive asset purchases as part of the APP were the chief cause of an increase in balances held with the central bank on the assets side of the banks' balance sheets. At the aggregate level, excess liquidity[8] thus saw a further strong rise and made up around 5% of the cumulative total assets of German banks at the end of the reporting year, amounting to just under €400 billion in the German banking sector. The banks' excess balances held with the central bank are remunerated at the deposit facility rate. Altogether, German banks paid €1.05 billion in negative interest on their excess liquidity held with the Bundesbank, which was four times the amount in the previous year.[9]

7 See also Deutsche Bundesbank, Structural developments in the German banking sector, Monthly Report, April 2015, pp 35-60.
8 Excess liquidity is the sum of the central bank balance exceeding the minimum reserves (excess reserves) and the deposit facility.
9 See also Deutsche Bundesbank, Annual Report 2016, p 77.

Major income and cost items for individual categories of banks in 2016p

As a percentage of operating income

Item	All categories of banks	Big banks	Regional banks	Landesbanken	Savings banks	Credit cooperatives	Mortgage banks	Building and loan associations	Banks with special, development and other central support tasks
Net interest income	71.2	62.1	65.5	74.8	76.4	76.5	101.9	92.1	73.4
Net commission income	23.3	33.4	24.2	12.1	23.5	21.1	– 2.8	– 18.5	17.5
Result from the trading portfolio	2.4	3.3	1.5	10.2	0.0	0.0	0.0	0.0	7.6
Other operating result	3.2	1.2	8.7	2.9	0.1	2.3	0.9	26.4	1.5
Operating income	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
General administrative spending	– 69.2	– 81.4	– 64.2	– 63.5	– 67.8	– 66.6	– 61.0	– 66.2	– 56.4
of which									
Staff costs	– 34.9	– 34.3	– 28.0	– 28.6	– 42.4	– 39.9	– 26.7	– 25.5	– 26.7
Other administrative spending	– 34.4	– 47.0	– 36.2	– 34.9	– 25.3	– 26.6	– 34.3	– 40.7	– 29.8
Result from the valuation of assets	– 6.9	– 12.4	– 4.5	– 37.0	3.5	0.4	– 7.4	0.8	– 12.9
Other and extraordinary result	– 2.2	3.5	– 15.4	– 5.0	– 1.3	1.7	2.5	– 1.9	– 0.4
Memo item Profit or loss (–) for the financial year before tax	21.7	9.7	15.9	– 5.5	34.4	35.5	34.2	32.8	30.3
Taxes on income and earnings	– 6.1	– 2.7	– 4.7	– 5.0	– 9.9	– 9.7	– 8.3	– 5.9	– 0.6
Profit or loss (–) for the financial year after tax	15.6	7.0	11.2	– 10.5	24.5	25.9	25.9	26.9	29.7

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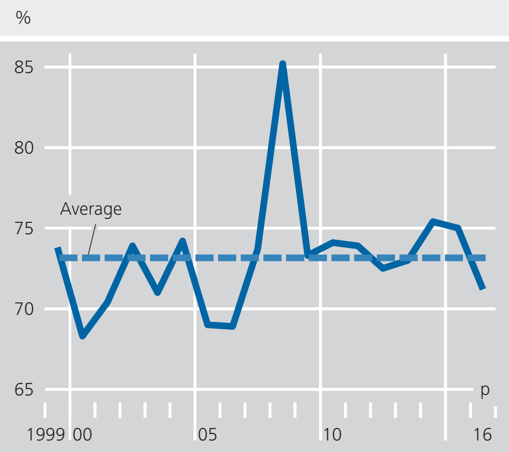
Negative interest rates increasingly passed on

Negative interest rates on asset items are one aspect of the debate surrounding credit institutions' diminishing earnings potential. These are increasingly counterbalanced by interest received from liability items, however. Therefore, it only makes sense to perform an overall analysis. To this end, the annual reports of 30 banks, which were already examined to discern the impact of the adjustment to the measurement of pension obligations, were also reviewed for information on positive and negative interest. According to the reports, these credit institutions paid €1.55 billion in interest on asset-side items in the reporting year (after €0.61 billion in the previous year) and received €1.29 billion in interest on liability-side items (after €0.42 billion in the previous year). These were mainly liabilities to banks and institutional depositors. Since the larger amounts affected the income and expenditure sides in nearly equal measure, the resulting net expense of €0.27 billion was only €0.09 billion higher than in the previous year. The result was unevenly distributed, however: 11 banks recorded net income of €0.13 billion in total, one bank reported equal amounts of positive and negative interest, and 18 banks posted a total net expense of €0.40 billion.

Net interest income of German banks as a share of operating income



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Further flattening of the yield curve

The Eurosystem's ongoing expansionary monetary policy stance and the high volume of asset purchases again drove down the low interest rate level in the money market and capital market. The very flat German yield curve[10] thus shifted even more clearly into negative territory over the course of the year. Thus far, however, the zero lower bound necessitated by business policy and competition has prevented the negative interest rate level from being passed through on a broad scale – particularly for deposits held by the private non-financial sector. According to the harmonised MFI interest rate statistics, the interest rate on the overnight deposits of domestic households only fell by 0.05 percentage point to 0.07% over the course of the year, while the rate for new long-term loans to households for house purchase decreased more distinctly over the same period, dropping by 0.32 percentage point to 1.73%. This put increasing pressure on margins at the savings banks and credit cooperatives, in particular, which have business models geared towards traditional lending business and maturity transformation and where overnight deposits of domestic households as well as long-term loans for house purchase account for a much greater share of total assets than in most other categories of banks, at around 30% each.

Increase in balance sheet maturity transformation

The shortening of maturities on the liabilities side associated with the growing concentration on overnight deposit products meant that more and more loans with long interest rate lock-in periods were financed on a very short-term basis. Aggregated across all banks, the share of long-term loans to non-banks has grown only slightly since 2007, to 30% of total assets, while in the same period the share of overnight deposits held by non-banks has doubled to just under one-quarter of total assets. For the primary institutions, the share of long-term loans to non-banks has risen by 7 percentage points to 58% in the savings bank sector and by 6 percentage points to 55% in the cooperative bank sector since 2007. In contrast to this, the volume of overnight deposits held by non-banks doubled in the same period to account for almost half of total assets. All other things being equal, this balance sheet structure may give rise to heightened liquidity and interest rate risk, but also to higher earnings owing to the greater contribution of maturity transformation.[11]

Interest margin virtually unchanged

The declining trading portfolio volume in the big banks sector, the continued balance sheet reduction at the Landesbanken, and the winding-up of a major mortgage bank were the main factors behind the decrease in total assets in these three categories of banks. In the other categories, business expansions led to an increase. The aggregate total assets across all categories of banks contracted on balance by 2.9% to €8.4 trillion. The interest margin, calculated as the ratio of net interest income to total assets, shrank marginally to 1.09%.[12] The interest margin in the narrower sense, which is the ratio of net interest income from interest-

10 Interest rates for (hypothetical) zero-coupon bonds with no default risk and with a residual maturity of between two and ten years, estimated on the basis of the prices of Federal bonds (Bunds), five-year Federal notes (Bobls) and Federal Treasury notes (Schätze).
11 See also Deutsche Bundesbank, Increased risks in the banking sector, Financial Stability Review 2016, pp 31-48.
12 The interest margin adjusted for low-margin interbank business was, at 1.39%, slightly lower than the prior-year level.

Structural data on German credit institutions

End of year

Category of banks	Number of institutions[1]			Number of branches[1]			Number of employees[2]		
	2014	2015	2016p	2014	2015	2016p	2014	2015	2016p
All categories of banks	1,830	1,793	1,724	35,264	34,001	31,974	639,050	626,337	608,399
Commercial banks	295	287	280	9,954	9,697	9,406	[3] 171,200	[3] 169,250	[3] 166,050
Big banks	4	4	4	7,443	7,240	7,005	.	.	.
Regional banks	176	171	166	2,363	2,312	2,245	.	.	.
Branches of foreign banks	115	112	110	148	145	156	.	.	.
Landesbanken	9	9	9	408	402	384	33,500	32,600	31,800
Savings banks	416	413	403	11,951	11,459	10,555	240,100	233,700	224,700
Credit cooperatives	1,050	1,025	975	11,269	10,822	10,156	[4] 158,700	[4] 155,300	[4] 151,050
Mortgage banks	17	16	15	48	49	36	.	.	.
Building and loan associations	21	21	20	1,598	1,536	1,400	[5] 14,000	[5] 13,650	[5] 13,550
Banks with special, development and other central support tasks[6]	22	22	22	36	36	37	[7] 21,550	[7] 21,837	[7] 21,249

1 Source: Bank office statistics, in Deutsche Bundesbank, Banking statistics, Statistical Supplement 1 to the Monthly Report, 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** Number of full-time and part-time employees excluding Deutsche Bundesbank. Sources: data provided by associations and Bundesbank calculations. **3** Employees in private banking, including mortgage banks established under private law. **4** Only employees whose primary occupation is in banking. **5** Only office-based employees. **6** The categories "Special purpose banks" and "Regional institutions of credit cooperatives" listed separately in previous publications have been merged under "Banks with special, development and other central support tasks". **7** Employees at public mortgage banks (mortgage banks established under public law) and banks with special, development and other central support tasks established under public law.

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related business to interest-bearing assets,[13] also fell just slightly, to 1.52%. For the primary institutions, in particular, where traditional deposit and lending business play a major role, the development of interest margins can provide a key indication of their general profitability. In these categories of banks, interest-bearing assets account for around 80% of total assets, a much higher share than for most of the other categories. Because of their business model, which focuses on traditional lending business and maturity transformation, the primary institutions have the highest interest margins of all the categories of banks. As a result of the low-interest-rate environment and competition, margins in both categories of banks have been contracting for years. In the reporting year, they stood at 1.96% in the savings bank sector and 1.99% in the cooperative bank sector, falling short of the 2% threshold for the first time since the introduction of the profit and loss statistics, and also standing far below their prior-year levels of 2.06% and 2.14% respectively. In the narrower sense, too, interest margins were distinctly down.

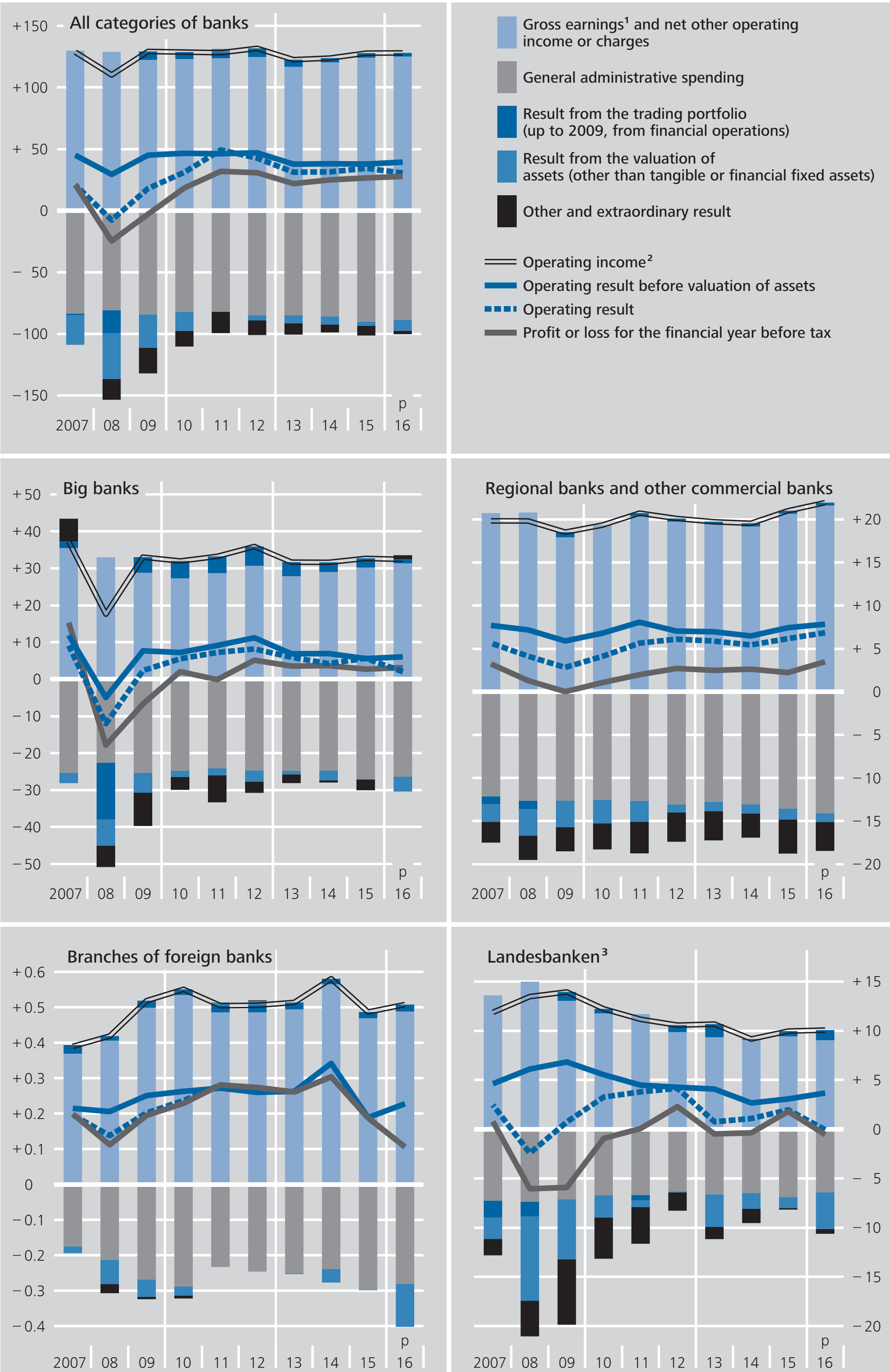
Persistent upward trend in loans for house purchase

The structural decline in lending that was feared in the run-up to the transposition into national law of the Mortgage Credit Directive was not observed in the aggregate. Loans to households for house purchase, with an annual growth rate of 3.7%, were again the main driver of the marked increase in the volume of loans to households. This growth was supported by stable consumer confidence as well as by the extremely favourable funding costs. On the back of renewed price rises for residential properties, households' high stocks of financial assets are likely to have prevented an even larger increase in the volume of loans for house purchase.

13 Interest-bearing assets equal the sum of loans to non-banks and of debt securities and other fixed-income securities. They make up around 60% of aggregate total assets across all banks.

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

€ billion, the charts below use different scales



1 Sum of net interest income and net commission income. **2** Gross earnings plus result from the trading portfolio (up to 2009, from financial operations) and net other operating income or charges. **3** From 2012, Portigon AG (legal successor of WestLB) allocated to the category of "Banks with special, development and other central support tasks".

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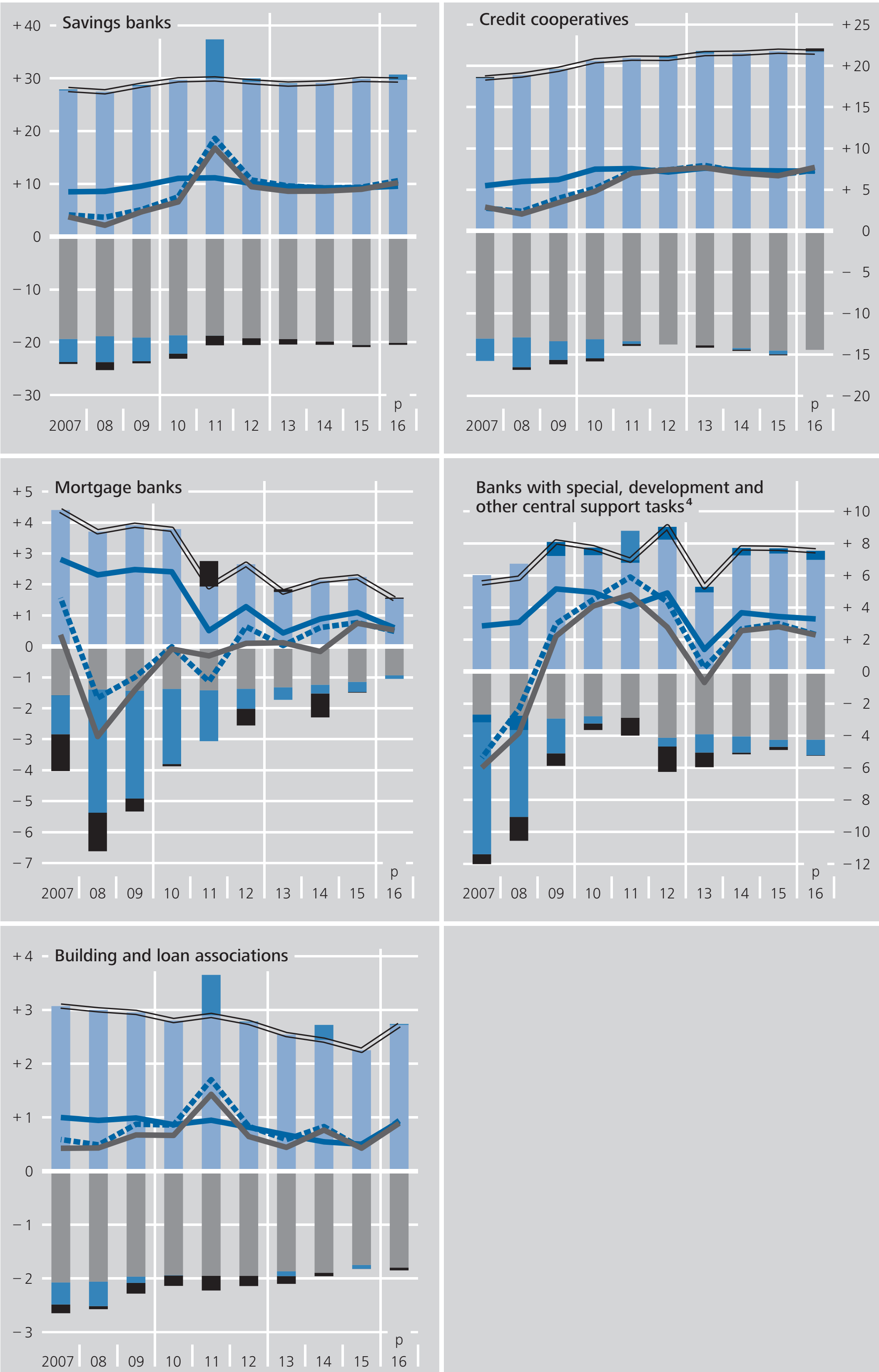
€ billion, the charts below use different scales



4 The categories "Special purpose banks" and "Regional institutions of credit cooperatives" listed separately in previous publications have been merged under "Banks with special, development and other central support tasks".

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Marked increase in loans to enterprises

Lending business with domestic non-financial corporations also saw a marked expansion, with an annual growth rate of 2.5%. The largest growth by far was recorded in the long-term maturity segment. Crucial factors in this are likely to have been the exceptionally low interest rates charged on these loans coupled with the underlying positive economic expectations. Nonetheless, the upward trend in loans to enterprises was dampened by industrial investment, which remains muted, and by the use of alternative sources of funding, particularly enterprises' own funds.

Net interest income, by category of banks

Net interest income declining in the big banks sector …

In the globally active big banks sector, current income and income from profit transfers, which in total makes up almost half of net interest income on a long-term average, are traditionally more relevant to operating business than in the other categories of banks. As against the previous year, this contribution decreased by a little more than one-quarter to €7.4 billion. The net result from interest-bearing business, on the other hand, benefited from the positive one-off effect stemming from the adjustment to the measurement of pension obligations at one big bank, rising by 4.5% to €12.7 billion. Overall, the net interest income of big banks fell by 9.1% to €20.1 billion (62.1% of operating income).

… as well as in the Landesbank sector and at mortgage banks

In the Landesbank sector, which is affected by restructuring measures, the decline in net interest income by 8.4% to €7.5 billion (74.8% of operating income) was primarily due to the continued balance sheet reduction. At 0.77%, the interest margin was slightly higher than the previous year's level. At the mortgage banks, net interest income, which had benefited from one-off effects at one bank in the previous year, shrank by almost one-third to €1.6 billion. With total assets down by nearly one-quarter, the contraction of the interest margin to 0.54% was thus comparatively moderate. Since net interest income is virtually the only source of income for mortgage banks owing to their specialised business model, its share in operating income slightly exceeded the 100% mark because of the negative net commission income.

Rising pressure on earnings for banks with deposit-based funding

The primary institutions, which have so far been able to stabilise their net interest income by increasing their lending volumes and maturities, recorded significant decreases. In the savings bank sector, net interest income shrank by 2.7% to €22.7 billion (76.4% of operating income) and in the cooperative bank sector it was down by 2.9% to €16.6 billion (76.5% of operating income). As previously mentioned, their interest margins were below 2% for the first time. Mainly as a result of an improved net result from current income and income from profit transfers, the regional banks and other commercial banks increased their net interest income by 3.9% to €14.4 billion (65.5% of operating income). On the back of significantly expanded total assets, the interest margin in this category of banks, which is also heavily dependent on deposit funding, dropped slightly to 1.52%. Given their specialised business model, the net interest income of building and loan associations fell by 11.9% to €2.5 billion (92.1% of operating income), reaching a new historic low. With total assets marginally higher, the interest margin narrowed distinctly to 1.16%.

Commission margin stable

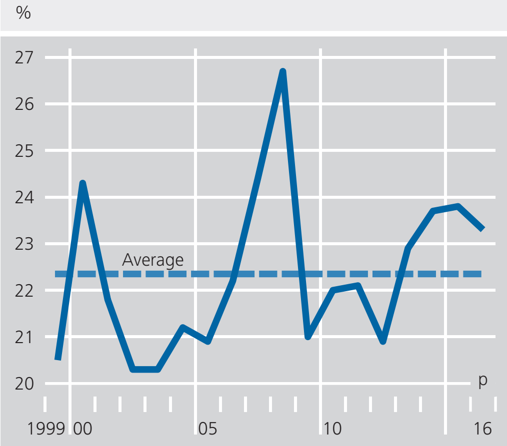
Ratio of commission income to total assets still stable

Net commission income particularly comprises fees for giro transactions and payments as well as for securities and safe custody business, and remuneration for brokerage activities relating to loan contracts, savings agreements, savings and loan agreements, and insurance contracts. Accounting for 22.3% of operating income on a long-term average, it is the second most important source of income, after net interest income, in operating business, and has the effect of stabilising earnings in the low-interest-rate environment. More and more banks are downsizing their offering of free services, especially those concerning payments and account management, in pursuit of fair and proportional pricing. Depending on the business model, however, the areas of activity, the scale and the nature of commission-related business differ significantly. Driven by the marked decline in the big banks sector, net commission income aggregated across all banks decreased by 2.3% to €29.8 billion (23.3% of operating income). However, the commission margin, calculated as the ratio of net commission income to total assets, marginally exceeded the prior-year figure and, at 0.36%, matched the long-term average.

Net commission income, by category of banks

The relevance of net commission income to operating business has steadily increased over recent years, especially among primary institutions. In the reporting year, net commission income rose only slightly in the savings bank sector, however, to €7.0 billion (23.5% of operating income) and remained steady at the previous year's level in the cooperative bank sector, at €4.6 billion (21.1% of operating income). In the Landesbank sector, net commission income improved by almost one-quarter to €1.2 billion (12.1% of operating income). This was essentially due to the marked decline in expenses for the provision of government guarantees for one Landesbank. As for big banks which have a heavy business focus on the international capital markets and generated just over 36% of net commission income aggregated across all categories of banks, their net commission result fell by 8.0% to €10.8 billion (33.4% of operating income). This was mainly due to negative developments in lending and securities business and to a one-off factor at one big bank in connection with the remuneration of services within the bank's group. For building and loan associations, the lower levels of new business were a key factor in the drop in the structurally negative net commission income by 14.8% to €0.5 billion. Unlike most other categories of banks, building and loan associations hardly receive any commission income, but primarily book commissions paid for contracts concluded and brokerage by distribution partners.

Net commission income of German banks as a share of operating income



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Trading result well below the previous year's level

Volatile income component

The trading result, which declined by €0.7 billion in the reporting year to €3.0 billion, is a highly volatile income component with (in the long-term average) a relatively low share of operating income of just 2.7%. According to the published annual reports, the trading result does not stem from proprietary trading originating in the institutions but rather primarily from business on behalf of customers. It is predominantly big banks and Landesbank that generate profit contributions in this case. While the trading result in the Landesbank sector almost doubled to €1.0 billion, it dropped by more than half to €1.1 billion in the big banks sector.

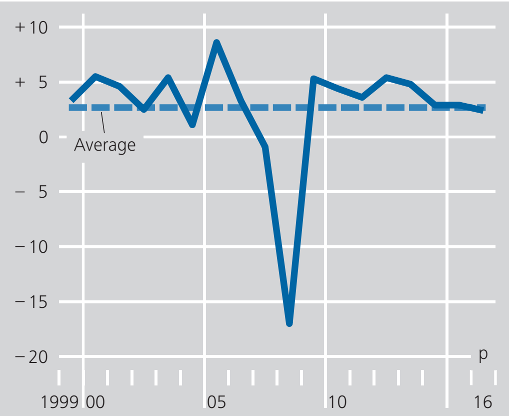
Other operating result favoured by one-off factors

One-off factors bolster income

The other operating result is a summary item used to record income and charges from operating business that have no connection to the net interest, commission or trading result. In

Net trading result of German banks as a share of operating income

%



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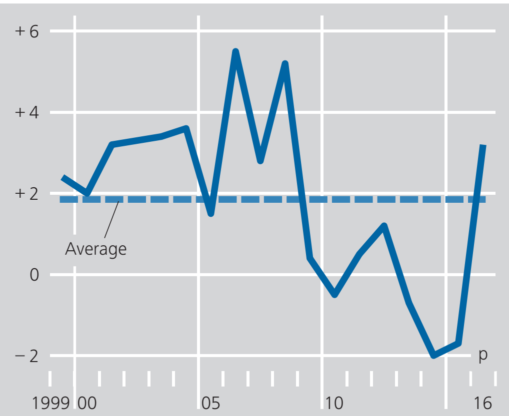
Net other operating result as a share of operating income

%



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past years, income had been strongly reduced mainly by provisions for litigation and recourse risks as well as the costs of allocation to pension obligations, which had steadily risen in the prevailing low-interest-rate environment This changed in the reporting year. The other operating result improved significantly from -€2.2 billion to €4.1 billion and almost reached double its long-term average, with a 3.2% share of operating income. Key factors behind this were the €2.8 billion lower expenses in connection with one big bank's legal disputes and the positive one-off effect of the legislative amendment in the valuation of pension obligations, which benefited all categories of banks. In addition, the reported withdrawals from the fund required by the building and loan association rules (*Fonds zur bauspartechnischen Absicherung,* FbtA) increased income by €0.6 billion. Building and loan associations took advantage of the greater flexibility regarding the use of this fund ushered in by the amended Building and Loan Associations Act *(Bausparkassengesetz)* and the Regulation concerning Building and Loan Associations *(Bausparkassen-Verordnung)* that came into force at the end of 2015.[14] The original purpose of the FbtA was to ensure consistent waiting times, to be kept as short as possible, between the start of the home loan savings agreement and its allocation, even in times when liquidity is scarce for lack of new deposits with building and loan associations. The amendment to the legislation means that withdrawals can also be made from the FbtA to offset falling income in the current low-interest-rate environment. In the context of profit appropriation, these amounts were largely transferred to the fund for general banking risks to help strengthen the balance sheet capital base (total equity).

Other operating result, by category of banks

Big banks' other operating result, which had had a strongly negative balance for years, improved significantly by €4.1 billion, moving into positive territory at €0.4 billion. Building and loan associations stepped up their result from €0.0 billion to €0.7 billion, thereby reaching by far the highest value in the reporting year since 1999. The improvement for savings banks by €0.3 billion, edging just into positive territory, and for credit cooperatives by €0.4 billion to €0.5 billion are likely related chiefly to the one-off effect that arose from the valuation adjustment of pension obligations.

14 See also Deutsche Bundesbank, The effects of the low-interest-rate environment on building and loan associations, Monthly Report, September 2016, pp 64-66.

Administrative spending down slightly

Administrative spending declining

The banks' cost side is largely determined by administrative spending, which comprises staff costs and other administrative spending.[15] Total administrative spending fell slightly by 1.5% to €88.7 billion only as a consequence of declining staff costs. The ratio to total assets was slightly above the long-term average, at 1.06%.

Decline in spending on pension obligations

Staff costs, which not only include wage and salary payments but also social security contributions and operating expenses for pensions, decreased by 3.1% to €44.6 billion. This mainly affected the cost item for pension obligations, which dropped by 27.7% to €2.7 billion as a result of the positive one-off effect stemming from the amended measurement approach. These expenses were down by around one-third for primary institutions, building and loan associations and for regional and other commercial banks, whereas in the Landesbank sector they even plummeted by almost 90% to just €0.1 billion. By contrast, big banks doubled their transfers by €0.5 billion to €1.0 billion while reducing their wage and salary payments by €0.8 billion to €8.9 billion.

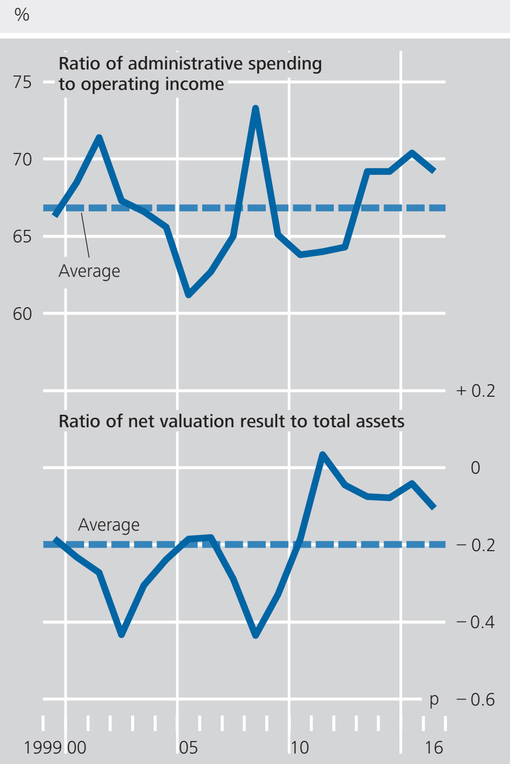
Wages and salaries down moderately

Concomitant with a renewed drop in the number of employees in the banking sector and moderate rises in pay agreements, wage and salary payments (including variable components) were down slightly by €0.4 billion to €36.1 billion. The significant decline in the big banks sector and for mortgage banks was by and large offset by the mostly small increases for other categories of banks.

Other administrative spending at previous year's level

Other administrative spending includes not only the costs of maintaining the branch network and the bank levy but also non-staff costs as well as expenditure on external services such as legal, auditing and consultancy costs and the costs of IT services. This spending stood at the previous year's level at €44 billion. The reduction in the number of branches that has been underway for years appears to have had only a limited cost-reducing effect for primary institutions in particular. The successes already achieved here from savings and synergy effects are likely to have been offset partly by increased investment needs for IT infrastructure and security in connection with the launch of new online banking services. In the savings bank sector, other administrative spending narrowed slightly to €7.5 billion, while there was a marginal increase in the cooperative bank sector to €5.8 billion. The ratio to total assets was somewhat more favourable than in the previous year for both categories of banks. The decrease in spending in the big banks sector, which was predominantly caused by the lower charges from the group accounts for one bank, contrasted with an increase in spending for Landesbanken as well as for regional and other commercial banks.

Administrative spending and net valuation result of German banks



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15 Including depreciation of and value adjustments to tangible and intangible assets, but excluding depreciation of and value adjustments to assets leased.

Cost/income ratios, by category of banks

%

Category of banks	General administrative spending in relation to … 2014	2015	2016p
	… gross earnings[1]		
All categories of banks	69.9	71.3	73.3
Commercial banks	74.4	76.4	79.9
Big banks	77.6	79.9	85.2
Regional banks and other commercial banks	69.7	70.3	71.6
Branches of foreign banks	49.4	73.6	74.7
Landesbanken	71.5	74.7	73.1
Savings banks	67.0	68.3	67.8
Credit cooperatives	66.4	67.0	68.2
Mortgage banks	61.4	51.3	61.6
Building and loan associations	76.0	77.7	89.9
Banks with special, development and other central support tasks[3]	58.0	58.2	62.1
	… operating income[2]		
All categories of banks	69.2	70.4	69.2
Commercial banks	73.4	75.6	74.3
Big banks	78.1	82.9	81.4
Regional banks and other commercial banks	66.9	64.6	64.2
Branches of foreign banks	41.1	61.2	55.1
Landesbanken	70.9	69.1	63.5
Savings banks	68.3	68.9	67.8
Credit cooperatives	65.9	66.6	66.6
Mortgage banks	58.4	51.2	61.0
Building and loan associations	77.7	77.8	66.2
Banks with special, development and other central support tasks[3]	52.4	55.4	56.4

1 Sum of net interest income and net commission income. **2** Gross earnings plus result from the trading portfolio and other operating result. **3** The categories “Special purpose banks” and “Regional institutions of credit cooperatives” listed separately in previous publications have been merged under “Banks with special, development and other central support tasks”.
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Slight improvement in cost/income ratio

The cost/income ratio, calculated as the ratio of administrative spending to operating income, can provide an important indication of how cost effective a company is. The lower this ratio, the more operating income is left over after deducting administrative spending, ie the more efficiently the company has been operating. In the reporting year, the efficiency of the German banking sector measured in this manner improved by 1.2 percentage points to 69.2%. This reduced administrative spending used to generate €100 of operating income by €1.20. German banks continue to have a very high cost/income ratio compared to its long-term average, and also by international standards, however.

Cost/income ratio, by category of banks

For years, big banks have been among the categories of banks with the lowest cost efficiency. Since administrative spending fell more strongly than operating income, the cost/income ratio of 81.4% was somewhat lower than the previous year, though it did still exceed the long-term average for this category of banks. With lower operating income and administrative spending, savings banks and credit cooperatives hovered within the usual range at 67.8% and 66.6% respectively. The Landesbanken improved their cost efficiency on the back of a rise in operating income and a drop in administrative spending, reducing their cost/income ratio to 63.5%. They were still far off the much more favourable long-term average, however. As a result of negative one-off factors, the cost/income ratio increased significantly for mortgage banks to 61% compared both to the previous year and to the long-term average.

Net transfers to risk provisions expanded considerably

Definition of the result from the valuation of assets

The net valuation result comprises the effects of value adjustments, write-ups and write-downs on accounts receivable and securities in the liquidity reserve. In addition, income and charges in connection with transfers from and to loan-loss provisions[16] are taken into account, as are transfers and releases relating to undisclosed reserves pursuant to section 340f of the German Commercial Code. The net valuation result makes use of the cross-offsetting option[17] permissible under the German Commercial Code. Reallocations within the fund for

16 This applies to risk provisioning for off-balance-sheet operations, such as loan commitments and contingent liabilities.
17 Pursuant to section 340f (3) of the German Commercial Code, under the cross-offsetting option, income received and expenses incurred in connection with credit operations and securities in the liquidity reserve that do not constitute interest received, interest paid or current income may be reported as a net figure.

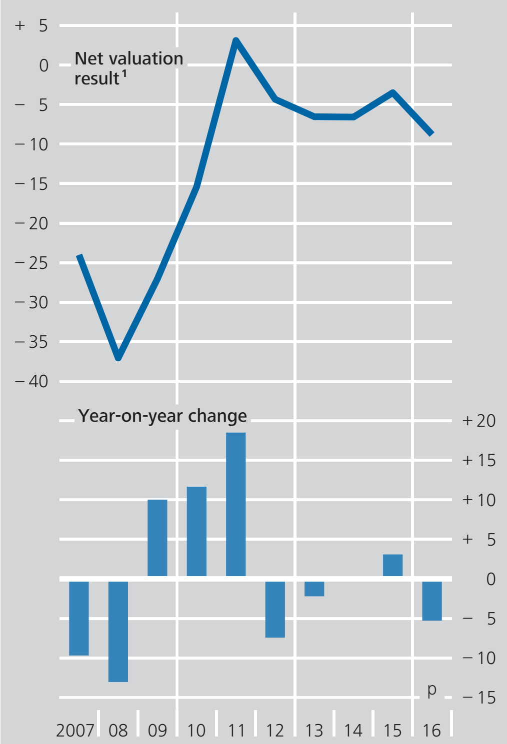
general banking risks pursuant to section 340g of the German Commercial Code are not recorded in the profit and loss account, but are recognised only in the context of profit appropriation as part of the present profit and loss analysis.

Negative impact of the shipping crisis on credit reserves

The net valuation result departed from its historically favourable level, deteriorating by €5.3 billion to -€8.8 billion. In terms of the ratio to total assets, at -0.11% it was nevertheless still notably better than the long-term average. The level of heterogeneity between and even within bank categories was very large in some cases. The difficult market situation for shipping loans[18] prompted very high write-downs, especially for certain big banks and Landesbanken. Following a marginal net income in the previous year, the big banks sector's net valuation result flipped to a net loss of -€4.0 billion. Its ratio to total assets fell to -0.16%, thereby once again reaching the long-term average for this category of banks. Landesbanken transferred €3.7 billion to their credit risk provisions, more than three times the previous year's amount. With a ratio to total assets of -0.38%, they occupied last place among all of the categories of banks and performed significantly worse than their long-term average. In the case of mortgage banks, the improvement in the net valuation result by €0.2 billion to -€0.1 billion was primarily linked to the exclusion of one liquidated bank. At -0.04%, the ratio to total assets was several times more favourable than the long-term average for this category of banks. The primary institutions that focus their business chiefly on lending to households benefited from the positive economic conditions and the low risk provisioning in the private banking business. Because the income from the liquidation of value adjustments was again higher than the depreciation charge, savings banks recorded a positive net valuation result for the sixth time in succession (€1.0 billion), which was also more than 11 times higher than the previous year. The net valuation result for credit cooperatives improved from -€0.5 billion to €0.1 billion. The marginal positive net valuation result of €0.02 billion for building and loan associations largely resulted from one institution's valuation gains.

Risk provisioning of credit institutions

€ billion



1 Excluding investment in tangible and financial fixed assets.
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Declining operating result

Lower operating result

Aggregated across all banks, the operating result after valuation of assets (operating result) narrowed by €3.8 billion to €30.6 billion. The ratio to total assets, which were likewise down, was nevertheless only slightly lower at 0.37%. Compared to other categories of banks, Landesbanken had the lowest operating result. Owing to the extremely high net valuation charges, its operating result even moved slightly into negative territory. The operating result in the big banks sector experienced a massive

18 This is also mirrored in the receivables volume from corporate insolvencies in the shipping industry, which has skyrocketed. See also Federal Statistical Office, Unternehmen und Arbeitsstätten, Fachserie 2, Reihe 4.1, Insolvenzverfahren Dezember und Jahr 2013.

Breakdown of the extraordinary profit and loss

€ million

Item	2014	2015	2016p
Other and extraordinary result	– 6,510	– 7,791	– 2,803
Income (total)	2,905	3,549	8,345
Value adjustments in respect of participating interests, shares in affiliated enterprises, and securities treated as fixed assets	1,735	1,905	3,445
from loss transfers	374	1,101	39
Extraordinary income	796	543	4,861
Charges (total)	– 9,415	– 11,340	– 11,148
Write-offs and write-downs in respect of participating interests, shares in affiliated enterprises, and securities treated as fixed assets	– 3,464	– 3,579	– 3,716
from loss transfers	– 609	– 1,213	– 914
Extraordinary charges	– 1,478	– 2,471	– 1,798
Profits transferred under profit pooling, a profit transfer agreement or a partial profit transfer agreement	– 3,864	– 4,077	– 4,720

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downturn at €2.0 billion, reaching just over one-third of the previous year's value. Measured in terms of their total assets, big banks achieved second-to-last place among the categories of banks, with 0.08%. Primary institutions benefited from the extremely favourable growth in the valuation result and significantly increased their operating result. The ratio of operating result to total assets was therefore once again substantially better for savings banks at 0.92% and credit cooperatives at 0.88% than for all other categories of banks.

Extraordinary account negative balance significantly reduced

Improvement caused by one-off factor

The balance shown in the other and extraordinary account comprises not only the extraordinary profit or loss in the stricter sense[19] but also the result from financial investment business[20] as well as loss transfers. Furthermore, charges arising from profit transfers are recorded here,[21] as they cannot be assigned to actual operating business. Overall, the structurally negative balance was reduced by €5.0 billion to €2.8 billion. This improvement was mainly due to the gain from the complete liquidation of a mortgage bank, recorded as extraordinary income, which strengthened the parent company in the big banks sector with €3.9 billion. Big banks thus reported a positive balance again for the first time since 2007. The

19 Only extraordinary events which interrupt the normal financial year are recorded in this item. This includes merger gains and losses, reorganisation gains and losses, debt forgiveness in restructurings as well as charges for redundancy programmes and restructuring.
20 Financial investment business comprises the balance of income from value readjustments in respect of participating interests, shares in affiliated enterprises and securities treated as fixed assets as well as write-downs and value adjustments in respect of these items.
21 This relates to charges from profits transferred under profit pooling, a profit transfer agreement or a partial profit transfer agreement. By contrast, income from profit transfers is reported under net interest income; the assumption is that they are part of the business strategy and hence of operating business.

more than triple expansion of the Landesbanken deficit to €0.5 billion was primarily attributable to one large Landesbank write-down on a subsidiary also from the Landesbanken category. Both Landesbanken have been heavily affected by the negative effects of the ongoing shipping crisis.

Marked improvement in profit for the financial year before tax

Uneven developments across categories of banks

Largely shaped by positive one-off effects stemming from operating business and the extraordinary account, the aggregated profit for the financial year before tax was up by 4.6% to €27.8 billion despite a significant increase in risk provisioning. Developments were mixed across all categories of banks. The big banks sector experienced an improvement in profit for the financial year before tax by 16.1% to €3.1 billion. On account of the extremely favourable development in the net valuation result, profit for the financial year before tax also increased by 15.2% to €7.7 billion for credit cooperatives and by 13.8% to €10.2 billion for savings banks. Thus, both categories again exceeded their long-term averages considerably. In the case of building and loan associations, the one-off accounting factor in the other operating result was a key driver in more than doubling the profit for the financial year before tax to €0.9 billion. Mortgage banks recorded a profit for the financial year of €0.5 billion, a reduction of more than one-third. Of the nine Landesbanken, seven recorded profits for the financial year before tax totalling €2.1 billion. However, they were more than offset by the extremely high losses for the financial year before tax of €2.7 billion recorded by two of the Landesbanken particularly affected by the shipping crisis. Consequently, the result at the category level tumbled from €1.8 billion to -€0.5 billion.

Appropriation of profit for the financial year

Large transfers to the fund for general banking risks once again

After deducting €7.8 billion taxes on income and the net loss brought forward of €4.2 billion, which mainly focused on individual banks with special, development and other central support tasks, individual mortgage banks and regional and other commercial banks, this left on balance a profit for the financial year of €15.8 billion. In order to hedge against the special risks of banking business and to further increase regulatory equity capital, €10.8 billion net (compared with €7.3 billion in the previous year) was transferred to the fund for general banking risks. Primary institutions in particular strengthened their capital positions (total equity). As in previous years, the savings bank sector (€5.4 billion) and the cooperative bank sector (€3.6 billion) transferred most of their net profit for the financial year to this fund. Reserves were increased by €0.6 billion net. The balance sheet capital (total equity) from the profit for the financial year aggregated across all banks was therefore topped up by €11.4 billion net, with gross capital injections of €16.7 billion compared with high withdrawals of €5.3 billion.[22] This mainly related to one big bank and two Landesbanken.

Equity and profitability

Strengthened balance sheet capital base

Since 2007, German banks have strengthened their balance sheet capital base (total equity) (including the fund for general banking risks) by around 46% to €466 billion. The equity ratio, calculated as the ratio of total equity to total assets, increased during this period from 3.8% to 5.6%.

22 When interpreting the information on total equity, it should be borne in mind that the amounts transferred from the profit for the respective financial year do not increase balance sheet capital until the year after the annual accounts are adopted, while withdrawals from equity items are to be deducted from balance sheet capital at the latest when the annual accounts are prepared.

Return on assets of individual categories of banks*

%

Category of banks	2012		2013		2014		2015		2016p	
All categories of banks	7.80	(5.58)	5.28	(3.51)	5.72	(3.98)	5.82	(3.97)	5.97	(4.29)
Commercial banks	6.55	(3.68)	4.96	(3.54)	4.80	(3.51)	3.54	(2.18)	4.52	(3.21)
of which										
Big banks	6.65	(2.91)	4.58	(3.24)	4.33	(3.16)	3.01	(1.81)	3.45	(2.50)
Regional banks and other commercial banks	6.08	(4.75)	5.27	(3.81)	5.22	(3.89)	4.22	(2.71)	6.30	(4.45)
Landesbanken	3.91	(2.77)	– 0.80	(– 1.58)	– 0.63	(– 1.50)	3.27	(1.89)	– 1.02	(– 1.95)
Savings banks	12.96	(9.32)	10.61	(7.33)	9.94	(6.72)	9.68	(6.54)	10.41	(7.41)
Credit cooperatives	15.71	(11.50)	14.75	(10.98)	12.22	(8.59)	10.74	(7.36)	11.53	(8.40)
Mortgage banks	0.58	(0.46)	0.73	(0.18)	– 1.03	(– 1.67)	4.94	(4.29)	5.54	(4.20)
Building and loan associations	7.65	(5.60)	4.97	(2.78)	8.43	(5.61)	4.49	(3.66)	8.87	(7.28)

* Profit for the financial year before tax (in brackets: after tax) as a percentage of the average equity as shown in the balance sheet (including the fund for general banking risks, but excluding participation rights capital).

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Equity by category of banks

As a result of the exclusion of a liquidated bank from the category of mortgage banks, this category's capital base fell by almost 40% (€5.6 billion) to just €9.5 billion. The balance sheet equity ratio narrowed considerably to 3.3% as total assets declined at the same time. This ratio is the lowest among the categories of banks. At €54.0 billion, the balance sheet capital (total equity) for Landesbanken was somewhat lower than the previous year. However, the equity ratio improved noticeably to 5.5% due to decreasing total assets. All other categories of banks stepped up their balance sheet capital. Big banks improved their balance sheet equity ratio slightly to 3.5%, though compared with the other categories, their equity ratio is still low. Since the start of the financial crisis, big banks have thus barely reduced their level of debt. With an equity ratio of 8.5% for savings banks and 8.0% for credit cooperatives, primary institutions again had a better equity position compared with other categories.

Improved return on assets

The return on assets is the ratio of profit for the financial year before tax to average total assets, documenting profitability per €100 of assets. This measure improved for the entire German banking system for the third time in succession by 0.02 percentage point to 0.33%. The return on assets only fell for Landesbanken, banks with special, development and other central support tasks and mortgage banks. Savings banks and credit cooperatives recorded the highest profitability levels in the German banking sector with ratios of 0.89% and 0.92% respectively. Mortgage banks (0.18%), big banks (0.12%) and Landesbanken (-0.06%) had the lowest profitability among the categories of banks.

Returns on assets compared at institution level

As one-off factors affect banks in isolated cases, it makes sense to look at the return on assets for individual banks separately within specific categories of banks. Excluding the return on assets of one big bank that has significantly benefited from one-off factors, for example, would considerably reduce the average value of the big banks sector. Omitting the two Landesbanken most affected by the shipping crisis would push the average return on assets of Landesbanken noticeably into positive territory. In the small mortgage bank category, the return on assets of individual banks differed markedly from the average in some cases, indicating an extremely heterogeneous profit situation within this category. On the other hand, returns on assets were all close to the average for primary institutions. In the case of savings banks, 80% of all returns on assets hovered between 0.4% and 1.3%, and between 0.6% and 1.4% for credit cooperatives, confirming the high level of homogeneity in both categories.

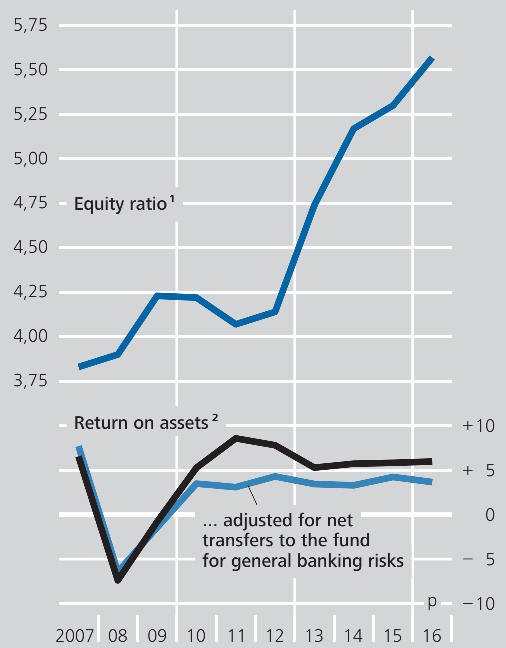
Balance sheet profit

Increased balance sheet profit

On balance, German banks increased their balance sheet profit by almost two-thirds to €4.4 billion. This was principally due to one major bank's withdrawals of €3 billion from its balance sheet capital (total equity) for transfer to the foreign parent company. The big banks sector's balance sheet profit therefore almost tripled to €4.2 billion. As the two Landesbanken that were severely affected by the shipping crisis only offset just over half their enormous losses for the financial year by withdrawing €1.4 billion from the fund for general banking risks and the other Landesbanken transferred most of their profits for the financial year (€1.3 billion) to their balance sheet capital (total equity), the balance sheet profit for the Landesbank sector declined substantially from €0.5 billion to -€0.9 billion. As for savings banks and credit cooperatives, their balance sheet profits changed little (€1.6 billion and €1.4 billion respectively). Mortgage banks remained at the previous year's level with a balance sheet loss of €0.7 billion.

Equity ratio and return on assets of credit institutions

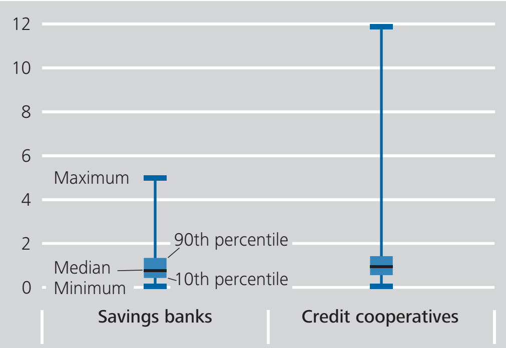
%



1 Equity (including fund for general banking risks but not participation rights capital) as a percentage of total assets as an annual average. **2** Profit or loss for the financial year before tax as a percentage of averaged equity.
Deutsche Bundesbank

Distribution of the returns on assets* of savings banks and credit cooperatives in 2016

%



***** Profit or loss for the financial year before tax as a percentage of total assets at institution level.
Deutsche Bundesbank

Outlook

Financial market setting remains onerous

Despite the good domestic economic situation, the financial market setting in the first half of 2017 remained challenging. Taken on its own, the low-interest-rate environment will likely continue to strain the profitability of German banks focused on interest business. This is also confirmed by the findings of the latest low-interest-rate survey of the German banking sector, according to which the profitability of banks and savings banks in Germany would deteriorate considerably if the low-interest-rate environment continued or intensified. The decline in the return on assets would be primarily due to contracting margins in borrowing and deposit business, such as in the area of savings and overnight deposits.[23]

Increase in balance sheet maturity transformation and lending to the private non-financial sector

The shortening of maturities on the liabilities side also continued in the first half of 2017, caused especially by the increase in the volume of overnight deposits of the private non-financial sector. Even though, viewed in isolation, interest rate and liquidity risks have risen, the higher maturity transformation is likely to have had a positive effect on profitability. Since the interest margin's maturity transformation contribution constitutes a significant source of income for German banks, especially primary institutions, the increasing steepening of the yield curve is also likely to have had a favourable impact since the start of 2017. In July 2017, the monthly average of German bond yields with residual maturities of ten years was 0.5% compared to 0.3% in December 2016. The hike in interest rates was also reflected in banks' interest rates for new lending. The rate for housing loans with long interest rate fixation periods (1.9%) in July 2017, for instance, exceeded the 2016 year-end rate by 0.2 percentage point. In addition to the greater earnings potential from the increased maturity transformation, banks can also stabilise their interest margin by stepping up lending. Against the backdrop of the favourable interest rate level and generally positive expectations for the economy and business, loans to households (especially for house purchase) and loans to non-financial corporations recorded notable growth particularly in the long-term maturity category in the first half of 2017.

23 See also Deutsche Bundesbank, Results of the 2017 low-interest-rate survey, press release, 30 August 2017.

The tables accompanying this article are printed on pages 75 to 85.

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

As a percentage of the total assets

Financial year	All categories of banks	Commercial banks: Total	of which: Big banks	of which: Regional banks and other commercial banks	Landesbanken[1]	Savings banks	Credit cooperatives	Mortgage banks	Building and loan associations	Banks with special, development and other central support tasks[1,2]
	Interest received[3]									
2010	3.25	2.60	2.19	3.74	3.21	4.02	4.03	4.47	4.05	2.81
2011	3.31	2.02	1.56	3.78	5.39	3.96	3.93	4.96	3.94	2.84
2012	2.88	1.77	1.37	3.35	4.87	3.72	3.68	4.25	3.83	2.45
2013	2.61	1.70	1.29	3.09	3.49	3.40	3.40	3.91	3.61	2.58
2014	2.49	1.74	1.38	2.91	3.20	3.15	3.15	3.86	3.39	2.38
2015	2.33	1.66	1.33	2.71	3.04	2.90	2.84	4.07	3.18	2.21
2016	2.17	1.58	1.30	2.38	2.81	2.64	2.54	4.01	2.89	2.15
	Interest paid									
2010	2.10	1.45	1.24	2.05	2.52	1.82	1.69	4.02	2.36	2.30
2011	2.27	1.17	0.93	2.09	4.69	1.75	1.63	4.56	2.24	2.39
2012	1.88	0.92	0.69	1.84	4.24	1.59	1.47	3.83	2.21	1.99
2013	1.58	0.80	0.61	1.50	2.81	1.29	1.15	3.53	2.07	2.32
2014	1.39	0.77	0.60	1.30	2.47	1.06	0.94	3.38	1.95	1.95
2015	1.22	0.67	0.52	1.14	2.29	0.84	0.71	3.47	1.85	1.76
2016	1.08	0.61	0.52	0.85	2.04	0.68	0.55	3.47	1.73	1.73
	Excess of interest received over interest paid = net interest income (interest margin)									
2010	1.15	1.14	0.95	1.69	0.68	2.20	2.33	0.44	1.68	0.51
2011	1.03	0.85	0.64	1.69	0.70	2.21	2.30	0.41	1.70	0.46
2012	1.00	0.85	0.68	1.51	0.63	2.12	2.21	0.43	1.62	0.46
2013	1.02	0.89	0.69	1.60	0.68	2.10	2.25	0.38	1.54	0.26
2014	1.10	0.97	0.77	1.62	0.72	2.09	2.21	0.48	1.45	0.43
2015	1.11	0.99	0.81	1.56	0.76	2.06	2.14	0.60	1.32	0.45
2016	1.09	0.97	0.78	1.52	0.77	1.96	1.99	0.54	1.16	0.42
	Excess of commissions received over commissions paid = net commission income (commission margin)									
2010	0.34	0.56	0.50	0.72	0.08	0.57	0.59	0.02	− 0.19	0.10
2011	0.31	0.42	0.35	0.70	0.07	0.57	0.58	0.02	− 0.25	0.09
2012	0.29	0.37	0.32	0.61	0.06	0.56	0.56	0.02	− 0.26	0.10
2013	0.32	0.43	0.38	0.62	0.06	0.57	0.56	0.01	− 0.31	0.11
2014	0.35	0.47	0.43	0.63	0.07	0.58	0.56	0.00	− 0.26	0.12
2015	0.35	0.47	0.43	0.62	0.09	0.60	0.57	0.00	− 0.27	0.11
2016	0.36	0.45	0.42	0.56	0.12	0.60	0.55	− 0.01	− 0.23	0.10

* The figures for the most recent date should be regarded as provisional in all cases. o Excluding the total assets of the foreign branches of savings banks, excluding the total assets of the foreign branches of regional institutions of credit cooperatives until 2015 and, from 2016, excluding the total assets of the foreign branches of mortgage banks. For footnotes **1**,**2** and **3**, see p 76.

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

As a percentage of the total assets°

Financial year	All categories of banks	Commercial banks: Total	of which: Big banks	of which: Regional banks and other commercial banks	Landesbanken1	Savings banks	Credit cooperatives	Mortgage banks	Building and loan associations	Banks with special, development and other central support tasks1,2
	General administrative spending									
2010	0.99	1.32	1.20	1.67	0.44	1.74	1.88	0.17	0.99	0.24
2011	0.89	0.97	0.80	1.62	0.44	1.74	1.88	0.22	0.98	0.24
2012	0.89	0.92	0.77	1.55	0.46	1.76	1.86	0.24	0.97	0.29
2013	0.97	1.03	0.89	1.55	0.54	1.77	1.85	0.27	0.91	0.30
2014	1.01	1.08	0.93	1.57	0.57	1.79	1.84	0.29	0.90	0.32
2015	1.05	1.11	0.99	1.53	0.63	1.81	1.82	0.30	0.81	0.32
2016	1.06	1.14	1.02	1.50	0.66	1.74	1.73	0.32	0.83	0.33
	Result from the trading portfolio									
2010	0.07	0.17	0.23	0.00	0.03	0.00	0.00	0.00	0.00	0.04
2011	0.05	0.13	0.15	0.05	– 0.04	0.00	0.00	0.00	0.00	0.01
2012	0.07	0.14	0.16	0.04	0.05	0.00	0.00	0.00	0.00	0.06
2013	0.07	0.11	0.14	0.04	0.11	0.00	0.00	0.00	0.00	0.03
2014	0.04	0.09	0.10	0.04	0.01	0.00	0.00	0.00	0.00	0.04
2015	0.04	0.08	0.09	0.04	0.05	0.00	0.00	0.00	0.00	0.03
2016	0.04	0.04	0.04	0.04	0.11	0.00	0.00	0.00	0.00	0.04
	Operating result before the valuation of assets									
2010	0.56	0.50	0.35	0.91	0.37	1.03	1.07	0.30	0.44	0.42
2011	0.50	0.46	0.30	1.04	0.30	1.03	1.06	0.08	0.47	0.34
2012	0.49	0.45	0.35	0.84	0.31	0.92	0.97	0.23	0.41	0.34
2013	0.43	0.38	0.25	0.85	0.33	0.86	1.01	0.09	0.33	0.10
2014	0.45	0.39	0.26	0.78	0.23	0.83	0.95	0.21	0.26	0.29
2015	0.44	0.36	0.20	0.84	0.28	0.82	0.91	0.29	0.23	0.26
2016	0.47	0.39	0.23	0.83	0.38	0.83	0.87	0.21	0.43	0.25
	Result from the valuation of assets									
2010	– 0.19	– 0.16	– 0.08	– 0.36	– 0.15	– 0.33	– 0.33	– 0.31	0.00	– 0.04
2011	0.03	– 0.11	– 0.06	– 0.31	– 0.05	0.69	– 0.04	– 0.25	0.38	0.15
2012	– 0.05	– 0.10	– 0.09	– 0.11	– 0.01	0.06	0.04	– 0.11	0.01	– 0.04
2013	– 0.07	– 0.06	– 0.03	– 0.13	– 0.27	0.01	0.04	– 0.08	– 0.04	– 0.09
2014	– 0.08	– 0.11	– 0.10	– 0.12	– 0.14	0.00	– 0.03	– 0.07	0.14	– 0.08
2015	– 0.04	– 0.03	0.00	– 0.14	– 0.10	0.01	– 0.06	– 0.09	– 0.03	– 0.03
2016	– 0.11	– 0.14	– 0.16	– 0.11	– 0.38	0.09	0.01	– 0.04	0.01	– 0.07

For footnotes *, °, see p 75. **1** From 2012, Portigon AG (legal successor of WestLB) allocated to the category of "Banks with special, development and other central support tasks". **2** The categories "Special purpose banks" and "Regional institutions of credit cooperatives" listed separately in previous publications have been merged under "Banks with special, development and other central support tasks". **3** Interest received plus current income and profits transferred under profit pooling, a profit transfer agreement or a partial profit transfer agreement.

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

As a percentage of the total assets°

Financial year	All categories of banks	Commercial banks: Total	of which: Big banks	of which: Regional banks and other commercial banks	Landesbanken[1]	Savings banks	Credit cooperatives	Mortgage banks	Building and loan associations	Banks with special, development and other central support tasks[1,2]
	Operating result									
2010	0.38	0.35	0.27	0.55	0.22	0.71	0.74	0.00	0.44	0.38
2011	0.54	0.34	0.24	0.73	0.25	1.73	1.02	– 0.18	0.85	0.49
2012	0.45	0.35	0.25	0.73	0.30	0.98	1.00	0.11	0.41	0.30
2013	0.36	0.33	0.21	0.72	0.06	0.88	1.06	0.01	0.29	0.02
2014	0.37	0.28	0.16	0.65	0.10	0.83	0.93	0.14	0.39	0.21
2015	0.40	0.33	0.21	0.70	0.18	0.83	0.85	0.20	0.20	0.23
2016	0.37	0.25	0.08	0.73	– 0.01	0.92	0.88	0.17	0.44	0.18
	Other and extraordinary result									
2010	– 0.15	– 0.23	– 0.17	– 0.40	– 0.28	– 0.09	– 0.05	– 0.01	– 0.10	– 0.03
2011	– 0.19	– 0.29	– 0.24	– 0.47	– 0.25	– 0.17	– 0.04	0.13	– 0.14	– 0.09
2012	– 0.12	– 0.16	– 0.09	– 0.40	– 0.14	– 0.12	0.00	– 0.10	– 0.09	– 0.11
2013	– 0.11	– 0.16	– 0.08	– 0.41	– 0.10	– 0.09	– 0.04	0.02	– 0.07	– 0.07
2014	– 0.08	– 0.10	– 0.02	– 0.34	– 0.13	– 0.05	– 0.02	– 0.18	– 0.03	– 0.01
2015	– 0.09	– 0.19	– 0.11	– 0.45	– 0.01	– 0.03	– 0.02	– 0.01	0.00	– 0.01
2016	– 0.03	– 0.06	0.04	– 0.36	– 0.05	– 0.03	0.04	0.01	– 0.02	0.00
	Profit or loss (–) for the financial year before tax									
2010	0.22	0.12	0.10	0.14	– 0.06	0.62	0.69	– 0.01	0.34	0.34
2011	0.35	0.06	0.00	0.26	0.00	1.56	0.98	– 0.05	0.72	0.40
2012	0.32	0.20	0.16	0.32	0.17	0.86	1.00	0.02	0.32	0.19
2013	0.25	0.17	0.13	0.30	– 0.04	0.78	1.02	0.02	0.22	– 0.05
2014	0.30	0.19	0.14	0.32	– 0.03	0.78	0.91	– 0.04	0.36	0.20
2015	0.31	0.14	0.10	0.25	0.17	0.79	0.84	0.20	0.20	0.21
2016	0.33	0.19	0.12	0.37	– 0.06	0.89	0.92	0.18	0.41	0.17
	Profit or loss (–) for the financial year after tax									
2010	0.16	0.08	0.08	0.07	– 0.05	0.38	0.45	– 0.01	0.18	0.34
2011	0.27	0.02	– 0.02	0.18	– 0.04	1.30	0.71	– 0.06	0.62	0.39
2012	0.23	0.11	0.07	0.25	0.12	0.62	0.73	0.01	0.23	0.21
2013	0.17	0.12	0.09	0.22	– 0.08	0.54	0.76	0.01	0.12	– 0.07
2014	0.21	0.14	0.10	0.23	– 0.08	0.53	0.64	– 0.06	0.24	0.19
2015	0.21	0.09	0.06	0.16	0.10	0.54	0.57	0.17	0.16	0.17
2016	0.24	0.13	0.09	0.26	– 0.11	0.63	0.67	0.14	0.34	0.17

For footnotes *, °, see p 75. For footnotes **1** and **2**, see p 76.
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Credit institutions' profit and loss accounts*

Financial year	Number of reporting institutions	*Memo item* Total assets[1]	Interest business: Net interest income (col 4 less col 5)	Interest business: Total interest received[2]	Interest business: Interest paid	Commissions business: Net commission income (col 7 less col 8)	Commissions business: Commissions received	Commissions business: Commissions paid	Result from the trading portfolio[3]	Other operating result	Operating income[4] (col 3 plus col 6 plus col 9 plus col 10)
	1	2	3	4	5	6	7	8	9	10	11
		€ billion									
2009	1,843	8,212.0	94.7	317.8	223.0	27.1	40.7	13.6	6.9	0.5	129.3
2010	1,821	8,300.4	95.4	270.1	174.7	28.3	42.0	13.7	5.7	– 0.7	128.7
2011	1,801	9,167.9	94.7	303.0	208.3	28.3	41.1	12.8	4.6	0.6	128.2
2012	1,776	9,542.7	95.5	274.7	179.2	27.5	40.0	12.5	7.1	1.6	131.8
2013	1,748	8,755.4	89.5	228.2	138.7	28.0	40.6	12.6	5.9	– 0.8	122.6
2014	1,715	8,452.6	93.4	210.8	117.4	29.3	42.6	13.3	3.6	– 2.5	123.8
2015	1,679	8,605.6	95.9	200.9	105.0	30.5	44.5	14.1	3.7	– 2.2	127.9
2016	1,611	8,355.2	91.1	181.6	90.4	29.8	43.2	13.4	3.0	4.1	128.1
	Year-on-year percentage change										
2010	– 1.2	1.1	0.7	– 15.0	– 21.7	4.3	3.2	0.9	– 17.3	.	– 0.4
2011	– 1.1	10.5	– 0.7	12.2	19.3	0.1	– 2.3	– 7.1	– 19.4	.	– 0.4
2012	– 1.4	4.1	0.8	– 9.4	– 14.0	– 2.8	– 2.7	– 2.4	55.3	166.7	2.8
2013	– 1.6	– 8.2	– 6.3	– 16.9	– 22.6	2.0	1.7	1.0	– 18.0	.	– 7.0
2014	– 1.9	– 3.5	4.4	– 7.6	– 15.3	4.5	5.0	6.1	– 38.2	– 201.2	1.0
2015	– 2.1	1.8	2.7	– 4.7	– 10.6	4.0	4.5	5.5	3.0	11.1	3.3
2016	– 4.1	– 2.9	– 4.9	– 9.6	– 13.9	– 2.2	– 3.0	– 4.5	– 18.4	.	0.1
	As a percentage of the total assets										
2009	.	.	1.15	3.87	2.72	0.33	0.50	0.17	0.08	0.01	1.57
2010	.	.	1.15	3.25	2.10	0.34	0.51	0.17	0.07	– 0.01	1.55
2011	.	.	1.03	3.31	2.27	0.31	0.45	0.14	0.05	0.01	1.40
2012	.	.	1.00	2.88	1.88	0.29	0.42	0.13	0.07	0.02	1.38
2013	.	.	1.02	2.61	1.58	0.32	0.46	0.14	0.07	– 0.01	1.40
2014	.	.	1.10	2.49	1.39	0.35	0.50	0.16	0.04	– 0.03	1.47
2015	.	.	1.11	2.33	1.22	0.35	0.52	0.16	0.04	– 0.03	1.49
2016	.	.	1.09	2.17	1.08	0.36	0.52	0.16	0.04	0.05	1.53

* The figures for the most recent date should be regarded as provisional in all cases. **1** Excluding the total assets of the foreign branches of savings banks and of the foreign branches of regional institutions of credit cooperatives until 2015 and, from 2016, excluding the total assets of the foreign branches of mortgage banks. **2** Interest received plus current income and profits transferred under profit pooling, a profit transfer agreement or a partial profit transfer agreement. **3** Up to

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General administrative spending			Operating result before the valuation of assets (col 11 less col 12)	Result from the valuation of assets (other than tangible or financial fixed assets)	Operating result (col 15 plus col 16)	Other and extra-ordinary result	Profit or loss (–) for the financial year before tax (col 17 plus col 18)	Taxes on income and earnings	Profit or loss (–) for the financial year after tax (col 19 less col 20)	
Total (col 13 plus col 14)	Staff costs	Total other administrative spending[5]								
12	13	14	15	16	17	18	19	20	21	Financial year
									€ billion	
84.2	45.8	38.3	45.1	– 27.0	18.0	– 20.8	– 2.8	4.2	– 7.0	2009
82.2	43.1	39.1	46.6	– 15.4	31.2	– 12.7	18.4	5.5	12.9	2010
82.0	42.5	39.6	46.2	3.1	49.3	– 17.4	31.9	7.0	24.9	2011
84.8	44.6	40.2	47.0	– 4.3	42.7	– 11.9	30.8	8.8	22.0	2012
84.8	43.8	41.0	37.8	– 6.5	31.2	– 9.3	22.0	7.4	14.6	2013
85.8	44.0	41.8	38.1	– 6.6	31.5	– 6.5	25.0	7.6	17.4	2014
90.0	46.0	44.0	37.9	– 3.5	34.4	– 7.8	26.6	8.4	18.1	2015
88.7	44.6	44.0	39.4	– 8.8	30.6	– 2.8	27.8	7.8	20.0	2016
									Year-on-year percentage change	
– 2.4	– 6.1	2.0	3.3	43.1	72.8	39.0	.	31.5	.	2010
– 0.2	– 1.4	1.2	– 0.8	.	58.1	– 36.4	73.1	27.9	92.3	2011
3.3	5.0	1.5	1.8	.	– 13.4	31.7	– 3.5	24.6	– 11.5	2012
0.0	– 1.9	2.2	– 19.6	– 50.9	– 26.8	21.8	– 28.7	– 15.8	– 33.9	2013
1.1	0.5	1.8	0.9	– 0.6	0.9	29.8	13.9	3.0	19.4	2014
5.0	4.7	5.3	– 0.6	46.9	9.0	– 19.7	6.3	11.2	4.1	2015
– 1.5	– 3.1	0.1	4.1	– 151.4	– 10.9	64.0	4.6	– 7.3	10.2	2016
									As a percentage of the total assets	
1.02	0.56	0.47	0.55	– 0.33	0.22	– 0.25	– 0.03	0.05	– 0.09	2009
0.99	0.52	0.47	0.56	– 0.19	0.38	– 0.15	0.22	0.07	0.16	2010
0.89	0.46	0.43	0.50	0.03	0.54	– 0.19	0.35	0.08	0.27	2011
0.89	0.47	0.42	0.49	– 0.05	0.45	– 0.12	0.32	0.09	0.23	2012
0.97	0.50	0.47	0.43	– 0.07	0.36	– 0.11	0.25	0.08	0.17	2013
1.01	0.52	0.49	0.45	– 0.08	0.37	– 0.08	0.30	0.09	0.21	2014
1.05	0.53	0.51	0.44	– 0.04	0.40	– 0.09	0.31	0.10	0.21	2015
1.06	0.53	0.53	0.47	– 0.11	0.37	– 0.03	0.33	0.09	0.24	2016

2009, result from financial operations. **4** Net interest and commission income plus result from the trading portfolio (up to 2009, from financial operations) and net other operating result. **5** Including depreciation of and value adjustments to tangible and intangible assets, but excluding depreciation of and value adjustments to assets leased ("broad" definition).

Profit and loss accounts, by category of banks*

Financial year	Number of reporting institutions	€ million Total assets[1]	Interest business: Net interest income (col 4 less col 5)	Interest business: Total interest received[2]	Interest business: Interest paid	Commissions business: Net commission income (col 7 less col 8)	Commissions business: Commissions received	Commissions business: Commissions paid	Result from the trading portfolio	Other operating result	Operating income[3] (col 3 plus col 6 plus col 9 plus col 10)
	1	2	3	4	5	6	7	8	9	10	11
	All categories of banks										
2011	1,801	9,167,921	94,725	303,045	208,320	28,281	41,050	12,769	4,602	606	128,214
2012	1,776	9,542,656	95,504	274,706	179,202	27,493	39,950	12,457	7,149	1,616	131,762
2013	1,748	8,755,419	89,485	228,193	138,708	28,039	40,618	12,579	5,861	– 820	122,565
2014	1,715	8,452,585	93,398	210,822	117,424	29,297	42,639	13,342	3,624	– 2,470	123,849
2015	1,679	8,605,560	95,887	200,861	104,974	30,461	44,542	14,081	3,734	– 2,196	127,886
2016	1,611	8,355,194	91,146	181,572	90,426	29,777	43,224	13,447	3,046	4,093	128,062
	Commercial banks										
2011	183	3,825,768	32,580	77,223	44,643	16,136	22,744	6,608	4,987	760	54,463
2012	183	4,132,098	34,935	73,017	38,082	15,424	21,857	6,433	5,605	540	56,504
2013	183	3,669,592	32,689	62,225	29,536	15,946	22,387	6,441	4,136	– 861	51,910
2014	183	3,532,938	34,370	61,502	27,132	16,686	24,065	7,379	3,026	– 2,335	51,747
2015	177	3,678,042	36,282	60,993	24,711	17,337	25,183	7,846	2,867	– 2,320	54,166
2016	171	3,580,873	34,768	56,518	21,750	16,236	23,908	7,672	1,429	2,436	54,869
	Big banks										
2011	4	3,010,173	19,121	47,102	27,981	10,591	13,399	2,808	4,576	– 1,057	33,231
2012	4	3,217,291	21,944	44,179	22,235	10,152	12,771	2,619	5,213	– 1,417	35,892
2013	4	2,798,461	19,235	36,200	16,965	10,698	13,043	2,345	3,821	– 2,086	31,668
2014	4	2,647,559	20,491	36,414	15,923	11,336	14,269	2,933	2,635	– 2,844	31,618
2015	4	2,736,876	22,151	36,394	14,243	11,762	14,569	2,807	2,496	– 3,732	32,677
2016	4	2,575,072	20,126	33,572	13,446	10,817	13,510	2,693	1,069	405	32,417
	Regional banks and other commercial banks										
2011	161	778,662	13,160	29,469	16,309	5,416	9,199	3,783	392	1,759	20,727
2012	160	840,168	12,687	28,162	15,475	5,143	8,942	3,799	372	1,904	20,106
2013	160	822,706	13,161	25,462	12,301	5,119	9,200	4,081	295	1,153	19,728
2014	160	833,806	13,500	24,305	10,805	5,245	9,674	4,429	375	428	19,548
2015	154	884,457	13,832	23,939	10,107	5,469	10,492	5,023	353	1,348	21,002
2016	148	942,626	14,371	22,410	8,039	5,315	10,277	4,962	340	1,918	21,944
	Branches of foreign banks										
2011	18	36,933	299	652	353	129	146	17	19	58	505
2012	19	74,639	304	676	372	129	144	15	20	53	506
2013	19	48,425	293	563	270	129	144	15	20	72	514
2014	19	51,573	379	783	404	105	122	17	16	81	581
2015	19	56,709	299	660	361	106	122	16	18	64	487
2016	19	63,175	271	536	265	104	121	17	20	113	508
	Landesbanken[7]										
2011	10	1,504,774	10,548	81,148	70,600	1,113	3,037	1,924	– 541	44	11,164
2012	9	1,371,385	8,702	66,849	58,147	876	2,612	1,736	708	286	10,572
2013	9	1,229,051	8,383	42,870	34,487	732	2,582	1,850	1,340	227	10,682
2014	9	1,139,438	8,243	36,437	28,194	847	2,632	1,785	112	– 37	9,165
2015	9	1,087,623	8,230	33,092	24,862	995	2,816	1,821	535	210	9,970
2016	9	975,957	7,537	27,430	19,893	1,219	2,803	1,584	1,026	290	10,072

For footnotes *****, **1-7**, see pp 82-83.
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General administrative spending												
Total (col 13 plus col 14)	Staff costs	Total other adminis- trative spend- ing[4]	Operat- ing result before the valu- ation of assets (col 11 less col 12)	Result from the valuation of assets (other than tan- gible or financial fixed assets)	Operating result (col 15 plus col 16)	Other and extra- ordinary result	Profit or loss (–) for the financial year before tax (col 17 plus col 18)	Taxes on income and earnings[5]	Profit or loss (–) for the financial year after tax (col 19 less col 20)	With- drawals from or transfers to (–) reserves and par- ticipation rights capital[6]	Balance sheet profit or loss (–) (col 21 plus col 22)	Financial year
12	13	14	15	16	17	18	19	20	21	22	23	
										All categories of banks		
82,037	42,481	39,556	46,177	3,103	49,280	− 17,352	31,928	7,034	24,894	− 25,706	− 812	2011
84,774	44,607	40,167	46,988	− 4,334	42,654	− 11,852	30,802	8,762	22,040	− 22,237	− 197	2012
84,798	43,756	41,042	37,767	− 6,542	31,225	− 9,271	21,954	7,376	14,578	− 16,232	− 1,654	2013
85,756	43,979	41,777	38,093	− 6,583	31,510	− 6,510	25,000	7,596	17,404	− 15,454	1,950	2014
90,033	46,039	43,994	37,853	− 3,497	34,356	− 7,791	26,565	8,445	18,120	− 15,436	2,684	2015
88,668	44,634	44,034	39,394	− 8,792	30,602	− 2,803	27,799	7,826	19,973	− 15,555	4,418	2016
										Commercial banks		
36,987	16,814	20,173	17,476	− 4,311	13,165	− 10,992	2,173	1,259	914	754	1,668	2011
37,987	17,711	20,276	18,517	− 3,962	14,555	− 6,430	8,125	3,563	4,562	− 1,568	2,994	2012
37,800	16,903	20,897	14,110	− 2,036	12,074	− 5,769	6,305	1,812	4,493	− 2,794	1,699	2013
37,990	16,216	21,774	13,757	− 3,797	9,960	− 3,367	6,593	1,776	4,817	− 2,812	2,005	2014
40,961	17,530	23,431	13,205	− 1,183	12,022	− 6,890	5,132	1,969	3,163	− 1,870	1,293	2015
40,755	17,402	23,353	14,114	− 5,135	8,979	− 2,242	6,737	1,955	4,782	47	4,829	2016
										Big banks		
24,107	11,095	13,012	9,124	− 1,887	7,237	− 7,331	− 94	563	− 657	2,645	1,988	2011
24,682	11,814	12,868	11,210	− 3,034	8,176	− 3,038	5,138	2,885	2,253	1,001	3,254	2012
24,792	11,174	13,618	6,876	− 958	5,918	− 2,367	3,551	1,036	2,515	− 756	1,759	2013
24,683	10,450	14,233	6,935	− 2,717	4,218	− 559	3,659	993	2,666	− 729	1,937	2014
27,101	11,422	15,679	5,576	85	5,661	− 2,953	2,708	1,082	1,626	− 216	1,410	2015
26,378	11,134	15,244	6,039	− 4,021	2,018	1,127	3,145	864	2,281	1,918	4,199	2016
										Regional banks and other commercial banks		
12,647	5,612	7,035	8,080	− 2,433	5,647	− 3,661	1,986	609	1,377	− 1,849	− 472	2011
13,059	5,786	7,273	7,047	− 940	6,107	− 3,394	2,713	593	2,120	− 2,547	− 427	2012
12,757	5,617	7,140	6,971	− 1,076	5,895	− 3,402	2,493	690	1,803	− 2,017	− 214	2013
13,068	5,655	7,413	6,480	− 1,042	5,438	− 2,808	2,630	672	1,958	− 2,066	− 108	2014
13,562	5,987	7,575	7,440	− 1,267	6,173	− 3,937	2,236	802	1,434	− 1,633	− 199	2015
14,097	6,144	7,953	7,847	− 992	6,855	− 3,369	3,486	1,024	2,462	− 1,847	615	2016
										Branches of foreign banks		
233	107	126	272	9	281	0	281	87	194	− 42	152	2011
246	111	135	260	12	272	2	274	85	189	− 22	167	2012
251	112	139	263	− 2	261	0	261	86	175	− 21	154	2013
239	111	128	342	− 38	304	0	304	111	193	− 17	176	2014
298	121	177	189	− 1	188	0	188	85	103	− 21	82	2015
280	124	156	228	− 122	106	0	106	67	39	− 24	15	2016
										Landesbanken[7]		
6,681	3,202	3,479	4,483	− 684	3,799	− 3,727	72	697	− 625	267	− 358	2011
6,305	3,127	3,178	4,267	− 118	4,149	− 1,853	2,296	667	1,629	− 1,954	− 325	2012
6,605	3,200	3,405	4,077	− 3,321	756	− 1,235	− 479	469	− 948	973	25	2013
6,498	3,261	3,237	2,667	− 1,580	1,087	− 1,455	− 368	511	− 879	1,406	527	2014
6,893	3,488	3,405	3,077	− 1,114	1,963	− 158	1,805	764	1,041	− 580	461	2015
6,397	2,881	3,516	3,675	− 3,725	− 50	− 499	− 549	505	− 1,054	183	− 871	2016

Profit and loss accounts, by category of banks* (cont'd)

Financial year	Number of reporting institutions	€ million									
		Total assets[1]	Interest business			Commissions business			Result from the trading portfolio	Other operating result	Operating income[3] (col 3 plus col 6 plus col 9 plus col 10)
			Net interest income (col 4 less col 5)	Total interest received[2]	Interest paid	Net commission income (col 7 less col 8)	Commissions received	Commissions paid			
	1	2	3	4	5	6	7	8	9	10	11
	Savings banks										
2011	426	1,078,852	23,791	42,686	18,895	6,182	6,575	393	– 20	– 66	29,887
2012	423	1,096,261	23,280	40,731	17,451	6,137	6,516	379	17	– 106	29,328
2013	417	1,098,581	23,117	37,298	14,181	6,241	6,633	392	19	– 476	28,901
2014	416	1,110,362	23,237	35,028	11,791	6,441	6,854	413	8	– 563	29,123
2015	413	1,130,688	23,285	32,807	9,522	6,776	7,211	435	– 7	– 260	29,794
2016	403	1,154,475	22,667	30,523	7,856	6,970	7,418	448	10	22	29,669
	Credit cooperatives										
2011	1,121	711,046	16,331	27,929	11,598	4,091	4,937	846	11	497	20,930
2012	1,101	739,066	16,354	27,223	10,869	4,107	4,969	862	16	432	20,909
2013	1,078	750,899	16,881	25,539	8,658	4,182	5,083	901	10	417	21,490
2014	1,047	771,932	17,063	24,305	7,242	4,324	5,266	942	10	143	21,540
2015	1,021	798,178	17,077	22,705	5,628	4,564	5,570	1,006	5	132	21,778
2016	972	832,394	16,581	21,180	4,599	4,578	5,601	1,023	10	498	21,667
	Mortgage banks										
2011	18	645,145	2,616	32,016	29,400	138	373	235	– 4	– 825	1,925
2012	17	565,008	2,413	24,026	21,613	97	327	230	0	143	2,653
2013	17	482,524	1,828	18,864	17,036	58	267	209	2	– 134	1,754
2014	17	421,014	2,007	16,232	14,225	14	225	211	– 4	108	2,125
2015	16	376,908	2,245	15,323	13,078	– 11	212	223	– 2	9	2,241
2016	15	289,800	1,565	11,623	10,058	– 43	176	219	0	14	1,536
	Building and loan associations										
2011	23	199,250	3,383	7,847	4,464	– 497	1,395	1,892	0	11	2,897
2012	22	200,782	3,252	7,681	4,429	– 531	1,403	1,934	0	46	2,767
2013	22	204,540	3,144	7,381	4,237	– 629	1,381	2,010	0	26	2,541
2014	21	210,066	3,037	7,126	4,089	– 547	1,339	1,886	0	– 53	2,437
2015	21	214,613	2,841	6,818	3,977	– 590	1,375	1,965	0	– 2	2,249
2016	20	215,668	2,503	6,233	3,730	– 503	1,260	1,763	0	717	2,717
	Banks with special, development and other central support tasks[7,8]										
2011	20	1,203,086	5,476	34,196	28,720	1,118	1,989	871	169	185	6,948
2012	21	1,438,056	6,568	35,179	28,611	1,383	2,266	883	803	275	9,029
2013	22	1,320,232	3,443	34,016	30,573	1,509	2,285	776	354	– 19	5,287
2014	22	1,266,835	5,441	30,192	24,751	1,532	2,258	726	472	267	7,712
2015	22	1,319,508	5,927	29,123	23,196	1,390	2,175	785	336	35	7,688
2016	21	1,306,027	5,525	28,065	22,540	1,320	2,058	738	571	116	7,532
	Memo item: Banks majority-owned by foreign banks[9]										
2011	39	756,406	9,868	23,908	14,040	3,234	4,934	1,700	– 173	447	13,376
2012	37	803,313	8,502	20,365	11,863	2,885	4,501	1,616	1,215	415	13,017
2013	37	692,773	8,266	15,323	7,057	2,633	4,282	1,649	1,106	301	12,306
2014	35	680,177	8,347	14,546	6,199	3,025	4,966	1,941	343	– 45	11,670
2015	33	735,491	8,383	13,502	5,119	2,919	4,834	1,915	435	456	12,193
2016	34	762,637	8,952	13,164	4,212	3,185	5,089	1,904	718	402	13,257

* The figures for the most recent date should be regarded as provisional in all cases. **1** Excluding the total assets of the foreign branches of savings banks and of the foreign branches of regional institutions of credit cooperatives until 2015 and, from 2016, excluding the total assets of the foreign branches of mortgage banks. **2** Interest received plus current income and profits transferred under profit pooling, a profit transfer agreement or a partial profit transfer agreement. **3** Net interest and commission income plus result from the trading portfolio and other operating result. **4** Including depreciation of and value adjustments to tangible and intangible assets, but excluding depreciation of and value adjustments to assets leased ("broad" definition). **5** In part, including taxes paid by legally dependent

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General administrative spending: Total (col 13 plus col 14)	General administrative spending: Staff costs	General administrative spending: Total other adminis-trative spend-ing[4]	Operat-ing result before the valu-ation of assets (col 11 less col 12)	Result from the valuation of assets (other than tan-gible or financial fixed assets)	Operating result (col 15 plus col 16)	Other and extra-ordinary result	Profit or loss (–) for the financial year before tax (col 17 plus col 18)	Taxes on income and earnings[5]	Profit or loss (–) for the financial year after tax (col 19 less col 20)	With-drawals from or transfers to (–) reserves and par-ticipation rights capital[6]	Balance sheet profit or loss (–) (col 21 plus col 22)	Financial year
12	13	14	15	16	17	18	19	20	21	22	23	
Savings banks												
18,735	11,562	7,173	11,152	7,468	18,620	– 1,824	16,796	2,747	14,049	– 12,437	1,612	2011
19,256	12,068	7,188	10,072	660	10,732	– 1,272	9,460	2,657	6,803	– 5,200	1,603	2012
19,410	12,085	7,325	9,491	130	9,621	– 1,020	8,601	2,664	5,937	– 4,401	1,536	2013
19,891	12,606	7,285	9,232	1	9,233	– 593	8,640	2,794	5,846	– 4,288	1,558	2014
20,517	12,946	7,571	9,277	92	9,369	– 392	8,977	2,913	6,064	– 4,491	1,573	2015
20,108	12,589	7,519	9,561	1,041	10,602	– 383	10,219	2,942	7,277	– 5,718	1,559	2016
Credit cooperatives												
13,382	7,983	5,399	7,548	– 317	7,231	– 250	6,981	1,924	5,057	– 3,674	1,383	2011
13,774	8,210	5,564	7,135	263	7,398	13	7,411	1,989	5,422	– 4,001	1,421	2012
13,886	8,303	5,583	7,604	322	7,926	– 276	7,650	1,956	5,694	– 4,285	1,409	2013
14,201	8,538	5,663	7,339	– 198	7,141	– 153	6,988	2,077	4,911	– 3,480	1,431	2014
14,509	8,754	5,755	7,269	– 453	6,816	– 134	6,682	2,103	4,579	– 3,226	1,353	2015
14,423	8,651	5,772	7,244	91	7,335	361	7,696	2,093	5,603	– 4,253	1,350	2016
Mortgage banks												
1,418	552	866	507	– 1,641	– 1,134	827	– 307	74	– 381	– 4,321	– 4,702	2011
1,371	559	812	1,282	– 645	637	– 540	97	21	76	– 4,669	– 4,593	2012
1,322	525	797	432	– 405	27	90	117	88	29	– 4,775	– 4,746	2013
1,241	529	712	884	– 278	606	– 772	– 166	103	– 269	– 1,714	– 1,983	2014
1,147	492	655	1,094	– 327	767	– 20	747	98	649	– 1,385	– 736	2015
937	410	527	599	– 113	486	39	525	127	398	– 1,138	– 740	2016
Building and loan associations												
1,951	807	1,144	946	755	1,701	– 273	1,428	191	1,237	– 914	323	2011
1,952	758	1,194	815	17	832	– 189	643	172	471	– 300	171	2012
1,867	701	1,166	674	– 88	586	– 145	441	194	247	– 104	143	2013
1,893	752	1,141	544	284	828	– 65	763	255	508	– 389	119	2014
1,749	721	1,028	500	– 72	428	– 2	426	78	348	– 4	344	2015
1,798	692	1,106	919	22	941	– 51	890	160	730	– 548	182	2016
Banks with special, development and other central support tasks[7,8]												
2,883	1,561	1,322	4,065	1,833	5,898	– 1,113	4,785	142	4,643	– 5,381	– 738	2011
4,129	2,174	1,955	4,900	– 549	4,351	– 1,581	2,770	– 307	3,077	– 4,545	– 1,468	2012
3,908	2,039	1,869	1,379	– 1,144	235	– 916	– 681	193	– 874	– 846	– 1,720	2013
4,042	2,077	1,965	3,670	– 1,015	2,655	– 105	2,550	80	2,470	– 4,177	– 1,707	2014
4,257	2,108	2,149	3,431	– 440	2,991	– 195	2,796	520	2,276	– 3,880	– 1,604	2015
4,250	2,009	2,241	3,282	– 973	2,309	– 28	2,281	44	2,237	– 4,128	– 1,891	2016
Memo item: Banks majority-owned by foreign banks[9]												
7,950	3,551	4,399	5,426	– 2,084	3,342	– 1,582	1,760	271	1,489	– 409	1,080	2011
8,097	3,643	4,454	4,920	– 285	4,635	– 1,339	3,296	735	2,561	– 32	2,529	2012
8,230	3,773	4,457	4,076	– 474	3,602	– 1,481	2,121	513	1,608	– 558	1,050	2013
7,920	3,516	4,404	3,750	– 439	3,311	– 1,308	2,003	320	1,683	– 725	958	2014
8,503	3,992	4,511	3,690	– 479	3,211	– 1,723	1,488	430	1,058	– 396	662	2015
9,103	4,352	4,751	4,154	– 1,012	3,142	– 1,600	1,542	637	905	2,654	3,559	2016

building and loan associations affiliated to Landesbanken. **6** Including profit or loss brought forward and withdrawals from or transfers to the fund for general banking risks. **7** From 2012, Portigon AG (legal successor of WestLB) allocated to the category of "Banks with special, development and other central support tasks". **8** The categories "Special purpose banks" and "Regional institutions of credit cooperatives" listed separately in previous publications have been merged under "Banks with special, development and other central support tasks". **9** Separate presentation of the (legally independent) banks majority-owned by foreign banks and included in the categories "Big banks", "Regional banks and other commercial banks" and "Mortgage banks".

Credit institutions' charge and income items*

Financial year	Number of reporting institutions	Charges, € billion										
							General administrative spending					
								Staff costs				
										Social security costs and costs relating to pensions and other benefits		
		Total	Interest paid	Commissions paid	Net loss from the trading portfolio[1]	Gross loss on transactions in goods and subsidiary transactions	Total	Total	Wages and salaries	Total	*of which* Pensions	Other administrative spending[2]
2008	1,889	532.5	347.1	13.2	19.8	0.0	77.1	43.0	33.5	9.5	4.2	34.1
2009	1,843	388.2	223.0	13.6	1.2	0.0	80.6	45.8	35.2	10.7	4.9	34.7
2010	1,821	329.1	174.7	13.7	0.7	0.0	78.7	43.1	35.2	7.9	2.3	35.6
2011	1,801	367.1	208.3	12.8	1.2	0.0	78.6	42.5	34.7	7.8	2.4	36.1
2012	1,776	329.0	179.2	12.5	0.2	0.0	80.9	44.6	35.5	9.1	3.4	36.3
2013	1,748	285.8	138.7	12.6	0.3	0.0	81.1	43.8	35.2	8.6	2.9	37.4
2014	1,715	262.8	117.4	13.3	0.4	0.0	82.0	44.0	35.3	8.7	3.2	38.0
2015	1,679	256.6	105.0	14.1	0.5	0.0	86.0	46.0	36.4	9.6	3.7	39.9
2016	1,611	240.8	90.4	13.4	0.2	0.0	84.4	44.6	36.1	8.6	2.7	39.8

Financial year	Income, € billion									
		Interest received			Current income					
	Total	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[4]	from shares in affiliated enterprises	Profits transferred under profit pooling, a profit transfer agreement or a partial profit transfer agreement	Commissions received
2008	506.3	416.6	337.0	79.6	19.3	12.7	1.5	5.1	5.1	42.6
2009	381.2	303.0	247.7	55.3	11.7	7.2	0.9	3.5	3.1	40.7
2010	342.0	255.5	212.0	43.5	12.4	7.2	1.0	4.3	2.1	42.0
2011	392.0	288.8	246.1	42.7	11.2	6.7	1.2	3.3	3.0	41.1
2012	351.0	256.3	220.3	36.0	12.2	7.5	1.0	3.8	6.2	40.0
2013	300.4	213.6	184.9	28.7	10.0	6.0	1.0	3.0	4.6	40.6
2014	280.2	196.4	170.2	26.1	11.3	6.3	1.1	4.0	3.1	42.6
2015	274.7	183.1	160.1	22.9	15.0	6.7	1.8	6.5	2.8	44.5
2016	260.8	166.8	147.2	19.7	10.0	5.8	1.3	2.9	4.7	43.2

* The figures for the most recent date should be regarded as provisional in all cases. **1** Up to 2009, net loss on financial operations. **2** Spending item does not include depreciation of and value adjustments to tangible and intangible assets, shown net of depreciation of assets leased ("narrow" definition). All other tables

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Value adjustments in respect of tangible and intangible assets: Total	of which Assets leased	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 from loss transfers	Transfers to special reserves	Extraordinary charges	Taxes on income and earnings[3]	Other taxes	Profits transferred under profit pooling, a profit transfer agreement or a partial profit transfer agreement	Financial year
3.8	0.2	5.9	39.6	15.3	3.3	0.0	1.9	1.6	0.2	3.6	2008
3.9	0.3	8.4	29.0	9.6	3.8	0.0	7.4	4.2	0.2	3.4	2009
3.9	0.5	11.5	18.4	4.0	3.9	0.0	10.4	5.5	0.3	3.2	2010
5.4	2.0	17.2	11.9	11.2	6.6	0.0	2.7	7.0	0.6	3.6	2011
5.8	2.0	15.3	11.7	7.1	0.6	0.0	2.4	8.8	0.2	4.3	2012
5.5	1.9	16.8	10.6	3.6	0.7	0.0	3.4	7.4	0.2	4.9	2013
5.5	1.8	16.4	10.5	3.5	0.6	0.0	1.5	7.6	0.2	3.9	2014
5.9	1.8	17.9	7.2	3.6	1.2	0.0	2.5	8.4	0.3	4.1	2015
6.6	2.3	13.7	12.8	3.7	0.9	0.0	1.8	7.8	0.3	4.7	2016

Net profit from the trading portfolio[5]	Gross profit on transactions in goods and subsidiary transactions	Value readjustments 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: Total	Other operating income: of which from leasing business	Income from the release of special reserves	Extraordinary income	Income from loss transfers	Financial year
1.0	0.2	2.5	1.8	11.8	0.5	0.1	3.6	1.7	2008
8.1	0.2	1.9	1.1	9.2	0.8	0.0	1.3	0.9	2009
6.4	0.2	3.0	1.6	11.5	0.9	0.0	6.1	1.2	2010
5.8	0.2	15.0	0.7	20.2	6.3	0.0	0.8	5.2	2011
7.4	0.2	7.4	1.4	18.9	5.1	0.0	0.7	0.5	2012
6.2	0.2	4.0	1.5	17.9	4.7	0.0	0.9	0.9	2013
4.0	0.2	4.0	1.7	15.7	4.5	0.0	0.8	0.4	2014
4.2	0.2	3.8	1.9	17.6	4.7	0.0	0.5	1.1	2015
3.3	0.2	4.0	3.4	20.3	5.5	0.0	4.9	0.0	2016

are based on a broad definition of "other administrative spending". **3** In part, including taxes paid by legally dependent building and loan associations affiliated to Landesbanken. **4** Including amounts paid up on cooperative society shares. **5** Up to 2009, net profit on financial operations.