The performance of German credit institutions in 2013

The 2013 reporting year saw the German banking industry generate operating income which, against the backdrop of a declining volume in balance sheet business, was well down on the previous year; indeed, at €120 billion, it was at its lowest level since the crisis year of 2008. This decrease must be seen in the context of what remained a challenging environment characterised by historically low interest rates as well as by subdued overall demand for bank-specific products and an ongoing need for regulatory adjustments. This contrasted, however, with an improvement in capital-related resilience and progress in the restructuring of core business areas.

With the exception of net commissions received, there were losses in all the components of operational business. Net interest received, by far banks' most important source of income, contracted by almost €6 billion, or 6.4%. Income from traditional deposit and lending business, on the other hand, was comparatively stable with largely unchanged margins. Owing to a sharply reduced balance sheet total resulting from a further reduction in holdings of trading derivatives, the (unadjusted) interest margin was somewhat higher than its very low figure in the previous year. Net trading income, which is typically very volatile, showed a considerable decline of €1.3 billion (18%) in the reporting year, with special factors and valuation effects having an impact. Other operating income amounted to -€0.9 billion, dropping to its lowest level since 1993.

Owing to a deterioration in the cost/income ratio along with virtually unchanged operating costs, there was a significant fall by €9.1 billion to €37.1 billion in the operating result before valuation of assets. Because the valuation result was still very moderate (-€6.5 billion), the operating result after valuation (operating result) was, at €30.6 billion, nevertheless still clearly above the long-term average of €22.8 billion.

Of banks' profit for the year after taxes, €7.9 billion at the aggregate level is earmarked to further strengthen their balance sheet capital as part of the appropriation of profit. Taking into account the renewed increase, to €8.1 billion, in net losses brought forward, banks posted a net loss for the 2013 financial year, as they did in the previous five years. The loss in 2013 was, at €1.7 billion, higher than one year earlier.

Banks' business environment

Financial and monetary conditions

The macrofinancial environment for domestic banks' business activities showed tendencies towards an easing of tensions in the reporting year, yet remained difficult and susceptible to shocks. On the equity markets and the markets for bonds of non-financial corporations, declines in risk premiums contributed to sizeable price gains owing to an intensive "search for yield" by investors in a pronounced low-interest-rate environment. By contrast, the interest rate linkage with the United States caused a marked up and down movement during the course of the year, notably at the long end of the maturity spectrum for sovereign bonds. The Eurosystem's main refinancing rate was lowered in May and November 2013. However, money market rates did not decline further during the course of the year, and the deposit rate was, at the same time, unchanged. The money market rate in the three-month sector did fall by 0.35 percentage points to 0.22% on the year (annual average), however. During the course of 2013, the Eurosystem's monetary policy counterparties made early repayments of around €450 billion on the two outstanding three-year refinancing operations from 2011 and 2012; nonetheless, the domestic banking system's liquidity situation remained generous.

Regulatory requirements

A wide range of banks' activities in 2013 were geared to early implementation of the new supervisory standards contained in the Basel III regime. The main focus was on strengthening regulatory capital, withdrawing from non-core business areas, and scaling back foreign exposures and risk-bearing assets.

Macroeconomic setting

Macroeconomic developments in Germany continued to have a positive impact on credit institutions' operations and earnings. Credit institutions benefited mainly from the fact that economic activity in 2013 was increasingly being driven by domestic demand forces and that the economy, buoyed by high employment and a benign price climate, grew at a stable underlying pace in line with normal utilisation of aggregate capacity.

Methodological principles

The latest results of the statistics on German banks' profit and loss accounts (profit and loss statistics) are based on the published annual reports of all banks in accordance with the accounting rules of the Act to Modernise Accounting Law *(Bilanzrechtsmodernisierungsgesetz),*[1] which entered into force in 2010. This includes all banks within the meaning of the German Banking Act *(Kreditwesengesetz)* that are monetary financial institutions and are domiciled in Germany. Building and loan associations, institutions in liquidation as well as institutions with a truncated financial year are not included in this performance analysis. The reporting sample for 2013 contained 1,726 institutions; this is 28 banks fewer than in the previous year and 177 fewer than in 2007, the last year before the financial crisis.

The individual accounts drawn up in accordance with the German Commercial Code *(Handelsgesetzbuch)* and used as a basis here differ in terms of their conception, structure and definitions from the internationally customary IFRS accounting standards[2] for publicly traded banking groups, which means that the business results and certain balance sheet or individual profit/loss items are not (directly) comparable for methodological reasons. For reasons of comparability, when analysing the earnings of the German banking industry it is advisable to consider the individual accounts. Using group accounts would make a meaningful analysis difficult as, first, many 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;

1 For further details, see Deutsche Bundesbank, The performance of German credit institutions in 2010, Monthly Report, September 2011, annex pp 38-48.
2 IFRS-based accounts 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.

second, not all group accounts are prepared according to international accounting standards.

Except where another time period is explicitly mentioned, the calculations with regard to the long-term average refer to annual data for the observation period 1993 to 2013.[3]

Net interest received declines while margins remain unchanged

Income components of net interest received

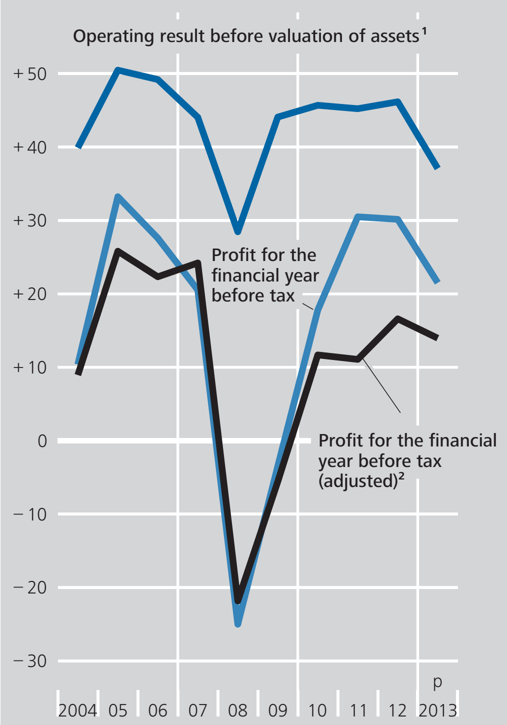
Net interest income, which totalled €86.4 billion or 71.9% of operating income,[4] remained by far the most important source of income for the German banking sector. As a collective item, net interest received comprises net interest income in the narrower sense as well as the other interest-related income components. Net interest income in the narrower sense, which contains interest expenditure and interest income from traditional deposit and lending business,[5] totalled €72 billion (60% of operating income). The other income components of net interest received include current income from shares and other variable-yield securities, participating interests, shares in affiliated enterprises and income from profit transfers.[6] In the reporting year, these income components contributed €14.4 billion (12.0% of operating income) to net interest received. The big banks sector accounted for €7.5 billion of that figure. The corresponding amount for networked institutions[7] was €3.8 billion, which mainly consisted of current income from shares and other variable-yield securities. This is likely to reflect exposure to specialised funds,[8] which for these categories of banks takes the place of securities business.

Net interest income also affected by special factors

Amidst a drop in both interest income and interest expenditure, net interest received decreased sharply on the year (by €5.9 billion to €86.4 billion). This deterioration was largely attributable to the other income components and had a considerable effect on income from profit

The performance of credit institutions

€ billion

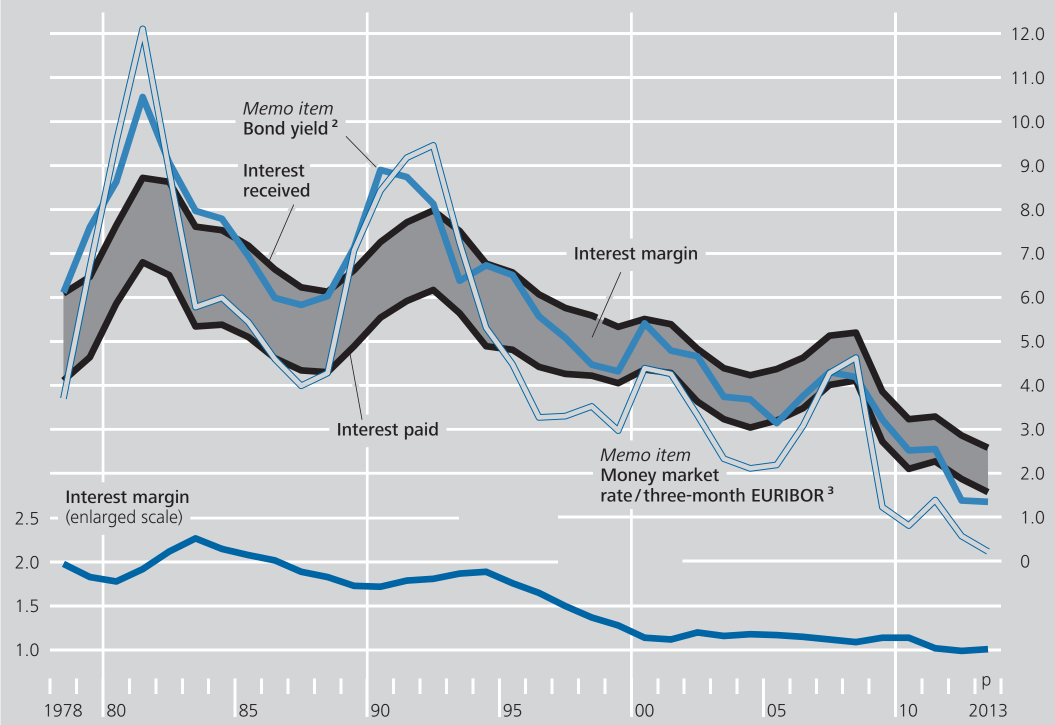


1 Operating income less general administrative expenditure. **2** Less net transfers to the fund for general banking risks.
Deutsche Bundesbank

3 PDF tables with time series on the profitability of German banks are published on the Bundesbank's website (http://www.bundesbank.de/Navigation/EN/Statistics/Banks_and_other_financial_institutions/Banks/Statistics_of_the_banks_profit_and_loss_accounts/tables/tabellen.html?nsc=true). Most of the time series go back to 1968. When the new accounting legislation for credit institutions entered into effect in 1993, new time series were introduced and a number of terms were redefined. This made it difficult to compare income-related data from 1993 onwards with earlier data (see Deutsche Bundesbank, The new accounting legislation for credit institutions applicable from 1993, and its implications for the monthly balance sheet statistics, Monthly Report, May 1992, pp 37-46).
4 Sum of net interest received and net commissions received, net profit or net loss from the trading portfolio, and other operating income.
5 Interest income from lending and money market transactions as well as from fixed-income securities and debt register claims.
6 Income from profit transfers comprise profits transferred under profit pooling, a profit transfer agreement or a partial profit transfer agreement.
7 Networked institutions comprise the bank categories of savings banks and credit cooperatives.
8 In contrast to retail funds, specialised funds are mainly set up for institutional investors and tailored to their investment needs. Following the act implementing Directive 2011/61/EU on Alternative Investment Fund Managers (Act Implementing the AIFM Directive) of 4 July 2013, specialised funds are now called special AIFs.

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

As a percentage of the average balance sheet total[1]



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

transfers in the big banks sector. The decline in this case was practically the outcome of a countermovement to a positive one-off effect that was partly responsible for the sharp rise in 2012. In addition, net interest income in the narrower sense, at €72 billion, fell short of the previous year's level by €2.1 billion. Accounting-related special factors had a major impact in this context, as one special purpose institution changed the accounting of promotional loans.

Funding costs decline further and margin pressure persists

The income situation in terms of net interest income in the narrower sense is shown in the statistics as being comparatively stable; much of this is due to the yield curve growing steeper over the year. This is likely to have considerably improved income from maturity transformation, through which around one-third of net interest income of all universal banks[9] was generated in 2012 (see the box on pages 58 and 59). A strong preference for liquidity on the part of households and the low nominal rate of return on longer-term assets had a similar effect. The resultant shift from longer-term deposits to sight deposits led to a significant easing of banks' funding costs, thereby preventing pressures on margins from escalating. Over the course of the year, the declining deposit rates and the sideways movement in lending rates caused a slight trend widening again of the gross interest rate spread,[10] both in existing and in new business, following a marked contraction in the previous year, particularly in new business. In 2013, interest rates on deposits from both households and non-financial corporations fell to new all-time lows in almost all maturity categories.

9 German universal banks comprise the following categories: commercial banks, Landesbanken, regional institutions of credit cooperatives, savings banks and credit cooperatives.
10 The gross interest rate spread which gives an indication of the development of net interest income, particularly in the case of networked institutions, is calculated as the difference between the volume-weighted average interest rates for loans and deposits of the euro area's non-financial sector. For further details, see Deutsche Bundesbank, Extended MFI interest rate statistics: methodology and first results, Monthly Report, June 2011, pp 45-57.

Major income and cost items for individual categories of banks in 2013*

As a percentage of operating income

Item	All categories of banks	Big banks	Regional banks	Landesbanken	Savings banks	Regional institutions of credit cooperatives	Credit cooperatives	Mortgage banks	Special purpose banks
Net interest received	71.9	60.7	66.8	78.5	80.0	68.1	78.5	104.2	63.0
Net commissions received	23.9	33.8	26.0	6.9	21.6	16.9	19.5	3.3	36.6
Net profit or net loss from the trading portfolio	4.9	12.1	1.5	12.5	0.1	16.0	0.0	0.1	0.2
Net other operating income or charges	– 0.7	– 6.6	5.7	2.1	– 1.6	– 1.0	2.0	– 7.6	0.1
Operating income	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
General administrative spending	– 69.1	– 78.3	– 64.8	– 61.8	– 67.1	– 52.3	– 64.6	– 75.4	– 89.0
of which									
Staff costs	– 35.9	– 35.3	– 28.5	– 30.0	– 41.8	– 27.1	– 38.6	– 29.9	– 46.5
Other administrative spending	– 33.2	– 43.0	– 36.2	– 31.9	– 25.4	– 25.1	– 26.0	– 45.4	– 42.5
Net income or net charges from the valuation of assets	– 5.4	– 3.0	– 5.3	– 31.1	0.3	– 15.2	1.5	– 23.1	– 26.2
Net other and extraordinary income or charges	– 7.6	– 7.5	– 17.2	– 11.6	– 3.5	– 7.9	– 1.3	5.1	– 23.9
Memo item									
Profit for the financial year before tax	17.9	11.2	12.7	– 4.5	29.7	24.6	35.6	6.7	– 39.0
Taxes on income and earnings	– 6.0	– 3.3	– 3.5	– 4.4	– 9.2	– 5.7	– 9.1	– 5.0	– 2.2
Profit for the financial year after tax	11.9	7.9	9.2	– 8.9	20.5	19.0	26.5	1.7	– 41.3

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

Deutsche Bundesbank

The moderate underlying trend in net interest received in recent years must also be seen in the light of the fact that, for some time, banks have been tending to scale back their risk-bearing, more highly remunerated assets. Moreover, the high or increasing deposit-credit ratio enabled banks to reduce their capital market debt. In 2013 in particular, liabilities from debt securities issued decreased sharply on the year; taken in isolation, this lowered funding costs.

Scope for improved margins is likely to become more and more limited in future, however, given the low interest rate level that has been reached in short-term deposits. What is more, the effects of the – for banks – more favourable conditions of the last few years are still being felt in the current phase of interest rates owing to the long rate fixation periods on the asset side. However, these effects will fade away increasingly as interest rate conditions in lending, too, are gradually adjusted to the new, low market interest rate level.

Favourable ratio of interest expenditure to interest income in lending

The favourable funding situation to date is also reflected in the ratio of interest expenditure to interest income from traditional deposit and lending business. In 2013, this ratio was only 65.1% compared with the long-term average

Determinants of net interest income for German universal banks

Banks contribute significantly to reducing information asymmetries and transaction costs by acting as intermediaries between lenders and borrowers of capital (financial intermediation). In this way, banks help facilitate a cost-efficient settlement of payment and financial flows in an economy.

Remuneration for these functions is reflected, among other things, in net interest income, which is traditionally their most important source of income. Accordingly, the following functions can be distinguished.[1]

– Assumption of credit risk: Given the time that elapses between service (granting a loan) and payment (interest and redemption), uncertainty regarding compliance with repayment obligations arises in every financial contract. Banks charge a corresponding premium for assuming such a risk.

– Maturity transformation: Banks transform short-term deposits into longer-term loans. If the yield curve is positive – which is normally the case – the bank obtains a premium from the assumption of the associated interest rate risk.

– Payment and liquidity management for customers: The function of payment and liquidity management performed by banks on behalf of their customers is reflected as a premium in the form of mark-ups on lending rates or mark-downs on deposit rates.

The above-described functional contributions and their positive effects on banks' interest margins are well documented in the empirical literature. Yet little is known about the actual extent of these contributions. In a study, Busch and Memmel (2014) carried out a quantitative breakdown of net interest received for German banks in 2012.[2] To this end, the individual costs of each function were estimated. This includes the costs resulting from opting to forego any one alternative (opportunity costs).

The costs of payment and liquidity management are calculated by estimating the part of a bank's administrative costs that relates to its interest business. The relevant share of costs in relation to net interest income was estimated on the basis of extensive data sets on the number of ATMs, cards issued and customer transactions. Credit risk is computed using data on the composition of individual banks' credit portfolios; from this it is possible to estimate how high a bank's lending rate would have to have been set in order to cover expected losses and a risk premium.

The table on the next page shows the results for an "average" universal bank, which were taken from the paper by Busch and Memmel (2014). These reveal that almost half of net interest received (47%) is accounted for by payment and liquidity management for customers. In 2012, just over one-third of net interest received (35%)

1 For credit risk, see L Angbazo (1997), Commercial bank net interest margins, default risk, interest-rate risk, and off-balance sheet banking, Journal of Banking & Finance, Vol 21, pp 55-87; for maturity transformation risk, see O Entrop, C Memmel, B Ruprecht and M Wilkens, Determinants of bank interest margins: impact of maturity transformation, Bundesbank Discussion Paper 17/2012; for administrative costs of payment and liquidity management, see A Saunders and L Schumacher (2000), The determinants of bank interest rate margins: an international study, Journal of International Money and Finance, Vol 19, pp 813-832.
2 See R Busch and C Memmel (2014), Quantifying the components of the banks' net interest margin, Bundesbank Discussion Paper 15/2014.

stemmed from maturity transformation and merely 16% from assuming credit risk. The item "Other" encompasses contributions to net interest received that arise from the slight mismatch in volume between interest-bearing assets and interest-bearing liabilities.

The sum of all component contributions does not necessarily have to equal net interest received. On the contrary, a value of 100% implies that there is barely any remaining scope for other components, such as a bank's relative market position, which could allow it to achieve income above the (marginal) costs or generate a contribution to shareholders' remuneration.

Determinants of net interest income for German universal banks*

Determinant	Income in relation to … … the balance sheet total (in basis points per year)	… net interest received (in %)
Credit risk	34.0	15.9
Maturity transformation	77.0	34.9
Payment and liquidity management	103.8	47.3
Other	1.9	0.8
Total	219.9	99.5

* Breakdown of net interest received (median) for universal banks in Germany in 2012.
Deutsche Bundesbank

of 76.8%. This ratio was particularly favourable for networked institutions, whose business model enabled them to benefit from the shift to sight deposits. This factor had the least influence in the case of mortgage banks, which traditionally fund themselves by issuing long-term covered bonds. In this category of banks the importance of refinancing using longer-term deposits of institutional investors such as insurers has grown in recent years, however, and in 2013 reached a level of importance similar to that of covered bond issuance.

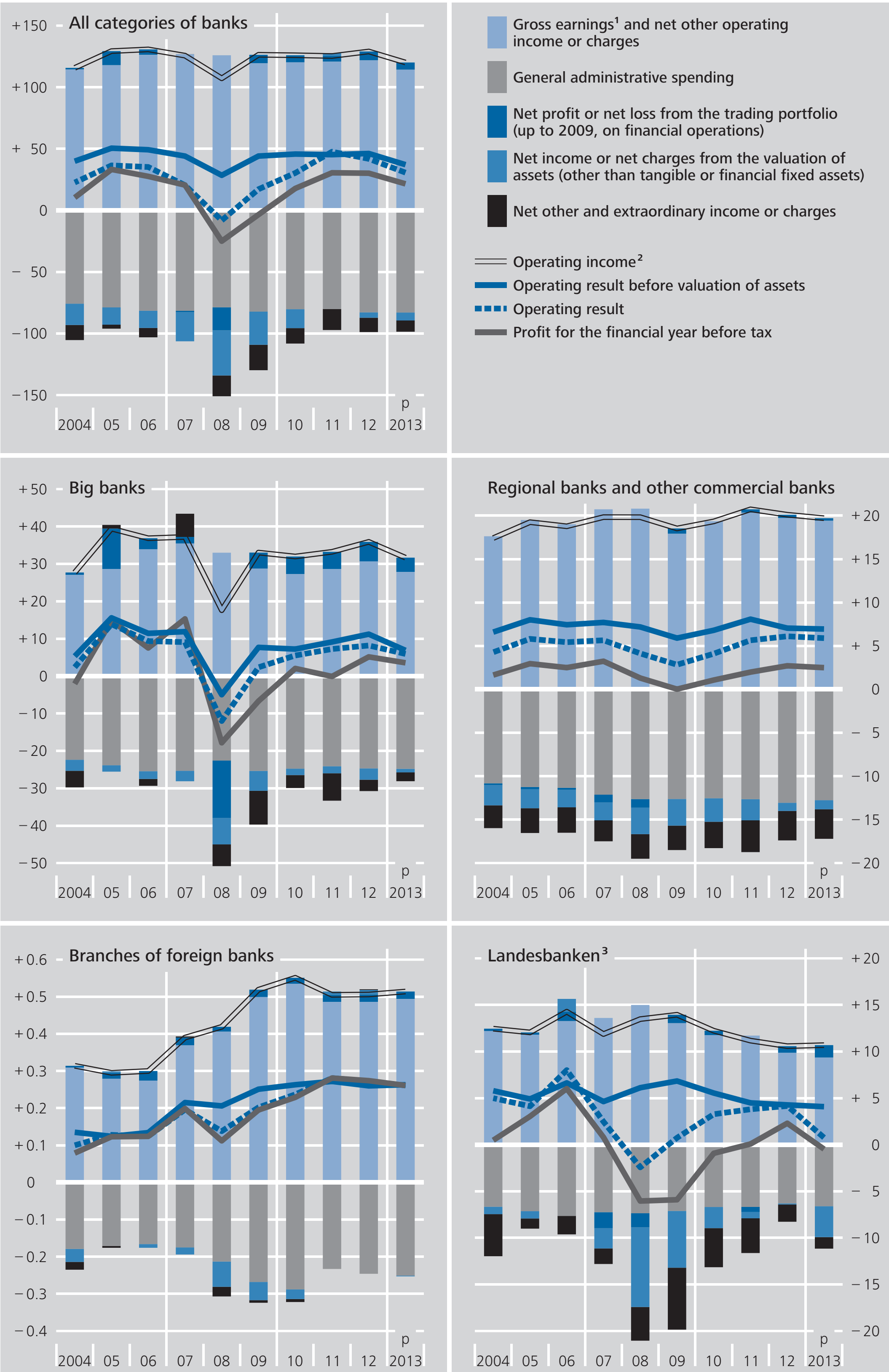
Interest margin still narrow

The interest margin, which is usually calculated as net interest received in relation to the annual average balance sheet total, gives an important indication of the profitability of interest business, particularly in the case of credit institutions active mainly in traditional deposit and lending business. Amounting to 1.01%, it remained in the lower area of the corridor between 0.99% and 1.28% in which it has been since the launch of European monetary union in 1999. Nonetheless, compared with the previous year it edged up slightly by 0.02 percentage points. Net interest received fell substantially in 2013; on the other hand, the balance sheet total also saw a substantial decrease as a result, not least, of the distinct reduction in the holdings of trading derivatives over the course of the year.[11] In the reporting year, the adjusted interest rate spread, calculated as a ratio between net interest income in the narrower sense and the balance sheet total excluding both interbank business (which has no effect on net interest received) and the holdings of trading derivatives, stood at 1.32%, compared with 1.34% one year earlier (see the box on pages 63 and 64).

11 Since the Act to Modernise Accounting Law entered into force in 2010, derivative financial instruments held for trading have been shown in the bank's balance sheet, which makes it more difficult to compare data on the interest margin over time.

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

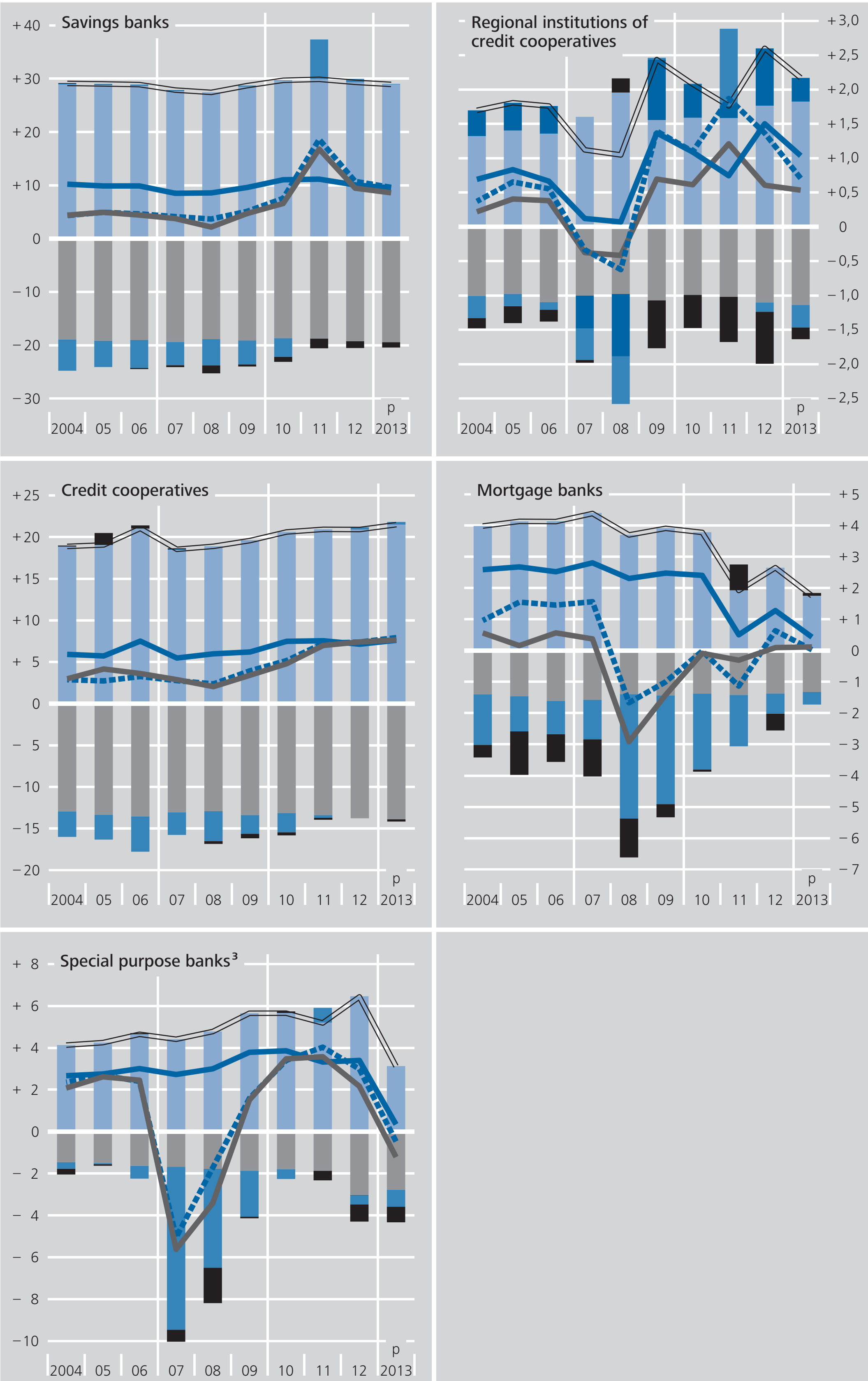
€ billion, the charts below use different scales



1 Sum of net interest received and net commissions received. 2 Gross earnings plus net profit or net loss from the trading portfolio (up to 2009, on financial operations) and net other operating income or charges. 3 From 2012, Portigon AG (legal successor of WestLB) allocated to the category of "Special purpose banks".

Deutsche Bundesbank

€ billion, the charts below use different scales



Deutsche Bundesbank

Demand for credit fairly subdued on the whole

Embedded in a largely favourable real economic environment, securitised lending as well as loans (adjusted for loan sales and securitisations and valuation effects) contracted slightly by 0.1% compared with the previous year. As a result, the possibility for the banking industry as a whole to achieve an improved result by raising lending volumes was limited.

Given the buoyancy of households' demand for residential properties, the German housing market generated a moderate positive stimulus. Besides a generally heightened preference for non-financial assets, the likely key factors behind this were very low lending rates paired with banks' largely unchanged credit standards, stable expectations of future income and fairly low yields on financial assets. In addition, credit growth in this business area reflected the persistently steep price increases faced by buyers of existing properties. Even so, growth in net lending turned out to be fairly modest at 2.0%, which is likely to be due to the fact that households, according to the financial accounts, increased the share of their own funds to finance properties, ie they shifted part of their financial wealth into the acquisition of residential real estate.

By contrast, commercial banking saw a slight downward trend as investment in trade and industry remained subdued. Due to a positive earnings situation, moreover, enterprises were able to cover the vast majority of their aggregate funding needs out of their own resources. Furthermore, non-financial corporations continued to avail themselves of alternative sources of finance. Thus, there was confirmation of a trend that has been identifiable for a number of years. Overall, loans to commercial enterprises as a share of their total liabilities declined to 16% in 2013, compared with 23% in the first half and 20% in the second half of the last decade.

One crucial factor behind domestic general government's, on the whole, muted demand for credit from German credit institutions was that the cyclical increase in tax revenues and the decline in interest expenses resulting from lower average interest rates allowed the government sector to end the financial year 2013 with a balanced budget overall (as defined in the national accounts).

Net interest received, by category of banks

In the case of mortgage banks – for which net interest received is virtually the only source of income, accounting for 98.8% of their operating income on a long-term average – the interest result decreased by €0.6 billion to €1.8 billion. This category of banks, which has been affected by restructuring measures to a particular extent in recent years, had significantly scaled back interest-bearing assets. Nonetheless, because of the pronounced negative balance in other operating income, the interest result as a share of operating income for mortgage banks rose by 13.2 percentage points to 104.2% (see also the table on page 57).

Savings banks posted net interest received of €23.1 billion, which was just short of the previous year's level. Accounting for 80% of operational business, the importance of this item almost matched the long-term average. In the credit cooperatives category, net interest received rose markedly by €0.5 billion to €16.9 billion, thereby accounting for a 78.5% share of operating income, which was slightly above the long-term average. This was largely due to improved net interest income from deposit and lending business. Net interest received by the Landesbanken sector fell by €0.3 billion to €8.4 billion, accounting for 78.5% of operating income, which was only marginally below the long-term average. In the case of the regional institutions of credit cooperatives, the importance of net interest received for operating income rose by leaps and bounds. This was due to net interest received going up by €0.1 billion to €1.5 billion and, above all, to the marked year-on-year decline in net trading income. Net interest received as a percentage of operating income amounted to 68.1% (after 53.9% in 2012), so that it again moved closer to the long-term average (71.2%).

A comparison of interest margins and interest rate spreads

Net interest received is by far the most important income component of the German banking sector. On a long-term average, it accounts for just under three-quarters of German banks' total operating income; in the case of credit institutions that are primarily active in traditional deposit and lending business, this share is even higher in structural terms. In order to be able to use this figure as an indicator of the profitability of a bank over time and compared with other institutions, net interest received is usually normalised with the annual average volume of balance sheet business. The interest margin determined in this way shows the relative net interest income in a given reporting period. Taking the average of all the German credit institutions recorded in the profit and loss statistics, the interest margin stood at 1.01% in 2013, compared with 1.12% in 2007, which was the year prior to the onset of the recent financial crisis (see the chart below).

Depending on the business model and the category of the respective bank, net interest received and total assets are affected by different determinants, which makes it difficult to perform a comparison. It is therefore advisable to adjust both figures by eliminating certain components.

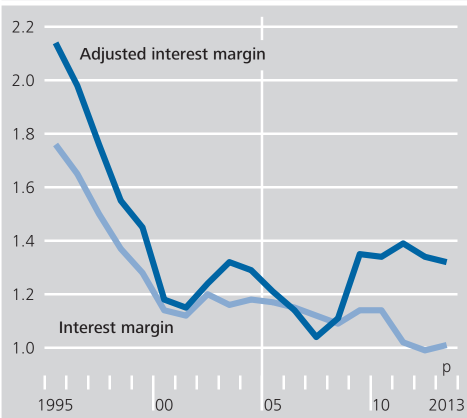
– Net interest received as a statistical collective variable of all income and interest-relevant factors also comprises current income as well as income from profit pooling, profit transfer agreements and partial profit transfer agreements. If, however, the focus is on the interest-related core business areas, then only the net interest income from traditional deposit and lending business, ie net interest income in the narrower sense, should be used.

– Especially in a long-term comparison, total assets should exclude interbank business, which has no effect on net interest received, as well as the volume of trading derivatives to be reported in the balance sheet following the introduction of the Act to modernise Accounting Law *(Bilanzrechtsmodernisierungsgesetz)* in 2010. These trading derivatives had a considerable bloating effect on the German banking sector's annual average total assets from 2011 onwards and consequently led to a significant reduction in the interest margin, without this having an impact on earnings; primarily the big banks were affected.

In 2013, the adjusted interest margin calculated as a ratio between net interest income in the narrower sense and total assets excluding interbank business (which has no effect on net interest received) and the holdings of trading derivatives stood at 1.32%.[1] Based on this definition, the inter-

A comparison of interest margins

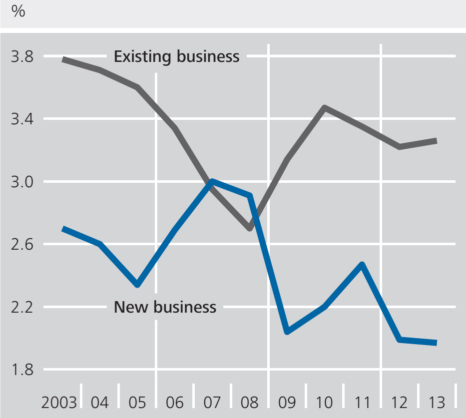
% pa



Deutsche Bundesbank

1 When comparing the income item of various banks and/or categories of banks, consideration should also be given to the fact that the various interest-earning operations are subject to varying degrees of risk. Following the basic idea of risk-adjusted performance measures, the costs of assuming risks would have to be compared with net interest income and the adjusted result would have to be placed in relation to the risk capital invested.

Gross interest rate spread in existing and new business



Deutsche Bundesbank

est margin was up 0.28 percentage point on the 2007 reference year (see the chart on page 63).

It should also be borne in mind that net interest received is also influenced by the balance sheet capital ratio. All other things being equal, it can be said that the greater the capital ratio, the lower the cost items concerning interest expenditure on borrowed funds and *vice versa*. This effect, which can be attributed to differing capital structures – even though it cannot be quantified more precisely based on the available balance sheet data – merits particular attention when comparing the interest margin calculations of different categories of banks as well as during periods of changes in capital requirements.

Furthermore, using the interest margin as a statistical measurement concept does not provide any indication of market-relevant factors which have an impact on the overall earnings situation. Additional information is provided, for instance, by the Lerner index, which is an indicator of the available scope for setting prices, or the level of competitiveness in the banking sector. For example, there is empirical evidence to suggest that the relationship between income and marginal costs was relatively stable in the 1990s, despite a trend towards decreasing interest margins. This was even followed by an increase in the Lerner index, which may have been due to the very favourable refinancing conditions of primary banks in connection with the measures to tackle the financial crisis or possibly also to safe haven effects.[2]

In addition to the adjusted interest margin, the average gross interest rate spread is a further indicator of the contribution to profits from the core business area. However, whereas the interest margin focuses on the annual profit and loss account (complete survey) in interest business, the gross interest rate spread shows the difference between the volume-weighted average interest rates for loans and deposits in existing business with households and non-financial corporations. These data are based on the MFI interest rate statistics, which are harmonised across the euro area: in Germany, these statistics have, since 2003, been collected as a representative sample currently consisting of 236 credit institutions.[3] The gross interest rate spread is a meaningful indicator for Germany as a whole. Comparisons between categories of banks and an analysis of the earnings situation of individual banks are only possible to a certain extent, however. At 3.26%, the average annual gross interest rate spread for 2013 was up by a moderate 0.31 percentage point on the 2007 reference year. In addition to the average interest rate spread, the marginal interest rate spread, which is also calculated on a monthly basis, is based on the average effective rate of interest on loans and deposits in new business in the respective reporting month. For this reason, the marginal interest rate spread also serves as an early indicator for price-related changes in net interest income.

2 For further details, see German Council of Economic Experts, Annual Economic Report 2013/14, in particular pp 227.
3 For a detailed description of the methodology, see Deutsche Bundesbank, Extended MFI interest rate statistics: methodology and first results, Monthly Report, June 2011, pp 45-57.

Net interest received by the regional banks rose slightly by €0.5 billion to €13.2 billion, accounting for 66.8% of operating income (long-term average: 68.0%). In the category of big banks, improved net interest income in the narrower sense (by €0.5 billion to €11.7 billion) combined with the sharp drop in the other income components of net income received (by €3.3 billion to €7.5 billion) were the main reasons for the significant reduction in net interest received. However, in terms of importance, net interest received in this category – accounting for 60.7% of operating income in the reporting year and 63.7% as a long-term average – is among the lowest across all bank categories.

Slight improvement in net commissions received

Slight rise in commissions business …

Commissions business, German banks' second most important source of income, mainly comprises remuneration for services rendered in connection with the purchase and sale, safe custody and administration of securities, processing of payments, lending, underwriting or investment advice and asset management. Unlike the other main components of operational business, which posted losses, net commissions received of €28.7 billion were €0.6 billion up on the previous year. In the reporting year, net commissions received as a percentage of operating income came to 23.9%, which was 2.7 percentage points above the long-term average.

… as investment behaviour changes

Net commission income benefitted from important stimuli for the equity markets emanating from achieved or expected progress in the crisis-hit countries and from the strongly accommodative monetary policy. At the end of 2013, the DAX stood at 9,552 points to close the reporting year with a clear year-on-year gain of 25%. Nonetheless, the volume of transactions on the German equity markets remained very low at €1 trillion due, not least, to the continuing aversion to risk in customer business. Tendencies towards an easing of tensions in the international financial markets and the persistently very low coupon on highly rated fixed-income bonds likewise led to further declines in turnover in the German bond market. After turnover in the bond market slumped by 71% in 2012, it fell by a further 14.5% to no more than €83 billion in the reporting year. The marked preference for overnight deposits as a low-risk and highly liquid investment form meant that virtually no income flowed from direct securities transactions to net commission income. By contrast, investors again showed interest in investment funds. Here, net sales rose by almost 10% to just short of €123 billion after already posting a sharp increase in 2012. Once again, the main focus of demand was on specialised funds, which are of particular interest to institutional investors; they accounted for 67% of total sales. In the area of retail funds, investors mainly favoured equity funds and mixed securities funds, which saw net sales surge by €6.8 billion. On the whole, net sales of retail funds rose by €7.1 billion to €9.2 billion.

Net commissions received, by category of banks

Accounting for a 31.9% share as a long-term average, net commission income is traditionally more important for the operational business of big banks than for the other categories of banks. In the reporting year, big banks generated 33.8% of their operating income through net commissions received and almost 40% of net commissions received by all bank categories. At a total of €10.7 billion, big banks increased their net commission income by 5.4%, thus playing a large part in improving the aggregate figure for all bank categories. In the savings banks and credit cooperatives sectors, net commission income picked up slightly to rise to €6.2 billion and €4.2 billion respectively. In those two categories of banks, net commissions received as a percentage of operating income came to 21.6% and 19.5% respectively; this was above the long-term averages of 18.1% and 18.5% respectively. The operating income of the networked institutions is traditionally characterised by stable net commissions received, which stem to a large extent

Structural data on German credit institutions*

End of year

Category of banks	Number of institutions[1]			Number of branches[1]			Number of employees[2]		
	2011	2012	2013	2011	2012	2013	2011	2012	2013
All categories of banks	1,899	1,869	1,844	36,027	34,571	34,531	637,700	633,650	630,350
Commercial banks	299	294	296	10,725	9,610	10,143	[3] 176,500	[3] 172,900	[3] 170,700
Big banks	4	4	4	8,012	7,041	7,610	.	.	.
Regional banks	179	177	178	2,595	2,444	2,402	.	.	.
Branches of foreign banks	116	113	114	118	125	131	.	.	.
Landesbanken[4]	10	9	9	463	451	434	37,750	34,000	33,400
Savings banks	426	423	417	12,810	12,643	12,323	245,950	244,900	244,000
Regional institutions of credit cooperatives	2	2	2	11	11	11	5,000	5,150	5,250
Credit cooperatives	1,124	1,104	1,081	11,938	11,778	11,541	[5] 158,250	[5] 159,750	[5] 160,100
Mortgage banks	18	17	17	51	49	50	.	.	.
Special purpose banks[4]	20	20	22	29	29	29	[6] 14,250	[6] 16,950	[6] 16,900
Memo item									
Building and loan associations	23	22	22	1,648	1,668	1,624	[7] 15,250	[7] 14,650	[7] 14,450

* The figures for the most recent date should be regarded as provisional in all cases. **1** Source: Bank office statistics, in Deutsche Bundesbank, Banking statistics, Statistical Supplement to the Monthly Report 1, p 104 (German edition). The term "credit institution" is used as in the Banking Act, resulting in divergences from data in "Balance sheet statistics" and "Statistics on the profit and loss account". **2** 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** From 2012, Portigon AG (legal successor of WestLB) allocated to the category of "Special purpose banks". **5** Only employees whose primary occupation is in banking. **6** Employees at public mortgage banks (mortgage banks established under public law) and special purpose banks established under public law. **7** Only office-based employees.

Deutsche Bundesbank

from account management fees, but are also likely to comprise income from the brokering of products of enterprises belonging to the respective financial group (eg investment fund companies). This makes net commissions received much less dependent on the volatile equity markets than in the other categories of banks. The Landesbanken sector saw its result contract by 16.4% to €0.7 billion. This was the outcome, above all, of significantly higher expenditure for the provision of government guarantees in the case of two Landesbanken which felt the impact of the shipping crisis to a particular extent. On the whole, this probably explains in part why net commissions received has become considerably less important for the Landesbanken sector's income situation at the aggregate level since 2009. In the reporting year, net commissions received accounted for only 6.9% of operating income, compared with 12.6% as the long-term average.

Loss of income in trading

Net profit from the trading portfolio visibly lower

Despite positive developments on the national and international equity markets and the recovery in the value of crisis-hit countries' sovereign bonds, the trading result – which is typically highly volatile – fell considerably by €1.3 billion to €5.9 billion. It should be noted that, according to the published business reports, trading refers primarily to customer business and very little proprietary trading. The trading result as a share of operating income decreased by 0.6 percentage points, but at 4.9% was still clearly above the long-term average of 2.7%.

Trading result, by category of banks

The development of the trading result in the different categories of banks was greatly affected by special or valuation effects. Big banks saw their net profit drop substantially by €1.4 billion to €3.8 billion. That was attributable primarily to the amended presentation in the balance sheet of one big bank which switched the interest-related expenditure and income components from the net result from the trading portfolio to net interest received.[12] The withdrawal by another big bank of €0.5 billion from the fund for general banking risks pursuant to section 340e (4) of the German Commercial Code had the opposite effect in that it was treated as income under the net trading profit or loss. On balance, the trading result as a share of the operating income of big banks came to 12.1%, which was still well above the long-term average of 5.5%. The regional institutions of credit cooperatives posted a steep loss in their trading result by €0.5 billion to a mere €0.3 billion; according to the published business reports, this was largely due to a decline in positive valuation effects. As a result, they saw their trading result as a share of operating income halved to 16%. Nonetheless, its importance for operating income both in the reporting year and in terms of the long-term average remains markedly higher than for other categories of banks. Landesbanken were able to almost double their trading result (€1.3 billion) as well as their trading result as a share of operating income (12.5%) thanks, mainly, to sales and valuation gains in the area of trading portfolio derivatives. In terms of the long-term average, however, its importance – accounting for a share of 3.1% – was appreciably lower than in the case of big banks and regional institutions of credit cooperatives. As in earlier years, the trading result was of virtually no significance in the aggregate for the other categories of banks with regard to the P&L account.

Cost/income ratios, by category of banks*

As a percentage

Category of banks	General administrative spending in relation to … 2011	2012	2013
	… gross earnings[1]		
All categories of banks	66.7	68.9	72.1
Commercial banks	75.9	75.4	77.7
Big banks	81.1	76.9	82.8
Regional banks and other commercial banks	68.1	73.2	69.8
Branches of foreign banks	54.4	56.8	59.5
Landesbanken[2]	57.3	65.8	72.5
Savings banks	62.5	65.5	66.1
Regional institutions of credit cooperatives	63.9	62.2	61.5
Credit cooperatives	65.5	67.3	65.9
Mortgage banks	51.5	54.6	70.1
Special purpose banks[2]	37.3	49.0	89.3
	… operating income[3]		
All categories of banks	63.9	64.2	69.1
Commercial banks	67.9	67.2	72.9
Big banks	72.5	68.8	78.3
Regional banks and other commercial banks	61.0	65.0	64.8
Branches of foreign banks	46.1	48.6	48.8
Landesbanken[2]	59.8	59.6	61.8
Savings banks	62.7	65.7	67.1
Regional institutions of credit cooperatives	57.7	42.3	52.3
Credit cooperatives	63.9	65.9	64.6
Mortgage banks	73.7	51.7	75.4
Special purpose banks[2]	36.0	47.1	89.0

* The figures for the most recent date should be regarded as provisional in all cases. **1** Aggregate net interest and net commissions received. **2** From 2012, Portigon AG (legal successor of WestLB) allocated to the category of "Special purpose banks". **3** Gross earnings plus net profit or net loss from the trading portfolio and net other operating income or charges.

Deutsche Bundesbank

Notable deterioration in net other operating result

Negative balance in net other operating result

This summary item in the profit and loss statistics essentially comprises earnings and expenses from leasing business, the gross result for transactions in goods and subsidiary business as well as other operating income or expenses. The latter also includes provisions for the risk of litigation costs, which were increasingly extensive in a number of banking categories in the past few years. With a net expense of €0.9 billion – the balance was still clearly positive in the previous year, at €1.6 billion – the figure shown in this item was the lowest in the observation period since 1993. Besides the regional banks, where net earnings saw a considerable €0.8 billion decline to €1.1 billion, this was due mainly to the big banks and their distinctly increased negative balance, which grew by €0.7 billion to €2.1 billion.

12 All trading-related expenses and income are generally booked under the trading result; however, alternative reporting is permissible if this complies with internal management. See IDW Stellungnahme zur Rechnungslegung, Bilanzierung von Finanzinstrumenten des Handelsbestandes bei Kreditinstituten (IDW RS BFA 2), Nos 71-75.

Less favourable cost/income ratio

Administrative costs virtually unchanged

The decline in income from operating business again posed major challenges for credit institutions' cost and process management. Savings banks and credit cooperatives in particular took advantage of further potential for savings and synergies arising from the continued reduction of their branch networks (by 557 to 23,864). In contrast to this, there was a significant increase in the big banks sector (of 569 to 7,610). This was mainly attributable to a rise in the number of partner enterprises' branches with only limited bank services in some cases. On balance, the number of branches decreased only a little, falling by 40 to 34,531 (see table on page 66). Within administrative costs, declining staff costs contrasted with higher other administrative costs. On balance, total operating costs[13] remained largely unchanged year-on-year at just under €83 billion given mixed developments among the categories of banks.

Falling staff costs …

In staff costs, the costs for wages and salaries fell by €0.3 billion to €34.6 billion. This was apparent at the big banks in particular and was primarily caused by lower expenditure on variable remuneration components as well as a further decline in the number of employees in this banking category. Both of these factors partially counteracted the spending on salary increases set out in the collective wage agreement[14] concluded in June 2012 for employees of private and public banks. There was also a €0.5 billion reduction in pension expenses to €2.9 billion. Here, too, along with the positive valuation effects for plan assets carried at fair value,[15] it is likely that a part was played by job cuts, which continued at a moderate pace in the German banking sector in the year under review (see table on page 66).

… on the back of higher other administrative spending

Other administrative costs primarily include non-staff costs and expenditure on external services such as audit and consultancy costs. The bank levy,[16] which was first charged in 2011, is also primarily reflected within this item according to the published annual reports. Overall, this cost item rose significantly by €0.9 billion to €39.9 billion. In particular, the measures taken to fulfil stricter regulatory requirements are likely to have had an impact again here. Since the big banks category in particular recorded both an increase in other administrative costs and falling staff costs, its administrative spending (€24.8 billion) hardly changed against the previous year on balance.

Cost/income ratio strained on the income side

The cost/income ratio, which expresses the ratio of administrative expenses to operating income, saw a clear year-on-year deterioration. This indicator's value rose by 4.9 percentage points to 69.1%. A key factor in this development was the significant decline in operating income, which was partly affected by special factors, with administrative spending remaining virtually unchanged.

Cost/income ratio by category of banks

Compared with the other categories of banks, the big banks sector again posted the worst performance both in the reporting year and on a long-term average, with a cost/income ratio that was up by 9.5 percentage points to 78.3%.[17] This was probably connected not least with the relatively high percentage of variable remuneration components – although these were declining at the end of the period under review – which place a strain on administrative

13 Including write-downs and value adjustments on tangible and intangible fixed assets, but excluding write-downs and value adjustments on leased assets.
14 This collective wage agreement, which ran until 30 April 2014, provided for a salary increase of 2.9% as of 1 July 2012 and of an additional 2.5% as of 1 July 2013.
15 For the recognition of income and expenditure in connection with pension obligations, see IDW Accounting Practice Statement: Handelsrechtliche Bilanzierung von Altersversorgungsverpflichtungen (IDW RS HFA 30), numbers 85 to 88.
16 See also Deutsche Bundesbank, Fundamental features of the German Bank Restructuring Act, Monthly Report, June 2011, pp 59-75. According to a press release from the Federal Agency for Financial Market Stabilisation dated 22 November 2013, the bank levy reduced the earnings position by a total of €0.5 billion in the year under review.
17 The poor cost/income ratio of 89% in the case of special purpose banks was essentially due to the purely accounting-related special item in net interest received owing to one institution changing its accounting method for promotional loans and was not taken into account in this comparison.

expenses. Landesbanken and mortgage banks, which were particularly affected by the fall-out from the financial crisis, and where the cost/income ratio rose by 2.2 percentage points to 61.8% and by 23.7 percentage points to 75.4% respectively, both demonstrated the lowest cost efficiency for their categories in the observation period since 1993. Mortgage banks in particular, which always show the least diversification in operating income compared with the other categories of banks, suffered from the fact that their net interest income was declining considerably. The cost/income ratio for the regional institutions of credit cooperatives, which was very favourable in the previous year thanks mainly to an above-average net trading result, deteriorated by 10 percentage points but, at 52.3%, was still significantly below the long-term average of 57.4%. Unlike the other categories of banks, the networked institutions have a relatively dense branch network, which has a considerably negative effect on administrative costs when viewed in isolation. The cost/income ratio was therefore within the normal range for these categories of banks, at 67.1% for the savings banks (2012: 65.7%) and 64.6% for the credit cooperatives (2012: 65.9%). In the regional banks category, with a ratio of 64.8%, this indicator did not change notably against either the previous year or the long-term average (see table on page 67).

Net valuation result moderate

Increased negative balance plus declining income and expenditure

While the income reported in net income or net charges from valuation of assets[18] almost halved to €4.0 billion, expenditure declined by only €1.2 billion to €10.4 billion. Even though the net valuation result, at -€6.5 billion, was worse than in 2012, it still stood at a very low level (-€15.8 billion as a long-term average) thanks to robust economic conditions and good portfolio quality, and, not least, as a result of the accounting reallocation effect.[19] In this profit and loss analysis, the net balance from the establishment and reversal of hidden reserves is taken into account in the net valuation result and affects the level of profit for the financial year, while the net balance from withdrawals and transfers relating to the fund for general banking risks (disclosed reserves) is only reported as part of the appropriation of profits when building reserves.

Risk provisioning in lending business and for securities in the liquidity reserve

Risk provisioning in lending business as expressed in the net valuation result, which comprises additions and reversals for write-downs, impairment losses and provisions, was the chief beneficiary of the healthy condition of the Germany economy, a sustained high level of employment and the buoyant real estate markets. The total number of insolvencies in Germany, for example, was 6% lower than in the previous year. With the volume of outstanding receivables significantly lower, the number of consumer insolvencies fell by 6.6%, and the number of business insolvencies was down by as much as 8.1%. This meant that the number of business insolvencies showed a year-on-year fall for the fourth time in succession, and the number of consumer insolvencies was down on the year for the third consecutive time.[20]

---

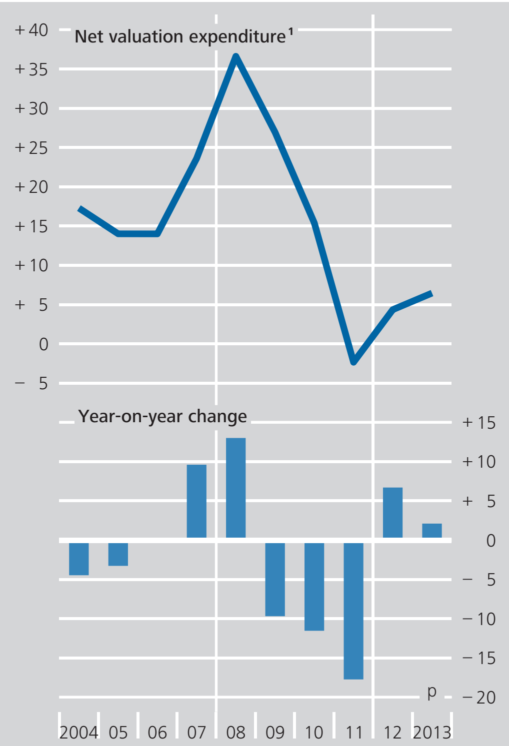
18 The net valuation result comprises income from write-ups on securities in the liquidity reserve, receivables and loans, as well as from the reversal of loan-loss provisions, in addition to expenditure from impairment losses and write-downs on securities in the liquidity reserve, receivables and loans and from additions to loan-loss provisions. Within this item, use had already been made of the cross-offsetting option permissible under section 340 f (3) of the German Commercial Code.

19 Against the backdrop of the tightened rules defining capital recognised as such from a banking supervision perspective at the European level (CRR/CRD IV), the networked institutions in particular have converted hidden reserves into disclosed reserves – on a considerable scale in some cases – to strengthen the tier 1 capital base from 2011 onwards, a measure that has no effect on earnings. This reversal of hidden reserves was recognised as income in the net valuation result, while the addition to disclosed reserves was only accounted for as part of the appropriation of profit. For details, see Deutsche Bundesbank, The effect of reallocating undisclosed reserves pursuant to section 340 f of the German Commercial Code as disclosed reserves pursuant to section 340g of the German Commercial Code on the annual profit in the profit and loss statistics, Monthly Report, September 2012, pp 27-28.

20 See Statistisches Bundesamt (Federal Statistical Office), Unternehmen und Arbeitsstätten, Fachserie 2, Reihe 4.1, Insolvenzverfahren Dezember und Jahr 2013, March 2014. See also the March 2012 and March 2013 issues of this Fachserie.

Risk provisioning of credit institutions

€ billion



1 Excluding investment in tangible and financial fixed assets.
Deutsche Bundesbank

Easing tensions in the international securities markets are likely to have had a beneficial impact on the net valuation result for securities in the liquidity reserve. According to the published annual reports, this was reflected in write-ups and disposal gains, which had a positive effect in that item.

Net valuation result in the individual categories of banks

Leaving aside Landesbanken and regional institutions of credit cooperatives, the net valuation result in the other categories of banks improved distinctly in comparison with the long-term average. It was most favourable at savings banks and credit cooperatives, where it again had a positive impact, at €0.1 billion and €0.3 billion respectively. Alongside the lower need for credit risk provisions, the published annual reports show that the big banks also benefited from disposal gains and write-ups with respect to securities in the liquidity reserve. With a negative balance of just €1 billion, they added €2.0 billion less to the net valuation result than in the previous year. At -€3.3 billion in the case of Landesbanken, the net valuation result in this sector was the poorest compared with the other categories of banks. In the previous year, it was only just in negative territory, mainly thanks to positive special factors. Once again, the persistent crisis in the shipping markets caused the affected Landesbanken to post sometimes very large write-downs on the loan portfolios in this sector.

Ratio of net valuation result to total assets

To improve comparability over time and between the categories of banks, analysis of the ratio of the net valuation result to total assets can also be used. With the exception of Landesbanken, this ratio showed an improvement in the other categories of banks compared with their respective long-term averages. Special factors should be taken into account here, however. In the observation period from 1993 to 2010, for example, the ratio of the net valuation result to total assets, especially for the networked institutions, was mostly among the least favourable compared with the other categories of banks. The long-term average for this ratio was -0.25% across all categories of banks; in the savings bank sector it stood at -0.38% and for the credit cooperatives it was -0.40%. This was probably related to their business model and the associated focus on lending to private individuals and SMEs. The noticeable improvement in this ratio after 2010 was not due to a surge in credit quality, but mainly to the income recorded in the net valuation result from the reallocation of hidden reserves as disclosed reserves, which had a positive effect in 2011 and 2012 especially.

Strains on extraordinary result again declining

Structurally negative balance in extraordinary account

The structurally negative balance in the extraordinary account, which decreased by €2.5 billion to €9.1 billion in the year under review in the context of declining expenditure and increased income, comprises, alongside the balance of extraordinary income and expenses in

Breakdown of the extraordinary profit and loss*

€ million

Item	2011	2012	2013
Balance of other and extraordinary income or charges	– 17,079	– 11,663	– 9,115
Income (total)	6,632	2,546	3,241
from value adjustments in respect of participating interests, shares in affiliated enterprises, and securities treated as fixed assets	660	1,396	1,507
from loss transfers	5,213	458	865
Extraordinary income	759	692	869
Charges (total)	– 23,711	– 14,209	– 12,356
Write-offs and write-downs in respect of participating interests, shares in affiliated enterprises, and securities treated as fixed assets	– 11,113	– 7,081	– 3,629
from loss transfers	– 6,581	– 628	– 639
Extraordinary charges	– 2,597	– 2,381	– 3,291
Profits transferred from profit pooling, a profit transfer agreement or a partial profit transfer agreement	– 3,420	– 4,119	– 4,797

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

the narrower sense,[21] income and expenditure from financial investment business and from the absorption of losses incurred by affiliated enterprises. In addition, expenditure from profit transfers[22] is reported here, as it cannot be allocated to actual operating business. This reduced the extraordinary account by €4.8 billion in the reporting year (2012: €4.1 billion) and mainly affected the categories of regional banks and other commercial banks.

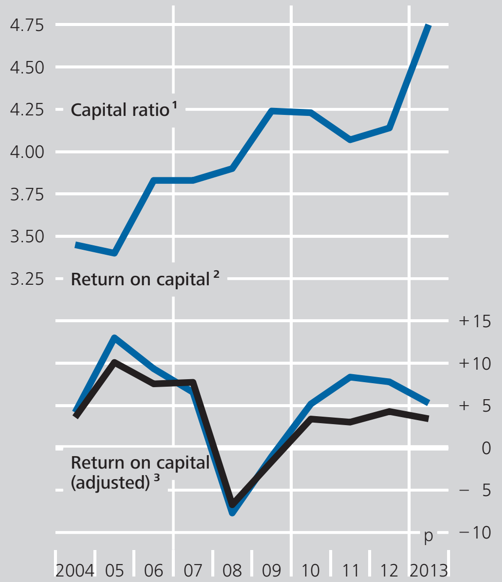
Write-ups in financial investment business

In 2013, the subsiding tensions in the financial markets led to further write-ups and once again to a significantly declining negative balance in financial investment business.[23] This balance improved on the previous year by €3.6 billion to a figure of just €2.1 billion. In 2011, a net expense of €10.5 billion had still impacted on the earnings position. Landesbanken in particular cut their net expenses by €1 billion to just €0.3 billion. This was due not least to significantly lower expenditure arising from fulfilment of covenants from the EU state aid procedure at one Landesbank. The big banks also posted a smaller negative balance of €1.3 billion, down by €0.9 billion. In the case of savings banks, however, net expense from financial investment business, which showed a slight year-on-year improvement at €0.9 billion, was still considerably less favourable than the long-term average. Much of this is likely to be due to write-downs on participating interests in individual Landesbanken.

21 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.
22 This relates to expenses from profit transfers on the basis of profit pooling, a profit transfer agreement or a partial profit transfer agreement. By contrast, the corresponding income components are reported in net interest received; the assumption is that these are part of the business strategy and hence of operating business.
23 Financial investment business comprises the balance of income from value re-adjustments in respect of participating interests, shares in affiliated undertakings and transferable securities held as financial fixed assets as well as impairment losses and write-downs on these items.

Credit institutions' capital and profit for the financial year

%



1 Capital (including fund for general banking risks but not participation rights capital) as a percentage of the balance sheet total; annual average. **2** Profit for the financial year before tax as a percentage of average capital. **3** Profit for the financial year before tax less net transfers to the fund for general banking risks (adjusted profit for the financial year) as a percentage of average capital.

Deutsche Bundesbank

Profit for the financial year and balance sheet profit

Declining annual profit together with further increase in balance sheet capital

At €21.5 billion, the aggregate profit for the financial year before tax was still considerably down on its prior-year figure by 28.7%. At the same time as balance sheet capital[24] rose – growing 5.2% year-on-year to €406.6 billion on the annual average – the return on equity consequently fell markedly by 2.5 percentage points to 5.3%. In total, balance sheet capital rose by 18.5% between 2010 and 2013 as part of the appropriation of profits and injections of external capital. Since risk-weighted assets declined during the same period, the resilience of the German banking sector is likely to have been strengthened on balance. The balance sheet capital ratio reached its highest value in the observation period since 1993, hitting 4.8% (long-term average: 3.7%).

Considered by banking category, performance continued to be strongly differentiated. The return on equity at the networked institutions declined again, particularly as a result of the renewed steep rise in balance sheet capital, due mainly to the high net transfers to the fund for general banking risks from the previous year.[25] Nonetheless, measured in terms of this profitability ratio, these institutions posted by far the best performance compared with the other categories of banks. Credit cooperatives generated a return on equity of 14.8%, with a slightly higher profit for the financial year before tax (up €0.2 billion to €7.6 billion). The ratio was 10.6% for savings banks, which reported a perceptibly reduced profit for the financial year that was down €0.9 billion to €8.6 billion. Since the net valuation result was again positive in both categories of banks, the reallocation effect is likely to have positively affected profit for the financial year in the reporting year as well. The calculation of the return on equity taking into account the adjusted profit for the financial year, ie reduced by net transfers to the fund for general banking risks, resulted for 2013 in a return on equity of 7.9% in the cooperative bank sector and 5.6% in the savings bank sector. Considered from this perspective, too, the networked institutions outperformed the other categories of banks.

Return on equity by category of banks

Regional banks recorded a distinctly higher profit for the financial year before tax, but had also considerably strengthened their balance sheet capital base. As a result, the return on equity, at 5.3%, was 0.8 percentage point worse than in the previous year. This indicator fell by 2.1 percentage points to 4.6% in the case of big banks on the back of a distinct decline in the profit for the financial year before tax and a barely changed balance sheet capital

24 Including reserves and the fund for general banking risks. It should be noted that the amounts set aside from the profit for the financial year generally increase balance sheet capital only in the following year after the annual accounts are adopted.
25 As part of the reallocation of hidden reserves as disclosed reserves, the income from the reversal of hidden reserves improves the net valuation result and the profit for the financial year in the respective reporting year, while the net addition to the disclosed reserves increases balance sheet capital only in the following year when the annual accounts are adopted.

Return on capital of individual categories of banks*

As a percentage

Category of banks	2009		2010		2011		2012		2013	
All categories of banks	– 1.03	(– 2.18)	5.18	(3.67)	8.36	(6.49)	7.80	(5.58)	5.29	(3.53)
Commercial banks	– 5.82	(– 5.67)	3.01	(2.01)	1.77	(0.75)	6.55	(3.68)	4.97	(3.54)
of which Big banks	– 9.10	(– 8.11)	2.88	(2.19)	– 0.12	(– 0.83)	6.65	(2.91)	4.58	(3.24)
Regional banks and other commercial banks	0.06	(– 1.32)	2.78	(1.39)	4.80	(3.33)	6.08	(4.75)	5.28	(3.83)
Landesbanken[1]	– 9.23	(– 9.58)	– 1.47	(– 1.31)	0.12	(– 1.02)	3.91	(2.77)	– 0.80	(– 1.58)
Savings banks	8.48	(4.44)	11.42	(7.07)	27.35	(22.88)	12.96	(9.32)	10.61	(7.32)
Regional institutions of credit cooperatives	7.24	(7.62)	5.77	(5.83)	10.27	(9.50)	4.94	(8.30)	4.10	(3.16)
Credit cooperatives	8.96	(5.04)	12.12	(8.02)	16.39	(11.87)	15.71	(11.50)	14.75	(10.99)
Mortgage banks	– 8.33	(– 9.29)	– 0.50	(– 0.40)	– 1.72	(– 2.14)	0.58	(0.46)	0.73	(0.18)

***** The figures for the most recent date should be regarded as provisional in all cases. Profit for the financial year before tax (in brackets: after tax) as a percentage of the average capital as shown in the balance sheet (including the fund for general banking risks, but excluding participation rights capital). **1** From 2012, Portigon AG (legal successor of WestLB) allocated to the category of "Special purpose banks".
Deutsche Bundesbank

base. The return on equity for regional institutions of credit cooperatives went down by 0.8 percentage point to 4.1%, affected by lower profit for the financial year before tax and higher balance sheet capital. Mortgage banks, where balance sheet capital was down again, were at the lower end of the scale in a long-term comparison, too, with a return on equity of 0.7%, alongside Landesbanken with a return on equity of -0.8%.[26] In the latter category of bank, high credit risk provisioning was the chief factor reducing earnings.

Large net transfers to the fund for general banking risks

As part of the appropriation of profits, the amounts set aside from the profit for the financial year increase equity only in the following 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.[27] On balance, an amount of €7.6 billion was transferred to the fund for general banking risks (2012: €13.6 billion), which was likely to have also come, among other things, from the reallocation of hidden reserves as disclosed reserves.[28] Reserves and participation rights capital were increased by €0.4 billion. As in previous years, the savings banks and credit cooperatives in particular strengthened their balance sheet capital. The increase in the big banks sector was largely the result of a reclassification measure with no economic effects on the balance sheet capital base.[29]

26 The negative profitability at special purpose banks, which was mainly attributable to the accounting-related special item in net interest received from one special purpose institution changing its accounting method for promotional loans, was not taken into account in this comparison.
27 This accounting practice affects the amount of annual average balance sheet capital.
28 The net transfers recorded as expenses in the net trading result pursuant to section 340e (4) of the German Commercial Code are not contained in these net transfers.
29 At one big bank, amounts from the earmarked special item contained in the fund for general banking risks were reversed pursuant to section 340e (4) of the German Commercial Code and recognised as income in the net trading result, in order to then re-transfer them to the non-earmarked portion of the fund for general banking risks as part of the appropriation of profit. This reclassification had no effect on the amount of balance sheet capital.

Landesbanken and special purpose banks reversed balance sheet capital items on balance in order to offset losses. Furthermore, the €0.3 billion increase to €8.1 billion in net losses brought forward[30] placed a strain on the financial result, although – as in earlier years – these were concentrated on individual mortgage banks, special purpose banks and regional banks.

Balance sheet loss again overall

Taking into account reduced expenses for taxes on income and earnings, the result was an aggregate balance sheet loss for the sixth time in succession now, which, at €1.7 billion, was also clearly greater than the previous year. As in 2012, this was due in particular to the balance sheet losses reported at the level of the categories of mortgage banks (€4.8 billion), special purpose banks (€2.0 billion) and, to a lesser extent, regional banks (€0.2 billion). The negative balance sheet results were again concentrated on a small number of larger institutions. All other categories of banks reported a balance sheet profit.

Outlook

Group results in the first half of 2014

The analysis of current earnings performance cannot make use of reporting at the level of the individual entity pursuant to the German Commercial Code. Even so, important clues and points of reference are provided by the intraperiod consolidated reporting of the category of major German banks with an international focus[31] reporting under International Financial Reporting Standards (IFRS). In the first half of 2014, this category had income from operating business of €31.8 billion, which – given distinctly declining total assets – was a good 8% below the corresponding prior-year figure. Both net interest received and the net trading result decreased significantly, while net commissions received showed a slight increase. The considerably lower addition to credit risk provisions had a stabilising effect, with a positive special item in the Landesbanken sector also playing a role. Overall, the net result before tax of €8.0 billion was only just below the corresponding figure for the previous year, resulting in a somewhat lower return on equity along with slightly higher balance sheet capital.

Subdued outlook

The economic outlook in Germany became gloomier from the middle of the year onwards against the backdrop of geopolitical tensions. Nonetheless, the underlying macroeconomic trend looks set to remain positive in spite of dampening factors and a waning pace of growth in the first half of 2014. This outlook is suggested by the sound labour market situation and households' high propensity to purchase, as well as favourable conditions in the housing market and, not least, the fact that the domestic business sector is in robust shape. These factors constitute a significant counterbalance to turbulence in the external setting, which is also likely to keep the costs of banks' credit risk provisioning within limits. However, heightened uncertainty has again intensified the search for liquid and secure forms of investment. Furthermore, the Governing Council of the ECB adopted further expansionary measures in June 2014.

The yields on outstanding listed Federal bonds with residual maturities of nine to ten years fell from 1.5% to just 1.0% between April and August, hitting new all-time lows in some cases. In addition, the yield curve flattened noticeably over the course of the year in the expectation of continued very low short-term interest rates, and has been moving around the zero-interest mark for shorter-term maturities since June. This is likely to keep margin pressure in interest business high and have a growing negative impact on the earnings potential from maturity transformation. The fairly steady performance to date of the networked institutions, which generate a large part of their net interest income from maturity transformation, will be particularly affected by this. The ECB Governing

30 When calculating regulatory capital, losses brought forward are to be deducted from core tier 1 capital.
31 This category comprises 11 institutions (big banks, regional institutions of credit cooperatives and selected Landesbanken).

Council's resolutions of 4 September 2014 will probably point in the same direction; besides a further cut to the key interest rates of 10 basis points (with effect from 10 September 2014), they provide for the purchase of securitised loans and Pfandbriefe. If nothing else, credit institutions' liquidity management is likely to tend to gain in importance. On the cost side, measures to implement the fulfilment of stricter regulatory requirements as well as the high costs of restructuring will have a continuing impact. Under these conditions, scope to create earnings potential will remain very constrained in the short term.

The tables accompanying this article are printed on pages 77 to 87.

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

As a percentage of the average balance sheet total°

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	Regional institutions of credit cooperatives	Credit cooperatives	Mortgage banks	Special purpose banks[1]
	Interest received[2]									
2007	5.13	4.78	4.65	5.23	5.66	4.81	3.56	4.77	7.09	4.45
2008	5.20	4.73	4.53	5.36	5.59	4.97	3.90	4.95	7.73	4.53
2009	3.86	3.24	2.93	4.07	3.82	4.37	2.85	4.41	5.38	3.75
2010	3.23	2.60	2.19	3.74	3.21	4.02	2.27	4.03	4.47	2.96
2011	3.29	2.02	1.56	3.78	5.39	3.96	2.14	3.93	4.96	3.05
2012	2.86	1.77	1.37	3.35	4.87	3.72	1.90	3.68	4.25	2.59
2013	2.58	1.70	1.29	3.09	3.49	3.39	1.75	3.40	3.91	2.80
	Interest paid									
2007	4.01	3.48	3.56	3.23	5.01	2.75	3.06	2.61	6.65	4.02
2008	4.11	3.52	3.54	3.47	4.87	2.97	3.32	2.89	7.34	4.09
2009	2.72	2.04	1.84	2.57	3.11	2.25	2.41	2.18	4.91	3.22
2010	2.10	1.45	1.24	2.05	2.52	1.82	1.79	1.69	4.02	2.45
2011	2.27	1.17	0.93	2.09	4.69	1.75	1.69	1.63	4.56	2.59
2012	1.87	0.92	0.69	1.84	4.24	1.59	1.42	1.47	3.83	2.14
2013	1.57	0.80	0.61	1.49	2.81	1.29	1.22	1.15	3.53	2.61
	Excess of interest received over interest paid = net interest received (interest margin)									
2007	1.12	1.30	1.09	2.00	0.65	2.06	0.50	2.15	0.43	0.43
2008	1.09	1.20	0.99	1.89	0.72	2.00	0.58	2.06	0.39	0.44
2009	1.14	1.20	1.09	1.50	0.72	2.13	0.45	2.23	0.47	0.53
2010	1.14	1.14	0.95	1.69	0.68	2.20	0.48	2.33	0.44	0.51
2011	1.02	0.85	0.64	1.69	0.70	2.21	0.45	2.30	0.41	0.46
2012	0.99	0.85	0.68	1.51	0.63	2.12	0.48	2.21	0.43	0.45
2013	1.01	0.89	0.69	1.60	0.68	2.11	0.52	2.25	0.38	0.19
	Excess of commissions received over commissions paid = net commissions received									
2007	0.39	0.60	0.51	0.92	0.13	0.60	0.12	0.67	0.04	0.10
2008	0.36	0.54	0.45	0.82	0.13	0.57	0.11	0.63	0.05	0.09
2009	0.34	0.55	0.50	0.70	0.07	0.55	0.14	0.58	0.02	0.10
2010	0.35	0.56	0.50	0.72	0.08	0.57	0.13	0.59	0.02	0.09
2011	0.32	0.42	0.35	0.70	0.07	0.57	0.13	0.58	0.02	0.08
2012	0.30	0.37	0.32	0.61	0.06	0.56	0.12	0.56	0.02	0.09
2013	0.34	0.43	0.38	0.62	0.06	0.57	0.13	0.56	0.01	0.11

* The figures for the most recent date should be regarded as provisional in all cases. ° Excluding the balance sheet total of the foreign branches of savings banks and of the foreign branches of regional institutions of credit cooperatives. For footnotes 1 and 2, see p 78.
Deutsche Bundesbank

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

As a percentage of the average balance sheet total°

Financial year	All categories of banks	Commercial banks: Total	of which: Big banks	of which: Regional banks and other commercial banks	Landesbanken[1]	Savings banks	Regional institutions of credit cooperatives	Credit cooperatives	Mortgage banks	Special purpose banks[1]
	General administrative spending									
2007	1.00	1.28	1.13	1.81	0.43	1.90	0.39	2.12	0.18	0.21
2008	0.95	1.20	1.02	1.75	0.43	1.81	0.36	2.01	0.17	0.20
2009	1.02	1.40	1.31	1.65	0.45	1.80	0.41	1.98	0.18	0.21
2010	0.99	1.32	1.20	1.67	0.44	1.74	0.38	1.88	0.17	0.19
2011	0.89	0.97	0.80	1.62	0.44	1.74	0.37	1.88	0.22	0.20
2012	0.89	0.92	0.77	1.55	0.46	1.76	0.37	1.86	0.24	0.26
2013	0.97	1.03	0.89	1.55	0.54	1.77	0.40	1.85	0.27	0.27
	Net profit or net loss from the trading portfolio[3]									
2007	– 0.01	0.03	0.08	– 0.13	– 0.10	0.01	– 0.19	0.01	0.00	0.00
2008	– 0.22	– 0.55	– 0.69	– 0.14	– 0.09	0.00	– 0.33	0.00	0.00	0.00
2009	0.09	0.18	0.22	0.08	0.06	0.02	0.33	0.01	0.00	0.00
2010	0.07	0.17	0.23	0.00	0.03	0.00	0.19	0.00	0.00	0.00
2011	0.05	0.13	0.15	0.05	– 0.04	0.00	0.06	0.00	0.00	0.00
2012	0.08	0.14	0.16	0.04	0.05	0.00	0.28	0.00	0.00	0.00
2013	0.07	0.11	0.14	0.04	0.11	0.00	0.12	0.00	0.00	0.00
	Operating result before valuation of assets									
2007	0.54	0.67	0.53	1.14	0.27	0.84	0.05	0.89	0.33	0.34
2008	0.34	0.08	– 0.22	0.99	0.36	0.82	0.03	0.93	0.28	0.34
2009	0.55	0.51	0.40	0.77	0.43	0.90	0.52	0.92	0.31	0.42
2010	0.56	0.50	0.35	0.91	0.37	1.03	0.42	1.07	0.30	0.42
2011	0.50	0.46	0.30	1.04	0.30	1.03	0.27	1.06	0.08	0.36
2012	0.49	0.45	0.35	0.84	0.31	0.92	0.51	0.97	0.23	0.30
2013	0.43	0.38	0.25	0.84	0.33	0.87	0.37	1.01	0.09	0.03
	Net income or net charges from valuation of assets									
2007	– 0.29	– 0.17	– 0.13	– 0.31	– 0.13	– 0.43	– 0.18	– 0.44	– 0.14	– 0.96
2008	– 0.44	– 0.34	– 0.32	– 0.42	– 0.50	– 0.47	– 0.25	– 0.56	– 0.48	– 0.53
2009	– 0.34	– 0.31	– 0.28	– 0.40	– 0.38	– 0.42	0.01	– 0.33	– 0.43	– 0.25
2010	– 0.19	– 0.16	– 0.08	– 0.36	– 0.15	– 0.33	0.00	– 0.33	– 0.31	– 0.05
2011	0.03	– 0.11	– 0.06	– 0.31	– 0.05	0.69	0.41	– 0.04	– 0.25	0.08
2012	– 0.05	– 0.10	– 0.09	– 0.11	– 0.01	0.06	– 0.05	0.04	– 0.11	– 0.04
2013	– 0.08	– 0.05	– 0.03	– 0.13	– 0.27	0.01	– 0.12	0.04	– 0.08	– 0.08

For footnotes *, °, see p 77. **1** From 2012, Portigon AG (legal successor of WestLB) allocated to the category of "Special purpose banks". **2** Interest received plus current income and profits transferred from profit pooling, a profit transfer agreement or a partial profit transfer agreement. **3** Up to 2009, net profit or net loss on financial operations.

Deutsche Bundesbank

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

As a percentage of the average balance sheet total°

Financial year	All categories of banks	Commercial banks: Total	of which: Big banks	of which: Regional banks and other commercial banks	Landesbanken[1]	Savings banks	Regional institutions of credit cooperatives	Credit cooperatives	Mortgage banks	Special purpose banks[1]
	Operating result									
2007	0.25	0.51	0.41	0.84	0.15	0.40	– 0.13	0.45	0.18	– 0.62
2008	– 0.10	– 0.26	– 0.54	0.57	– 0.14	0.35	– 0.23	0.37	– 0.20	– 0.19
2009	0.21	0.20	0.12	0.37	0.05	0.48	0.53	0.58	– 0.12	0.18
2010	0.37	0.35	0.27	0.55	0.22	0.71	0.42	0.74	0.00	0.37
2011	0.53	0.34	0.24	0.73	0.25	1.73	0.68	1.02	– 0.18	0.43
2012	0.45	0.35	0.25	0.73	0.30	0.98	0.46	1.00	0.11	0.26
2013	0.36	0.33	0.21	0.72	0.06	0.87	0.25	1.06	0.01	– 0.05
	Net other and extraordinary income or charges									
2007	0.00	0.13	0.28	– 0.36	– 0.10	– 0.04	– 0.02	0.02	– 0.14	– 0.07
2008	– 0.20	– 0.29	– 0.26	– 0.39	– 0.21	– 0.14	0.08	– 0.05	– 0.15	– 0.19
2009	– 0.26	– 0.43	– 0.47	– 0.37	– 0.42	– 0.04	– 0.27	– 0.08	– 0.05	– 0.01
2010	– 0.15	– 0.23	– 0.17	– 0.40	– 0.28	– 0.09	– 0.18	– 0.05	– 0.01	0.01
2011	– 0.19	– 0.29	– 0.24	– 0.47	– 0.25	– 0.17	– 0.24	– 0.04	0.13	– 0.05
2012	– 0.12	– 0.16	– 0.09	– 0.40	– 0.14	– 0.12	– 0.26	0.00	– 0.10	– 0.07
2013	– 0.11	– 0.16	– 0.08	– 0.41	– 0.10	– 0.09	– 0.06	– 0.04	0.02	– 0.07
	Profit for the financial year before tax									
2007	0.25	0.64	0.68	0.48	0.05	0.37	– 0.15	0.47	0.04	– 0.70
2008	– 0.30	– 0.55	– 0.81	0.18	– 0.36	0.21	– 0.15	0.32	– 0.35	– 0.38
2009	– 0.04	– 0.24	– 0.35	0.00	– 0.37	0.44	0.26	0.50	– 0.18	0.17
2010	0.22	0.12	0.10	0.14	– 0.06	0.62	0.23	0.69	– 0.01	0.38
2011	0.34	0.06	0.00	0.26	0.00	1.56	0.44	0.98	– 0.05	0.39
2012	0.32	0.20	0.16	0.32	0.17	0.86	0.21	1.00	0.02	0.19
2013	0.25	0.17	0.13	0.30	– 0.04	0.78	0.19	1.02	0.02	– 0.12
	Profit for the financial year after tax									
2007	0.18	0.52	0.57	0.36	0.03	0.21	0.11	0.30	0.02	– 0.71
2008	– 0.32	– 0.54	– 0.76	0.10	– 0.39	0.11	0.05	0.23	– 0.37	– 0.39
2009	– 0.09	– 0.23	– 0.31	– 0.06	– 0.39	0.23	0.28	0.28	– 0.20	0.17
2010	0.16	0.08	0.08	0.07	– 0.05	0.38	0.24	0.45	– 0.01	0.37
2011	0.26	0.02	– 0.02	0.18	– 0.04	1.30	0.41	0.71	– 0.06	0.38
2012	0.23	0.11	0.07	0.25	0.12	0.62	0.35	0.73	0.01	0.18
2013	0.17	0.12	0.09	0.22	– 0.08	0.54	0.15	0.76	0.01	– 0.12

For footnotes *****, °, see p 77. For footnote **1**, see p 78.
Deutsche Bundesbank

Credit institutions' profit and loss accounts*

Financial year	Number of reporting institutions	Balance sheet total as an annual average[1]	Interest business: Net interest received (col 4 less col 5)	Interest business: Total interest received[2]	Interest business: Interest paid	Commissions business: Net commissions received (col 7 less col 8)	Commissions business: Commissions received	Commissions business: Commissions paid	Net profit or net loss from the trading portfolio[3]	Net other operating income or charges	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									
2006	1,940	7,719.0	89.1	357.5	268.3	29.9	38.4	8.6	4.4	7.3	130.7
2007	1,903	8,158.9	91.6	418.9	327.4	31.7	42.2	10.5	– 1.1	3.5	125.6
2008	1,864	8,327.1	90.6	432.8	342.2	29.7	41.1	11.3	– 18.7	5.6	107.2
2009	1,819	8,022.1	91.5	309.9	218.4	27.4	39.4	12.0	6.9	0.5	126.3
2010	1,798	8,105.2	92.1	262.2	170.0	28.6	40.6	12.0	5.7	– 0.6	125.9
2011	1,778	8,968.7	91.3	295.2	203.9	28.8	39.7	10.9	4.6	0.6	125.3
2012	1,754	9,341.9	92.3	267.0	174.8	28.0	38.5	10.5	7.1	1.6	129.0
2013	1,726	8,551.6	86.4	220.8	134.4	28.7	39.2	10.6	5.9	– 0.9	120.0
	Year-on-year percentage change[6]										
2007	– 1.9	5.7	2.8	17.2	22.0	6.1	9.8	22.7	.	– 51.9	– 3.9
2008	– 2.0	2.1	– 1.0	3.3	4.5	– 6.2	– 2.7	8.0	– 1,537.6	58.4	– 14.7
2009	– 2.4	– 3.7	0.9	– 28.4	– 36.2	– 7.8	– 4.0	5.8	.	– 90.7	17.8
2010	– 1.2	1.0	0.7	– 15.4	– 22.1	4.5	3.1	– 0.2	– 17.3	.	– 0.3
2011	– 1.1	10.7	– 0.9	12.6	19.9	0.5	– 2.4	– 9.2	– 19.4	.	– 0.5
2012	– 1.3	4.2	1.0	– 9.5	– 14.3	– 2.6	– 2.8	– 3.3	55.3	163.9	2.9
2013	– 1.6	– 8.5	– 6.4	– 17.3	– 23.1	2.3	1.8	0.4	– 18.0	.	– 6.9
	As a percentage of the average balance sheet total										
2006	.	.	1.15	4.63	3.48	0.39	0.50	0.11	0.06	0.09	1.69
2007	.	.	1.12	5.13	4.01	0.39	0.52	0.13	– 0.01	0.04	1.54
2008	.	.	1.09	5.20	4.11	0.36	0.49	0.14	– 0.22	0.07	1.29
2009	.	.	1.14	3.86	2.72	0.34	0.49	0.15	0.09	0.01	1.57
2010	.	.	1.14	3.23	2.10	0.35	0.50	0.15	0.07	– 0.01	1.55
2011	.	.	1.02	3.29	2.27	0.32	0.44	0.12	0.05	0.01	1.40
2012	.	.	0.99	2.86	1.87	0.30	0.41	0.11	0.08	0.02	1.38
2013	.	.	1.01	2.58	1.57	0.34	0.46	0.12	0.07	– 0.01	1.40

* The figures for the most recent date should be regarded as provisional in all cases. **1** Excluding the balance sheet total of the foreign branches of savings banks and of the foreign branches of regional institutions of credit cooperatives. **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 2009, net profit or net loss on financial operations. **4** Net interest and commis-

Deutsche Bundesbank

General administrative spending			Operating result before the valuation of assets (col 11 less col 12)	Net income or net charges from the valuation of assets (other than tangible or financial fixed assets)	Operating result (col 15 plus col 16)	Net other and extra-ordinary income or charges	Profit 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 ad-ministrative spending[5]								
12	13	14	15	16	17	18	19	20	21	Financial year
€ billion										
81.5	46.0	35.5	49.2	– 14.0	35.2	– 7.6	27.6	5.4	22.2	2006
81.6	44.6	37.0	44.1	– 23.6	20.5	0.1	20.5	6.0	14.6	2007
78.7	42.0	36.7	28.5	– 36.6	– 8.2	– 16.9	– 25.0	1.3	– 26.3	2008
82.2	45.0	37.2	44.1	– 26.9	17.2	– 20.6	– 3.5	3.9	– 7.4	2009
80.2	42.3	38.0	45.7	– 15.4	30.3	– 12.5	17.8	5.2	12.6	2010
80.1	41.7	38.4	45.2	2.3	47.6	– 17.1	30.5	6.8	23.7	2011
82.8	43.8	39.0	46.2	– 4.4	41.8	– 11.7	30.2	8.6	21.6	2012
83.0	43.1	39.9	37.1	– 6.5	30.6	– 9.1	21.5	7.2	14.3	2013
Year-on-year percentage change[6]										
0.1	– 3.0	4.1	– 10.5	– 68.6	– 41.9	.	– 25.6	9.8	– 34.3	2007
– 3.5	– 5.8	– 0.7	– 35.4	– 55.1	.	.	.	– 77.7	.	2008
4.4	7.0	1.5	54.9	26.4	.	– 22.4	86.1	195.0	71.9	2009
– 2.4	– 6.0	2.0	3.6	42.9	76.6	39.3	.	32.6	.	2010
– 0.2	– 1.4	1.2	– 1.0	.	57.0	– 36.4	71.5	31.8	87.9	2011
3.4	5.2	1.5	2.1	.	– 12.1	31.7	– 1.1	25.5	– 8.8	2012
0.2	– 1.8	2.3	– 19.7	– 48.4	– 26.8	21.8	– 28.7	– 16.4	– 33.5	2013
As a percentage of the average balance sheet total										
1.06	0.60	0.46	0.64	– 0.18	0.46	– 0.10	0.36	0.07	0.29	2006
1.00	0.55	0.45	0.54	– 0.29	0.25	0.00	0.25	0.07	0.18	2007
0.95	0.50	0.44	0.34	– 0.44	– 0.10	– 0.20	– 0.30	0.02	– 0.32	2008
1.02	0.56	0.46	0.55	– 0.34	0.21	– 0.26	– 0.04	0.05	– 0.09	2009
0.99	0.52	0.47	0.56	– 0.19	0.37	– 0.15	0.22	0.06	0.16	2010
0.89	0.46	0.43	0.50	0.03	0.53	– 0.19	0.34	0.08	0.26	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	– 0.08	0.36	– 0.11	0.25	0.08	0.17	2013

sions received plus net profit or net loss from the trading portfolio (up to 2009, from financial operations) and net other operating income or charges. **5** Including depreciation of and value adjustments to tangible and intangible assets, but excluding depreciation of and value adjustments to assets leased ("broad" definition). **6** Statistical changes have been eliminated.

Profit and loss accounts, by category of banks*

Financial year	Number of reporting institutions	Balance sheet total as an annual average[1]	Interest business: Net interest received (col 4 less col 5)	Interest business: Total interest received[2]	Interest business: Interest paid	Commissions business: Net commissions received (col 7 less col 8)	Commissions business: Commissions received	Commissions business: Commissions paid	Net profit or net loss from the trading portfolio[3]	Net other operating income or charges	Operating income[4] (col 3 plus col 6 plus col 9 plus col 10)
		€ million									
	1	2	3	4	5	6	7	8	9	10	11
	All categories of banks										
2008	1,864	8,327,069	90,636	432,846	342,210	29,718	41,060	11,342	– 18,718	5,555	107,191
2009	1,819	8,022,116	91,472	309,873	218,401	27,402	39,405	12,003	6,906	518	126,298
2010	1,798	8,105,203	92,136	262,181	170,045	28,639	40,614	11,975	5,712	– 559	125,928
2011	1,778	8,968,671	91,342	295,198	203,856	28,778	39,655	10,877	4,602	595	125,317
2012	1,754	9,341,874	92,252	267,025	174,773	28,024	38,547	10,523	7,149	1,570	128,995
2013	1,726	8,551,574	86,365	220,807	134,442	28,667	39,236	10,569	5,861	– 856	120,037
	Commercial banks										
2008	181	2,964,986	35,704	140,162	104,458	15,994	23,061	7,067	– 16,343	2,506	37,861
2009	183	2,735,704	32,803	88,667	55,864	15,095	21,816	6,721	4,896	– 725	52,069
2010	183	2,845,575	32,525	73,870	41,345	15,799	22,770	6,971	4,706	– 1,165	51,865
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	32,690	62,224	29,534	15,946	22,387	6,441	4,136	– 884	51,888
	Big banks										
2008	5	2,212,741	21,828	100,199	78,371	9,895	13,541	3,646	– 15,373	1,270	17,620
2009	4	1,931,021	21,060	56,590	35,530	9,565	13,035	3,470	4,262	– 1,862	33,025
2010	4	2,061,016	19,584	45,236	25,652	10,215	13,552	3,337	4,706	– 2,529	31,976
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
	Regional banks and other commercial banks										
2008	158	722,740	13,660	38,753	25,093	5,939	9,354	3,415	– 983	1,206	19,822
2009	161	766,860	11,519	31,235	19,716	5,369	8,615	3,246	614	1,023	18,525
2010	161	751,218	12,664	28,097	15,433	5,442	9,068	3,626	– 16	1,248	19,338
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	13,162	25,461	12,299	5,119	9,200	4,081	295	1,130	19,706
	Branches of foreign banks										
2008	18	29,505	216	1,210	994	160	166	6	13	30	419
2009	18	37,823	224	842	618	161	166	5	20	114	519
2010	18	33,341	277	537	260	142	150	8	16	116	551
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
	Landesbanken[8]										
2008	10	1,695,465	12,161	94,705	82,544	2,177	4,015	1,838	– 1,514	652	13,476
2009	10	1,587,259	11,354	60,664	49,310	1,181	3,614	2,433	907	501	13,943
2010	10	1,512,276	10,325	48,471	38,146	1,225	3,379	2,154	472	205	12,227
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

For footnotes *, **1-8**, see p 84 and p 85.
Deutsche Bundesbank

General administrative spending			Operat-ing result before the valu-ation of assets (col 11 less col 12)	Net income or net charges from the valuation of assets (other than tan-gible or financial fixed assets)	Operating result (col 15 plus col 16)	Net other and extra-ordinary income or charges	Profit for the finan-cial year before tax (col 17 plus col 18)	Taxes on income and earnings[6]	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[7]	Balance sheet profit or loss (–) (col 21 plus col 22)	Financial year
Total (col 13 plus col 14)	Staff costs	Total other adminis-trative spend-ing[5]										
12	13	14	15	16	17	18	19	20	21	22	23	
										All categories of banks		
78,731	42,033	36,698	28,460	– 36,611	– 8,151	– 16,863	– 25,014	1,327	– 26,341	21,549	– 4,792	2008
82,207	44,964	37,243	44,091	– 26,930	17,161	– 20,648	– 3,487	3,915	– 7,402	2,432	– 4,970	2009
80,229	42,259	37,970	45,699	– 15,389	30,310	– 12,525	17,785	5,192	12,593	– 13,423	– 830	2010
80,086	41,674	38,412	45,231	2,348	47,579	– 17,079	30,500	6,843	23,657	– 24,792	– 1,135	2011
82,822	43,849	38,973	46,173	– 4,351	41,822	– 11,663	30,159	8,590	21,569	– 21,937	– 368	2012
82,953	43,068	39,885	37,084	– 6,457	30,627	– 9,115	21,512	7,177	14,335	– 16,070	– 1,735	2013
										Commercial banks		
35,444	16,868	18,576	2,417	– 10,161	– 7,744	– 8,676	– 16,420	– 461	– 15,959	16,697	738	2008
38,241	18,904	19,337	13,828	– 8,442	5,386	– 11,860	– 6,474	– 162	– 6,312	8,568	2,256	2009
37,580	17,407	20,173	14,285	– 4,434	9,851	– 6,512	3,339	1,104	2,235	– 241	1,994	2010
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
37,805	16,910	20,895	14,083	– 2,009	12,074	– 5,765	6,309	1,811	4,498	– 2,750	1,748	2013
										Big banks		
22,594	10,917	11,677	– 4,974	– 7,041	– 12,015	– 5,818	– 17,833	– 1,096	– 16,737	16,810	73	2008
25,349	12,811	12,538	7,676	– 5,326	2,350	– 9,041	– 6,691	– 724	– 5,966	8,392	2,426	2009
24,754	11,873	12,881	7,222	– 1,714	5,508	– 3,469	2,039	488	1,551	837	2,388	2010
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
										Regional banks and other commercial banks		
12,637	5,858	6,779	7,185	– 3,052	4,133	– 2,832	1,301	572	729	– 113	616	2008
12,624	5,997	6,627	5,901	– 3,067	2,834	– 2,812	22	497	– 476	178	– 298	2009
12,538	5,441	7,097	6,800	– 2,694	4,106	– 3,035	1,071	536	535	– 1,068	– 533	2010
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
12,762	5,624	7,138	6,944	– 1,049	5,895	– 3,398	2,497	688	1,809	– 1,973	– 164	2013
										Branches of foreign banks		
213	93	120	206	– 68	138	– 26	112	63	49	0	49	2008
268	96	172	251	– 49	202	– 7	195	65	130	– 2	128	2009
288	93	195	263	– 26	237	– 8	229	80	149	– 10	139	2010
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	87	174	– 21	153	2013
										Landesbanken[8]		
7,364	3,659	3,705	6,112	– 8,547	– 2,435	– 3,616	– 6,051	629	– 6,680	6,809	129	2008
7,111	3,622	3,489	6,832	– 6,096	736	– 6,649	– 5,913	223	– 6,136	3,791	– 2,345	2009
6,689	3,261	3,428	5,538	– 2,270	3,268	– 4,197	– 929	– 101	– 828	690	– 138	2010
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

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

Financial year	Number of reporting institutions	€ million: Balance sheet total as an annual average[1]	Interest business: Net interest received (col 4 less col 5)	Total interest received[2]	Interest paid	Commissions business: Net commissions received (col 7 less col 8)	Commissions received	Commissions paid	Net profit or net loss from the trading portfolio[3]	Net other operating income or charges	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
	Savings banks										
2008	438	1,042,947	20,861	51,861	31,000	5,994	6,416	422	35	548	27,438
2009	431	1,060,725	22,570	46,406	23,836	5,858	6,298	440	172	105	28,705
2010	429	1,070,231	23,506	43,023	19,517	6,124	6,591	467	46	31	29,707
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	23,142	37,295	14,153	6,240	6,632	392	19	– 466	28,935
	Regional institutions of credit cooperatives										
2008	2	273,650	1,590	10,671	9,081	299	759	460	– 910	69	1,048
2009	2	263,438	1,175	7,512	6,337	373	798	425	881	8	2,437
2010	2	262,437	1,259	5,958	4,699	347	828	481	491	– 17	2,080
2011	2	275,900	1,242	5,912	4,670	352	766	414	179	– 10	1,763
2012	2	294,430	1,403	5,594	4,191	364	715	351	836	– 2	2,601
2013	2	282,833	1,479	4,940	3,461	367	747	380	347	– 22	2,171
	Credit cooperatives										
2008	1,197	641,771	13,205	31,770	18,565	4,037	4,720	683	10	1,637	18,889
2009	1,157	676,780	15,062	29,842	14,780	3,893	4,665	772	52	574	19,581
2010	1,138	697,694	16,264	28,085	11,821	4,114	4,926	812	10	226	20,614
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	16,879	25,538	8,659	4,182	5,083	901	10	420	21,491
	Mortgage banks										
2008	19	821,083	3,213	63,510	60,297	418	787	369	– 4	75	3,702
2009	18	803,949	3,760	43,235	39,475	129	910	781	– 3	27	3,913
2010	18	793,476	3,505	35,431	31,926	197	800	603	– 6	86	3,782
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
	Special purpose banks[8]										
2008	17	887,167	3,902	40,167	36,265	799	1,302	503	8	68	4,777
2009	18	894,261	4,748	33,547	28,799	873	1,304	431	1	28	5,650
2010	18	923,514	4,752	27,343	22,591	833	1,320	487	– 7	75	5,653
2011	18	927,186	4,234	28,284	24,050	766	1,223	457	– 10	195	5,185
2012	19	1,143,626	5,165	29,585	24,420	1,019	1,551	532	– 33	277	6,428
2013	20	1,038,094	1,964	29,076	27,112	1,142	1,538	396	7	3	3,116
	Memo item: Banks majority-owned by foreign banks[9]										
2008	44	732,683	10,163	39,246	29,083	3,777	5,911	2,134	– 3,392	345	10,893
2009	43	679,565	9,831	26,212	16,381	3,311	5,272	1,961	1,277	370	14,789
2010	42	666,637	9,104	22,602	13,498	3,331	5,236	1,905	371	28	12,834
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	303	12,308

* The figures for the most recent date should be regarded as provisional in all cases. **1** Excluding the balance sheet total of the foreign branches of savings banks and of the foreign branches of regional institutions of credit cooperatives. **2** Interest received plus current income and profits transferred from profit pooling, a profit transfer agreement or a partial profit transfer agreement. **3** Up to 2009, net profit or net loss on financial operations. **4** Net interest and commissions received plus net profit or net loss from the trading portfolio (up to 2009, from financial operations) and net other operating income or charges. **5** Including depreciation of and value adjustments to tangible and intangible assets, but

Deutsche Bundesbank

General administrative spending			Operating result before the valuation of assets (col 11 less col 12)	Net income or net charges from the valuation of assets (other than tangible or financial fixed assets)	Operating result (col 15 plus col 16)	Net other and extraordinary income or charges	Profit 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)	Withdrawals from or transfers to (–) reserves and participation rights capital[7]	Balance sheet profit or loss (–) (col 21 plus col 22)	Financial year
Total (col 13 plus col 14)	Staff costs	Total other administrative spending[5]										
12	13	14	15	16	17	18	19	20	21	22	23	
											Savings banks	
18,865	11,534	7,331	8,573	– 4,900	3,673	– 1,512	2,161	1,016	1,145	– 143	1,002	2008
19,109	11,912	7,197	9,596	– 4,484	5,112	– 402	4,710	2,245	2,465	– 1,201	1,264	2009
18,665	11,546	7,119	11,042	– 3,493	7,549	– 963	6,586	2,513	4,073	– 2,555	1,518	2010
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
19,426	12,090	7,336	9,509	101	9,610	– 1,012	8,598	2,664	5,934	– 4,386	1,548	2013
											Regional institutions of credit cooperatives	
976	516	460	72	– 694	– 622	206	– 416	– 558	142	– 41	101	2008
1,069	598	471	1,368	27	1,395	– 699	696	– 37	733	– 542	191	2009
990	545	445	1,090	7	1,097	– 483	614	– 6	620	– 402	218	2010
1,018	530	488	745	1,124	1,869	– 659	1,210	91	1,119	– 1,018	101	2011
1,099	562	537	1,502	– 137	1,365	– 758	607	– 412	1,019	– 815	204	2012
1,135	589	546	1,036	– 329	707	– 172	535	123	412	– 177	235	2013
											Credit cooperatives	
12,909	7,874	5,035	5,980	– 3,615	2,365	– 326	2,039	571	1,468	– 423	1,045	2008
13,380	8,283	5,097	6,201	– 2,258	3,943	– 539	3,404	1,490	1,914	– 724	1,190	2009
13,134	7,940	5,194	7,480	– 2,316	5,164	– 375	4,789	1,620	3,169	– 1,796	1,373	2010
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
13,887	8,304	5,583	7,604	321	7,925	– 277	7,648	1,952	5,696	– 4,286	1,410	2013
											Mortgage banks	
1,393	606	787	2,309	– 3,977	– 1,668	– 1,245	– 2,913	93	– 3,006	– 452	– 3,458	2008
1,432	639	793	2,481	– 3,481	– 1,000	– 419	– 1,419	163	– 1,582	– 3,093	– 4,675	2009
1,374	533	841	2,408	– 2,423	– 15	– 71	– 86	– 17	– 69	– 4,494	– 4,563	2010
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
											Special purpose banks[8]	
1,780	976	804	2,997	– 4,717	– 1,720	– 1,694	– 3,414	37	– 3,451	– 898	– 4,349	2008
1,865	1,006	859	3,785	– 2,196	1,589	– 80	1,509	– 7	1,516	– 4,367	– 2,851	2009
1,797	1,027	770	3,856	– 460	3,396	76	3,472	79	3,393	– 4,625	– 1,232	2010
1,865	1,031	834	3,320	709	4,029	– 454	3,575	51	3,524	– 4,363	– 839	2011
3,030	1,612	1,418	3,398	– 412	2,986	– 823	2,163	105	2,058	– 3,730	– 1,672	2012
2,773	1,450	1,323	343	– 815	– 472	– 744	– 1,216	70	– 1,286	– 669	– 1,955	2013
											Memo item: Banks majority-owned by foreign banks[9]	
8,371	3,947	4,424	2,522	– 2,887	– 365	– 1,423	– 1,788	363	– 2,150	2,508	358	2008
8,811	4,471	4,340	5,978	– 2,953	3,025	– 1,816	1,209	496	713	592	1,305	2009
7,618	3,432	4,186	5,216	– 1,697	3,519	– 1,439	2,080	550	1,530	– 34	1,496	2010
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
8,234	3,779	4,455	4,074	– 474	3,600	– 1,479	2,121	512	1,609	– 558	1,051	2013

excluding depreciation of and value adjustments to assets leased ("broad" definition). **6** In part, including taxes paid by legally dependent building and loan associations affiliated to Landesbanken. **7** Including profit or loss brought forward and withdrawals from or transfers to the fund for general banking risks. **8** From 2012, Portigon AG (legal successor of WestLB) allocated to the category of "Special purpose banks". **9** Separate presentation of the (legally independent) credit institutions 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										
		Total	Interest paid	Commissions paid	Net loss from the trading portfolio[1]	Gross loss on transactions in goods and subsidiary transactions	General administrative spending					
							Total	Staff costs				Other administrative spending[2]
								Total	Wages and salaries	Social security costs and costs relating to pensions and other benefits		
										Total	*of which* Pensions	
2005	1,988	373.0	240.9	7.6	0.6	0.0	74.5	43.4	33.3	10.2	4.6	31.0
2006	1,940	398.1	268.3	8.6	0.5	0.0	77.6	46.0	35.3	10.7	5.0	31.6
2007	1,903	472.9	327.4	10.5	4.5	0.0	77.8	44.6	35.1	9.5	3.9	33.2
2008	1,864	522.6	342.2	11.3	19.8	0.0	75.1	42.0	32.8	9.2	4.1	33.1
2009	1,819	379.1	218.4	12.0	1.2	0.0	78.7	45.0	34.5	10.4	4.7	33.7
2010	1,798	319.6	170.0	12.0	0.7	0.0	76.8	42.3	34.5	7.8	2.3	34.5
2011	1,778	357.9	203.9	10.9	1.2	0.0	76.7	41.7	34.0	7.7	2.4	35.0
2012	1,754	320.0	174.8	10.5	0.2	0.0	79.0	43.8	34.9	9.0	3.4	35.2
2013	1,726	276.9	134.4	10.6	0.3	0.0	79.4	43.1	34.6	8.5	2.9	36.3

Financial year	Income, € billion									
	Total	Interest received			Current income				Profits transferred under profit pooling, a profit transfer agreement or a partial profit transfer agreement	Commissions received
		Total	from lending and money market transactions	from debt securities and Debt Register claims	Total	from shares and other variable yield securities	from participating interests[4]	from shares in affiliated enterprises		
2005	396.5	306.7	252.6	54.1	17.0	12.4	1.3	3.4	5.3	35.4
2006	420.2	332.8	274.1	58.7	18.8	14.1	1.2	3.5	5.9	38.4
2007	487.5	390.0	318.7	71.4	24.0	18.0	1.9	4.0	4.9	42.2
2008	496.2	408.7	330.0	78.8	19.0	12.4	1.5	5.1	5.1	41.1
2009	371.7	295.4	241.0	54.4	11.4	7.0	0.9	3.5	3.1	39.4
2010	332.2	248.0	205.4	42.6	12.1	6.9	0.9	4.3	2.1	40.6
2011	381.6	281.2	239.3	41.9	11.0	6.5	1.2	3.3	3.0	39.7
2012	341.5	248.8	213.6	35.3	12.0	7.3	0.9	3.8	6.2	38.5
2013	291.2	206.4	178.5	28.0	9.8	5.8	1.0	3.0	4.6	39.2

* 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

Deutsche Bundesbank

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
4.3	0.0	5.8	17.9	0.7	1.4	0.0	4.7	9.7	0.2	4.7	2005
3.9	0.0	4.7	17.9	2.6	0.8	0.0	2.7	5.4	0.2	4.9	2006
3.8	0.0	5.3	26.5	3.9	0.9	0.1	1.3	6.0	0.2	4.9	2007
3.8	0.2	5.6	39.1	15.3	3.3	0.0	1.9	1.3	0.2	3.5	2008
3.9	0.3	8.1	28.8	9.6	3.8	0.0	7.3	3.9	0.2	3.2	2009
3.9	0.5	11.2	18.2	4.0	3.9	0.0	10.4	5.2	0.3	3.1	2010
5.4	2.0	17.0	11.8	11.1	6.6	0.0	2.6	6.8	0.6	3.4	2011
5.7	2.0	15.0	11.6	7.1	0.6	0.0	2.4	8.6	0.2	4.1	2012
5.5	1.9	16.6	10.4	3.6	0.6	0.0	3.3	7.2	0.2	4.8	2013

				Other operating income					
Net profit from the trading portfolio[5]	Gross profit on transactions in goods and subsidiary transactions	Value re-adjustments in respect of loans and advances, and provisions for contingent liabilities and for commitments	Value re-adjustments in respect of participating interests, shares in affiliated enterprises and securities treated as fixed assets	Total	*of which* from leasing business	Income from the release of special reserves	Extraordinary income	Income from loss transfers	Financial year
12.1	0.2	3.9	5.0	7.7	0.1	0.1	3.1	0.1	2005
4.9	0.2	3.9	2.3	12.0	0.0	0.0	0.9	0.1	2006
3.3	0.2	2.9	9.0	8.8	0.0	0.0	2.1	0.0	2007
1.0	0.2	2.5	1.8	11.4	0.5	0.1	3.6	1.7	2008
8.1	0.2	1.9	1.1	9.0	0.8	0.0	1.3	0.9	2009
6.4	0.2	2.8	1.6	11.2	0.9	0.0	6.1	1.2	2010
5.8	0.2	14.2	0.7	20.0	6.3	0.0	0.8	5.2	2011
7.4	0.2	7.3	1.4	18.6	5.1	0.0	0.7	0.5	2012
6.2	0.2	4.0	1.5	17.6	4.7	0.0	0.9	0.9	2013

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.