# The performance of German credit institutions in 2018

*German credit institutions' profitability deteriorated in 2018. Profit for the financial year before tax fell from €27.5 billion in 2017 to €18.9 billion in 2018. Thus, at 0.23% of total assets, the return on assets dipped to a level which, in recent times, was only lower during the financial crisis. However, the last few years have been characterised by a period of above-average growth in profitability. An analysis over a longer period reveals that the return on assets corresponds to the average for the past 20 years.*

*The year-on-year decrease in profit for the financial year was primarily driven by a fall in three components: the trading result (-€2.1 billion), the result from the valuation of assets (-€3.1 billion) and the extraordinary result (-€3.5 billion). In the second half of 2018, a challenging market environment brought about by downward trends in the financial markets caused income from securities and financial investment business to suffer. According to information in credit institutions' annual reports, this prompted them to step up risk provisioning for securities in the liquidity reserve. However, thanks to the continued favourable situation in the domestic economy, they set aside only minimal risk provisions for lending.*

*At €87.2 billion, net interest income remained below its long-term average. In directly interest-related business, German banks still managed to improve their result by €0.7 billion to €71.8 billion. The net interest income of credit institutions with interest-driven business models, such as savings banks and credit cooperatives, however, stagnated despite dynamic credit growth. In comparison with the previous year, administrative spending remained roughly constant at €88.1 billion.*

*This year, credit institutions have to overcome a number of hurdles: large and globally operating companies have issued profit warnings, while trade disputes are set to mount and, potentially, escalate. Yet the greatest challenge on the horizon is adjusting to a longer-term low interest rate environment.*

# Banks' business environment and structural data

*Waning economic momentum, mounting risks*

The economy was markedly weaker in 2018, not only in Germany and in the euro area, but throughout the world. In addition, trade disputes and heightened political tensions inflated risks to the economic outlook. However, the economic slowdown was confined to those economic areas associated with exports; the domestic economy remained in good shape.

*Continued credit growth*

This also explains how it was possible to continue recording robust credit growth despite the weak economy. Loan growth was particularly steep, especially for longer-term loans.[1] The expansion of loans to non-financial corporations and to households for house purchase was more dynamic than in 2017; however, the annual growth rate for consumer loans remained unchanged.[2] This was bolstered not just by the low interest rate environment, but also by rising incomes, job security and soaring real estate prices.

*Financial market environment challenging*

Despite a very accommodative monetary policy stance around the world, the market environment was particularly challenging, especially in the second half of 2018. During the reporting year, the S&P 500 fell by just over 6%, with the CDAX even declining by more than 20%. This was the biggest drop within one year for both indices since the 2008 financial crisis. The downward trend in stock markets, which could be seen in more haircuts on securities than in the previous year, also took its toll on the performance of German banks.

*Structural change in the form of mergers …*

The following analysis of credit institutions' profit and loss accounts covers a total of 1,484 institutions (previous year: 1,538 banks) with total assets of €8,062 billion derived from individual accounts[3] prepared in accordance with the German Commercial Code *(Handelsgesetzbuch)*.[4] Total assets fell by 2.3% on the previous year (€8,251 billion). The financial market environment remained challenging, forcing the German banking sector to undergo a number of changes in 2018, too. With the prevailing low interest rates continuing and competitive pressure intensifying, also due to new competitors from the fintech sector entering the market, the need to cut costs and the trend towards mergers did not let up. Changes in the banking sector during the reporting year were also reflected in statistical reclassifications, which often complicate year-on-year comparisons. As in previous years, the most mergers were reported by savings banks and credit cooperatives. At the end of 2018, there were four fewer institutions in the savings bank sector and 40 fewer in the credit cooperative sector than at the beginning of the year. However, the total assets and share of the savings bank sector in the German banking market rose to €1,268 billion (previous year: €1,180 billion), or 15.7% (previous year: 14.3%), in part due to Landesbank Berlin AG being assigned to this category of banks for the first time. Credit cooperatives increased their total assets by €43.1 billion to €911 billion and thus represented 11.3% of the aggregate total assets across all categories of banks (previous year: 10.5%).

*… and realigning business models*

Two institutions that previously belonged to the category of Landesbanken have since been assigned to different categories of banks following a realignment of their business model.[5]

1 Among non-financial corporations, medium and long-term loans rose by €39 billion on balance in 2018, and short-term loans by €7 billion. Loans to households for house purchase rose by €54 billion on balance in the same period, and other loans by €9 billion. See Deutsche Bundesbank (2019a).
2 In December 2018, the annual growth rate of loans was 5.3% for loans to domestic non-financial corporations, 4.6% for loans to households for house purchase and 5.1% for consumer credit. See Deutsche Bundesbank (2019a).
3 Some, but not all, credit institutions also apply International Financial Reporting Standards (IFRS) in addition to the provisions from the Commercial Code at the individual or group level for the group accounts. This can lead to different results due to a number of conceptual differences.
4 See the box on p. 79.
5 Following the sale of the former Landesbank HSH Nordbank to financial investors Cerberus and JC Flowers, it is now assigned to the category of regional banks. The institution has been operating under the name "Hamburg Commercial Bank" since February 2019. In addition, Landesbank Berlin AG, which has sold those lines of business that are typical for Landesbanken and now operates under the name "Berliner Sparkasse", was assigned to the category of savings banks for the first time in the reporting year.

# Methodological notes

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

The results from the profit and loss accounts are based on the published annual reports of the individual institutions in accordance with the provisions set forth in the German Commercial Code *(Handelsgesetzbuch)* and the Regulation on the Accounting of Credit Institutions *(Verordnung über die Rechnungslegung der Kreditinstitute).* They differ in terms of their conception, structure and definitions from the International Financial Reporting Standards (IFRS)[1] for publicly traded banking groups. This means that – from a methodological viewpoint – business performance and certain balance sheet or individual profit and loss items are not comparable across the national and international accounting frameworks. For reasons of comparability within Germany, it is advisable to consider the individual accounts when analysing financial performance. The figures for balance sheet capital (total equity), total assets and other stock variables are not obtained from the annual reports but are taken as annual average values on the basis of the monthly balance sheet statistics reported for the institution as a whole.

### Reporting group

The reporting group for statistics on banks' profit and loss accounts (profit and loss statistics) includes all banks that are both monetary financial institutions (MFIs) and conform to the definition of a CRR credit institution as defined in Article 4(1) number 1 of Regulation (EU) No 575/2013 and are domiciled in Germany. Branches of foreign banks that are exempted from the provisions of Section 53 of the German Banking Act *(Kreditwesengesetz),* banks in liquidation and banks with a financial year of less than 12 months (truncated financial year) are not included in this performance analysis.

### Reclassifications

As in the monthly balance sheet statistics, a series of reclassifications in the banking categories included in the banking statistics were also carried out in the profit and loss statistics in the 2018 reporting year. This means there is sometimes limited comparability with the prior-year figures for the affected banking groups. "DB Privat- und Firmenkundenbank AG" was created through the merger between "Deutsche Bank Privat- und Geschäftskunden Aktiengesellschaft", which had up to now been assigned to the "regional banks and other commercial banks" category, and "Postbank AG", which had up to now been classified as a "big bank". "DB Privat- und Firmenkundenbank AG" has been assigned to the category of "big banks" as of this reporting year. "DSK Hyp AG" (formerly "SEB AG") is no longer assigned to the "regional banks and other commercial banks" category, and has instead been assigned to the "mortgage banks" category. Two banks have been reassigned from the "Landesbanken" category: "HSH Nordbank" now belongs to the "regional banks and other commercial banks" category and "Landesbank Berlin AG" has been assigned to the "savings banks" category. "Wüstenrot Bank Aktiengesellschaft Pfandbriefbank" no longer belongs to the "mortgage banks" category, and has instead been assigned to the "regional banks and other commercial banks" category.

### Calculation of the long-term average

At the launch of monetary union in 1999, the reporting group relevant for calculating the money supply and for monetary analysis was uniformly defined by the ECB for the euro area as a whole and designated as the monetary financial institutions (MFI) sector. Unlike the population of banks used for the Bundesbank analysis up to that point, building and loan associations are also included. Except where another time period is explicitly mentioned, the calculations with regard to the longer-term average will, in future, cover the years since the launch of monetary union, i.e. from 1999 to 2018.

---

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

**Structural data on German credit institutions**

End of year

| Category of banks | Number of institutions[1] | | | Number of branches[1] | | | Number of employees[2] | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2016 | 2017 | 2018p | 2016 | 2017 | 2018p | 2016 | 2017 | 2018p |
| All categories of banks | 1,724 | 1,653 | 1,603 | 31,974 | 30,072 | 27,834 | 608,399 | 585,892 | 571,084 |
| Commercial banks | 280 | 283 | 281 | 9,406 | 9,004 | 7,732 | 3 166,050 | 3 158,100 | 3 156,200 |
| Big banks | 4 | 4 | 4 | 7,005 | 6,820 | 6,298 | . | . | . |
| Regional banks and other commercial banks | 166 | 164 | 158 | 2,245 | 2,024 | 1,274 | . | . | . |
| Branches of foreign banks | 110 | 115 | 119 | 156 | 160 | 160 | . | . | . |
| Landesbanken | 9 | 8 | 6 | 384 | 356 | 240 | 31,800 | 31,100 | 28,800 |
| Savings banks | 403 | 390 | 386 | 10,555 | 9,818 | 9,492 | 224,700 | 216,100 | 209,600 |
| Credit cooperatives | 975 | 918 | 878 | 10,156 | 9,442 | 8,942 | 4 151,050 | 4 146,400 | 4 142,850 |
| Mortgage banks | 15 | 13 | 11 | 36 | 38 | 44 | . | . | . |
| Building and loan associations | 20 | 20 | 20 | 1,400 | 1,385 | 1,357 | 5 13,550 | 5 13,250 | 5 13,000 |
| Banks with special, development and other central support tasks | 22 | 21 | 21 | 37 | 29 | 27 | 6 21,249 | 6 20,942 | 6 20,634 |

**1** Source: Bank office statistics, in Deutsche Bundesbank, Banking statistics, Statistical Supplement 1 to the Monthly Report, p. 104 (German edition). The term "credit institution" is used as in the Banking Act, resulting in divergences from data in "Balance sheet statistics" and "Statistics on the profit and loss account". **2** Number of full-time and part-time employees excluding the Bundesbank. Sources: data provided by associations and Bundesbank calculations. **3** Employees in private banking, including mortgage banks established under private law. **4** Only employees whose primary occupation is in banking. **5** Only office-based employees. **6** Employees at public mortgage banks (mortgage banks established under public law), banks with special tasks established under public law and at DZ BANK AG.

Deutsche Bundesbank

The aggregate total assets of the Landesbank sector decreased from €940 billion to €804 billion. Altogether in 2018, the Landesbanken made up 10.0% of total assets across the entire reporting population, compared with 11.4% in the year before. The category of mortgage banks also changed following reclassifications[6] and changes to business policy as a result of legacy loans.[7] Despite losing two institutions, the mortgage bank category continued, when measured in terms of total assets, to make up 2.9% of all institutions, as in the previous year. Structural changes in the banking sector may also lead to shifts in the importance of lines of business and sources of income for the categories of banks. Following the merger of Deutsche Postbank AG with Deutsche Bank Privat- und Geschäftskunden AG,[8] interest-driven business increased for the category of big banks. However, the total assets of this category of banks fell from €2,400 billion to €2,293 billion, in particular due to declining derivatives positions. Nevertheless, at 28.4% (previous year: 29.1%), big banks still account for the largest share of the German banking sector in terms of total assets.

## Profit for the financial year and profitability

*Significantly lower profit for the financial year*

In 2018, German credit institutions reported profit for the financial year before tax of €18.9 billion. Tax of around €6.8 billion was due, leaving profit for the financial year after tax of €12.2 billion. Thus, profit for the 2018 financial year decreased significantly in comparison with the previous year by 31.2% (before tax) and 39.2% (after tax). None of the categories of banks were able to match their profit for the 2017 financial year before tax. Big banks, in

**6** See the box on p. 79.
**7** See the box on p. 79.
**8** Deutsche Bank Privat- und Geschäftskunden AG was previously assigned to the regional and other commercial banks category.

particular, reported a considerable drop in profit for the financial year before tax in the reporting year: down by €1.7 billion to €1.1 billion. The regional and other commercial banks' profit for the financial year contracted by €1.5 billion to €2.2 billion. Before tax, the Landesbanken even reported a loss for the financial year of €1.0 billion. Savings banks and credit cooperatives performed best in the reporting year; their profit for the financial year before tax amounted to €8.3 billion and €6.3 billion, respectively. This means that the figures for primary institutions[9] were down on the year, too (by €1.6 billion and €0.9 billion, respectively).

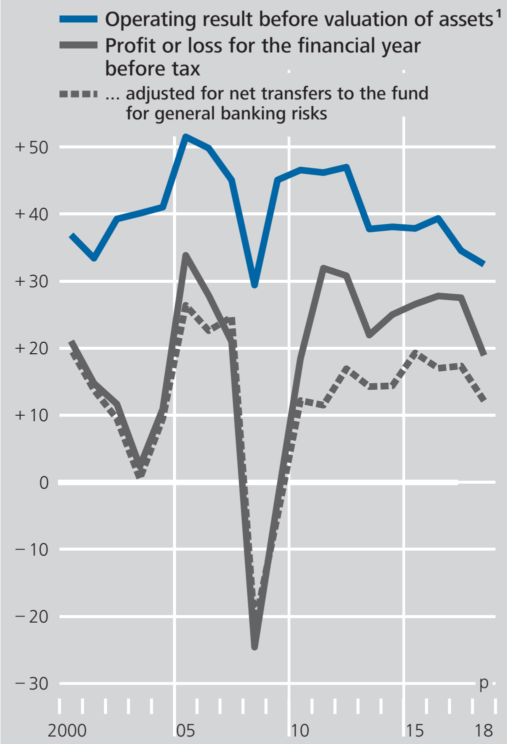
*Strengthening the equity base*

Credit institutions topped up their reserves from profit for the financial year by a total of €8.4 billion (previous year: €12.7 billion). These allocations to the reserves contained net transfers to the fund for general banking risks pursuant to Section 340g of the Commercial Code[10] amounting to €6.8 billion, which are recognised as Common Equity Tier 1 (CET1) capital under prudential regulations. In this profit and loss analysis, these allocations are interpreted as profit distribution.[11] The business results thus meant a further strengthening of the regulatory equity base in 2018 as well. Taking into account the net losses brought forward of €4.7 billion, the German banking sector shouldered a balance sheet loss of €1.0 billion in the reporting year. Credit institutions' equity ratio[12] rose from 5.93% in the previous year to

9 Primary institutions comprise savings banks and credit cooperatives.
10 In accounting terms this special item is considered when determining profit and is recognised as income.
11 As an alternative, credit institutions can form undisclosed reserves pursuant to Section 340f of the Commercial Code to hedge against general banking risks. However, due to the cross-offsetting option permissible under the Commercial Code, the annual accounts do not show the extent to which undisclosed reserves have been formed or released. Undisclosed reserves are thus taken into account in the result from the valuation of assets.
12 Calculated as equity (including the fund for general banking risks, but excluding participation rights capital) as a percentage of total assets as an annual average.

## The performance of credit institutions

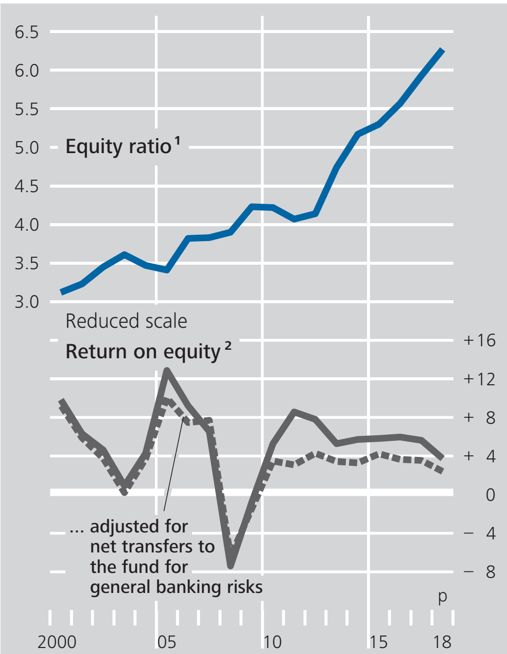
€ billion




1 Operating income less general administrative spending.
Deutsche Bundesbank

## Equity ratio and return on equity of credit institutions

%




1 Equity (including the fund for general banking risks, but excluding participation rights capital) as a percentage of total assets as an annual average. 2 Profit or loss for the financial year before tax as a percentage of average equity.
Deutsche Bundesbank

**Return on equity of individual categories of banks***

%

| Category of banks | 2014 | | 2015 | | 2016 | | 2017 | | 2018p | |
|---|---|---|---|---|---|---|---|---|---|---|
| All categories of banks | 5.72 | (3.98) | 5.82 | (3.97) | 5.97 | (4.27) | 5.63 | (4.08) | 3.74 | (2.40) |
| Commercial banks | 4.80 | (3.51) | 3.54 | (2.18) | 4.51 | (3.20) | 3.95 | (2.79) | 2.07 | (1.54) |
| of which: | | | | | | | | | | |
| Big banks | 4.33 | (3.16) | 3.01 | (1.81) | 3.45 | (2.50) | 2.88 | (2.30) | 1.14 | (1.24) |
| Regional banks and other commercial banks | 5.22 | (3.89) | 4.22 | (2.71) | 6.30 | (4.45) | 5.31 | (3.33) | 3.30 | (1.90) |
| Landesbanken | – 0.63 | (– 1.50) | 3.27 | (1.89) | – 1.01 | (– 1.95) | 1.85 | (0.98) | – 2.45 | (– 3.89) |
| Savings banks | 9.94 | (6.72) | 9.68 | (6.54) | 10.42 | (7.42) | 9.44 | (6.72) | 7.25 | (4.82) |
| Credit cooperatives | 12.22 | (8.59) | 10.74 | (7.36) | 11.54 | (8.39) | 10.11 | (7.05) | 8.20 | (5.51) |
| Mortgage banks | – 1.03 | (– 1.67) | 4.94 | (4.29) | 5.54 | (4.20) | 5.49 | (3.56) | 2.09 | (0.88) |
| Building and loan associations | 8.43 | (5.61) | 4.49 | (3.66) | 8.87 | (7.28) | 9.18 | (7.74) | 2.21 | (1.02) |

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

Deutsche Bundesbank

6.27%.[13] German credit institutions thus raised their average equity ratio – also in light of tighter regulatory requirements set by Basel III[14] – for the seventh consecutive year.

*Return on equity decreased significantly*

The return on equity before tax, calculated as the ratio of profit for the financial year before tax to balance sheet equity, provides information on the rate of return on the equity employed. As profit for the 2018 financial year fell far short of the amount recorded in the previous year and, at the same time, credit institutions' equity was much stronger than in the previous period, the return on equity before tax was also lower, slipping 1.89 percentage points to 3.74% (after tax: 2.40%). At 7.25% (previous year: 9.44%) and 8.20% (10.11%) before tax, the savings banks and credit cooperatives bore the best returns on equity, even if these were also lower than in the previous year. The return on equity declined considerably for the other categories of banks. For instance, it was down to 2.09% for mortgage banks (previous year: 5.49%), to 1.14% for big banks (2.88%) and, above all, to -2.45% for Landesbanken (1.85%) on the back of the loss they generated for the financial year.

*Importance of equity base for profitability*

As cited above, one reason that returns on equity were lower was because credit institutions had strengthened their equity base in previous years. Having a good equity base enables institutions to make the most of profitable investment opportunities that arise at short notice and could have a positive impact on their future earnings potential. It also usually im-

13 When interpreting the data on the equity base, which are calculated as annual average values, it should be borne in mind that the amounts transferred from the profit for the respective financial year do not increase the balance sheet equity until the year after the annual accounts are adopted, while withdrawals from equity items are to be deducted when the annual accounts are prepared at the latest.

14 The capital conservation buffer to be maintained was increased from 1.25% in 2017 to 1.875% in 2018. The phase-out of capital positions which are no longer eligible under the Basel III regulations and the phase-in of capital deductions also continued in 2018.

**Components of the return on assets for individual categories of banks in 2018p**

As a percentage of total assetso

| Item | All categories of banks | Big banks | Regional banks and other commercial banks | Landesbanken | Savings banks | Credit cooperatives | Mortgage banks | Building and loan associations | Banks with special, development and other central support tasks |
|---|---|---|---|---|---|---|---|---|---|
| Net interest income | 1.08 | 0.86 | 1.47 | 0.66 | 1.73 | 1.80 | 0.74 | 1.13 | 0.40 |
| Net commission income | 0.37 | 0.46 | 0.40 | 0.13 | 0.63 | 0.57 | – 0.03 | – 0.21 | 0.11 |
| Gross earnings | 1.45 | 1.32 | 1.87 | 0.79 | 2.36 | 2.37 | 0.71 | 0.92 | 0.51 |
| Administrative spending | – 1.09 | – 1.17 | – 1.32 | – 0.68 | – 1.65 | – 1.59 | – 0.42 | – 0.82 | – 0.35 |
| Partial operating result | 0.36 | 0.15 | 0.55 | 0.11 | 0.71 | 0.78 | 0.29 | 0.10 | 0.16 |
| Trading result | 0.04 | 0.10 | 0.03 | 0.08 | 0.00 | 0.00 | 0.00 | 0.00 | 0.03 |
| Other operating result | 0.01 | – 0.08 | 0.10 | 0.02 | 0.06 | 0.04 | – 0.01 | 0.01 | – 0.01 |
| Operating result before valuation of assets | 0.40 | 0.16 | 0.68 | 0.21 | 0.77 | 0.81 | 0.28 | 0.11 | 0.18 |
| Net valuation result | – 0.08 | – 0.02 | – 0.16 | – 0.33 | – 0.05 | – 0.10 | – 0.15 | 0.01 | – 0.02 |
| Operating result after valuation of assets | 0.32 | 0.15 | 0.51 | – 0.12 | 0.71 | 0.71 | 0.14 | 0.11 | 0.17 |
| Extraordinary result | – 0.09 | – 0.10 | – 0.28 | – 0.01 | – 0.06 | – 0.02 | – 0.04 | – 0.01 | – 0.06 |
| Profit or loss for the financial year before tax | 0.23 | 0.05 | 0.23 | – 0.13 | 0.65 | 0.70 | 0.09 | 0.11 | 0.11 |

o Excluding total assets of foreign branches of savings banks and mortgage banks. Rounding differences are possible.
Deutsche Bundesbank

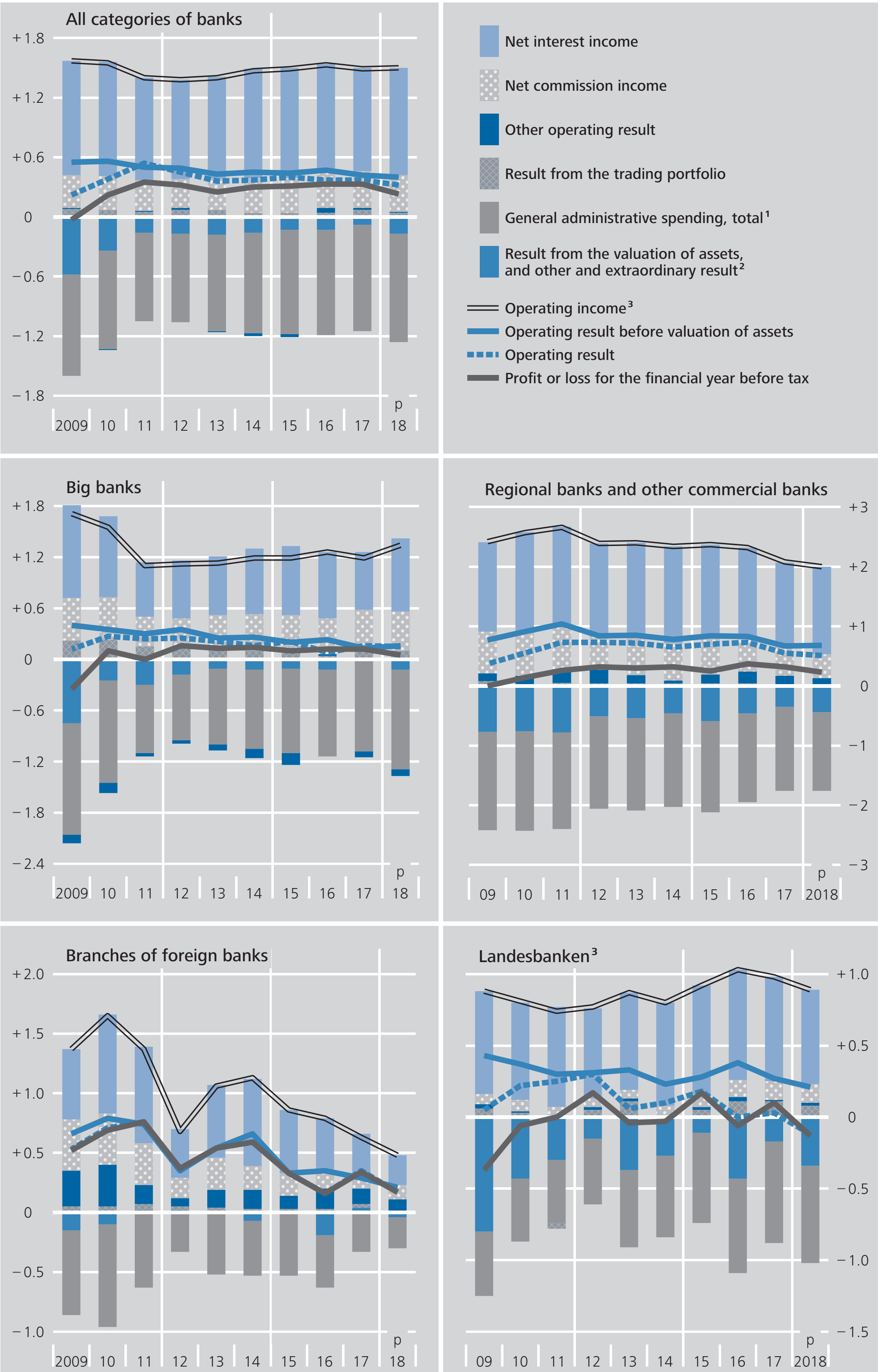
proves financing conditions. Furthermore, with a sound equity base, German credit institutions can hedge the financial risk of unexpected losses. Given the challenging profitability situation, this is essential, particularly in case the economy takes a turn for the worse.

*Return on assets decreased significantly*

German credit institutions reported a return on assets (ratio of profit for the financial year before tax to total assets) of 0.23% in 2018. Thus both the return on equity and the return on assets were at their lowest level since 2010. The Landesbanken and big banks generated the lowest return on assets (-0.13% and 0.05%, respectively). The primary institutions generated the highest return on assets, although it clearly fell for both savings banks (from 0.84% to 0.65%) and credit cooperatives (from 0.84% to 0.70%). Although these figures are much worse than in the previous year, the primary institutions were still more profitable than on average since 1999. Mortgage banks (0.09%) are among the categories of banks with lower earnings; however, in a long-term comparison, their return on assets in 2018 was above average. In comparison, other categories of banks performed rather poorly in the reporting year. The return on assets of regional and other commercial banks (0.23%), building and loan associations (0.11%), and banks with special,

## Return on assets and its components by category of banks*

As a percentage of total assets, the charts below use different scales




* Where credit institutions have been reassigned to a different category of banks, this is taken into account as of the date of reclassification. **1** Including depreciation of and value adjustments to tangible and intangible assets. **2** Other than tangible or financial fixed assets.
Deutsche Bundesbank

As a percentage of total assets, the charts below use different scales


**3** Gross earnings plus result from the trading portfolio (up to 2009, from financial operations) and other operating result.

Deutsche Bundesbank

**Cost/income ratios, by category of banks**

%

| Category of banks | General administrative spending in relation to … 2016 | 2017 | 2018p |
|---|---|---|---|
| | … gross earnings[1] | | |
| All categories of banks | 73.3 | 76.2 | 75.5 |
| Commercial banks | 79.9 | 86.1 | 82.0 |
| Big banks | 85.2 | 95.3 | 88.9 |
| Regional banks and other commercial banks | 71.6 | 74.2 | 70.7 |
| Branches of foreign banks | 74.9 | 71.9 | 70.5 |
| Landesbanken | 73.1 | 83.0 | 86.2 |
| Savings banks | 67.8 | 67.5 | 69.9 |
| Credit cooperatives | 68.2 | 67.1 | 67.4 |
| Mortgage banks | 61.6 | 68.4 | 59.0 |
| Building and loan associations | 89.9 | 87.8 | 89.2 |
| Banks with special, development and other central support tasks | 62.3 | 63.0 | 68.2 |
| | … operating income[2] | | |
| All categories of banks | 69.3 | 71.9 | 73.1 |
| Commercial banks | 74.3 | 79.4 | 79.3 |
| Big banks | 81.4 | 88.7 | 87.9 |
| Regional banks and other commercial banks | 64.2 | 67.8 | 66.1 |
| Branches of foreign banks | 56.0 | 53.3 | 54.9 |
| Landesbanken | 63.6 | 72.5 | 76.5 |
| Savings banks | 67.8 | 67.1 | 68.2 |
| Credit cooperatives | 66.6 | 65.7 | 66.2 |
| Mortgage banks | 61.0 | 70.2 | 59.8 |
| Building and loan associations | 66.2 | 66.3 | 88.6 |
| Banks with special, development and other central support tasks | 56.6 | 59.2 | 65.4 |

**1** Sum of net interest income and net commission income. **2** Gross earnings plus result from the trading portfolio and other operating result.

Deutsche Bundesbank

development and other central support tasks (0.11%) failed to match either the prior-year figure or the long-term average for their category, as did the big banks and Landesbanken.

## Lower cost efficiency

*Efficiency under broad definition worse overall, …*

The cost/income ratio provides an indication of institutions' cost efficiency. It is the ratio of administrative spending to gross earnings[15] (narrow definition) or to operating income[16] (broad definition). The lower this ratio, the more income is left over after deducting administrative spending and the more cost-efficiently the enterprise has been operating. The efficiency of the German banking sector under the narrow definition improved from 76.2% to 75.5% on the back of an increase in gross earnings and a nominal decrease in administrative spending. Under the broad definition, it deteriorated from 71.9% to 73.1%, as trading results and other operating results were down on the previous year.

*… but development varies depending on category of banks*

When interpreting the cost/income ratio, it should be borne in mind that its magnitude is influenced by the typical business and cost structure of a given category of banks. Although big banks should benefit from economies of scale, they have been among the banks with the worst cost/income ratio for years. However, during the year under review, they were able to slightly improve their cost/income ratio under the broad definition from 88.7% to 87.9%. Regional banks and other commercial banks also improved from 67.8% to 66.1%. However, significant changes in cost efficiency in comparison with the previous year can usually be attributed to changes in the reporting sample and special effects. The cost/income ratio of mortgage banks improved strikingly from 70.2% to 59.8% due to the improved net interest income of one institution. By contrast, the cost efficiency of the Landesbanken deteriorated markedly from 72.5% to 76.5%, as the composition of this category of banks changed significantly. For building and loan associations, the cost/income ratio under the broad definition deteriorated sharply in comparison to 2016 and 2017 (from 66.2% and 66.3%, respectively, to 88.6%), as elevated withdrawals in those years from the fund required by the building and loan association rules were booked as income.

While profit and loss statistics do not allow for a European comparison of cost efficiency, there

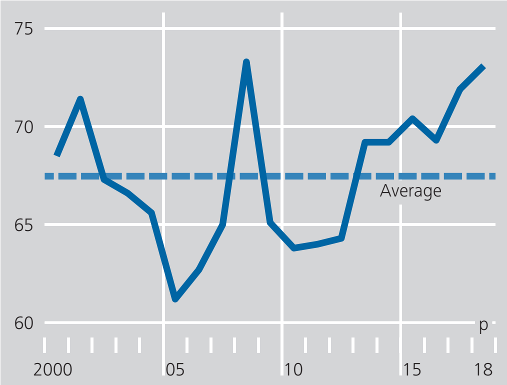
**15** Sum of net interest income and net commission income.
**16** Sum of net interest income, net commission income, the result from the trading portfolio and the other operating result.

*Cost efficiency of German banks in a European comparison*

is much to suggest that cost efficiency among German institutions continues to be weak. In a European comparison of 190 large institutions carried out by the European Banking Authority (EBA),[17] the group of 20 German institutions included in the sample had the worst cost/income ratio. At over 80%,[18] it was well above the average of 64.6% for the European sample as a whole.

**Ratio of administrative spending to operating income**

As a percentage of operating income[1]




**1** Sum of net interest income, net commission income, result from the trading portfolio and other operating income.
Deutsche Bundesbank

# Breakdown of profit for the financial year

## Net interest income lower than average

*Interest income in narrower sense*

Interest income in the narrower sense is generated by directly interest-related business, i.e. by lending and money market transactions and by fixed-income securities and debt register claims. During the year under review, the deposit facility remained at -0.40% and institutions continued to receive negative interest income on a portion of their invested funds, particularly deposits held at the central bank.[19]

*Interest income in narrower sense higher*

German institutions' interest income from directly interest-related business increased on the previous year by €1.3 billion to €152.2 billion. It thus went up for the first time since 2011, but this was solely attributable to developments in the big banks category. Their interest income in the narrower sense rose by €5.9 billion to a total of €29.4 billion. First of all, the significance of directly interest-related business for big banks increased due to the change in the composition of this category of banks. Furthermore, big banks disclosed in their annual reports that they generated higher interest income in their business with banks in the United States. Other categories of banks were unable to boost their income in directly interest-related business, despite higher lending growth. For example, this income fell from €25.6 billion to €25.0 billion (2.18% of total assets to 1.97%) for savings banks, from €18.6 billion to €18.0 billion (2.14% to 1.96%) for credit cooperatives, and even more significantly from €7.9 billion to €7.0 billion (3.34% to 2.99%) for mortgage banks. The low interest rates continued to lead to lower interest income, as institutions became increasingly unable to benefit from loans that were issued when interest rates were higher. Furthermore, maturing proprietary investments such as securities and promissory notes had to be replaced by lower-yielding investments.

*Targeted savings amounts under savings and loan contracts higher*

Lending growth was dynamic in the year under review, and the demand for savings and loan contracts also increased. The targeted savings amounts under these contracts could therefore

**17** The sample is reviewed annually, includes only large institutions, and is therefore not representative of the entire German banking market or the entire European banking market. See European Banking Authority (2018). The average cost/income ratio for German banks according to the profit and loss statistics is 75.5% under the narrow definition and 73.1% under the broad definition, which is better than the level determined by the EBA for 20 large German financial institutions.
**18** In its analysis, the EBA calculates the cost/income ratio as administrative and depreciation expenses in relation to total net operating income.
**19** The treatment of negative interest in the profit and loss account under the Regulation on the Accounting of Credit Institutions *(Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute)* has yet to be decided. Offsetting expenses against income and assets against liabilities is prohibited by Section 246(2) sentence 1 of the Commercial Code. If interest income is reported in net terms (i.e. offset by negative interest amounts), the negative interest amounts must additionally be reported as a separate item.

**Major income and cost items for individual categories of banks in 2018p**

As a percentage of operating income

| Item | All categories of banks | Big banks | Regional banks and other commercial banks | Landesbanken | Savings banks | Credit cooperatives | Mortgage banks | Building and loan associations | Banks with special, development and other central support tasks |
|---|---|---|---|---|---|---|---|---|---|
| Net interest income | 72.3 | 64.4 | 73.6 | 73.7 | 71.6 | 74.6 | 106.2 | 122.4 | 75.0 |
| Net commission income | 24.5 | 34.5 | 20.0 | 15.0 | 26.0 | 23.5 | − 4.9 | − 23.1 | 20.9 |
| Result from the trading portfolio | 2.9 | 7.2 | 1.4 | 8.8 | 0.0 | 0.0 | 0.4 | 0.0 | 5.5 |
| Other operating result | 0.4 | − 6.1 | 5.1 | 2.4 | 2.4 | 1.9 | − 1.7 | 0.6 | − 1.3 |
| Operating income | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| General administrative spending | − 73.1 | − 87.9 | − 66.1 | − 76.5 | − 68.2 | − 66.2 | − 59.8 | − 88.6 | − 65.4 |
| of which: | | | | | | | | | |
| Staff costs | − 36.7 | − 34.8 | − 30.1 | − 38.5 | − 42.4 | − 39.0 | − 27.5 | − 32.1 | − 33.3 |
| Other administrative spending | − 36.3 | − 53.1 | − 36.0 | − 37.9 | − 25.8 | − 27.1 | − 32.3 | − 56.5 | − 32.1 |
| Result from the valuation of assets | − 5.6 | − 1.2 | − 8.2 | − 36.5 | − 2.2 | − 4.2 | − 20.9 | 1.0 | − 3.0 |
| Other and extraordinary result | − 5.7 | − 7.1 | − 14.2 | − 1.3 | − 2.6 | − 0.8 | − 5.8 | − 0.6 | − 11.6 |
| Memo item: Profit or loss (–) for the financial year before tax | 15.7 | 3.7 | 11.5 | − 14.2 | 27.0 | 28.9 | 13.5 | 11.7 | 20.0 |
| Taxes on income and earnings | − 5.6 | 0.3 | − 4.9 | − 8.4 | − 9.0 | − 9.5 | − 7.8 | − 6.3 | − 2.2 |
| Profit or loss (–) for the financial year after tax | 10.1 | 4.1 | 6.6 | − 22.6 | 17.9 | 19.4 | 5.6 | 5.4 | 17.8 |

Deutsche Bundesbank

be stepped up further in the year under review (+1.5%, after +0.9% in 2017 and +0.7% in 2016). This development reflected not only higher real estate prices but also the increasing use of savings and loan contracts by consumers to secure the current low lending rates for future loans. At the same time, owing to the negative interest rate environment and the zero lower bound for deposits, the interest paid on deposits in new savings and loan contracts in the year under review were similar to the deposit rates for alternative forms of deposit.

*Margins in lending business squeezed further*

Lending business makes a positive contribution to net interest income, as lending rates contain a mark-up on the yields obtainable from a comparable alternative investment in the money market or financial market (assets-side margin contribution).[20] Owing, in particular, to the competitive pressure in the banking market, margins on new loans narrowed further in 2018, irrespective of debtors' creditworthiness.[21] According to institutions, however, margins on riskier loans eased to a lesser extent.

**20** See Deutsche Bundesbank (2018).
**21** See also Deutsche Bundesbank (2018/2019) and https://www.bundesbank.de/en/tasks/monetary-policy/economic-analyses/-/bank-lending-survey-for-germany-618070

*Current income and income from profit transfers*

In addition to income from directly interest-related business, interest income also includes current income[22] and income from profit transfers.[23] This item also includes distributed income from group companies or subsidiaries.[24] In the year under review, current income fell by €1.0 billion to €10.0 billion, while profit transfers climbed by €2.0 billion overall to €5.4 billion. This increase was driven by a one-off effect among big banks resulting from a transfer of reserves pursuant to Section 340g of the Commercial Code from one big bank to another. The bulk of this transferred profit therefore did not result from operational business and so cannot be interpreted as having enhanced profitability during the year under review.

*Slight rise in interest income*

Overall, German institutions' interest income in the year under review rose by €2.2 billion to €167.6 billion (2.08% of total assets, compared with 2.00% in the previous year). Big banks increased their interest income significantly from 1.26% of total assets (€30.2 billion) to 1.65% (€37.9 billion), and regional and other commercial banks raised theirs from 2.25% (€25.6 billion) to 2.45% (€25.6 billion). Compared to the previous year, Landesbanken also boosted their interest income relative to total assets (from 2.74% in 2017 to 3.08%). By contrast, interest income fell for savings banks (from 2.42% to 2.17%, or from €28.6 billion to €27.5 billion), for credit cooperatives (from 2.33% to 2.13%, or from €20.3 billion to €19.4 billion) and for mortgage banks (from 3.35% to 2.99%, or from €7.9 billion to €7.0 billion).

*Negative interest rates increasingly applied to deposits*

Due to the exceptional interest rate environment, some institutions increasingly charged negative interest on large corporate deposits and, in some cases, on large deposits made by wealthy retail customers as well in the year under review.[25] Almost a third of less significant institutions stated that they had, on average, already charged negative interest on overnight deposits as at the end of 2018.[26] According to the MFI interest rate statistics, institutions in December 2018 charged an interest rate of -0.03% for new overnight deposits from non-financial corporations, compared to -0.02% in January of the same year. Nevertheless, the volume of overnight deposits increased from €430 billion to €446 billion. For retail deposits, however, negative interest rates were still the exception. In December 2018, institutions offered an interest rate of 0.02% on average for new overnight deposits from retail customers. In January of the same year, it was 0.03%. The deposit interest rate for the majority of retail deposits in 2018 thus often exceeded the (negative) market rate. Deposits in the reporting year therefore still constituted an attractive form of investment from the perspective of retail customers, with the volume increasing from €1,319 billion to €1,433 billion.

*Interest expenditure up*

Much like the handling of negative interest income, positive and negative interest expenditure is netted out in the figures reported by institutions. In spite of the negative amounts factored into the net figure, interest expenditure in 2018, at €80.5 billion, was up 0.7% compared to the previous year, in particular due to an increase in interest expenditure at big banks.[27] Yields on bank bonds increased marginally by 18 basis points, while yields on mortgage Pfandbriefe rose by 13 basis points.[28]

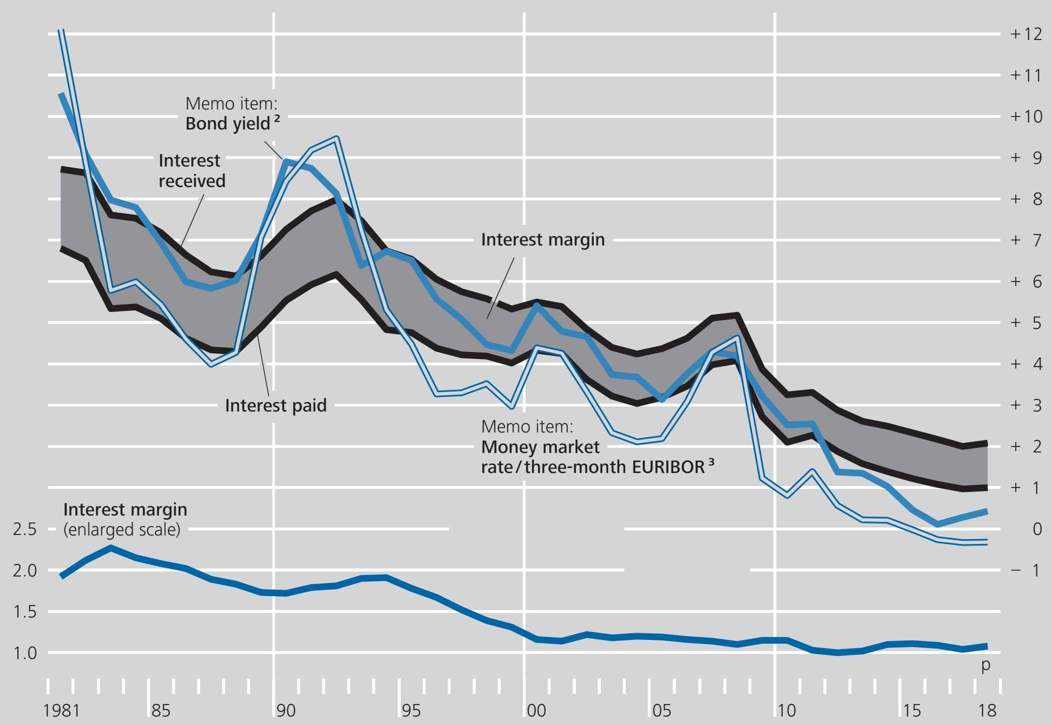
*Interest expenditure, by category of banks*

Interest expenditure was higher than in the previous year for big banks (from 0.66% of total assets to 0.83%, or from €13.8 billion to €18.1 billion), regional and other commercial banks (from 0.89% to 0.98%, or from €9.3 billion to €9.4 billion), and Landesbanken (from

22 Income from shares and other variable-yield securities, from participating interests, and from shares in affiliated enterprises.
23 Profits transferred under profit pooling, a profit transfer agreement or a partial profit transfer agreement.
24 If the profit-transferring enterprises are also included in the reporting sample of this analysis, the expenses related to the profit transfer will be reflected in the extraordinary result.
25 See also Deutsche Bundesbank (2019b).
26 See Deutsche Bundesbank (2019c).
27 Alongside changes in the reporting sample, exchange rate effects are likely to have played a role in the increase in interest expenditure at big banks.
28 See Deutsche Bundesbank (2019d).

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

As a percentage of average total assets[1]




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

Deutsche Bundesbank

2.02% to 2.42%, or from €19.0 billion to €19.4 billion). Interest expenditure was lower for savings banks (from 0.56% to 0.44%, or from €6.6 billion to €5.6 billion) and credit cooperatives (from 0.43% to 0.33%, or from €3.8 billion to €3.0 billion), but it fell to a lesser extent than interest income.

*High degree of maturity transformation*

The institutions engaged in a high degree of maturity transformation in the year under review. In the prevailing low interest rate environment, customers preferred to invest their money in sight deposits they can access at short notice, as this allows them to flexibly move their funds when interest rates rise. At the end of 2018, the sight deposits of German non-banks exceeded their time deposits by 70%, whereas the ratio at the end of 2010 was still balanced.[29] This contrasts with the increased demand for loans with a long interest rate fixation period[30] to lock in the low interest rate level. At the end of 2018, 81.6% of loans issued by German institutions to domestic customers were loans of a long-term nature, whereas this figure was just 75.7% at the end of 2010.

*Earnings potential from maturity transformation*

However, the interest rate environment, particularly the flat yield curve and the zero lower bound for retail deposits, hampered the generation of income from maturity transformation. The already rather flat yield curve flattened further during the reporting year. The yield on bearer debt securities outstanding with a residual maturity of more than one year and up to two years increased between December 2017 and December 2018 from -0.6% to -0.4%; at the same time, the yield on bearer debt securities outstanding with a residual maturity of more than nine years and up to ten years fell from 0.5% to 0.4%. The interest rate differential therefore narrowed to 0.8 percent-

**29** See Deutsche Bundesbank (2019e).
**30** Long-term loans have an agreed maturity or notice period of more than five years.

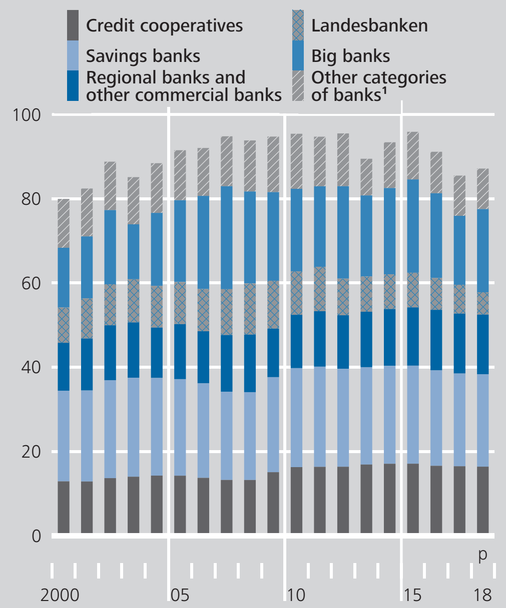
age point. For institutions that did not pass on negative interest rates at the short end to their depositors, the earnings potential offered by maturity transformation was even more limited.

*Net interest income lower than average*

Net interest income, which is still the most important income component for German banks, is calculated by netting out interest income and interest expenditure. It amounted to €87.2 billion in the year under review, representing an interest margin (net interest income in relation to total assets) of 1.08%. On account of their interest-based business model, primary institutions contributed a substantial proportion of this amount: €38.3 billion in total, compared to €38.5 billion in the previous year. However, savings banks and credit cooperatives were less profitable in the field of interest business than in the previous year and compared to their long-term average, with their interest margins falling to 1.73% and 1.80%, respectively, from 1.87% and 1.90% in the previous year. By contrast, big banks increased their contribution to the aggregate net interest income of the German banking sector due to the increased significance of interest business as a result of mergers. Overall, the net interest income of big banks increased by €3.4 billion to €19.8 billion, i.e. from 0.68% of total assets in the previous year to 0.86%. However, more than half of the difference to the previous year is explained by the aforementioned one-off effect. Without this one-off effect, the interest rate margin of this category of banks would only have risen to 0.77%. In addition, regional and other commercial banks made a significant contribution to the net interest income of the German banking sector with €14.2 billion, which corresponds to an interest margin of 1.47% (previous year: 1.36%). Mortgage banks' interest-related business was also more profitable than in the previous year. Their net interest income increased from €1.4 billion, or 0.58% of total assets, in the previous year to €1.7 billion, or 0.74% of total assets. In this context, factors such as the progressive scaling-back of one institution that has not taken on any new business in several years had a positive impact. According to information provided in their annual reports, mortgage banks also benefited from good financing opportunities in the bond market and the Pfandbrief market. Overall, however, the net interest income of the German banking sector in the year under review remained lower than its long-term average, despite higher volumes in traditional lending business for some categories of banks and the still favourable financing conditions for institutions financed by the capital markets. Income was adversely affected, amongst other things, by the fact that institutions passed on negative interest rates to depositors to only a minor extent and that strong competition limited earnings potential in lending business.

**Net interest income generated by credit institutions***

€ billion




* Where credit institutions have been reassigned to a different category of banks, this is taken into account as of the date of reclassification. **1** Branches of foreign banks, regional institutions of credit cooperatives, mortgage banks, banks with special, development and other central bank support tasks, and building and loan associations.

Deutsche Bundesbank

## Net commission income stable

*Net commission income slightly lower*

Net commission income is the second most important income component for German institutions. It includes income generated by the pro-

## Overview of the results of the 2019 LSI stress test

Since 2013, the Bundesbank and the Federal Financial Supervisory Authority have been surveying the German credit institutions under their direct supervision every two years on the impact of the low interest rate environment. This year, around 1,400 small and medium-sized credit institutions (less significant institutions, or LSIs) took part in the supervisory LSI stress test as well as the associated survey on the profit outlook and resilience.

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

As part of the survey, credit institutions' planning and forecast data as well as earnings simulations were obtained for five interest rate scenarios defined by supervisors (constant interest rate level, positive interest rate shock of +200 basis points, negative interest rate shock of -100 basis points and inverse turn in the yield curve, each as at 1 January 2019, as well as a gradual interest rate rise of 40 basis points annually); static balance sheet structures were assumed over a period from 2019 to 2023.

The evaluations of the planning and forecast data show that the low interest rate environment continues to put German credit institutions under considerable strain, particularly those with business models that are predominantly reliant on interest income. At the starting point of the survey, the return on total assets (ratio of pre-tax profit for the financial year to total assets) was already at a historic low of 0.42%. Over the five-year planning horizon, the institutions still expect the return on total assets to climb slightly to 0.46%, despite planned balance sheet growth of around 12%. However, roughly half of the institutions anticipate that the interest rate level will rise, considerably in some cases, compared with the survey cut-off date. This was a reflection of the market expectations prevailing when the survey was conducted in the second quarter of 2019; however, given the prospective interest rate developments since then, the planning forecasts of these institutions are likely, in hindsight, to have been too optimistic. On the other hand, institutions that were not expecting an interest rate reversal in the survey period therefore also projected a significantly more conservative development in net interest income. These institutions would only manage to stabilise the return on total assets at roughly the current level by scaling back the build-up of contingency reserves.

Compared with the previous survey, many more institutions now also plan to pass on negative interest rates on deposits. While only about one in four institutions were considering this in 2017, more than 40% of institutions now state that they have already priced negative interest rates on deposits into their planning forecasts. This proportion even increases to around two-thirds should the interest rate level continue to fall.

Overall, the tendency seen in previous years towards increased risk-taking is continuing. For around one-third of the institutions participating in the survey, the individual plans envisage a decrease in the (sometimes comfortably met) common equity tier 1 capital ratios up until 2023, particularly due to the planned increase in the ratio of risk-weighted assets to total assets.

At present, banks are still earning adequate margins on housing loans, especially from higher-interest existing business. In terms of collateralisation, there is evidence of a moderate rise in loan-to-value ratios for new business over the past three years.

Institutions also plan to increase net fee and commission income to stabilise their earnings. At the same time, administrative expenses are expected to be only marginally higher in comparison to growth in total assets.

A comparison of the supervisory interest rate scenarios shows that all scenarios entailing rising interest rates have a positive impact on the return on total assets in the medium to long term. In the short term, however, interest rate rises have a negative impact due to valuation effects on securities caused by discounting and may also potentially lead to additional credit losses, especially for institutions that take more risk. In addition, interest rate rises reduce net interest income in the short run as a result of maturity transformation. Even if interest rates were to rise gradually, net interest income would only start to recover in the medium to long term. This is due mainly to the combination of long interest rate fixation periods on the assets side and short interest rate fixation periods for customer deposits. As a result of this, the interest rate on shorter-term liabilities adjusts to the new interest rate level more rapidly than the interest rate on longer-term assets.

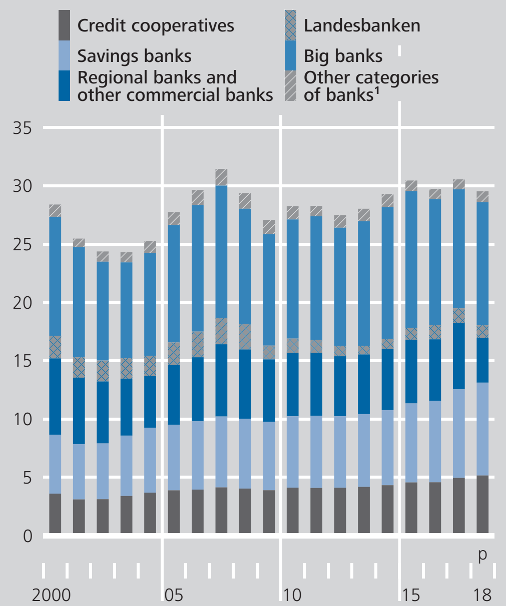
Furthermore, the simulations show that a drop – significant in some cases – in profitability would be likely in the medium to long term given a persistent or intensifying low interest rate environment and in the event of an inverse turn in the yield curve. The longer the low interest rate setting lasts, the more persistent the repercussions for profitability and hence also for capital accumulation. At present, this is still being counteracted by good capitalisation and sufficient risk provisioning at the majority of institutions.

In addition to the survey, simulations on material risk categories and drivers of income were collected in the core part of the LSI stress test (particularly net interest income and net fee and commission income as well as credit and market risk), in each case applying a macroeconomic baseline and stress scenario defined by supervisors for a three-year time horizon. The German LSI stress test (with its two supervisory scenarios) thus complies with the harmonisation of supervisory LSI stress tests that is being pursued in the SSM. The aim is to test the credit institutions' resilience, taking into account adverse stress factors such as an increase in defaults in the credit portfolio as well as a sudden rise in credit spreads or falling asset prices. Thus, over a three-year stress horizon, the aggregate common equity tier 1 capital ratio would fall from 16.5% in 2018 to 13.0% in 2021. The main driver of this decrease is the assumed increase in write-downs in the credit portfolio. The LSI stress test results are subject to an extensive supervisory quality assurance process and are used as part of the Supervisory Review and Evaluation Process (SREP) to determine the Pillar 2 guidance, amongst other things. Institutions with especially noteworthy results are subjected to intensified supervision.

As in 2017, data on other side effects of the low interest rate environment were collected this year. The focus was on lending for residential and commercial real estate as well as developments in lending standards in corporate lending business. Further information on the results of the LSI stress test and the surveys on real estate and lending standards is available on the Bundesbank's website at https://www.bundesbank.de/en/tasks/banking-supervision/individual-aspects/expert-panels/expert-panel-on-lsi-stress-tests-622808.

**Net commission income generated by credit institutions***

€ billion




* Where credit institutions have been reassigned to a different category of banks, this is taken into account as of the date of reclassification. **1** Branches of foreign banks, regional institutions of credit cooperatives, mortgage banks, banks with special, development and other central bank support tasks, and building and loan associations.

Deutsche Bundesbank

vision of services to customers. Account management fees are an example of this. Institutions generated further commission income from the brokerage of real estate, savings and loan contracts and insurance. Furthermore, net commission income is boosted when customers conduct securities or custody transactions. Commission expenses arise when the bank itself makes use of services, for example for sales and brokerage. The net commission income generated by German institutions in 2018 fell by €1.0 billion on the previous year to €29.5 billion, but in relation to total assets just managed to stay on a par with the previous year's level at 0.37%. Net commission income therefore made up only one quarter of operating income, as in the previous year. In non-interest business, too, competition is likely to have increased and led to falling commission margins, particularly for payment transactions and standardised products that customers require little advice for.

*Net commission income, by category of banks*

The gradual introduction of account management fees continued to be a key factor contributing to primary institutions' commissions business. For savings banks, the changed reporting sample also had a substantial impact. The net commission income of savings banks and credit cooperatives increased from €7.6 billion and €5.0 billion to €8.8 billion and €5.2 billion, respectively. Their commission margins (net commission income in relation to total assets) are the highest of all the various categories of banks at 0.63% and 0.57%, respectively, and remained virtually unchanged on the previous year.[31] Due to changes in the reporting sample, the net commission income of big banks increased by €0.4 billion to a total of €10.6 billion, or 0.46% of total assets. As in previous years, big banks were the category of banks generating the largest share of operating income from commissions business, at 34.5%. By contrast, the net commission income of regional banks and other commercial banks fell by €1.9 billion to €3.8 billion. In addition to changes in the reporting sample, the outsourcing of consultancy and sales services by individual regional and other commercial banks was a significant factor here. The commission margin of this category of banks fell from 0.54% to 0.40%, well below the long-term average. For building and loan associations and mortgage banks, commissions paid in the year under review once again exceeded commissions received. Net commission income for these institutions was once again negative, standing at -0.21% and -0.03% of total assets, respectively, as these institutions made a greater number of commission payments for the brokerage of real estate financing.

**31** The commission margin, however, needs to be interpreted with caution, as the stock of banking assets, i.e. total assets, is practically unaffected by commissions business. However, as the commission margin and changes in it also depend on total assets, using the commission margin to draw conclusions about the significance and development of non-interest business is only possible to a limited extent. A more meaningful assessment is possible through an additional comparison of net commission income and net interest income or of net commission income's share of operating income.

## Administrative spending remains high

*Slight decline in staff costs*

Administrative spending encompasses staff costs and other administrative spending, including depreciation of and value adjustments to tangible and intangible assets, but excluding depreciation of and value adjustments to assets leased. At 50.2%, staff costs accounted for just over half of German institutions' administrative spending. Alongside the rise in negotiated wages and salaries, higher social security costs and spending on pensions[32] also limited the scope for reducing staff costs. In addition, demand for highly qualified staff increased owing to digitalisation campaigns and the need to implement supervisory requirements.[33] Socially responsible staff cutbacks, through phased retirement contracts, for instance, and smaller bonus payments nonetheless also resulted in total staff costs declining slightly by €0.3 billion to €44.3 billion in 2018.

*Other administrative spending practically unchanged*

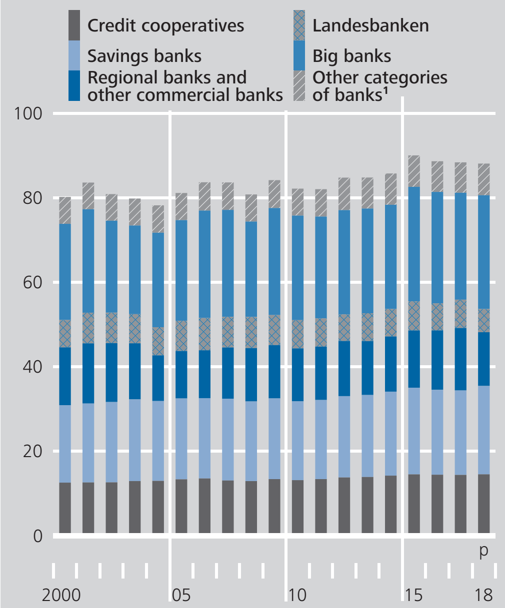
On aggregate, other administrative spending remained unchanged at €43.8 billion.[34] However, at big banks, it increased significantly on the year from €14.8 billion to €16.3 billion, but dropped from €8.3 billion to €6.9 billion for regional and other commercial banks. The differences stemmed mainly from merger-based changes to reporting groups[35] among these categories of banks. In much the same way as for the primary institutions, the retail-oriented business model of the institution classified as a big bank for the first time in 2018 causes higher administrative expenses. Other administrative spending includes, for example, investment in product development, information technology, and digitalisation. This expenditure is used to maintain long-term competitiveness and boost future cost efficiency or market power in the hope that these factors will have a positive impact on profitability in the years to come. This item also covers the costs arising from reorganisation and restructuring measures, such as consultancy fees and severance payments. Other expenses stemmed from the need to adapt to new regulatory requirements. Closures of branches and offices reduced other administrative spending in 2018, resulting in lower costs for maintaining premises.

*Administrative spending relative to total assets at highest level since 2003*

General administrative spending decreased from €88.4 billion in 2017 to €88.1 billion. In relation to total assets, it reached 1.09% – its highest level since 2003 (previous year: 1.07%). During the reporting year, it remained highest at the primary institutions, although, in a long-term comparison, lower administrative spending was reported by both savings banks (from

**Credit institutions' administrative spending***

€ billion




* Where credit institutions have been reassigned to a different category of banks, this is taken into account as of the date of reclassification. 1 Branches of foreign banks, regional institutions of credit cooperatives, mortgage banks, banks with special, development and other central bank support tasks, and building and loan associations.

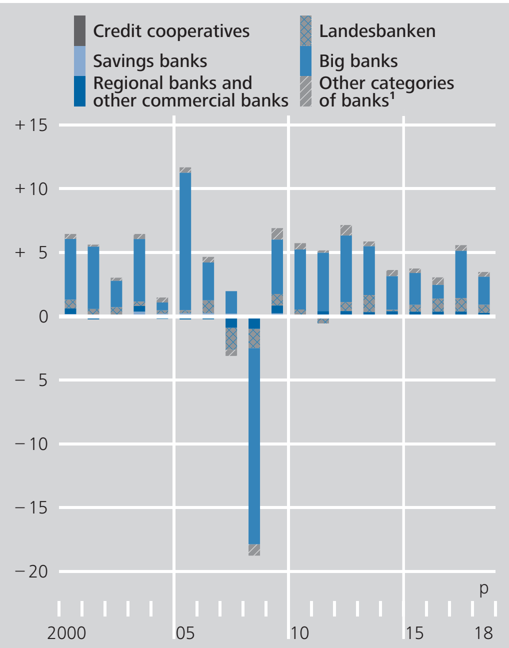
Deutsche Bundesbank

---

**32** Pension liabilities in the reporting year were discounted on the basis of the 2018G mortality tables, which replaced the 2005G mortality tables previously in use.
**33** In addition to MiFID II, which was introduced on 3 January 2018, these include Basel III, which the Basel Committee agreed upon at the end of 2017.
**34** Other administrative spending also includes the bank levy which, in the 2018 contribution year, amounted to a total of €1.99 billion (€1.71 billion in 2017). For more information, see: https://www.bafin.de/SharedDocs/Veroeffentlichungen/DE/Meldung/2018/meldung_180612_bankenabgabe.html
**35** See the structural data of the German banking sector and the box on p. 79.

**Trading result of the credit institutions***

€ billion




***** Where credit institutions have been reassigned to a different category of banks, this is taken into account as of the date of reclassification. **1** Branches of foreign banks, regional institutions of credit cooperatives, mortgage banks, banks with special, development and other central bank support tasks, and building and loan associations.

Deutsche Bundesbank

1.69% to 1.65%) and credit cooperatives (from 1.66% to 1.59%), as in the previous years. These institutions have a very dense network of branches and appear to have made significant savings by thinning them down over the last few years. The number of branches fell from a total of 20,711 at the end of 2016 to 18,434 at the end of 2018. The group of Landesbanken affected by structural changes likewise reduced administrative spending to 0.68% of total assets. However, from a long-term perspective, the expenditure of the Landesbanken remained above average. The group of mortgage banks affected by reorganisation and restructuring measures saw administrative costs rise to 0.42% of total assets (previous year: 0.38%). For big banks, at 1.17% of total assets, administrative costs not only exceeded the previous year's figure (1.06%), but also the long-term average.

## Deterioration in the net result from the trading portfolio

*Reduced trading result*

At €3.5 billion, or 2.9% of operating income, the net result from the trading portfolio made only a very small contribution to operating income in 2018. Compared to the previous year, the trading result was €2.1 billion lower; in relation to total assets, it fell from 0.07% to 0.04%. The institutions' trading result was hampered, in particular, by losses from securities transactions that could not be offset by interest-related and foreign exchange business. The trading result represented a major component of income for big banks (at €2.2 billion, or 7.2% of operating income) and Landesbanken (at €0.6 billion, or €8.8% of operating income) only. Although, together, both categories of banks continued to generate the lion's share (81.6%) of the overall trading result, the trading result in relation to total assets nonetheless sank from 0.15% to 0.10% for big banks and from 0.11% to 0.08% for the Landesbanken.

*Reduction in proprietary trading*

During the reporting year, the institutions again mainly carried out own-account trading in financial instruments on behalf of clients. Some institutions scaled back or abandoned proprietary trading altogether.[36] The latter was partly due to balance sheet reduction requirements imposed by the European Commission in the context of EU state aid procedures. In addition, changes to business policy are likely to have had a dampening effect on proprietary trading during the reporting year, owing to stricter regulatory requirements, amongst other factors. The trading result has become less volatile over the last few years, but has continued to experience fluctuations. While the institutions achieved a profit of €11.4 billion in 2005 but recorded a loss of €18.7 billion in 2008, the trading result has fluctuated during the past

**36** Proprietary trading covers all transactions in financial instruments carried out by the credit institution in its own name and on its own behalf. It is not performed on behalf of clients; instead, its purpose is to generate short-term profits. However, it also involves the risk of losses.

ten years within a bandwidth of €3.0 billion in 2016 and €7.1 billion in 2012.

## Other operating income low

*Other operating income low*

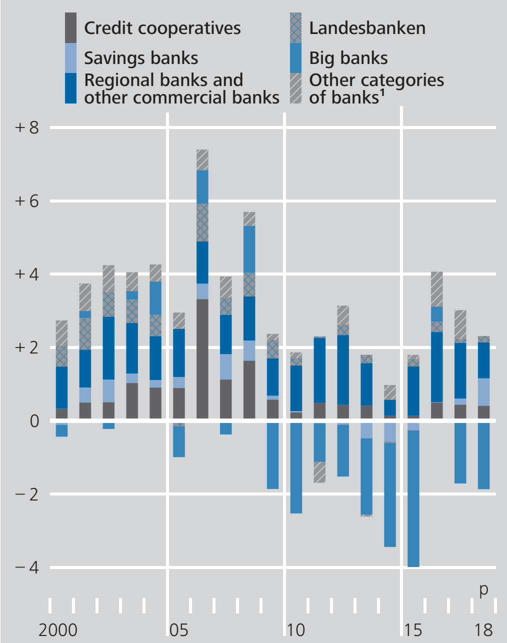
The other operating result is a summary item used to record income and charges from operating business that have no connection to net interest income, net commission income or the trading result.[37] Aggregated across all banks, it fell from €1.3 billion to just €0.4 billion (0.3% of operating income). It was therefore also substantially lower than its long-term average of €2.1 billion and boosted the profitability of German institutions only slightly during the reporting year (0.01% in relation to total assets after 0.02% the year before). Leasing transactions made a significant contribution, particularly at car financing institutions (just under €0.2 billion). Commodities transactions by credit cooperatives generated just under €0.2 billion. Other business lines, including real estate business, generated €0.3 billion. Other taxes reduced the balance by €0.2 billion.

*Other operating result, by category of banks*

In the reporting year, the other operating result contributed significantly to the result from ongoing business operations at regional and other banks only; however, amounting to €0.98 billion, or 5.1% of operating income, it was therefore also lower than in the previous year for this category of banks. Positive other operating results were also reported by savings banks (€0.7 billion, or 0.06% of total assets), credit cooperatives (€0.4 billion, or 0.04%) and Landesbanken (€0.2 billion, or 0.02%). The big banks, by contrast, reported a negative balance of -€1.9 billion; this was equivalent to -6.1% of operating income, or -0.08% of total assets. In their annual reports, they attributed this to expenses from the marking-up of provisions, transfers to provisions for litigation and recourse risks, and changes in value arising from non-trading derivatives. For building and loan associations, this item contracted significantly to €14 million in comparison to the two preceding years, in which it had amounted to €707 million and €717 million, respectively. In both 2016 and 2017, building and loan associations had made considerable withdrawals from the fund required by the building and loan association rules;[38] the other operating result reported by the building and loan associations in these preceding years was higher by this amount.

**Other operating result***

€ billion



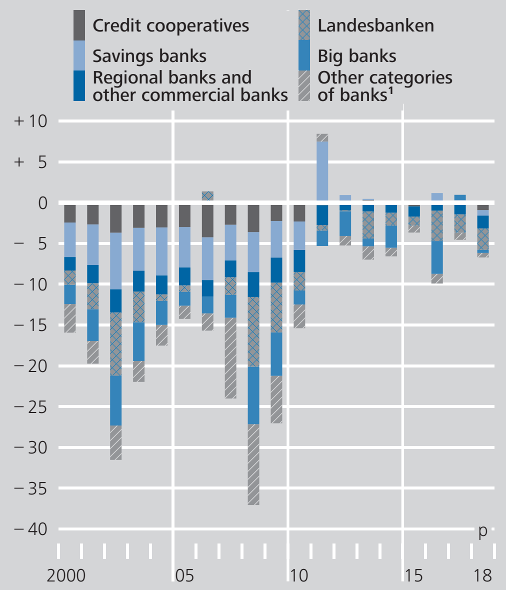

* Where credit institutions have been reassigned to a different category of banks, this is taken into account as of the date of reclassification. 1 Branches of foreign banks, regional institutions of credit cooperatives, mortgage banks, banks with special, development and other central bank support tasks, and building and loan associations.

Deutsche Bundesbank

**37** It includes, inter alia, the gross result for transactions in goods and subsidiary business and income from, depreciation of and value adjustments to assets leased. This item also contains withdrawals from and transfers to the fund required by the building and loan association rules.
**38** The funds were used to safeguard the collective interest margin and the increase in lending outside the scope of building and loan association business. In 2018, only 8% of all loans granted by building and loan associations were loans under savings and loan contracts. Other building loans accounted for 17.4%, with the remainder attributable to interim and bridging loans. By way of comparison, the share of loans under savings and loan contracts was 10.5% in 2016 and 43% in 2000.

**Risk provisioning of credit institutions (net valuation result)***

€ billion




* Excluding investment in tangible and financial fixed assets. Where credit institutions have been reassigned to a different category of banks, this is taken into account as of the date of reclassification. **1** Branches of foreign banks, regional institutions of credit cooperatives, mortgage banks, banks with special, development and other central bank support tasks, and building and loan associations.

Deutsche Bundesbank

## Deterioration in the net valuation result

*Deterioration in net valuation result*

At -€6.7 billion, or -0.08% of total assets, the net valuation result[39] in 2018 was favourable in a long-term comparison, reflecting the fact that, although the economy was slower, it remained robust. However, the burden was €3.1 billion higher than the year before.

*Need to recognise loss allowances for shipping loan portfolio …*

In particular, the profitability of individual institutions[40] with legacy shipping loans was considerably curtailed by the need for provisioning. It was necessary to recognise loss allowances as part of the restructuring of non-performing loans, but also owing to higher economic risks, including those stemming from escalating trade disputes. During the reporting year, in order to improve portfolio quality, the institutions followed up on or made the decision to sell parts of their non-performing shipping loans to investors or special purpose entities.

*… in the context of overall low risk provisioning for lending business*

Overall, however, the institutions only made minimal additional risk provisions in lending business. According to sectoral data, the fact that the domestic economy remained in good shape and business and consumer insolvency figures were in decline,[41] leading to positive credit risk developments, meant that write-ups were even permitted in some cases owing to the need to reverse individual and general provisions for lending business. Generally speaking, the level of credit risk provisioning was thus very low in 2018.

*Unexpectedly large haircuts on securities in liquidity reserve*

In their annual reports, a large number of German institutions reported higher write-downs[42] and value adjustments for securities in the liquidity reserve which, owing to yield increases and the general downward trend in the capital markets, were particularly necessary in the second half of 2018. According to the annual reports, some institutions compensated for the large haircuts on these securities partly by reversing undisclosed reserves pursuant to Section 340f of the Commercial Code. Nonetheless, overall, these reserves were stocked up during the year.

*Net valuation result, by category of banks*

The largest contributions to the negative net valuation result of the German banking sector were made by the Landesbanken, at -€2.6 billion, or -0.33% of total assets, and by regional and other commercial banks, at -€1.6 billion, or -0.16% of total assets. Alongside the decline in stock prices at the end of the reporting year, this was mainly due to the materialisation of

**39** The net valuation result comprises the effects of value adjustments, write-ups and write-downs on accounts receivable and securities in the liquidity reserve. In addition, income and charges in connection with transfers from and to loan-loss provisions are taken into account, as are transfers and releases relating to undisclosed reserves pursuant to Section 340f of the Commercial Code. In this context, the net valuation result makes use of the cross-offsetting option permissible under the Commercial Code.
**40** The institutions concerned belonged to Landesbanken and regional and other commercial banks categories.
**41** See Federal Statistical Office (2019); and press release No 091 of 13 March 2019, https://www.destatis.de/EN/Press/2019/03/PE19_091_52411.html
**42** Compared to the previous year, the institutions also generated much less income from reversals of write-downs in respect of securities held in the liquidity reserve.

## The impact of fintech innovations on profitability in the banking sector

In recent years, fintech innovations have taken on an increasingly important role in banking business. Fintech innovations are technology-driven innovations in banking products, applications and processes, which even go as far as financial agents adopting previously unknown business models.[1]

Fintech innovations often initially result in higher costs due to the necessary investment in IT restructuring operations. In the medium term, however, they lead to cost savings, e.g. by increasing the automation of business processes, enhancing the quality of individual processes and exploiting specialisation effects – by stepping up cooperation with other service providers, for instance. New sources of revenue are also conceivable, e.g. through new or improved products, new business areas and access to supraregional markets via online services.

However, fintech innovations can also have a negative impact on banks' profitability. Greater competition posed by online services and new market players, for example, increases pressure on margins and drives up competition for specialised IT staff, in particular. The technology-driven business environment also makes it possible to run business models which focus on marketing financial services via large platforms, meaning that a small number of providers can provide services to as many customers as they want, even across national borders, and thus ramp up competitive pressure even further.

In the German banking sector, it would appear based on various indicators that fintech innovations are paving the way for major changes in the banking sector. For example, investment in IT infrastructure has risen significantly in recent years. Similarly, numerous collaborations between banks and other service providers have been observed.[2]

But it is not yet possible to make any robust, general statement about the current impact of fintech innovations on profitability in the banking sector, as the scale of the actual phenomenon is difficult to gauge due to a lack of appropriate definitions. Moreover, the implications for profitability are highly complex and thus difficult to account for in statistical terms. For example, the extent to which the impact of increased IT and cyber risks on banks' profitability can be attributed to fintech innovations requires some clarification.

There are additional obstacles to assessing how things will develop in future. Statistical observations in a dynamic market environment serve merely as snapshots and leave only very limited scope to draw conclusions on the evolution of business models and the competitive landscape. There is also uncertainty regarding the impact of external factors such as future changes in technologies,[3] customer behaviour and societal aspects.[4] Unpredictable patterns of response by the banking sector to external developments also render it difficult to make medium-term forecasts.

1 The Financial Stability Board (FSB) defines the term "fintech" as "technologically enabled innovation in financial services that could result in new business models, applications, processes or products with an associated material effect on financial markets and institutions and the provision of financial services" (source: FSB Monitoring of FinTech, available online at https://www.fsb.org/work-of-the-fsb/policy-development/additional-policy-areas/monitoring-of-fintech/).
2 According to PwC's fintech cooperation radar, there were 197 new collaborations between banks and fintech firms in 2018 (projected value) compared with 162 in 2017 and 22 in 2014, for example.
3 This includes, for example, the development of blockchain or AI algorithms.
4 Such as regulatory changes.

legacy risks from shipping loans. The Landesbanken were the only category of banks whose net valuation result relative to total assets was worse in the reporting year than the long-term average, as in the preceding two years. Credit cooperatives (-€0.9 billion) and savings banks (-€0.7 billion), in particular, posted a distinctly more negative net valuation result in 2018 than in 2017. The net valuation result for mortgage banks also decreased significantly from €32 million in the previous year to -€341 million in the reporting year (or from 0.01% of total assets the year before to -0.15%). In their annual reports, the mortgage banks put the deterioration of their net valuation result down to the formation of specific provisions for legacy loans and provisions to better mitigate interest rate risk. In addition, the group of reporting institutions within the category of banks changed in comparison to the previous year. Building and loan associations, meanwhile, were able to improve their net valuation result, making a positive contribution of +€22 million to the profit for the financial year before tax of this category of banks. According to the information in the annual reports, besides the low need for provisioning for building loans, the planned liquidation of financial and capital investments had a positive impact on the result, since the market values of the fixed-rate securities sold generally exceeded their nominal prices.

## Deterioration in extraordinary result

*Extraordinary result clearly negative*

Standing at -€6.9 billion, the balance in the extraordinary account[43] markedly reduced banks' net income. Big banks and regional and other commercial banks accounted for the bulk of this figure, at -€2.2 billion and -€2.7 billion, respectively. The result from financial investment business was negative at -€0.9 billion. This was €2.5 billion down on the previous year, reflecting the challenging financial market environment. In particular, value adjustments in respect of participating interests and securities treated as fixed assets were €2.2 billion lower and write-downs on such assets were €0.3 billion higher than in 2017. Charges arising from profit transfers were the main component of extraordinary profit and loss; they climbed by €1.4 billion to a total of €5.7 billion during the reporting year, clearly exceeding the previous year's figure. The main influencing factor here was the expenditure entry for profit transfers at one big bank, which constituted the offsetting counterpart to an income entry for profit transfers under net interest income at another big bank.[44] Extraordinary profit or loss in the narrower sense (-€0.5 billion)[45] and the result from loss absorption (€0.2 billion) made a smaller contribution to the negative balance in the extraordinary account than in the previous year.

## Outlook

*Economic downturn ahead*

Since the end of 2018, the economic outlook for Germany has become bleaker again. Ongoing international trade disputes, which are curbing economic activity, as well as the uncertainties associated with the United Kingdom's planned withdrawal from the European Union are playing a part in this.

**43** Income and charges stemming from extraordinary events which interrupt the normal financial year are recorded in this item. These include merger gains and losses, reorganisation gains and losses, debt forgiveness in restructuring operations as well as charges for redundancy programmes. The item also includes the result from financial investment business, i.e. the balance of income from value adjustments in respect of participating interests, shares in affiliated enterprises and securities treated as fixed assets as well as write-downs and write-offs in respect of these items. Finally, charges from profits transferred under profit pooling, a profit transfer agreement or a partial profit transfer agreement are also recorded under this item. By contrast, income from profit transfers is reported under net interest income; the assumption is that they are part of the business strategy and hence of operating business.
**44** Charges arising from profit transfers cannot be assigned to actual operating business. By contrast, income from profit transfers is reported under net interest income; the assumption is that they are part of the business strategy and hence of operating business.
**45** Only extraordinary events which interrupt the normal financial year are recorded in this item. These include merger gains and losses, reorganisation gains and losses, debt forgiveness in restructuring operations as well as charges for redundancy programmes and restructuring.

**Breakdown of extraordinary profit and loss**

€ million

| Item | 2016 | 2017 | 2018p |
|---|---|---|---|
| Other and extraordinary result | – 2,812 | – 3,398 | – 6,858 |
| Income (total) | 8,347 | 5,318 | 2,894 |
| Value adjustments in respect of participating interests, shares in affiliated enterprises, and securities treated as fixed assets | 3,446 | 3,100 | 872 |
| from loss transfers | 39 | 610 | 730 |
| Extraordinary income | 4,862 | 1,608 | 1,292 |
| Charges (total) | – 11,159 | – 8,716 | – 9,752 |
| Write-offs and write-downs in respect of participating interests, shares in affiliated enterprises, and securities treated as fixed assets | – 3,720 | – 1,466 | – 1,725 |
| from loss transfers | – 914 | – 636 | – 497 |
| Extraordinary charges | – 1,800 | – 2,317 | – 1,838 |
| Profits transferred under profit pooling, a profit transfer agreement or a partial profit transfer agreement | – 4,725 | – 4,297 | – 5,692 |

Deutsche Bundesbank

*Growing risks in lending business*

In light of the ongoing slowdown in the industrial sector, a greater need for value adjustments and write-downs in lending business and in banks' securities trading is probably to be expected this year. To prepare for a potentially prolonged economic downturn, institutions need to price their loans in a risk-appropriate manner.

*Outlook for monetary policy*

At its meeting in September 2019, the ECB Governing Council decided to lower the deposit facility rate by 10 basis points to -0.5%. It expects the key ECB interest rates to remain at their present or lower levels until it has seen the inflation outlook robustly converge to a level sufficiently close to, but below, 2% within its projection horizon, and such convergence has been reflected in underlying inflation dynamics. In addition, it announced that net purchases under the asset purchase programme would resume at a monthly pace of €20 billion from 1 November. Banks will therefore have to operate in an environment of persistently low interest rates, which is likely to include negative rates on deposits held at the central bank. Even the introduction of a two-tier system for reserve remuneration, which exempts part of credit institutions' excess liquidity holdings from the negative deposit facility rate, will not fundamentally alter this key challenge.

*Need to increase competitiveness*

Brexit will see banking activities relocated from the United Kingdom to the rest of the EU, which may change the competitive situation and market dynamics. Through further consolidation, institutions can optimise processes and improve their competitiveness in the long term. They also need to cultivate or create a customer focus by pressing ahead with digitalisation campaigns.

## List of references

Deutsche Bundesbank (2019a), German banks' deposit and lending business with domestic customers, Monthly Report, February 2019, pp. 31ff.

Deutsche Bundesbank (2019b), Interest rate pass-through in the low interest rate environment, Monthly Report, April 2019, pp. 43-75.

Deutsche Bundesbank (2019c), Results of the 2019 LSI stress test, press conference on 23 September 2019, https://www.bundesbank.de/en/tasks/banking-supervision/individual-aspects/expert-panels/expert-panel-on-lsi-stress-tests-622808

Deutsche Bundesbank (2019d), Capital market statistics, Statistical Supplement 2 to the Monthly Report, June 2019, https://www.bundesbank.de/en/publications/statistics/statistical-supplements

Deutsche Bundesbank (2019e), Banking statistics, Statistical Supplement 1 to the Monthly Report, June 2019, https://www.bundesbank.de/en/publications/statistics/statistical-supplements

Deutsche Bundesbank (2018/2019), Eurosystem bank lending survey, Results for Germany, survey rounds April 2018, July 2018, October 2018, January 2019, https://www.bundesbank.de/en/tasks/monetary-policy/economic-analyses/-/bank-lending-survey-for-germany-618070

Deutsche Bundesbank (2018), The importance of bank profitability and bank capital for monetary policy, Monthly Report, January 2018, pp. 27-52.

Deutsche Bundesbank (2013), Financial Stability Review 2013, November 2013.

European Banking Authority (2018), Risk Dashboard – data as of Q4 2018, p. 16, https://eba.europa.eu/documents/10180/2666948/EBA+Dashboard+-+Q4+2018.pdf/5836f313-b390-4f24-99bf-815fc036a7ce

Federal Statistical Office (2019), Unternehmen und Arbeitsstätten, Fachserie 2, Reihe 4.1, Insolvenzverfahren, January 2019; and press release No 091 of 13 March 2019, https://www.destatis.de/EN/Press/2019/03/PE19_091_52411.html;jsessionid=34D2DCD80D6CA1DFEAABBE69771C1630.internet742

The tables accompanying this article are printed on pp. 103 ff.

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

As a percentage of total assets°

| Financial year | All categories of banks | Commercial banks: Total | of which: Big banks[1] | of which: Regional banks and other commercial banks[1] | Landesbanken[1] | Savings banks[1] | Credit cooperatives | Mortgage banks[1] | Building and loan associations | Banks with special, development and other central support tasks |
|---|---|---|---|---|---|---|---|---|---|---|
| | Interest received[2] | | | | | | | | | |
| 2012 | 2.88 | 1.77 | 1.37 | 3.35 | 4.87 | 3.72 | 3.68 | 4.25 | 3.83 | 2.45 |
| 2013 | 2.61 | 1.70 | 1.29 | 3.09 | 3.49 | 3.40 | 3.40 | 3.91 | 3.61 | 2.58 |
| 2014 | 2.49 | 1.74 | 1.38 | 2.91 | 3.20 | 3.15 | 3.15 | 3.86 | 3.39 | 2.38 |
| 2015 | 2.33 | 1.66 | 1.33 | 2.71 | 3.04 | 2.90 | 2.84 | 4.07 | 3.18 | 2.21 |
| 2016 | 2.17 | 1.58 | 1.30 | 2.37 | 2.81 | 2.64 | 2.55 | 4.01 | 2.89 | 2.15 |
| 2017 | 2.00 | 1.54 | 1.26 | 2.25 | 2.74 | 2.42 | 2.33 | 3.35 | 2.63 | 1.78 |
| 2018 | 2.08 | 1.85 | 1.65 | 2.45 | 3.08 | 2.17 | 2.13 | 2.99 | 2.42 | 1.68 |
| | Interest paid | | | | | | | | | |
| 2012 | 1.88 | 0.92 | 0.69 | 1.84 | 4.24 | 1.59 | 1.47 | 3.83 | 2.21 | 1.99 |
| 2013 | 1.58 | 0.80 | 0.61 | 1.50 | 2.81 | 1.29 | 1.15 | 3.53 | 2.07 | 2.32 |
| 2014 | 1.39 | 0.77 | 0.60 | 1.30 | 2.47 | 1.06 | 0.94 | 3.38 | 1.95 | 1.95 |
| 2015 | 1.22 | 0.67 | 0.52 | 1.14 | 2.29 | 0.84 | 0.71 | 3.47 | 1.85 | 1.76 |
| 2016 | 1.08 | 0.61 | 0.52 | 0.85 | 2.04 | 0.68 | 0.55 | 3.47 | 1.73 | 1.73 |
| 2017 | 0.97 | 0.66 | 0.58 | 0.89 | 2.02 | 0.56 | 0.43 | 2.78 | 1.47 | 1.36 |
| 2018 | 1.00 | 0.83 | 0.79 | 0.98 | 2.42 | 0.44 | 0.33 | 2.25 | 1.29 | 1.28 |
| | Excess of interest received over interest paid = net interest income (interest margin) | | | | | | | | | |
| 2012 | 1.00 | 0.85 | 0.68 | 1.51 | 0.63 | 2.12 | 2.21 | 0.43 | 1.62 | 0.46 |
| 2013 | 1.02 | 0.89 | 0.69 | 1.60 | 0.68 | 2.10 | 2.25 | 0.38 | 1.54 | 0.26 |
| 2014 | 1.10 | 0.97 | 0.77 | 1.62 | 0.72 | 2.09 | 2.21 | 0.48 | 1.45 | 0.43 |
| 2015 | 1.11 | 0.99 | 0.81 | 1.56 | 0.76 | 2.06 | 2.14 | 0.60 | 1.32 | 0.45 |
| 2016 | 1.09 | 0.97 | 0.78 | 1.52 | 0.77 | 1.96 | 1.99 | 0.54 | 1.16 | 0.42 |
| 2017 | 1.04 | 0.87 | 0.68 | 1.36 | 0.73 | 1.87 | 1.90 | 0.58 | 1.16 | 0.42 |
| 2018 | 1.08 | 1.02 | 0.86 | 1.47 | 0.66 | 1.73 | 1.80 | 0.74 | 1.13 | 0.40 |
| | Excess of commissions received over commissions paid = net commission income (commission margin) | | | | | | | | | |
| 2012 | 0.29 | 0.37 | 0.32 | 0.61 | 0.06 | 0.56 | 0.56 | 0.02 | − 0.26 | 0.10 |
| 2013 | 0.32 | 0.43 | 0.38 | 0.62 | 0.06 | 0.57 | 0.56 | 0.01 | − 0.31 | 0.11 |
| 2014 | 0.35 | 0.47 | 0.43 | 0.63 | 0.07 | 0.58 | 0.56 | 0.00 | − 0.26 | 0.12 |
| 2015 | 0.35 | 0.47 | 0.43 | 0.62 | 0.09 | 0.60 | 0.57 | 0.00 | − 0.27 | 0.11 |
| 2016 | 0.36 | 0.45 | 0.42 | 0.56 | 0.12 | 0.60 | 0.55 | − 0.01 | − 0.23 | 0.10 |
| 2017 | 0.37 | 0.45 | 0.43 | 0.54 | 0.13 | 0.64 | 0.57 | − 0.02 | − 0.21 | 0.10 |
| 2018 | 0.37 | 0.43 | 0.46 | 0.40 | 0.13 | 0.63 | 0.57 | − 0.03 | − 0.21 | 0.11 |

* The figures for the most recent date should be regarded as provisional in all cases. ° Excluding the total assets of the foreign branches of savings banks, excluding the total assets of the foreign branches of regional institutions of credit cooperatives until 2015 and, from 2016, excluding the total assets of the foreign branches of mortgage banks. For footnotes **1** and **2**, see p. 104.

Deutsche Bundesbank

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

As a percentage of total assets°

| Financial year | All categories of banks | Commercial banks: Total | of which: Big banks[1] | of which: Regional banks and other commercial banks[1] | Landesbanken[1] | Savings banks[1] | Credit cooperatives | Mortgage banks[1] | Building and loan associations | Banks with special, development and other central support tasks |
|---|---|---|---|---|---|---|---|---|---|---|
| | General administrative spending | | | | | | | | | |
| 2012 | 0.89 | 0.92 | 0.77 | 1.55 | 0.46 | 1.76 | 1.86 | 0.24 | 0.97 | 0.29 |
| 2013 | 0.97 | 1.03 | 0.89 | 1.55 | 0.54 | 1.77 | 1.85 | 0.27 | 0.91 | 0.30 |
| 2014 | 1.01 | 1.08 | 0.93 | 1.57 | 0.57 | 1.79 | 1.84 | 0.29 | 0.90 | 0.32 |
| 2015 | 1.05 | 1.11 | 0.99 | 1.53 | 0.63 | 1.81 | 1.82 | 0.30 | 0.81 | 0.32 |
| 2016 | 1.06 | 1.14 | 1.02 | 1.49 | 0.66 | 1.74 | 1.73 | 0.32 | 0.83 | 0.33 |
| 2017 | 1.07 | 1.14 | 1.06 | 1.41 | 0.71 | 1.69 | 1.66 | 0.38 | 0.83 | 0.33 |
| 2018 | 1.09 | 1.19 | 1.17 | 1.32 | 0.68 | 1.65 | 1.59 | 0.42 | 0.82 | 0.35 |
| | Result from the trading portfolio | | | | | | | | | |
| 2012 | 0.07 | 0.14 | 0.16 | 0.04 | 0.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.06 |
| 2013 | 0.07 | 0.11 | 0.14 | 0.04 | 0.11 | 0.00 | 0.00 | 0.00 | 0.00 | 0.03 |
| 2014 | 0.04 | 0.09 | 0.10 | 0.04 | 0.01 | 0.00 | 0.00 | 0.00 | 0.00 | 0.04 |
| 2015 | 0.04 | 0.08 | 0.09 | 0.04 | 0.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.03 |
| 2016 | 0.04 | 0.04 | 0.04 | 0.04 | 0.11 | 0.00 | 0.00 | 0.00 | 0.00 | 0.04 |
| 2017 | 0.07 | 0.12 | 0.15 | 0.03 | 0.11 | 0.00 | 0.00 | 0.00 | 0.00 | 0.03 |
| 2018 | 0.04 | 0.07 | 0.10 | 0.03 | 0.08 | 0.00 | 0.00 | 0.00 | 0.00 | 0.03 |
| | Operating result before the valuation of assets | | | | | | | | | |
| 2012 | 0.49 | 0.45 | 0.35 | 0.84 | 0.31 | 0.92 | 0.97 | 0.23 | 0.41 | 0.34 |
| 2013 | 0.43 | 0.38 | 0.25 | 0.85 | 0.33 | 0.86 | 1.01 | 0.09 | 0.33 | 0.10 |
| 2014 | 0.45 | 0.39 | 0.26 | 0.78 | 0.23 | 0.83 | 0.95 | 0.21 | 0.26 | 0.29 |
| 2015 | 0.44 | 0.36 | 0.20 | 0.84 | 0.28 | 0.82 | 0.91 | 0.29 | 0.23 | 0.26 |
| 2016 | 0.47 | 0.39 | 0.23 | 0.83 | 0.38 | 0.83 | 0.87 | 0.21 | 0.43 | 0.25 |
| 2017 | 0.42 | 0.30 | 0.13 | 0.67 | 0.27 | 0.83 | 0.86 | 0.16 | 0.42 | 0.23 |
| 2018 | 0.40 | 0.31 | 0.16 | 0.68 | 0.21 | 0.77 | 0.81 | 0.28 | 0.11 | 0.18 |
| | Result from the valuation of assets | | | | | | | | | |
| 2012 | – 0.05 | – 0.10 | – 0.09 | – 0.11 | – 0.01 | 0.06 | 0.04 | – 0.11 | 0.01 | – 0.04 |
| 2013 | – 0.07 | – 0.06 | – 0.03 | – 0.13 | – 0.27 | 0.01 | 0.04 | – 0.08 | – 0.04 | – 0.09 |
| 2014 | – 0.08 | – 0.11 | – 0.10 | – 0.12 | – 0.14 | 0.00 | – 0.03 | – 0.07 | 0.14 | – 0.08 |
| 2015 | – 0.04 | – 0.03 | 0.00 | – 0.14 | – 0.10 | 0.01 | – 0.06 | – 0.09 | – 0.03 | – 0.03 |
| 2016 | – 0.10 | – 0.14 | – 0.16 | – 0.10 | – 0.38 | 0.09 | 0.01 | – 0.04 | 0.01 | – 0.07 |
| 2017 | – 0.04 | – 0.02 | 0.03 | – 0.12 | – 0.24 | 0.02 | – 0.02 | 0.01 | – 0.03 | – 0.07 |
| 2018 | – 0.08 | – 0.06 | – 0.02 | – 0.16 | – 0.33 | – 0.05 | – 0.10 | – 0.15 | 0.01 | – 0.02 |

For footnotes *, °, see p. 103. **1** From 2018, DB Privat- und Firmenkundenbank AG (merger between Deutsche Postbank AG, belonging to the category "Big banks", with Deutsche Bank Privat- und Geschäftskunden AG, belonging to the category "Regional banks and other commercial banks") allocated to the category "Big banks". HSH Nordbank allocated to the category "Regional banks and other commercial banks" and Landesbank Berlin allocated to the category "Savings banks". DSK Hyp AG (formerly SEB AG) allocated to the category "Mortgage banks". Wüstenrot Bank Aktiengesellschaft Pfandbriefbank allocated to the category "Regional banks and other commercial banks". **2** Interest received plus current income and profits transferred under profit pooling, a profit transfer agreement or a partial profit transfer agreement.

Deutsche Bundesbank

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

As a percentage of total assets°

| Financial year | All categories of banks | Commercial banks: Total | of which: Big banks[1] | of which: Regional banks and other commercial banks[1] | Landesbanken[1] | Savings banks[1] | Credit cooperatives | Mortgage banks[1] | Building and loan associations | Banks with special, development and other central support tasks |
|---|---|---|---|---|---|---|---|---|---|---|
| | Operating result | | | | | | | | | |
| 2012 | 0.45 | 0.35 | 0.25 | 0.73 | 0.30 | 0.98 | 1.00 | 0.11 | 0.41 | 0.30 |
| 2013 | 0.36 | 0.33 | 0.21 | 0.72 | 0.06 | 0.88 | 1.06 | 0.01 | 0.29 | 0.02 |
| 2014 | 0.37 | 0.28 | 0.16 | 0.65 | 0.10 | 0.83 | 0.93 | 0.14 | 0.39 | 0.21 |
| 2015 | 0.40 | 0.33 | 0.21 | 0.70 | 0.18 | 0.83 | 0.85 | 0.20 | 0.20 | 0.23 |
| 2016 | 0.37 | 0.25 | 0.08 | 0.73 | 0.00 | 0.92 | 0.88 | 0.17 | 0.44 | 0.18 |
| 2017 | 0.37 | 0.28 | 0.16 | 0.55 | 0.03 | 0.85 | 0.84 | 0.17 | 0.40 | 0.15 |
| 2018 | 0.32 | 0.25 | 0.15 | 0.51 | − 0.12 | 0.71 | 0.71 | 0.14 | 0.11 | 0.17 |
| | Other and extraordinary result | | | | | | | | | |
| 2012 | − 0.12 | − 0.16 | − 0.09 | − 0.40 | − 0.14 | − 0.12 | 0.00 | − 0.10 | − 0.09 | − 0.11 |
| 2013 | − 0.11 | − 0.16 | − 0.08 | − 0.41 | − 0.10 | − 0.09 | − 0.04 | 0.02 | − 0.07 | − 0.07 |
| 2014 | − 0.08 | − 0.10 | − 0.02 | − 0.34 | − 0.13 | − 0.05 | − 0.02 | − 0.18 | − 0.03 | − 0.01 |
| 2015 | − 0.09 | − 0.19 | − 0.11 | − 0.45 | − 0.01 | − 0.03 | − 0.02 | − 0.01 | 0.00 | − 0.01 |
| 2016 | − 0.03 | − 0.06 | 0.04 | − 0.36 | − 0.05 | − 0.03 | 0.04 | 0.01 | − 0.02 | 0.00 |
| 2017 | − 0.04 | − 0.10 | − 0.05 | − 0.23 | 0.07 | − 0.01 | 0.00 | 0.03 | 0.04 | − 0.04 |
| 2018 | − 0.09 | − 0.15 | − 0.10 | − 0.28 | − 0.01 | − 0.06 | − 0.02 | − 0.04 | − 0.01 | − 0.06 |
| | Profit or loss (–) for the financial year before tax | | | | | | | | | |
| 2012 | 0.32 | 0.20 | 0.16 | 0.32 | 0.17 | 0.86 | 1.00 | 0.02 | 0.32 | 0.19 |
| 2013 | 0.25 | 0.17 | 0.13 | 0.30 | − 0.04 | 0.78 | 1.02 | 0.02 | 0.22 | − 0.05 |
| 2014 | 0.30 | 0.19 | 0.14 | 0.32 | − 0.03 | 0.78 | 0.91 | − 0.04 | 0.36 | 0.20 |
| 2015 | 0.31 | 0.14 | 0.10 | 0.25 | 0.17 | 0.79 | 0.84 | 0.20 | 0.20 | 0.21 |
| 2016 | 0.33 | 0.19 | 0.12 | 0.37 | − 0.06 | 0.89 | 0.93 | 0.18 | 0.41 | 0.17 |
| 2017 | 0.33 | 0.18 | 0.12 | 0.32 | 0.10 | 0.84 | 0.84 | 0.21 | 0.43 | 0.12 |
| 2018 | 0.23 | 0.11 | 0.05 | 0.23 | − 0.13 | 0.65 | 0.70 | 0.09 | 0.11 | 0.11 |
| | Profit or loss (–) for the financial year after tax | | | | | | | | | |
| 2012 | 0.23 | 0.11 | 0.07 | 0.25 | 0.12 | 0.62 | 0.73 | 0.01 | 0.23 | 0.21 |
| 2013 | 0.17 | 0.12 | 0.09 | 0.22 | − 0.08 | 0.54 | 0.76 | 0.01 | 0.12 | − 0.07 |
| 2014 | 0.21 | 0.14 | 0.10 | 0.23 | − 0.08 | 0.53 | 0.64 | − 0.06 | 0.24 | 0.19 |
| 2015 | 0.21 | 0.09 | 0.06 | 0.16 | 0.10 | 0.54 | 0.57 | 0.17 | 0.16 | 0.17 |
| 2016 | 0.24 | 0.13 | 0.09 | 0.26 | − 0.11 | 0.63 | 0.67 | 0.14 | 0.34 | 0.17 |
| 2017 | 0.24 | 0.13 | 0.09 | 0.20 | 0.05 | 0.60 | 0.58 | 0.13 | 0.37 | 0.13 |
| 2018 | 0.15 | 0.08 | 0.05 | 0.13 | − 0.20 | 0.43 | 0.47 | 0.04 | 0.05 | 0.09 |

For footnotes *, °, see p. 103. For footnote 1, see p. 104.
Deutsche Bundesbank

## Credit institutions’ profit and loss accounts*

| Financial year | Number of reporting institutions | Total assets[1] | Interest business: Net interest income (col. 4 less col. 5) | Interest business: Interest received[2] | Interest business: Interest paid | Commissions business: Net commission income (col. 7 less col. 8) | Commissions business: Commissions received | Commissions business: Commissions paid | Result from the trading portfolio | Other operating result | Operating income[3] (col. 3 plus col. 6 plus col. 9 plus col. 10) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| | | € billion | | | | | | | | | |
| 2011 | 1,801 | 9,167.9 | 94.7 | 303.0 | 208.3 | 28.3 | 41.1 | 12.8 | 4.6 | 0.6 | 128.2 |
| 2012 | 1,776 | 9,542.7 | 95.5 | 274.7 | 179.2 | 27.5 | 40.0 | 12.5 | 7.1 | 1.6 | 131.8 |
| 2013 | 1,748 | 8,755.4 | 89.5 | 228.2 | 138.7 | 28.0 | 40.6 | 12.6 | 5.9 | – 0.8 | 122.6 |
| 2014 | 1,715 | 8,452.6 | 93.4 | 210.8 | 117.4 | 29.3 | 42.6 | 13.3 | 3.6 | – 2.5 | 123.8 |
| 2015 | 1,679 | 8,605.6 | 95.9 | 200.9 | 105.0 | 30.5 | 44.5 | 14.1 | 3.7 | – 2.2 | 127.9 |
| 2016 | 1,611 | 8,355.0 | 91.1 | 181.5 | 90.4 | 29.7 | 43.2 | 13.5 | 3.0 | 4.1 | 128.0 |
| 2017 | 1,538 | 8,251.2 | 85.5 | 165.4 | 79.9 | 30.6 | 44.2 | 13.6 | 5.6 | 1.3 | 122.9 |
| 2018 | 1,484 | 8,061.5 | 87.2 | 167.6 | 80.5 | 29.5 | 43.1 | 13.6 | 3.5 | 0.4 | 120.6 |
| | Year-on-year percentage change | | | | | | | | | | |
| 2012 | – 1.4 | 4.1 | 0.8 | – 9.4 | – 14.0 | – 2.8 | – 2.7 | – 2.4 | 55.3 | 166.7 | 2.8 |
| 2013 | – 1.6 | – 8.2 | – 6.3 | – 16.9 | – 22.6 | 2.0 | 1.7 | 1.0 | – 18.0 | . | – 7.0 |
| 2014 | – 1.9 | – 3.5 | 4.4 | – 7.6 | – 15.3 | 4.5 | 5.0 | 6.1 | – 38.2 | – 201.2 | 1.0 |
| 2015 | – 2.1 | 1.8 | 2.7 | – 4.7 | – 10.6 | 4.0 | 4.5 | 5.5 | 3.0 | 11.1 | 3.3 |
| 2016 | – 4.1 | – 2.9 | – 4.9 | – 9.6 | – 13.9 | – 2.3 | – 3.0 | – 4.4 | – 18.4 | . | 0.1 |
| 2017 | – 4.5 | – 1.2 | – 6.2 | – 8.9 | – 11.6 | 2.7 | 2.3 | 1.3 | 82.9 | – 67.9 | – 4.0 |
| 2018 | – 3.5 | – 2.3 | 1.9 | 1.4 | 0.7 | – 3.3 | – 2.5 | – 0.6 | – 37.7 | – 66.2 | – 1.9 |
| | As a percentage of total assets | | | | | | | | | | |
| 2011 | . | . | 1.03 | 3.31 | 2.27 | 0.31 | 0.45 | 0.14 | 0.05 | 0.01 | 1.40 |
| 2012 | . | . | 1.00 | 2.88 | 1.88 | 0.29 | 0.42 | 0.13 | 0.07 | 0.02 | 1.38 |
| 2013 | . | . | 1.02 | 2.61 | 1.58 | 0.32 | 0.46 | 0.14 | 0.07 | – 0.01 | 1.40 |
| 2014 | . | . | 1.10 | 2.49 | 1.39 | 0.35 | 0.50 | 0.16 | 0.04 | – 0.03 | 1.47 |
| 2015 | . | . | 1.11 | 2.33 | 1.22 | 0.35 | 0.52 | 0.16 | 0.04 | – 0.03 | 1.49 |
| 2016 | . | . | 1.09 | 2.17 | 1.08 | 0.36 | 0.52 | 0.16 | 0.04 | 0.05 | 1.53 |
| 2017 | . | . | 1.04 | 2.00 | 0.97 | 0.37 | 0.54 | 0.17 | 0.07 | 0.02 | 1.49 |
| 2018 | . | . | 1.08 | 2.08 | 1.00 | 0.37 | 0.53 | 0.17 | 0.04 | 0.01 | 1.50 |

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

Deutsche Bundesbank

| General administrative spending | | | Operating result before the valuation of assets (col. 11 less col. 12) | Result from the valuation of assets (other than tangible or financial fixed assets) | Operating result (col. 15 plus col. 16) | Other and extra-ordinary result | Profit or loss (–) for the financial year before tax (col. 17 plus col. 18) | Taxes on income and earnings5 | Profit or loss (–) for the financial year after tax (col. 19 less col. 20) | |
|---|---|---|---|---|---|---|---|---|---|---|
| Total (col. 13 plus col. 14) | Staff costs | Total other administrative spending4 | | | | | | | | |
| 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | Financial year |
| | | | | | | | | | € billion | |
| 82.0 | 42.5 | 39.6 | 46.2 | 3.1 | 49.3 | – 17.4 | 31.9 | 7.0 | 24.9 | 2011 |
| 84.8 | 44.6 | 40.2 | 47.0 | – 4.3 | 42.7 | – 11.9 | 30.8 | 8.8 | 22.0 | 2012 |
| 84.8 | 43.8 | 41.0 | 37.8 | – 6.5 | 31.2 | – 9.3 | 22.0 | 7.4 | 14.6 | 2013 |
| 85.8 | 44.0 | 41.8 | 38.1 | – 6.6 | 31.5 | – 6.5 | 25.0 | 7.6 | 17.4 | 2014 |
| 90.0 | 46.0 | 44.0 | 37.9 | – 3.5 | 34.4 | – 7.8 | 26.6 | 8.4 | 18.1 | 2015 |
| 88.7 | 44.6 | 44.0 | 39.4 | – 8.8 | 30.6 | – 2.8 | 27.8 | 7.9 | 19.9 | 2016 |
| 88.4 | 44.6 | 43.8 | 34.5 | – 3.6 | 30.9 | – 3.4 | 27.5 | 7.5 | 20.0 | 2017 |
| 88.1 | 44.3 | 43.8 | 32.5 | – 6.7 | 25.8 | – 6.9 | 18.9 | 6.8 | 12.2 | 2018 |
| | | | | | | | | | Year-on-year percentage change | |
| 3.3 | 5.0 | 1.5 | 1.8 | . | – 13.4 | 31.7 | – 3.5 | 24.6 | – 11.5 | 2012 |
| 0.0 | – 1.9 | 2.2 | – 19.6 | – 50.9 | – 26.8 | 21.8 | – 28.7 | – 15.8 | – 33.9 | 2013 |
| 1.1 | 0.5 | 1.8 | 0.9 | – 0.6 | 0.9 | 29.8 | 13.9 | 3.0 | 19.4 | 2014 |
| 5.0 | 4.7 | 5.3 | – 0.6 | 46.9 | 9.0 | – 19.7 | 6.3 | 11.2 | 4.1 | 2015 |
| – 1.5 | – 3.1 | 0.1 | 4.0 | – 150.3 | – 10.9 | 63.9 | 4.6 | – 6.7 | 9.9 | 2016 |
| – 0.3 | – 0.1 | – 0.5 | – 12.2 | 58.7 | 1.0 | – 20.8 | – 1.0 | – 4.3 | 0.4 | 2017 |
| – 0.3 | – 0.7 | 0.0 | – 5.9 | – 85.8 | – 16.6 | – 101.8 | – 31.2 | – 10.2 | – 39.2 | 2018 |
| | | | | | | | | | As a percentage of total assets | |
| 0.89 | 0.46 | 0.43 | 0.50 | 0.03 | 0.54 | – 0.19 | 0.35 | 0.08 | 0.27 | 2011 |
| 0.89 | 0.47 | 0.42 | 0.49 | – 0.05 | 0.45 | – 0.12 | 0.32 | 0.09 | 0.23 | 2012 |
| 0.97 | 0.50 | 0.47 | 0.43 | – 0.07 | 0.36 | – 0.11 | 0.25 | 0.08 | 0.17 | 2013 |
| 1.01 | 0.52 | 0.49 | 0.45 | – 0.08 | 0.37 | – 0.08 | 0.30 | 0.09 | 0.21 | 2014 |
| 1.05 | 0.53 | 0.51 | 0.44 | – 0.04 | 0.40 | – 0.09 | 0.31 | 0.10 | 0.21 | 2015 |
| 1.06 | 0.53 | 0.53 | 0.47 | – 0.10 | 0.37 | – 0.03 | 0.33 | 0.09 | 0.24 | 2016 |
| 1.07 | 0.54 | 0.53 | 0.42 | – 0.04 | 0.37 | – 0.04 | 0.33 | 0.09 | 0.24 | 2017 |
| 1.09 | 0.55 | 0.54 | 0.40 | – 0.08 | 0.32 | – 0.09 | 0.23 | 0.08 | 0.15 | 2018 |

est and commission income plus result from the trading portfolio and other operating result. **4** Including depreciation of and value adjustments to tangible and intangible assets, but excluding depreciation of and value adjustments to assets leased ("broad" definition). **5** In part, including taxes paid by legally dependent building and loan associations affiliated to Landesbanken.

## Profit and loss accounts, by category of banks*

| Financial year | Number of reporting institutions | € million Total assets[1] | Interest business: Net interest income (col. 4 less col. 5) | Interest business: Interest received[2] | Interest business: Interest paid | Commissions business: Net commission income (col. 7 less col. 8) | Commissions business: Commissions received | Commissions business: Commissions paid | Result from the trading portfolio | Other operating result | Operating income[3] (col. 3 plus col. 6 plus col. 9 plus col. 10) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| | All categories of banks | | | | | | | | | | |
| 2013 | 1,748 | 8,755,419 | 89,485 | 228,193 | 138,708 | 28,039 | 40,618 | 12,579 | 5,861 | – 820 | 122,565 |
| 2014 | 1,715 | 8,452,585 | 93,398 | 210,822 | 117,424 | 29,297 | 42,639 | 13,342 | 3,624 | – 2,470 | 123,849 |
| 2015 | 1,679 | 8,605,560 | 95,887 | 200,861 | 104,974 | 30,461 | 44,542 | 14,081 | 3,734 | – 2,196 | 127,886 |
| 2016 | 1,611 | 8,355,020 | 91,146 | 181,543 | 90,397 | 29,746 | 43,201 | 13,455 | 3,046 | 4,065 | 128,003 |
| 2017 | 1,538 | 8,251,175 | 85,486 | 165,387 | 79,901 | 30,559 | 44,190 | 13,631 | 5,572 | 1,304 | 122,921 |
| 2018 | 1,484 | 8,061,520 | 87,152 | 167,631 | 80,479 | 29,540 | 43,095 | 13,555 | 3,470 | 441 | 120,603 |
| | Commercial banks | | | | | | | | | | |
| 2013 | 183 | 3,669,592 | 32,689 | 62,225 | 29,536 | 15,946 | 22,387 | 6,441 | 4,136 | – 861 | 51,910 |
| 2014 | 183 | 3,532,938 | 34,370 | 61,502 | 27,132 | 16,686 | 24,065 | 7,379 | 3,026 | – 2,335 | 51,747 |
| 2015 | 177 | 3,678,042 | 36,282 | 60,993 | 24,711 | 17,337 | 25,183 | 7,846 | 2,867 | – 2,320 | 54,166 |
| 2016 | 171 | 3,580,912 | 34,768 | 56,451 | 21,683 | 16,204 | 23,873 | 7,669 | 1,429 | 2,427 | 54,828 |
| 2017 | 172 | 3,532,639 | 30,887 | 54,373 | 23,486 | 16,027 | 23,832 | 7,805 | 4,074 | – 83 | 50,905 |
| 2018 | 167 | 3,351,857 | 34,151 | 62,132 | 27,981 | 14,525 | 22,145 | 7,620 | 2,462 | – 790 | 50,348 |
| | Big banks[7] | | | | | | | | | | |
| 2013 | 4 | 2,798,461 | 19,235 | 36,200 | 16,965 | 10,698 | 13,043 | 2,345 | 3,821 | – 2,086 | 31,668 |
| 2014 | 4 | 2,647,559 | 20,491 | 36,414 | 15,923 | 11,336 | 14,269 | 2,933 | 2,635 | – 2,844 | 31,618 |
| 2015 | 4 | 2,736,876 | 22,151 | 36,394 | 14,243 | 11,762 | 14,569 | 2,807 | 2,496 | – 3,732 | 32,677 |
| 2016 | 4 | 2,575,072 | 20,126 | 33,572 | 13,446 | 10,817 | 13,510 | 2,693 | 1,069 | 405 | 32,417 |
| 2017 | 4 | 2,400,315 | 16,369 | 30,216 | 13,847 | 10,205 | 12,929 | 2,724 | 3,701 | – 1,712 | 28,563 |
| 2018 | 4 | 2,293,271 | 19,751 | 37,924 | 18,173 | 10,573 | 13,478 | 2,905 | 2,196 | – 1,866 | 30,654 |
| | Regional banks and other commercial banks[7] | | | | | | | | | | |
| 2013 | 160 | 822,706 | 13,161 | 25,462 | 12,301 | 5,119 | 9,200 | 4,081 | 295 | 1,153 | 19,728 |
| 2014 | 160 | 833,806 | 13,500 | 24,305 | 10,805 | 5,245 | 9,674 | 4,429 | 375 | 428 | 19,548 |
| 2015 | 154 | 884,457 | 13,832 | 23,939 | 10,107 | 5,469 | 10,492 | 5,023 | 353 | 1,348 | 21,002 |
| 2016 | 148 | 942,665 | 14,369 | 22,343 | 7,974 | 5,286 | 10,245 | 4,959 | 340 | 1,916 | 21,911 |
| 2017 | 149 | 1,048,189 | 14,237 | 23,545 | 9,308 | 5,712 | 10,779 | 5,067 | 350 | 1,516 | 21,815 |
| 2018 | 145 | 962,520 | 14,158 | 23,561 | 9,403 | 3,838 | 8,543 | 4,705 | 261 | 980 | 19,237 |
| | Branches of foreign banks | | | | | | | | | | |
| 2013 | 19 | 48,425 | 293 | 563 | 270 | 129 | 144 | 15 | 20 | 72 | 514 |
| 2014 | 19 | 51,573 | 379 | 783 | 404 | 105 | 122 | 17 | 16 | 81 | 581 |
| 2015 | 19 | 56,709 | 299 | 660 | 361 | 106 | 122 | 16 | 18 | 64 | 487 |
| 2016 | 19 | 63,175 | 273 | 536 | 263 | 101 | 118 | 17 | 20 | 106 | 500 |
| 2017 | 19 | 84,135 | 281 | 612 | 331 | 110 | 124 | 14 | 23 | 113 | 527 |
| 2018 | 18 | 96,066 | 242 | 647 | 405 | 114 | 124 | 10 | 5 | 96 | 457 |
| | Landesbanken[7] | | | | | | | | | | |
| 2013 | 9 | 1,229,051 | 8,383 | 42,870 | 34,487 | 732 | 2,582 | 1,850 | 1,340 | 227 | 10,682 |
| 2014 | 9 | 1,139,438 | 8,243 | 36,437 | 28,194 | 847 | 2,632 | 1,785 | 112 | – 37 | 9,165 |
| 2015 | 9 | 1,087,623 | 8,230 | 33,092 | 24,862 | 995 | 2,816 | 1,821 | 535 | 210 | 9,970 |
| 2016 | 9 | 975,957 | 7,558 | 27,464 | 19,906 | 1,216 | 2,810 | 1,594 | 1,026 | 289 | 10,089 |
| 2017 | 8 | 940,293 | 6,833 | 25,797 | 18,964 | 1,238 | 2,867 | 1,629 | 1,059 | 114 | 9,244 |
| 2018 | 6 | 803,978 | 5,300 | 24,749 | 19,449 | 1,081 | 2,380 | 1,299 | 634 | 175 | 7,190 |

For footnotes *, **1-7**, see pp. 110 f.
Deutsche Bundesbank

| General administrative spending: Total (col. 13 plus col. 14) | General administrative spending: Staff costs | General administrative spending: Total other adminis-trative spend-ing[4] | Operat-ing result before the valu-ation of assets (col. 11 less col. 12) | Result from the valuation of assets (other than tan-gible or financial fixed assets) | Operating result (col. 15 plus col. 16) | Other and extra-ordinary result | Profit or loss (–) for the financial year before tax (col. 17 plus col. 18) | Taxes on income and earnings[5] | Profit or loss (–) for the financial year after tax (col. 19 less col. 20) | With-drawals from or transfers to (–) reserves and par-ticipation rights capital[6] | Balance sheet profit or loss (–) (col. 21 plus col. 22) | Financial year |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | |
| | | | | | | | | | | | All categories of banks | |
| 84,798 | 43,756 | 41,042 | 37,767 | – 6,542 | 31,225 | – 9,271 | 21,954 | 7,376 | 14,578 | – 16,232 | – 1,654 | 2013 |
| 85,756 | 43,979 | 41,777 | 38,093 | – 6,583 | 31,510 | – 6,510 | 25,000 | 7,596 | 17,404 | – 15,454 | 1,950 | 2014 |
| 90,033 | 46,039 | 43,994 | 37,853 | – 3,497 | 34,356 | – 7,791 | 26,565 | 8,445 | 18,120 | – 15,436 | 2,684 | 2015 |
| 88,653 | 44,615 | 44,038 | 39,350 | – 8,754 | 30,596 | – 2,812 | 27,784 | 7,875 | 19,909 | – 15,395 | 4,514 | 2016 |
| 88,389 | 44,563 | 43,826 | 34,532 | – 3,619 | 30,913 | – 3,398 | 27,515 | 7,536 | 19,979 | – 16,777 | 3,202 | 2017 |
| 88,102 | 44,267 | 43,835 | 32,501 | – 6,723 | 25,778 | – 6,858 | 18,920 | 6,765 | 12,155 | – 13,124 | – 969 | 2018 |
| | | | | | | | | | | | Commercial banks | |
| 37,800 | 16,903 | 20,897 | 14,110 | – 2,036 | 12,074 | – 5,769 | 6,305 | 1,812 | 4,493 | – 2,794 | 1,699 | 2013 |
| 37,990 | 16,216 | 21,774 | 13,757 | – 3,797 | 9,960 | – 3,367 | 6,593 | 1,776 | 4,817 | – 2,812 | 2,005 | 2014 |
| 40,961 | 17,530 | 23,431 | 13,205 | – 1,183 | 12,022 | – 6,890 | 5,132 | 1,969 | 3,163 | – 1,870 | 1,293 | 2015 |
| 40,723 | 17,379 | 23,344 | 14,105 | – 5,130 | 8,975 | – 2,248 | 6,727 | 1,954 | 4,773 | 148 | 4,921 | 2016 |
| 40,400 | 17,160 | 23,240 | 10,505 | – 540 | 9,965 | – 3,536 | 6,429 | 1,885 | 4,544 | – 4,064 | 480 | 2017 |
| 39,912 | 16,563 | 23,349 | 10,436 | – 1,991 | 8,445 | – 4,919 | 3,526 | 897 | 2,629 | – 4,292 | – 1,663 | 2018 |
| | | | | | | | | | | | Big banks[7] | |
| 24,792 | 11,174 | 13,618 | 6,876 | – 958 | 5,918 | – 2,367 | 3,551 | 1,036 | 2,515 | – 756 | 1,759 | 2013 |
| 24,683 | 10,450 | 14,233 | 6,935 | – 2,717 | 4,218 | – 559 | 3,659 | 993 | 2,666 | – 729 | 1,937 | 2014 |
| 27,101 | 11,422 | 15,679 | 5,576 | 85 | 5,661 | – 2,953 | 2,708 | 1,082 | 1,626 | – 216 | 1,410 | 2015 |
| 26,378 | 11,134 | 15,244 | 6,039 | – 4,021 | 2,018 | 1,127 | 3,145 | 864 | 2,281 | 1,918 | 4,199 | 2016 |
| 25,324 | 10,489 | 14,835 | 3,239 | 666 | 3,905 | – 1,126 | 2,779 | 559 | 2,220 | – 433 | 1,787 | 2017 |
| 26,944 | 10,660 | 16,284 | 3,710 | – 382 | 3,328 | – 2,179 | 1,149 | – 97 | 1,246 | 22 | 1,268 | 2018 |
| | | | | | | | | | | | Regional banks and other commercial banks[7] | |
| 12,757 | 5,617 | 7,140 | 6,971 | – 1,076 | 5,895 | – 3,402 | 2,493 | 690 | 1,803 | – 2,017 | – 214 | 2013 |
| 13,068 | 5,655 | 7,413 | 6,480 | – 1,042 | 5,438 | – 2,808 | 2,630 | 672 | 1,958 | – 2,066 | – 108 | 2014 |
| 13,562 | 5,987 | 7,575 | 7,440 | – 1,267 | 6,173 | – 3,937 | 2,236 | 802 | 1,434 | – 1,633 | – 199 | 2015 |
| 14,065 | 6,121 | 7,944 | 7,846 | – 988 | 6,858 | – 3,375 | 3,483 | 1,022 | 2,461 | – 1,750 | 711 | 2016 |
| 14,795 | 6,538 | 8,257 | 7,020 | – 1,252 | 5,768 | – 2,405 | 3,363 | 1,257 | 2,106 | – 3,612 | – 1,506 | 2017 |
| 12,717 | 5,786 | 6,931 | 6,520 | – 1,571 | 4,949 | – 2,740 | 2,209 | 935 | 1,274 | – 4,286 | – 3,012 | 2018 |
| | | | | | | | | | | | Branches of foreign banks | |
| 251 | 112 | 139 | 263 | – 2 | 261 | 0 | 261 | 86 | 175 | – 21 | 154 | 2013 |
| 239 | 111 | 128 | 342 | – 38 | 304 | 0 | 304 | 111 | 193 | – 17 | 176 | 2014 |
| 298 | 121 | 177 | 189 | – 1 | 188 | 0 | 188 | 85 | 103 | – 21 | 82 | 2015 |
| 280 | 124 | 156 | 220 | – 121 | 99 | 0 | 99 | 68 | 31 | – 20 | 11 | 2016 |
| 281 | 133 | 148 | 246 | 46 | 292 | – 5 | 287 | 69 | 218 | – 19 | 199 | 2017 |
| 251 | 117 | 134 | 206 | – 38 | 168 | 0 | 168 | 59 | 109 | – 28 | 81 | 2018 |
| | | | | | | | | | | | Landesbanken[7] | |
| 6,605 | 3,200 | 3,405 | 4,077 | – 3,321 | 756 | – 1,235 | – 479 | 469 | – 948 | 973 | 25 | 2013 |
| 6,498 | 3,261 | 3,237 | 2,667 | – 1,580 | 1,087 | – 1,455 | – 368 | 511 | – 879 | 1,406 | 527 | 2014 |
| 6,893 | 3,488 | 3,405 | 3,077 | – 1,114 | 1,963 | – 158 | 1,805 | 764 | 1,041 | – 580 | 461 | 2015 |
| 6,412 | 2,889 | 3,523 | 3,677 | – 3,725 | – 48 | – 499 | – 547 | 505 | – 1,052 | 182 | – 870 | 2016 |
| 6,699 | 3,083 | 3,616 | 2,545 | – 2,257 | 288 | 656 | 944 | 443 | 501 | – 741 | – 240 | 2017 |
| 5,498 | 2,770 | 2,728 | 1,692 | – 2,623 | – 931 | – 91 | – 1,022 | 603 | – 1,625 | – 128 | – 1,753 | 2018 |

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

| | | € million | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Interest business | | | Commissions business | | | | | |
| Financial year | Number of reporting institutions | Total assets[1] | Net interest income (col. 4 less col. 5) | Interest received[2] | Interest paid | Net commission income (col. 7 less col. 8) | Commissions received | Commissions paid | Result from the trading portfolio | Other operating result | Operating income[3] (col. 3 plus col. 6 plus col. 9 plus col. 10) |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| | Savings banks[7] | | | | | | | | | | |
| 2013 | 417 | 1,098,581 | 23,117 | 37,298 | 14,181 | 6,241 | 6,633 | 392 | 19 | – 476 | 28,901 |
| 2014 | 416 | 1,110,362 | 23,237 | 35,028 | 11,791 | 6,441 | 6,854 | 413 | 8 | – 563 | 29,123 |
| 2015 | 413 | 1,130,688 | 23,285 | 32,807 | 9,522 | 6,776 | 7,211 | 435 | – 7 | – 260 | 29,794 |
| 2016 | 403 | 1,154,475 | 22,667 | 30,520 | 7,853 | 6,975 | 7,423 | 448 | 10 | 7 | 29,659 |
| 2017 | 390 | 1,179,915 | 22,018 | 28,577 | 6,559 | 7,590 | 8,069 | 479 | 6 | 169 | 29,783 |
| 2018 | 386 | 1,267,726 | 21,952 | 27,543 | 5,591 | 7,965 | 8,777 | 812 | 1 | 748 | 30,666 |
| | Credit cooperatives | | | | | | | | | | |
| 2013 | 1,078 | 750,899 | 16,881 | 25,539 | 8,658 | 4,182 | 5,083 | 901 | 10 | 417 | 21,490 |
| 2014 | 1,047 | 771,932 | 17,063 | 24,305 | 7,242 | 4,324 | 5,266 | 942 | 10 | 143 | 21,540 |
| 2015 | 1,021 | 798,178 | 17,077 | 22,705 | 5,628 | 4,564 | 5,570 | 1,006 | 5 | 132 | 21,778 |
| 2016 | 972 | 832,181 | 16,578 | 21,180 | 4,602 | 4,577 | 5,601 | 1,024 | 10 | 495 | 21,660 |
| 2017 | 915 | 868,255 | 16,475 | 20,250 | 3,775 | 4,957 | 6,071 | 1,114 | 10 | 437 | 21,879 |
| 2018 | 875 | 911,384 | 16,374 | 19,424 | 3,050 | 5,160 | 6,318 | 1,158 | 4 | 407 | 21,945 |
| | Mortgage banks[7] | | | | | | | | | | |
| 2013 | 17 | 482,524 | 1,828 | 18,864 | 17,036 | 58 | 267 | 209 | 2 | – 134 | 1,754 |
| 2014 | 17 | 421,014 | 2,007 | 16,232 | 14,225 | 14 | 225 | 211 | – 4 | 108 | 2,125 |
| 2015 | 16 | 376,908 | 2,245 | 15,323 | 13,078 | – 11 | 212 | 223 | – 2 | 9 | 2,241 |
| 2016 | 15 | 289,800 | 1,565 | 11,623 | 10,058 | – 43 | 176 | 219 | 0 | 14 | 1,536 |
| 2017 | 13 | 236,414 | 1,360 | 7,921 | 6,561 | – 48 | 158 | 206 | 0 | – 35 | 1,277 |
| 2018 | 11 | 233,165 | 1,732 | 6,975 | 5,243 | – 80 | 97 | 177 | 6 | – 27 | 1,631 |
| | Building and loan associations | | | | | | | | | | |
| 2013 | 22 | 204,540 | 3,144 | 7,381 | 4,237 | – 629 | 1,381 | 2,010 | 0 | 26 | 2,541 |
| 2014 | 21 | 210,066 | 3,037 | 7,126 | 4,089 | – 547 | 1,339 | 1,886 | 0 | – 53 | 2,437 |
| 2015 | 21 | 214,613 | 2,841 | 6,818 | 3,977 | – 590 | 1,375 | 1,965 | 0 | – 2 | 2,249 |
| 2016 | 20 | 215,668 | 2,503 | 6,233 | 3,730 | – 503 | 1,260 | 1,763 | 0 | 717 | 2,717 |
| 2017 | 20 | 227,924 | 2,634 | 5,995 | 3,361 | – 481 | 1,226 | 1,707 | 0 | 701 | 2,854 |
| 2018 | 20 | 233,865 | 2,653 | 5,661 | 3,008 | – 500 | 1,295 | 1,795 | 0 | 14 | 2,167 |
| | Banks with special, development and other central support tasks | | | | | | | | | | |
| 2013 | 22 | 1,320,232 | 3,443 | 34,016 | 30,573 | 1,509 | 2,285 | 776 | 354 | – 19 | 5,287 |
| 2014 | 22 | 1,266,835 | 5,441 | 30,192 | 24,751 | 1,532 | 2,258 | 726 | 472 | 267 | 7,712 |
| 2015 | 22 | 1,319,508 | 5,927 | 29,123 | 23,196 | 1,390 | 2,175 | 785 | 336 | 35 | 7,688 |
| 2016 | 21 | 1,306,027 | 5,507 | 28,072 | 22,565 | 1,320 | 2,058 | 738 | 571 | 116 | 7,514 |
| 2017 | 20 | 1,265,735 | 5,279 | 22,474 | 17,195 | 1,276 | 1,967 | 691 | 423 | 1 | 6,979 |
| 2018 | 19 | 1,259,545 | 4,990 | 21,147 | 16,157 | 1,389 | 2,083 | 694 | 363 | – 86 | 6,656 |
| | Memo item: Banks majority-owned by foreign banks[8] | | | | | | | | | | |
| 2013 | 37 | 692,773 | 8,266 | 15,323 | 7,057 | 2,633 | 4,282 | 1,649 | 1,106 | 301 | 12,306 |
| 2014 | 35 | 680,177 | 8,347 | 14,546 | 6,199 | 3,025 | 4,966 | 1,941 | 343 | – 45 | 11,670 |
| 2015 | 33 | 735,491 | 8,383 | 13,502 | 5,119 | 2,919 | 4,834 | 1,915 | 435 | 456 | 12,193 |
| 2016 | 34 | 762,620 | 8,950 | 13,098 | 4,148 | 3,157 | 5,057 | 1,900 | 718 | 402 | 13,227 |
| 2017 | 34 | 765,500 | 8,801 | 12,037 | 3,236 | 3,589 | 5,218 | 1,629 | 812 | 891 | 14,093 |
| 2018 | 33 | 763,177 | 9,262 | 12,327 | 3,065 | 3,053 | 4,711 | 1,658 | 436 | – 347 | 12,404 |

* The figures for the most recent date should be regarded as provisional in all cases. **1** Excluding the total assets of the foreign branches of savings banks and of the foreign branches of regional institutions of credit cooperatives until 2015 and, from 2016, excluding the total assets of the foreign branches of mortgage banks. **2** Interest received plus current income and profits transferred under profit pooling, a profit transfer agreement or a partial profit transfer agreement. **3** Net interest and commission income plus result from the trading portfolio and other operating result. **4** Including depreciation of and value adjustments to tangible and intangible assets, but excluding depreciation of and value adjustments to assets leased ("broad" definition). **5** In part, including taxes paid by legally dependent building and loan associations affiliated to Landesbanken. **6** Including profit or loss brought forward and withdrawals from or transfers to the fund for general

Deutsche Bundesbank

| General administrative spending | | | Operating result before the valuation of assets (col. 11 less col. 12) | Result from the valuation of assets (other than tangible or financial fixed assets) | Operating result (col. 15 plus col. 16) | Other and extra-ordinary result | Profit or loss (–) for the financial year before tax (col. 17 plus col. 18) | Taxes on income and earnings[5] | Profit or loss (–) for the financial year after tax (col. 19 less col. 20) | Withdrawals from or transfers to (–) reserves and participation rights capital[6] | Balance sheet profit or loss (–) (col. 21 plus col. 22) | Financial year |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total (col. 13 plus col. 14) | Staff costs | Total other administrative spending[4] | | | | | | | | | | |
| 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | |
| | | | | | | | | | | | Savings banks[7] | |
| 19,410 | 12,085 | 7,325 | 9,491 | 130 | 9,621 | – 1,020 | 8,601 | 2,664 | 5,937 | – 4,401 | 1,536 | 2013 |
| 19,891 | 12,606 | 7,285 | 9,232 | 1 | 9,233 | – 593 | 8,640 | 2,794 | 5,846 | – 4,288 | 1,558 | 2014 |
| 20,517 | 12,946 | 7,571 | 9,277 | 92 | 9,369 | – 392 | 8,977 | 2,913 | 6,064 | – 4,491 | 1,573 | 2015 |
| 20,110 | 12,587 | 7,523 | 9,549 | 1,062 | 10,611 | – 386 | 10,225 | 2,939 | 7,286 | – 5,728 | 1,558 | 2016 |
| 19,991 | 12,646 | 7,345 | 9,792 | 283 | 10,075 | – 153 | 9,922 | 2,861 | 7,061 | – 5,517 | 1,544 | 2017 |
| 20,926 | 13,012 | 7,914 | 9,740 | – 676 | 9,064 | – 790 | 8,274 | 2,775 | 5,499 | – 4,045 | 1,454 | 2018 |
| | | | | | | | | | | | Credit cooperatives | |
| 13,886 | 8,303 | 5,583 | 7,604 | 322 | 7,926 | – 276 | 7,650 | 1,956 | 5,694 | – 4,285 | 1,409 | 2013 |
| 14,201 | 8,538 | 5,663 | 7,339 | – 198 | 7,141 | – 153 | 6,988 | 2,077 | 4,911 | – 3,480 | 1,431 | 2014 |
| 14,509 | 8,754 | 5,755 | 7,269 | – 453 | 6,816 | – 134 | 6,682 | 2,103 | 4,579 | – 3,226 | 1,353 | 2015 |
| 14,423 | 8,649 | 5,774 | 7,237 | 103 | 7,340 | 361 | 7,701 | 2,104 | 5,597 | – 4,246 | 1,351 | 2016 |
| 14,382 | 8,583 | 5,799 | 7,497 | – 186 | 7,311 | – 33 | 7,278 | 2,199 | 5,079 | – 3,774 | 1,305 | 2017 |
| 14,518 | 8,563 | 5,955 | 7,427 | – 917 | 6,510 | – 174 | 6,336 | 2,079 | 4,257 | – 2,983 | 1,274 | 2018 |
| | | | | | | | | | | | Mortgage banks[7] | |
| 1,322 | 525 | 797 | 432 | – 405 | 27 | 90 | 117 | 88 | 29 | – 4,775 | – 4,746 | 2013 |
| 1,241 | 529 | 712 | 884 | – 278 | 606 | – 772 | – 166 | 103 | – 269 | – 1,714 | – 1,983 | 2014 |
| 1,147 | 492 | 655 | 1,094 | – 327 | 767 | – 20 | 747 | 98 | 649 | – 1,385 | – 736 | 2015 |
| 937 | 410 | 527 | 599 | – 113 | 486 | 39 | 525 | 127 | 398 | – 1,138 | – 740 | 2016 |
| 897 | 411 | 486 | 380 | 32 | 412 | 75 | 487 | 171 | 316 | – 722 | – 406 | 2017 |
| 975 | 449 | 526 | 656 | – 341 | 315 | – 95 | 220 | 128 | 92 | – 795 | – 703 | 2018 |
| | | | | | | | | | | | Building and loan associations | |
| 1,867 | 701 | 1,166 | 674 | – 88 | 586 | – 145 | 441 | 194 | 247 | – 104 | 143 | 2013 |
| 1,893 | 752 | 1,141 | 544 | 284 | 828 | – 65 | 763 | 255 | 508 | – 389 | 119 | 2014 |
| 1,749 | 721 | 1,028 | 500 | – 72 | 428 | – 2 | 426 | 78 | 348 | – 4 | 344 | 2015 |
| 1,798 | 692 | 1,106 | 919 | 22 | 941 | – 51 | 890 | 160 | 730 | – 548 | 182 | 2016 |
| 1,891 | 719 | 1,172 | 963 | – 61 | 902 | 89 | 991 | 155 | 836 | – 622 | 214 | 2017 |
| 1,921 | 696 | 1,225 | 246 | 22 | 268 | – 14 | 254 | 137 | 117 | 13 | 130 | 2018 |
| | | | | | | | | | | | Banks with special, development and other central support tasks | |
| 3,908 | 2,039 | 1,869 | 1,379 | – 1,144 | 235 | – 916 | – 681 | 193 | – 874 | – 846 | – 1,720 | 2013 |
| 4,042 | 2,077 | 1,965 | 3,670 | – 1,015 | 2,655 | – 105 | 2,550 | 80 | 2,470 | – 4,177 | – 1,707 | 2014 |
| 4,257 | 2,108 | 2,149 | 3,431 | – 440 | 2,991 | – 195 | 2,796 | 520 | 2,276 | – 3,880 | – 1,604 | 2015 |
| 4,250 | 2,009 | 2,241 | 3,264 | – 973 | 2,291 | – 28 | 2,263 | 86 | 2,177 | – 4,065 | – 1,888 | 2016 |
| 4,129 | 1,961 | 2,168 | 2,850 | – 890 | 1,960 | – 496 | 1,464 | – 178 | 1,642 | – 1,337 | 305 | 2017 |
| 4,352 | 2,214 | 2,138 | 2,304 | – 197 | 2,107 | – 775 | 1,332 | 146 | 1,186 | – 894 | 292 | 2018 |
| | | | | | | | | | | | Memo item: Banks majority-owned by foreign banks[8] | |
| 8,230 | 3,773 | 4,457 | 4,076 | – 474 | 3,602 | – 1,481 | 2,121 | 513 | 1,608 | – 558 | 1,050 | 2013 |
| 7,920 | 3,516 | 4,404 | 3,750 | – 439 | 3,311 | – 1,308 | 2,003 | 320 | 1,683 | – 725 | 958 | 2014 |
| 8,503 | 3,992 | 4,511 | 3,690 | – 479 | 3,211 | – 1,723 | 1,488 | 430 | 1,058 | – 396 | 662 | 2015 |
| 9,072 | 4,329 | 4,743 | 4,155 | – 1,012 | 3,143 | – 1,604 | 1,539 | 636 | 903 | 2,646 | 3,549 | 2016 |
| 8,817 | 4,070 | 4,747 | 5,276 | – 590 | 4,686 | – 1,819 | 2,867 | 808 | 2,059 | – 565 | 1,494 | 2017 |
| 8,731 | 4,065 | 4,666 | 3,673 | – 992 | 2,681 | – 992 | 1,689 | 575 | 1,114 | – 518 | 596 | 2018 |

banking risks. **7** From 2018, DB Privat- und Firmenkundenbank AG (merger between Deutsche Postbank AG, belonging to the category "Big banks", with Deutsche Bank Privat- und Geschäftskunden AG, belonging to the category "Regional banks and other commercial banks") allocated to the category "Big banks". HSH Nordbank allocated to the category "Regional banks and other commercial banks" and Landesbank Berlin allocated to the category "Savings banks". DSK Hyp AG (formerly SEB AG) allocated to the category "Mortgage banks". Wüstenrot Bank Aktiengesellschaft Pfandbriefbank allocated to the category "Regional banks and other commercial banks". **8** Separate presentation of the (legally independent) banks majority-owned by foreign banks and included in other categories of banks.

## Credit institutions' charge and income items*

| Financial year | Number of reporting institutions | Charges, € billion | | | | | General administrative spending | Staff costs | | Social security costs and costs relating to pensions and other benefits | | Other administrative spending1 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Total | Interest paid | Commissions paid | Net loss from the trading portfolio1 | Gross loss on transactions in goods and subsidiary transactions | Total | Total | Wages and salaries | Total | of which: Pensions | |
| 2010 | 1,821 | 329.1 | 174.7 | 13.7 | 0.7 | 0.0 | 78.7 | 43.1 | 35.2 | 7.9 | 2.3 | 35.6 |
| 2011 | 1,801 | 367.1 | 208.3 | 12.8 | 1.2 | 0.0 | 78.6 | 42.5 | 34.7 | 7.8 | 2.4 | 36.1 |
| 2012 | 1,776 | 329.0 | 179.2 | 12.5 | 0.2 | 0.0 | 80.9 | 44.6 | 35.5 | 9.1 | 3.4 | 36.3 |
| 2013 | 1,748 | 285.8 | 138.7 | 12.6 | 0.3 | 0.0 | 81.1 | 43.8 | 35.2 | 8.6 | 2.9 | 37.4 |
| 2014 | 1,715 | 262.8 | 117.4 | 13.3 | 0.4 | 0.0 | 82.0 | 44.0 | 35.3 | 8.7 | 3.2 | 38.0 |
| 2015 | 1,679 | 256.6 | 105.0 | 14.1 | 0.5 | 0.0 | 86.0 | 46.0 | 36.4 | 9.6 | 3.7 | 39.9 |
| 2016 | 1,611 | 240.9 | 90.4 | 13.5 | 0.2 | 0.0 | 84.4 | 44.6 | 36.1 | 8.6 | 2.7 | 39.8 |
| 2017 | 1,538 | 224.1 | 79.9 | 13.6 | 0.0 | 0.0 | 84.0 | 44.6 | 35.6 | 8.9 | 2.9 | 39.4 |
| 2018 | 1,484 | 226.8 | 80.5 | 13.6 | 0.0 | 0.0 | 83.6 | 44.3 | 34.6 | 9.7 | 3.9 | 39.3 |

| Financial year | Income, € billion | Interest received | | | Current income | | | | Profits transferred under profit pooling, a profit transfer agreement or a partial profit transfer agreement | Commissions received |
|---|---|---|---|---|---|---|---|---|---|---|
| | Total | Total | from lending and money market transactions | from debt securities and Debt Register claims | Total | from shares and other variable yield securities | from participating interests3 | from shares in affiliated enterprises | | |
| 2010 | 342.0 | 255.5 | 212.0 | 43.5 | 12.4 | 7.2 | 1.0 | 4.3 | 2.1 | 42.0 |
| 2011 | 392.0 | 288.8 | 246.1 | 42.7 | 11.2 | 6.7 | 1.2 | 3.3 | 3.0 | 41.1 |
| 2012 | 351.0 | 256.3 | 220.3 | 36.0 | 12.2 | 7.5 | 1.0 | 3.8 | 6.2 | 40.0 |
| 2013 | 300.4 | 213.6 | 184.9 | 28.7 | 10.0 | 6.0 | 1.0 | 3.0 | 4.6 | 40.6 |
| 2014 | 280.2 | 196.4 | 170.2 | 26.1 | 11.3 | 6.3 | 1.1 | 4.0 | 3.1 | 42.6 |
| 2015 | 274.7 | 183.1 | 160.1 | 22.9 | 15.0 | 6.7 | 1.8 | 6.5 | 2.8 | 44.5 |
| 2016 | 260.8 | 166.8 | 147.1 | 19.7 | 10.0 | 5.8 | 1.3 | 2.9 | 4.7 | 43.2 |
| 2017 | 244.1 | 151.0 | 134.4 | 16.5 | 11.0 | 6.9 | 1.1 | 3.0 | 3.4 | 44.2 |
| 2018 | 238.9 | 152.2 | 136.7 | 15.5 | 10.0 | 5.3 | 1.1 | 3.5 | 5.4 | 43.1 |

* The figures for the most recent date should be regarded as provisional in all cases. **1** 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 are based on a broad definition of "other admin-

Deutsche Bundesbank

| Depreciation of and value adjustments to tangible and intangible assets: Total | Depreciation of and value adjustments to tangible and intangible assets: of which: Assets leased | Other operating charges | Depreciation of and value adjustments to loans and advances, and provisions for contingent liabilities and for commitments | Depreciation of and value adjustments to participating interests, shares in affiliated enterprises and securities treated as fixed assets | Charges incurred from loss transfers | Transfers to special reserves | Extra-ordinary charges | Taxes on income and earnings[2] | Other taxes | Profits transferred under profit pooling, a profit transfer agreement or a partial profit transfer agreement | Financial year |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 3.9 | 0.5 | 11.5 | 18.4 | 4.0 | 3.9 | 0.0 | 10.4 | 5.5 | 0.3 | 3.2 | 2010 |
| 5.4 | 2.0 | 17.2 | 11.9 | 11.2 | 6.6 | 0.0 | 2.7 | 7.0 | 0.6 | 3.6 | 2011 |
| 5.8 | 2.0 | 15.3 | 11.7 | 7.1 | 0.6 | 0.0 | 2.4 | 8.8 | 0.2 | 4.3 | 2012 |
| 5.5 | 1.9 | 16.8 | 10.6 | 3.6 | 0.7 | 0.0 | 3.4 | 7.4 | 0.2 | 4.9 | 2013 |
| 5.5 | 1.8 | 16.4 | 10.5 | 3.5 | 0.6 | 0.0 | 1.5 | 7.6 | 0.2 | 3.9 | 2014 |
| 5.9 | 1.8 | 17.9 | 7.2 | 3.6 | 1.2 | 0.0 | 2.5 | 8.4 | 0.3 | 4.1 | 2015 |
| 6.6 | 2.3 | 13.8 | 12.7 | 3.7 | 0.9 | 0.0 | 1.8 | 7.9 | 0.3 | 4.7 | 2016 |
| 7.0 | 2.6 | 14.8 | 8.3 | 1.5 | 0.6 | 0.0 | 2.3 | 7.5 | 0.3 | 4.3 | 2017 |
| 7.4 | 2.9 | 15.0 | 10.0 | 1.7 | 0.5 | 0.0 | 1.8 | 6.8 | 0.2 | 5.7 | 2018 |

| Net profit from the trading portfolio | Gross profit on transactions in goods and subsidiary transactions | Value readjustments in respect of loans and advances, and provisions for contingent liabilities and for commitments | Value re-adjustments in respect of participating interests, shares in affiliated enterprises and securities treated as fixed assets | Other operating income: Total | Other operating income: of which: from leasing business | Income from the release of special reserves | Extraordinary income | Income from loss transfers | Financial year |
|---|---|---|---|---|---|---|---|---|---|
| 6.4 | 0.2 | 3.0 | 1.6 | 11.5 | 0.9 | 0.0 | 6.1 | 1.2 | 2010 |
| 5.8 | 0.2 | 15.0 | 0.7 | 20.2 | 6.3 | 0.0 | 0.8 | 5.2 | 2011 |
| 7.4 | 0.2 | 7.4 | 1.4 | 18.9 | 5.1 | 0.0 | 0.7 | 0.5 | 2012 |
| 6.2 | 0.2 | 4.0 | 1.5 | 17.9 | 4.7 | 0.0 | 0.9 | 0.9 | 2013 |
| 4.0 | 0.2 | 4.0 | 1.7 | 15.7 | 4.5 | 0.0 | 0.8 | 0.4 | 2014 |
| 4.2 | 0.2 | 3.8 | 1.9 | 17.6 | 4.7 | 0.0 | 0.5 | 1.1 | 2015 |
| 3.3 | 0.2 | 4.0 | 3.4 | 20.3 | 5.5 | 0.0 | 4.9 | 0.0 | 2016 |
| 5.6 | 0.2 | 4.7 | 3.1 | 18.8 | 6.0 | 0.0 | 1.6 | 0.6 | 2017 |
| 3.5 | 0.2 | 3.3 | 0.9 | 18.4 | 6.3 | 0.0 | 1.3 | 0.7 | 2018 |

istrative spending”. **2** In part, including taxes paid by legally dependent building and loan associations affiliated to Landesbanken. **3** Including amounts paid up on cooperative society shares.