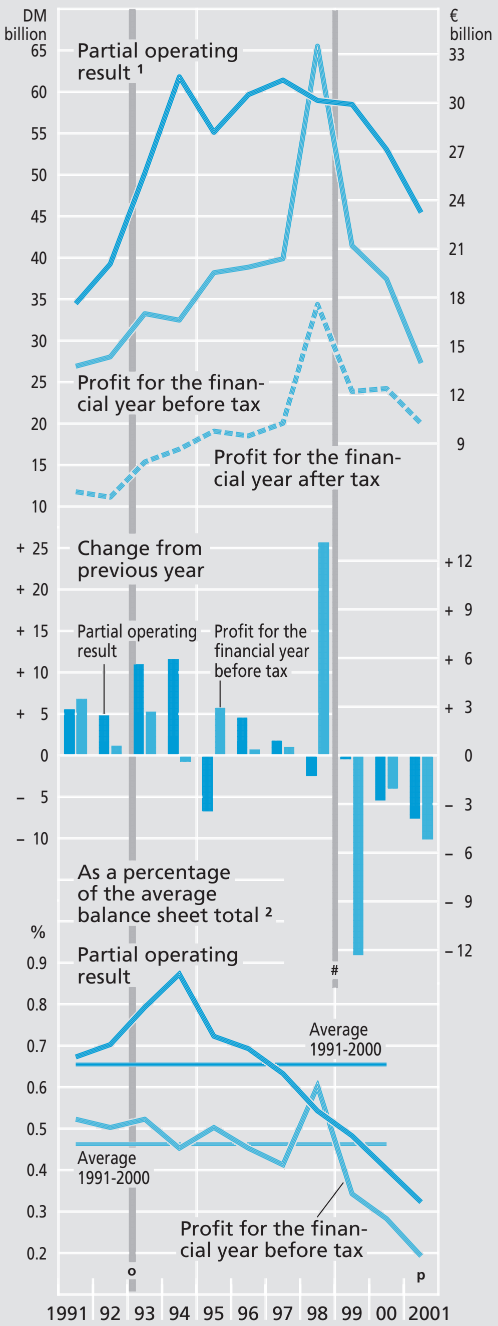
The performance of German credit institutions in 2001

In financial year 2001 the German banking industry's performance was less than satisfactory. Following a decline in 2000, there was a further contraction in both the operating result and the profit for the financial year before tax. Owing to developments on the stock markets, in operating business this was mainly due to commission business and own-account trading. Furthermore, risk provision had again to be expanded considerably. By contrast, interest business tended to have a stabilising effect on performance. Even so, the interest margin, ie the ratio of net interest received to the average balance sheet total, fell to a new low. The increase in general administrative spending slowed down during the year under review. All in all, the operating result after the valuation of loans and securities was more than one-third down on the previous year. Despite performance-boosting "extraordinary accounts" and lower taxes on income and earnings, the profit for the year, €10.4 billion, was €2.2 billion less than in 2000. Performance in the various categories of banks varied considerably in line with their business structure. Following the predictable trends to date, a further worsening of banking industry performance can be expected this year.

The performance of credit institutions



1 Before 1993, "Operating result". — 2 Up to end-1998, as a percentage of the volume of business. — o From financial year 1993, including east German credit institutions and in accordance with the modified accounting regulations. — # From 1999, in euro.

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Overview

Underlying conditions

The financial year 2001 was characterised by falling prices on the equity markets and a deterioration in the economic climate, particularly in the second half of the year. Both factors put increased pressure on the performance of the German banking industry, that pressure having already been felt in 2000. The fall in stock market prices, for instance, led to a poorer result in commission business and own-account trading. However, this was offset by a certain amount of relief generated by interest business as customers demonstrated a renewed greater propensity to deposit their resources with banks. Economic developments were reflected primarily in a further rise in risk provisioning accompanied by a relatively greater reluctance on the part of enterprises and individuals to increase their borrowing. The economic slowdown probably also prompted the banking industry to be more particular about the quality of its loan portfolio.

Decrease in partial operating result

Against this background the net interest received in 2001 rose by €2.2 billion (2.9%) after decreasing in 2000.[1] This was due less to factors relating to interest rates than to the growth of the average balance sheet total and, in particular, changes in the balance sheet structure. For instance, the share of

1 Explicit reference is made to the widely varying evolution of specific items on the profit and loss accounts in the different categories of banks. A breakdown by category of bank is provided in the tables appended to this article on p 35–45. However, the comparability of the results for the different categories is somewhat adversely affected by the reclassification of banks, particularly that which was carried out in 1999. See Deutsche Bundesbank, The performance of German credit institutions in 1999, *Monthly Report*, September 2000, p 65.

Performance of the various categories of banks in 2001 p

Category of bank	Partial operating result 1		Operating result 2		Profit for the financial year before tax 3		*Memo item* Balance sheet total 4
	€ million	% 5	€ million	% 5	€ million	% 5	% 5
All categories of banks	23,424	– 14.2	12,907	– 35.2	14,143	– 26.8	+ 5.6
Commercial banks	3,547	– 38.3	3,354	– 57.9	4,253	– 33.7	+ 7.3
Big banks	– 324	– 120.1	853	– 76.9	2,951	– 7.3	+ 9.6
Regional banks and other commercial banks	3,793	– 10.5	2,414	– 42.3	1,211	– 61.4	+ 2.0
Branches of foreign banks	78	+ 183.9	87	– 20.9	91	– 16.5	+ 7.1
Land banks	4,009	+ 4.1	2,260	– 32.5	1,837	– 35.4	+ 6.1
Savings banks	7,653	– 7.2	3,102	– 23.5	3,673	– 27.0	+ 2.9
Regional institutions of credit cooperatives	518	– 48.0	16	– 87.2	302	– 63.8	+ 2.3
Credit cooperatives	3,379	– 14.3	1,221	– 33.8	1,963	– 6.3	+ 1.6
Mortgage banks	2,528	– 3.2	1,679	+ 35.8	1,184	+ 53.0	+ 5.1
Banks with special functions	1,790	– 7.1	1,275	– 5.1	931	– 30.3	+ 8.2

1 Net interest and net commissions received less general administrative spending. — **2** Partial operating result plus net profit or net loss on financial operations, net other operating income or charges and net income or net charges from the valuation of assets (other than financial fixed assets). — **3** Operating result plus net other and extraordinary income or charges. — **4** Annual average. — **5** Change from previous year. Statistical changes have been eliminated.

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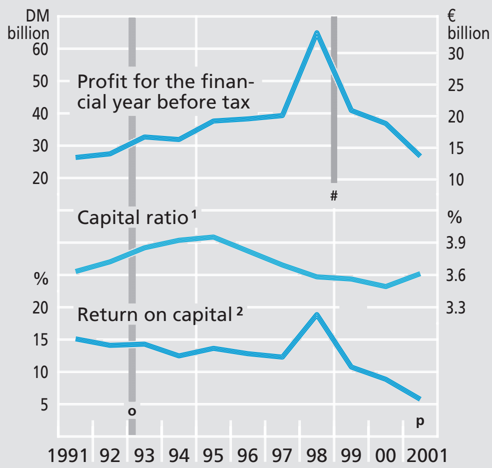
non-banks' bank deposits involving a lower rate of interest increased slightly for the first time since the early 1990s, thus restricting the rise in interest paid. Nonetheless, the interest margin, ie the ratio of net interest received to the average balance sheet total, fell back further to a new low of 1.12%. Although banks saw their surplus from commission business dwindle by €2.8 billion in the year under review, this was, at €25.3 billion, still their second-best result to date. In addition to buoyant demand for bonds, payments also had a stabilising effect. Gross earnings, ie the sum of the net income from interest and commission business, decreased slightly by €0.5 billion. General administrative spending was up, although the annual rate of increase of 4.3% was more moderate than in previous years. In the total, the partial operating result declined by €3.9 billion to €23.4 billion.

Valuation expenditure up again

Although it was down on 2000, the contribution made by own-account trading, €5.4 billion, was above average again in 2001. However, this amount was generated primarily by the big banks. Net other operating income or charges rose by €1.6 billion to €3.6 billion. Valuation charges connected with loan and securities business placed a considerable burden on performance. At €19.5 billion, these charges were €3.6 billion more than in 2000. This was mainly due to the unfavourable economic situation, which prompted German banks to build up sizeable provisions for domestic lending business. The operating result after the valuation of loans and securities deteriorated again in the year under review; at

Profit for the financial year and capital



1 Capital as a percentage of the balance sheet total; up to end-1998, as a percentage of the volume of business; annual average. — **2** Profit for the financial year before tax as a percentage of the capital. — **o** From financial year 1993, including east German credit institutions and in accordance with the modified accounting regulations. — # From 1999, in euro.

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€12.9 billion, it was €7 billion lower than in 2000.

Decrease in profit for the financial year after tax

By contrast, the balance of the "extraordinary accounts" enhanced the banks' performance slightly, going up from -€0.6 billion in 2000 to +€1.2 billion. This was mostly attributable to the sharp rise in the outcome of financial investment business and to higher extraordinary income. To this was added the release of special reserves. In the year under review the German banks' profit for the financial year nonetheless shrank by €5.2 billion to €14.1 billion. Although a clear further reduction was made in the burden of taxes on income and earnings – only €3.7 billion as opposed to €6.7 billion in 2000 – the profit for the financial year after tax declined year on year by €2.2 billion to €10.4 billion. In the year under review €3.9 billion of this amount was set aside as reserves, roughly the same amount as in 2000. In 2001 the balance sheet profit fell by just under one-quarter to €6.6 billion. The poorer performance is also reflected in the lower return on equity, this being defined as the ratio of pre-tax profit for the financial year to the average equity capital as shown on the balance sheet[2]; at 6.23% it was well below the 2000 figure of 9.32%. The return on equity after tax was only 4.59%, compared with 6.07% in 2000.

Outlook for 2002

Current figures for the first half of the year suggest that the performance can be expected to deteriorate further in the current year. The factors which were already predominant in 2001 are likely to become even more accentuated. Along with the further slump in prices on the equity markets, the main factor is the rising number of company insolvencies, which implies a matching need for risk provisioning. Relatively speaking, interest business can probably be expected to exert a comparatively stabilising influence on performance figures again in 2002. With regard to administrative spending, the first effects of the cost-cutting programmes introduced in the course of last year are likely to be felt. Given the numbers of job cuts, which are quite high in some areas, this applies particularly to staff costs.

Net interest received

Stabilising effect of net interest received

Interest business in 2001 again generated somewhat higher income year on year, al-

2 Including the fund for general banking risks but excluding participation rights capital.

Relative significance of major income and cost items for individual categories of banks in 2001 p

Percentage of total surplus in operating business

Item	All categories of banks	Big banks	Regional banks	*Land* banks	Savings banks	Regional institutions of credit cooperatives	Credit cooperatives	Mortgage banks
Net interest received	69.7	50.3	65.4	75.0	80.8	70.3	78.3	95.3
Net commissions received	22.3	32.3	30.2	13.7	17.7	16.8	18.9	– 1.8
Net profit or net loss on financial operations	4.7	16.7	– 1.0	4.5	0	6.3	– 0.2	0
Net other operating income or charges	3.3	0.7	5.4	6.8	1.5	6.6	3.0	6.5
Total surplus in operating business	100	100	100	100	100	100	100	100
General administrative spending	– 71.4	– 83.8	– 75.5	– 57.1	– 69.9	– 62.5	– 76.6	– 33.4
of which								
Staff costs	– 37.9	– 43.4	– 33.9	– 28.4	– 41.4	– 29.2	– 44.8	– 16.5
Other administrative spending	– 33.5	– 40.4	– 41.6	– 28.7	– 28.5	– 33.3	– 31.8	– 16.9
Net income or net charges from the valuation of assets	– 17.2	– 13.3	– 11.7	– 25.1	– 18.5	– 36.7	– 15.9	– 26.7
Net other and extraordinary income or charges	1.1	7.2	– 6.4	– 3.3	2.2	13.6	4.5	– 11.7
Memo item								
Profit for the financial year before tax	12.5	10.1	6.4	14.5	13.8	14.4	12.0	28.2
Taxes on income and earnings	– 3.3	1.5	– 4.4	– 2.4	– 6.2	– 5.5	– 4.9	– 7.7
Profit for the financial year after tax	9.2	11.6	2.0	12.1	7.6	8.9	7.1	20.5

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though there was still little room for manoeuvre. Domestic credit institutions slightly upped their profits, which had decreased in the previous year by €2.2 billion (2.9%) to €79.1 billion. Relative to the total surplus in operating business, the contribution made by interest business went up for the first time in a long while, from 67.8% in 2000 to 69.7%. The amount of interest paid grew at a rate of 3.4%, barely faster than interest received (3.3%). As the balance sheet total increased at an average rate for the year of 5.6%, ie more strongly than net interest received, the interest margin, as the ratio of the two, again dipped slightly as an average of all banks from 1.14% in 2000 to a new low of 1.12%.[3]

"Adjusted" interest margin

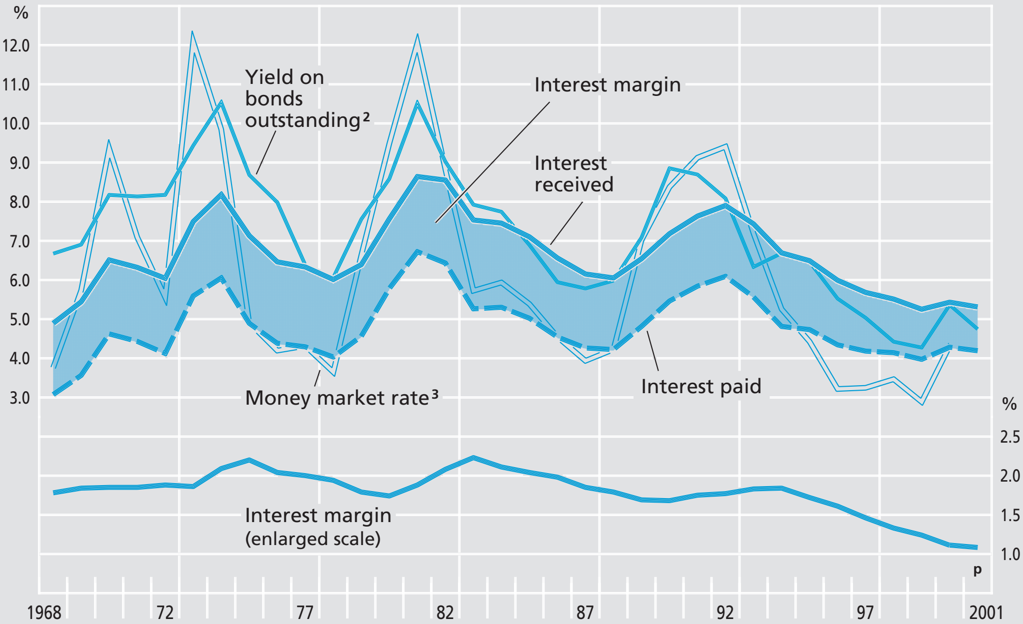
The underlying balance sheet total used to calculate the interest margin includes interbank business. This does not affect the net interest received by the German banking industry when viewed as an aggregate since the interest paid by the individual banks is offset by the interest received and *vice versa.* By contrast, if the balance sheet total is adjusted for interbank business (2001: €1,861 billion), the figures show that the "adjusted" interest margin narrowed from 1.55% in 2000 to 1.51% in the year under review.[4] This decline

3 In 2001 the credit institutions' net income received from the remuneration of minimum reserve holdings at the Bundesbank was €1,614 million (2000: €1,408 million). Excluding this income, the interest margin would have been 1.09%.

4 For details of the concept and calculation of the "adjusted" interest margin, see the table and explanatory notes in Deutsche Bundesbank, The performance of German credit institutions in 1998, *Monthly Report,* July 1999, p 32.

Interest received and interest paid in the interest cycle

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



1 Up to end-1998, as a percentage of the average volume of business. — 2 Overall yield on bonds outstanding. — 3 Money market rate for three-month funds in Frankfurt.

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corresponds more or less to that of the interest margin calculated by traditional methods, as interbank business between the institutions covered by these statistics expanded in 2001 at roughly the same pace as the corresponding balance sheet total. Interest business had hardly any effect on the decline in the interest margin in 2001 as calculated by traditional methods.

Factors determining net interest received

In 2001 the slight rise in net interest received is probably due less to interest-related factors than to the changes in the balance sheet total and balance sheet structure. Although the interest rate result was enhanced by the development of the yield curve, which became increasingly steeper as the year progressed and lent support to income derived from maturity transformation, it was undermined by the persistently low rate of interest. At all events, the (lagged) connection between the interest rate level on the capital and money markets and the interest margin is evident for 2001, too (see chart above).[5] By contrast, the net interest received was bolstered by the rise in the average balance sheet total and by changes in the balance sheet structure. This primarily affected investors' comparatively strong preference for allocating funds to bank deposits.

Asset-side business

In the year under review, the German credit institutions' asset-side business had little effect on the net interest received. In domestic business the granting of loans to the private

5 See Deutsche Bundesbank, The performance of German credit institutions in 1998, *Monthly Report,* July 1999, p 33 – 34.

sector, with an annual growth rate of 2.2%, was again down on the year.[6] Consumer credit stagnated while housing loans and lending to enterprises expanded moderately. Despite favourable financing terms, the propensity of enterprises and individuals to contract debt was obviously subdued, in particular, by the bleak economic climate. The banking industry also focused more closely on the quality of its loan portfolio. The net interest received tended to be boosted by loans to non-banks abroad granted by the foreign branches of German banks (+10%).

Components of interest income

There was a moderate increase in interest received mainly because the income from lending and money market transactions rose by no more than 2.4%, or €7 billion. These two areas of business account for the bulk (almost four-fifths) of the total interest received. The growth in current income from equities, participating interests and shares in affiliated enterprises was similarly weak. Declining income from shares in affiliated enterprises contrasted with an increase in current earnings from equities. The interest received from debt securities and Debt Register claims grew more rapidly, by €4.3 billion or 7.2%.

Once again, more funds invested in bank deposits ...

Greater risk awareness on the part of investors, connected especially with the increasing uncertainty on the equity markets, made a

6 The data which are taken from the balance sheet and borrowers statistics and used here can be compared only to a limited extent with the available information on the performance of the German banking industry. In particular, there are slight differences in the reporting populations. An analysis of the balance sheet structure nonetheless provides important indications of factors determining performance.

Interest received by credit institutions

Item	1999	2000	2001 p
	€ billion		
Interest received (total)	322.9	369.9	382.2
from lending and money market transactions	258.3	290.9	297.9
from debt securities and Debt Register claims	50.9	60.7	65.0
Current income (total)	12.6	17.0	17.4
from shares and other variable-yield securities	6.6	8.0	9.8
from participating interests 1	1.4	2.2	2.2
from shares in affiliated enterprises	4.5	6.8	5.4
Profits transferred under profit-pooling and profit transfer agreements	1.2	1.4	1.9
	Change from previous year in % 2		
Interest received (total)	+ 4.7	+ 14.6	+ 3.3
from lending and money market transactions	+ 3.4	+ 12.6	+ 2.4
from debt securities and Debt Register claims	+ 9.9	+ 19.3	+ 7.2
Current income (total)	+ 8.2	+ 35.4	+ 2.2
from shares and other variable-yield securities	+ 20.4	+ 19.9	+ 23.8
from participating interests 1	− 23.1	+ 55.6	− 2.4
from shares in affiliated enterprises	+ 5.9	+ 51.9	− 21.5
Profits transferred under profit-pooling and profit transfer agreements	+ 38.7	+ 18.8	+ 35.8
	Percentage of the average balance sheet total		
Interest received (total)	5.33	5.51	5.39
from lending and money market transactions	4.26	4.33	4.20
from debt securities and Debt Register claims	0.84	0.90	0.92
Current income (total)	0.21	0.25	0.24
from shares and other variable-yield securities	0.11	0.12	0.14
from participating interests 1	0.02	0.03	0.03
from shares in affiliated enterprises	0.07	0.10	0.08
Profits transferred under profit-pooling and profit transfer agreements	0.02	0.02	0.03

1 In the case of cooperative societies, including amounts paid up on members' shares. — 2 Statistical changes have been eliminated.

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clear impression on the liability-side activities of the German credit institutions. The share of non-banks' bank deposits in relation to the balance sheet total increased slightly for the first time since the early 1990s. In particular, there was a significant topping-up of short-term liabilities vis-à-vis domestic non-banks, which tend to involve a lower rate of interest, and especially of overnight deposits (+18½%). Accordingly, the credit institutions needed to draw less on other, more expensive sources of funds. The growth of bearer debt securities (up by just over 4%, from +8% in 2000) or interbank funds (+2%, from +9½% in 2000) was far slower; their share in the balance sheet total stagnated. The rise in interest paid was again held back by a perceptible decrease in short-term interest rates, particularly in the second half of the year, as liability-side business shows a greater percentage of short-term or variable-yield items.

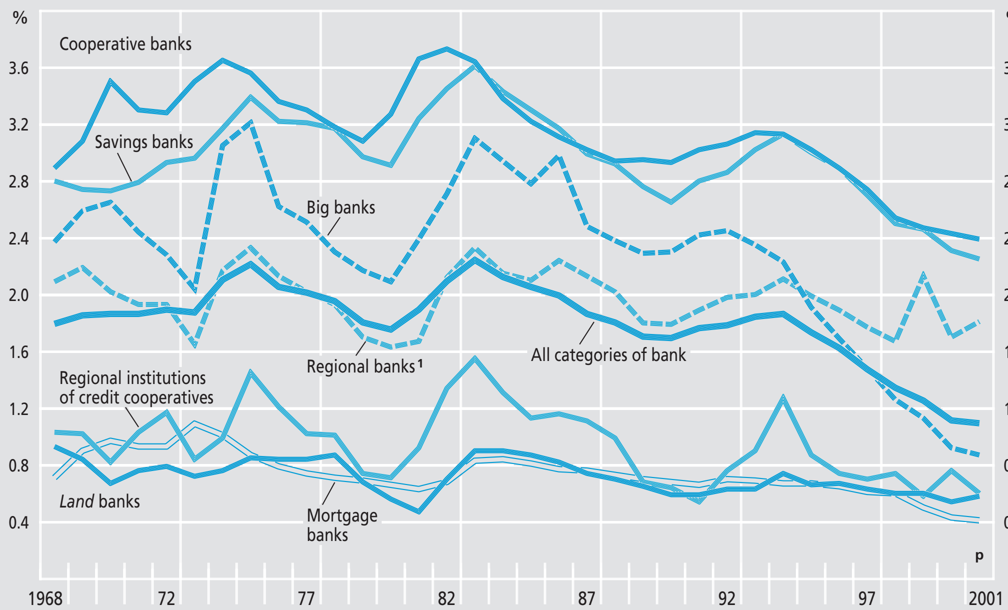
... but no major change in investor behaviour

As already mentioned, the increase in demand for securitised forms of investment (equities, bonds, investment fund certificates) which has been observed in recent years did not maintain the same momentum in the period under review. Even so, it would not be appropriate at this juncture to assume that this is associated with a permanent change in customers' investment patterns. Rather, the comparatively rapid growth in bank deposits is probably closely related to uncertainties on the capital markets. We need to wait and see how much ground securitised investment regains as time goes by. A more marked growth in deposits would, in any case, have only a limited dampening effect on interest paid by credit institutions since a keener yield awareness among investors has also made it more expensive to use customer deposits for refinancing purposes. In 2001 German credit institutions increasingly remunerated overnight deposits – which expanded sharply – at a rate in line with the money market.

Interest margins by category of bank

In 2001 most categories of banks saw a continuation of the downward course which interest rates had been taking for some years. Developments were particularly unfavourable among the regional institutions of credit cooperatives whose extensive interbank and wholesale banking business leads in any case to narrow interest margins. After a perceptible improvement in their interest business in 2000 (brought about by exceptionally high current earnings from shares in affiliated enterprises), these income components shrank back to normal proportions in 2001, causing interest margins to move clearly in the opposite direction. Of the remaining categories of banks which, owing to their business structure, have a similarly small interest margin, the *Land* banks recorded a slight improvement in their net interest received (from 0.56% to 0.60%), reflecting the marked increase in interest received from lending and money market transactions. By contrast, developments at mortgage banks followed the general trend. The comparatively high interest margins at savings banks and cooperative banks, whose prime business is in retail transactions, also narrowed further. For savings banks they shrank from 2.33% in 2000 to 2.27% in 2001 and for credit cooperations from 2.45% to 2.41%. Rising income from interest business was offset by a similar increase in expenditure. Finally, the big banks'

Interest margins by category of bank*



* Net interest received as percentage of the average balance sheet total; up to end-1998, as a percentage of the volume of business; annual data. — **1** Owing to fairly extensive reclassification of institutions, data for regional banks from 1998 onwards of limited informational value only.

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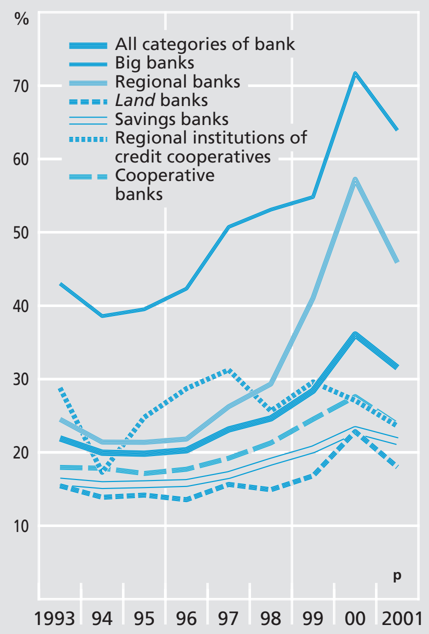
interest margin also decreased from 0.94% to 0.89%. By contrast, the credit institutions categorised as "regional banks and other commercial banks", which had previously been particularly affected by statistical reclassification, made a distinct recovery in terms of their interest result, with the interest margin widening from 1.72% to 1.83%.

Net commissions received

Decrease in net commissions received

In financial year 2001 the German credit institutions were unable to follow through on the record commission business achieved in 2000. Net commissions received were down by €2.8 billion (-9.9%) to €25.3 billion, which was nonetheless the second-best result ever achieved in the German banking sector. In relation to the average balance sheet total, the result from commission business contracted from 0.42% in 2000 to 0.36%, thereby roughly matching the average in recent years. The decrease was mainly caused by income-related developments; it is made up of a €2.6 billion decline in commissions received and a €0.2 billion increase in commissions paid. Net commissions received have become slightly less important than net interest received. Although the ratio of the two fell from 36.5% in 2000 to 32%, it was still well above earlier levels (25.1% in 1998 and 28.9% in 1999). Commission business was thus a significant source of income for the German credit institutions even despite the decline during the period under review.

Ratio of net commissions received to net interest received



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Commissions received affected by the financial markets

The unfavourable commissions result was shaped mainly by the weak demand for equities. At €3.28 billion, the turnover of shares traded on German stock markets was well down on 2000 (€4.62 billion); in addition, the volume of resources allocated to share-based funds, €5.1 billion, compared with €38.5 billion in 2000, all but collapsed completely. Revenue from placement business was also down; only 21 IPOs in 2001 (as opposed to 152 in 2000) and equity issues of €17.6 billion compared with €22.7 billion in 2000 point to a clear loss of momentum. By contrast, stronger demand for fixed-interest securities, despite the accompanying narrower margins, pushed up income from commission and placement business. In 2001 domestic non-banks purchased €121.6 billion worth of bonds, nearly twice as much as in 2000 (€65.1 billion). The amount raised from bond-based funds went up slightly to €25.4 billion (from €21.5 billion in 2000).

Other components of commissions received

Other components of commissions received mostly had a stabilising effect on the growth of net commissions received. This applies to payment transactions in particular, as well as to commissions earned on credit processing and, at some banks, on guarantee business. With regard to specialised funds business, where margins are relatively small in any case, the amount of funds attracted was still high despite the decline in share prices, meaning that commission income has probably changed little. Savings banks, in particular, are likely to have benefited from rising income from intermediation business, and particularly from loan contracts for building purposes.

Net commissions received by category of bank

The downturn in net commissions received affected the various categories of banks to differing degrees. Commercial banks, for instance, were most affected, in keeping with their share in the total net commissions received; they experienced income shortfalls of €1.6 billion, or just under 60% of the decrease. Patterns of development at the big banks and regional banks included in the statistics varied. While at the big banks the decline in net commissions received was below the average for the banking industry as a whole, the regional banks recorded a somewhat sharper decline. The cooperative banks also experienced an over-proportionate decline of €0.5 billion in net commissions received. All other categories of banks experienced a decline which was roughly in line with their

Structural data on German credit institutions

Category of bank	Number of institutions 1			Number of branches 1			Number of employees 2		
	1999	2000	2001 p	1999	2000	2001 p	1999	2000	2001 p
All categories of banks	2,993	2,733	2,517	41,243	39,617	37,427	732,100	733,800	728,250
Commercial banks	315	314	303	6,867	6,520	5,576	3 219,750	219,650	215,300
Big banks	4	4	4	3,114	2,873	2,369	.	.	.
Regional banks	223	223	220	3,681	3,567	3,194	.	.	.
Branches of foreign banks	88	87	79	72	80	13	.	.	.
Land banks	13	13	13	655	638	603	40,800	41,850	42,800
Savings banks	578	562	534	17,667	16,892	16,491	282,150	283,450	282,150
Regional institutions of credit cooperatives	4	3	2	24	25	18	7,400	7,300	6,950
Credit cooperatives 4	2,035	1,795	1,621	15,793	15,332	14,584	170,950	171,000	169,900
Mortgage banks	32	31	28	216	192	136	5 .	5 .	5 .
Banks with special functions	16	15	16	21	18	19	5 11,050	5 10,550	5 11,150
Memo item									
Building and loan associations	33	31	29	3,185	3,677	3,694	6 22,500	6 22,250	6 21,450
Postbank	1	1	1	14,103	13,629	12,792	.	.	.

1 Source: Statistics of bank offices, in: Deutsche Bundesbank, *Banking statistics,* Statistical Supplement to the Monthly Report 1, p 104 (German edition). The term "credit institution" as in the Banking Act, therefore divergences from data in "Balance sheet statistics" and "Statistics on the profit and loss account". — **2** Excluding Bundesbank and Postbank. Sources: Data provided by associations. Part-time employees are counted on a *per capita* basis. — **3** Employees in private banking, including mortgage banks established under private law. Figures for 1999 retroactively revised downwards by 850. — **4** Only employees whose primary occupation is in banking. — **5** Employees in public mortgage banks (mortgage banks established under public law) and public banks with special functions. — **6** Only office-based employees.

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degree of involvement in that line of business.

Administrative expenditure

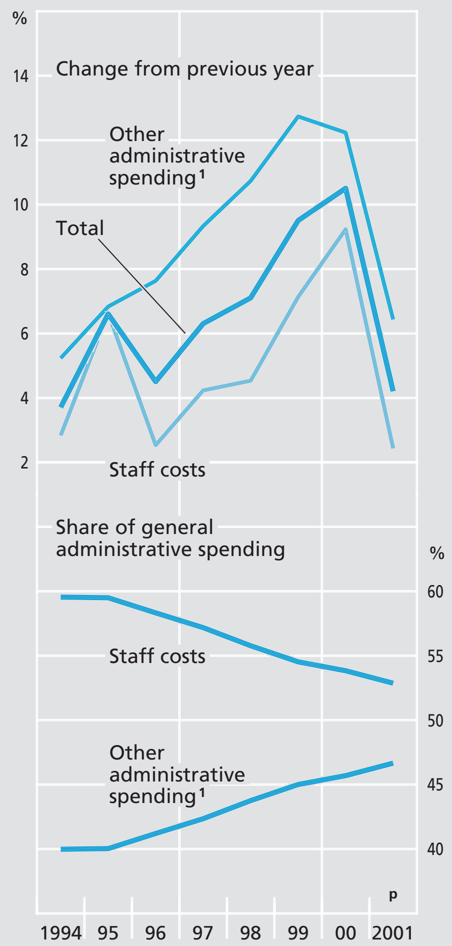
Overview of cost trends

General administrative spending rose in the year under review by €3.4 billion or 4.3% to €81.0 billion, ie far more slowly even than in preceding years. Together with the decline in net income from commission business, this led, despite an increase in the net interest received, to a decrease of €3.9 billion in the partial operating result, taking it to €23.4 billion, the lowest figure since 1992. This was equivalent to 0.33% (2000: 0.41%) of the average balance sheet total and thus represented a new low. The impact of reorganisation and cost-cutting programmes had not yet been translated into lower costs in the year under review. The big banks were responsible for half of the increase in administrative spending alone and the *Land* banks for just under one-quarter. Administrative spending also increased distinctly at the regional and other commercial banks and particularly at the credit institutions majority-owned by foreign banks. By contrast, it was largely stable at savings banks and cooperative banks when compared with 2000.

Slight increase in staff costs

Staff costs went up by €1 billion or 2.5%, far more slowly than other administrative expenditure (+€2.3 billion or +6.5%). Unlike previous years, it was possible to restrain growth in staff costs in the year under review. The number of employees in the German banking industry fell by nearly 5,600 or

General administrative spending of German credit institutions



1 All other administrative spending including depreciation of tangible assets (excluding depreciation of leased assets).

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around 0.8%, the first decrease since 1996. At just over 728,000, the number of employees was even slightly below the 1997 figure (see table on page 25). Most of the job cuts – just under 4,400 – were in the private banking sector. The credit cooperatives reduced the number of their employees by 1,100 and the savings banks by 1,300. The *Land* banks added just under 1,000 employees (2.3%) to their overall workforce, including in the field of investment banking.

Salaries

The rise in the agreed rates of pay of just over 2% in the banking industry as a whole pushed up staff costs. This is especially true of the private banking sector and the cooperative banks, where pay increases of 3% took effect, but applies less to the public sector banks, where pay rises were of a more moderate 1.3%.

Further increase in other administrative spending

Although the non-staff operating costs or "other administrative spending" rose by just over 6½% or €2.3 billion to €38.0 billion overall, ie far more slowly than in 2000 (just under 12½%), in relation to staff costs they continued to increase slightly. Half (just over €1.2 billion) of the rise in this expenditure was attributable to the big banks, which upped their other administrative spending by 11½% compared with 2000. By comparison, the increase at the *Land* banks was stronger still (€0.5 billion or 17%). In particular, an impact was made by investment in the IT sector, particularly in the expansion of electronic channel of distribution and data processing. In addition, the trend towards outsourcing business units continued, which led to a shift from staff costs to other administrative spending in their statement of income. A further factor was investment made for the purpose of restructuring the branch network, particularly among savings banks.

Ongoing decline in the number of institutions and branches

The consolidation process among banks and their branch networks which had been under way for some years continued in 2001. The number of institutions thus fell by 8% or 216 banks to 2,517 (2000: 2,733), ie more sharply as a percentage than the number of branches (down 5.5% to 37,427 (2000: 39,617). The distinct consolidation moves at the credit cooperatives continued, their numbers falling by 174. The private banking sector made a perceptible reduction in its branch network (see table on page 25).

Net profit or net loss on financial operations

Big banks main contributors to own-account trading

Although the banks failed in the year under review to maintain the exceptionally good result of €6.4 billion in own-account trading achieved in 2000, they nonetheless recorded an above-average income of €5.4 billion or 0.08% of the average balance sheet total. However, this income was concentrated even more markedly on the big banks than in 2000, these earning €4.9 billion or roughly 90% of the banks' total trading figures. Own-account trading by the big banks more than offset the negative balances in the partial operating result and the net income or net charges from the valuation of assets. The uncertain market climate put a noticeable damper on the share trading result for most of the big banks but, to an extent, they more than made up for this, especially in the areas of money market and foreign exchange dealings, derivatives trading and, in some cases, bond trading, too. By contrast, in the other categories of banks the trading result declined and for some of them the decrease was sharp. The regional banks and other commercial banks even recorded a negative figure of €191 billion. Credit institutions majority-owned by foreign banks accounted for three-quarters of this amount alone.

Net other operating income or charges

Increase in net figure

The positive figure for net other operating income or charges rose in the year under review by €1.6 billion to €3.6 billion. The increase in other operating income in the stricter sense from €1.7 billion to €8.4 billion was a crucial factor. The other operating charges in the narrower sense were, however, almost unchanged across all categories of banks taken together. The other taxes – unrelated to income – that are also included in the net figure, the gross result for the credit cooperatives' transactions in goods and the income or depreciation in leasing business changed only slightly.

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

Marked deterioration in operating result before valuation of assets

The operating result before net income or net charges from the valuation of assets (ie total net income from operating business after administrative costs have been deducted, but before risk provisioning) fell in the year under review by €3.4 billion to just over €32.4 billion. Again in relation to the balance sheet total, the operating result for nearly all categories of banks was down – for some considerably; only the *Land* banks managed to increase their operating result before valuation of assets to an extent that was virtually in line with their balance sheet total.

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

Category of bank	1999		2000		2001 p	
	€ million	% 1	€ million	% 1	€ million	% 1
All categories of banks	36,127	0.60	35,811	0.53	32,441	0.46
Commercial banks	10,922	0.61	11,986	0.54	9,507	0.40
Big banks	5,434	0.44	6,043	0.40	4,753	0.29
Regional banks and other commercial banks	5,390	1.03	5,824	0.88	4,632	0.69
Branches of foreign banks	98	0.31	119	0.35	122	0.33
Land banks	4,892	0.36	5,103	0.34	5,441	0.34
Savings banks	9,387	1.05	8,284	0.90	8,053	0.85
Regional institutions of credit cooperatives	792	0.36	1,233	0.53	788	0.33
Credit cooperatives	4,878	0.93	4,289	0.82	3,835	0.72
Mortgage banks	2,922	0.37	2,917	0.33	2,800	0.30
Banks with special functions	2,334	0.50	1,999	0.45	2,017	0.42

* Partial operating result plus net profit or net loss on financial operations and net other operating income or charges. — **1** As a percentage of the average balance sheet total.

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Further rise in the cost/income ratio

The cost/income ratio developed unfavourably again in 2001, with administrative spending going up and operating results going down. As defined narrowly (expenditure to gross earnings, ie net interest and net commissions received), the ratio increased from 74.0% to 77.6% and in a broad definition (gross earnings plus own-account trading and other operating income or charges) from 68.4% to 71.4% (see table on page 29). This marked a continuation of the upward trend in recent years. The growth of some of these figures varied quite considerably across the individual categories of bank. While the ratio of costs to operating income continued to increase significantly at the big banks and the central institutions of cooperative banks, in particular, and rose slightly for the other categories of bank, this ratio deteriorated considerably among the branches of foreign banks.

Net income or net charges from the valuation of assets

Perceptible expansion of risk provision

As in 2000, the German banks expanded their risk provision perceptibly. This placed a heavy burden on their performance. For instance, the cost of evaluating loans and advances, other assets and securities went up by €3.6 billion from €15.9 billion in 2000 to €19.5 billion in 2001 (see chart on page 30). Write-downs and value adjustments increased by €4.4 billion to €22.3 billion. These were offset by value adjustments and release of provisions amounting to €2.7 billion, which was slightly more than in the previous year.

Within these items use had already been made of the cross-offsetting option permissible under section 340 (f) (3) of the German Commercial Code. The credit institutions made a clear reduction in their taxed hidden reserves, held in accordance with section 340 (f) of the German Commercial Code. At the same time €1.2 billion was allocated to the fund for general banking risks (in accordance with section 340 (g) of the Commercial Code).[7]

Higher valuation charges again in domestic lending business

In 2001 by far the largest proportion of the valuation expenditure was again accounted for by domestic lending business. The main factor here was the increase in company insolvencies. These rose by 14.3% to 32,278, with trade and manufacturing along with the construction industry being most affected. Although the number of consumer insolvencies went up sharply, at a rate of 26.7%, these developments are unlikely to have played a key role in terms of risk provisioning by the German credit institutions since the share of consumer credit in total lending to domestic enterprises and individuals is comparatively small (end-2001: just over 9.9%). In 2001 valuation expenditure on foreign loans also increased, particularly as a result of the tensions in South America, after risk provisioning for foreign loans had been significantly reduced in the previous year. The write-downs on debt securities, some of which accrued to net income or net charges from the valuation

7 According to the balance sheet statistics, in July 2002 the fund for general banking risks contained €8.1 billion. As part of this income analysis, these resources are counted towards the profits to be distributed (accumulation of reserves); the increase in the fund is therefore not reflected in a smaller net profit for the year.

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

%

Category of bank	General administrative spending as a percentage of		
	1999	2000	2001 p
	gross earnings 1		
All categories of banks	70.0	74.0	77.6
Commercial banks	80.4	86.5	91.6
Big banks	83.8	93.4	101.3
Regional banks and other commercial banks	75.0	76.4	79.0
Branches of foreign banks	129.3	137.7	66.7
Land banks	60.3	62.7	64.4
Savings banks	67.0	69.0	70.9
Regional institutions of credit cooperatives	71.4	57.0	71.8
Credit cooperatives	74.0	76.1	78.8
Mortgage banks	30.0	33.9	35.7
Banks with special functions	28.4	30.5	33.9
	income from banking business 2		
All categories of banks	66.0	68.4	71.4
Commercial banks	73.9	75.4	80.4
Big banks	77.4	79.0	83.8
Regional banks and other commercial banks	68.9	70.2	75.5
Branches of foreign banks	72.3	74.1	56.1
Land banks	54.8	55.9	57.1
Savings banks	65.7	68.9	69.9
Regional institutions of credit cooperatives	60.7	51.8	62.5
Credit cooperatives	71.2	74.5	76.6
Mortgage banks	29.3	31.4	33.4
Banks with special functions	27.3	29.7	31.3

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

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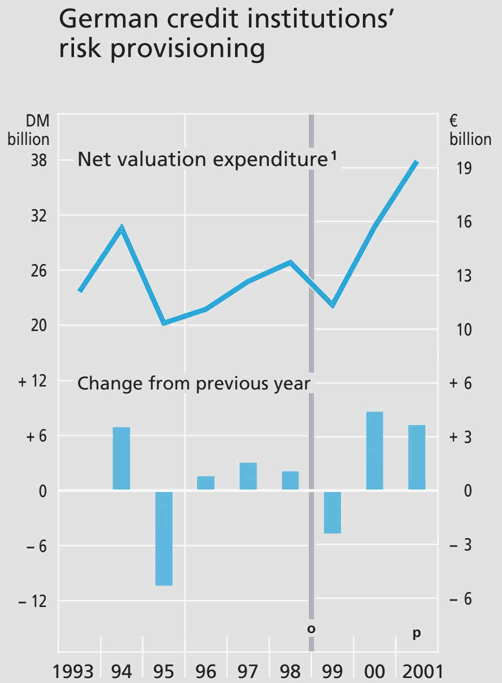

1 Excluding investment in tangible and financial fixed assets. — o From 1999, in euro.

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of assets, were likewise perceptibly higher in the year under review. Overall, they were €3.3 billion compared with €1.4 billion for 2000.

Valuation charges by category of bank

In 2001 increased valuation charges mainly concerned those categories of banks which operate internationally and in the field of wholesale banking. There was an especially sharp increase at the *Land* banks, for instance, but the commercial banks, particularly the big banks, also added perceptibly to their risk provision. By contrast, the banks involved in retail business, such as savings banks and credit cooperatives, undertook a relatively moderate expansion of their valuation expenditure in 2001. The central institutions of cooperative banks, which had made above-average increases in their risk provision in 2000, took less far-reaching precautionary measures in 2001.

Lower operating result

All in all, the burden imposed by greater risk provisioning led to a reduction of €7.0 billion or just over one-third in the operating result of the German banking industry as a whole; in 2001 the operating result was €12.9 billion.

Net other and extraordinary income or charges

Overall result enhanced by net balance of the "extraordinary accounts"

The balance of the "extraordinary accounts" improved from -€0.6 billion in 2000 to €1.2 billion in the year under review and was therefore back in the black, after negative balances in the previous two years. This was mainly due to a sharp increase in the profits from financial investment business[8] from €0.6 billion (2000) to €4.0 billion (2001) as well as to extraordinary income, which more than offset the increase in charges incurred through loss transfers and the derived profits. The renewed partial release of special reserves in the order of €1.5 billion was a further sustaining factor; these were mainly set up in 1999 for release between 2000 and 2003 with a corresponding effect on earnings.[9] In financial investment business, nearly 90% of the sharp increases were attributable

8 With regard to income and expenditure relating to financial investment business, the credit institutions made use, as usual, of the offsetting options available for the two items.
9 See Deutsche Bundesbank, The performance of German credit institutions in 2000, *Monthly Report,* September 2001, p 30-32, and Deutsche Bundesbank, The performance of German credit institutions in 1999, *Monthly Report,* September 2000, p 59-61.

Breakdown of other and extraordinary income or charges

€ million

Item	1999	2000	2001 p
Net other and extraordinary income or charges	– 3,231	– 601	1,236
Income (total)	4,715	5,339	9,999
from value re-adjustments in respect of participating interests, shares in affiliated enterprises and transferable securities held as financial fixed assets	3,110	2,329	5,770
from the release of special reserves	163	1,840	1,491
from loss transfers	109	145	353
Extraordinary income	1,333	1,025	2,385
Charges (total)	– 7,946	– 5,940	– 8,763
Value adjustments in respect of participating interests, shares in affiliated enterprises and transferable securities held as financial fixed assets	– 551	– 1,747	– 1,814
Charges incurred through loss transfers	– 518	– 751	– 2,770
Transfers to special reserves	– 4,335	– 59	– 114
Extraordinary charges	– 1,655	– 2,271	– 2,216
Profits transferred under profit-pooling and profit transfer agreements	– 887	– 1,112	– 1,849

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to the result achieved by the big banks. By contrast, the increase in extraordinary income was focused on the regional banks and other commercial banks and essentially on one specific institution which released provisions in the area of real estate funds. Of the charges incurred through loss transfers, which went up by €2.0 billion to €2.8 billion, the big banks accounted for €0.7 billion, the regional banks and other commercial banks for €0.7 billion and the *Land* banks for €0.6 billion. Losses from subsidiaries operating in the real estate sector were reflected in these figures. More than half (€0.4 billion) of the increase in derived profits was attributable to the credit institutions majority-owned by foreign banks. If all categories of banks are viewed together, the big banks, in particular, stabilised their performance with an increase of €2.1 billion in the balance of the “extraordinary accounts”, while, with the exception of the cooperative banks, lower or negative balances under these items placed an additional burden on the other categories of banks.

Taxes on income and earnings, profit for the financial year

Sharp decrease in pre-tax profit for the financial year

For the banking industry as a whole, the impact of the poorer operating result on the banking industry’s profit for the financial year before tax was only slightly alleviated by the result of the “extraordinary accounts”. At €14.1 billion, the profit for the financial year before tax was €5.2 billion, or just over one-quarter, down on the previous year. It fell particularly sharply at regional banks and other

Return on capital of individual categories of banks *

%

Category of bank	1997		1998		1999		2000		2001 p	
All categories of banks	12.75	(6.47)	19.34	(10.20)	11.22	(6.51)	9.32	(6.07)	6.23	(4.59)
Commercial banks	9.68	(6.65)	27.36	(15.18)	9.69	(7.01)	8.19	(7.31)	4.74	(4.24)
of which										
Big banks	7.38	(5.44)	39.51	(19.24)	6.23	(5.48)	6.34	(7.23)	4.96	(5.69)
Regional banks and other commercial banks	11.52	(7.48)	16.75	(11.54)	16.51	(10.08)	11.58	(7.41)	4.13	(1.27)
Land banks	10.90	(5.89)	11.69	(6.34)	10.61	(5.92)	8.14	(4.22)	4.78	(4.01)
Savings banks	19.37	(6.66)	17.82	(6.52)	15.18	(6.12)	13.39	(6.02)	9.22	(5.08)
Regional institutions of credit cooperatives	12.00	(5.43)	28.57	(23.13)	5.74	(3.98)	12.95	(8.84)	4.43	(2.74)
Credit cooperatives	14.94	(5.82)	12.84	(5.05)	10.70	(4.74)	8.59	(4.09)	7.76	(4.58)
Mortgage banks	15.92	(8.93)	17.81	(10.42)	15.62	(8.87)	5.89	(2.37)	8.92	(6.48)

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

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commercial banks as well as central institutions of cooperative banks, while dipping only slightly at big banks and credit cooperatives. The mortgage banks upped their profit for the year before tax by more than half. As an average of the German banks, return on equity declined significantly from 9.32% to 6.23% (see table above).

Decrease in taxes on income and earnings

In 2001, taxes on income and earnings reached a low not seen since the early 1980s; this can only be partly explained by the sharp downturn in revenue. In addition, changes in tax law were a major factor, as they had been in 2000.[10] Overall, taxes on income and earnings fell by €3.0 billion to €3.7 billion. The tax ratio decreased again in the year under review from 42% (1999) and 35% (2000) to just over 26%. As in 2000, the big banks' individual annual accounts recorded total tax receipts of €0.4 billion. This was primarily the result of one institution's releasing provisions for taxation amounting to €0.9 billion; these had been set aside to cover deferred taxes on capital gains and were released in accordance with the tax exemption for these profits which came into effect in 2002. The *Land* banks, some of which also released provisions for deferred taxation, also saw a reduction of €1.1 billion in taxes on income and earnings compared with 2000, taking the final figure to €0.3 billion.

Sharp decrease in the balance sheet profit

All in all, the profit for the financial year after tax, €10.4 billion, was €2.2 billion down on

10 See Deutsche Bundesbank, The performance of German credit institutions in 2000, *Monthly Report*, September 2001, p 31-32.

the previous year. Of this amount, €3.9 billion was channelled to the reserves, an amount similar to that transferred in 2000. By contrast, in the year under review the balance sheet profit showed a marked decline of 24% from €8.6 billion in 2000 to €6.6 billion.

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

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

Percentage of the average balance sheet total o

Financial year	All categories of banks	Commercial banks: Total	of which: Big banks	of which: Regional banks and other commercial banks	*Land* banks	Savings banks	Regional institutions of credit cooperatives	Credit cooperatives	Mortgage banks	Banks with special functions
	Interest received									
1995	6.57	6.38	6.07	6.66	6.32	7.08	5.61	7.10	6.90	5.90
1996	6.07	5.71	5.40	6.06	5.90	6.61	4.78	6.54	6.54	5.67
1997	5.76	5.34	4.94	5.82	5.70	6.28	4.64	6.20	6.39	5.30
1998	5.59	5.07	4.61	5.68	5.53	6.05	4.61	5.95	6.54	5.20
1999	5.33	5.00	4.85	5.45	5.28	5.71	4.11	5.60	6.04	5.11
2000	5.51	5.32	5.24	5.58	5.63	5.72	5.04	5.69	5.81	5.03
2001 p	5.39	5.12	4.91	5.68	5.47	5.74	4.91	5.76	5.73	4.93
	Interest paid									
1995	4.81	4.42	4.15	4.65	5.63	4.05	4.72	4.06	6.21	4.96
1996	4.42	3.91	3.69	4.15	5.21	3.70	4.02	3.63	5.88	4.76
1997	4.26	3.71	3.44	4.02	5.05	3.56	3.92	3.43	5.76	4.45
1998	4.22	3.61	3.33	3.99	4.91	3.54	3.86	3.40	5.92	4.37
1999	4.05	3.57	3.69	3.30	4.66	3.23	3.51	3.10	5.51	4.49
2000	4.36	4.15	4.30	3.85	5.07	3.39	4.26	3.24	5.35	4.46
2001 p	4.27	3.97	4.02	3.85	4.88	3.46	4.29	3.35	5.30	4.42
	Excess of interest received over interest paid = net interest received									
1995	1.76	1.95	1.93	2.01	0.68	3.02	0.89	3.04	0.69	0.95
1996	1.65	1.80	1.71	1.91	0.69	2.91	0.76	2.91	0.67	0.90
1997	1.50	1.62	1.50	1.79	0.65	2.72	0.72	2.76	0.63	0.85
1998	1.37	1.45	1.28	1.69	0.62	2.52	0.76	2.56	0.62	0.83
1999	1.28	1.43	1.15	2.15	0.62	2.48	0.60	2.49	0.52	0.62
2000	1.14	1.17	0.94	1.72	0.56	2.33	0.78	2.45	0.45	0.57
2001 p	1.12	1.15	0.89	1.83	0.60	2.27	0.62	2.41	0.43	0.51
	Excess of commissions received over commissions paid = net commissions received									
1995	0.36	0.60	0.77	0.44	0.10	0.49	0.22	0.53	0.00	0.21
1996	0.34	0.58	0.73	0.42	0.10	0.47	0.22	0.53	– 0.01	0.18
1997	0.35	0.63	0.76	0.48	0.10	0.47	0.23	0.54	– 0.01	0.17
1998	0.34	0.62	0.69	0.50	0.10	0.48	0.20	0.55	– 0.01	0.13
1999	0.37	0.70	0.63	0.89	0.11	0.52	0.18	0.62	– 0.01	0.05
2000	0.42	0.76	0.68	0.99	0.13	0.55	0.21	0.69	– 0.01	0.05
2001 p	0.36	0.64	0.57	0.85	0.11	0.50	0.15	0.58	– 0.01	0.05

o Up to end-1998, as a percentage of the volume of business; from 1999, as a percentage of the balance sheet total. Excluding the balance sheet total/volume of business of the foreign branches of savings banks. Statistical increase in the volume of business owing to the inclusion of foreign branches: in 1998 mortgage banks + DM1.3 billion.

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

Percentage of the average balance sheet total °

Financial year	All categories of banks	Commercial banks: Total	of which: Big banks	of which: Regional banks and other commercial banks	*Land* banks	Savings banks	Regional institutions of credit cooperatives	Credit cooperatives	Mortgage banks	Banks with special functions
	General administrative spending									
1995	1.38	1.81	2.05	1.61	0.46	2.17	0.66	2.53	0.22	0.78
1996	1.29	1.67	1.84	1.50	0.43	2.11	0.60	2.44	0.20	0.69
1997	1.21	1.58	1.70	1.44	0.42	2.05	0.58	2.38	0.19	0.66
1998	1.16	1.53	1.54	1.49	0.40	2.04	0.57	2.34	0.18	0.57
1999	1.16	1.71	1.50	2.28	0.44	2.01	0.56	2.30	0.15	0.19
2000	1.16	1.67	1.51	2.08	0.43	1.99	0.56	2.39	0.15	0.19
2001 p	1.14	1.65	1.48	2.12	0.45	1.97	0.55	2.35	0.15	0.19
	Partial operating result									
1995	0.73	0.73	0.65	0.84	0.33	1.34	0.45	1.04	0.46	0.38
1996	0.70	0.71	0.60	0.84	0.35	1.28	0.39	1.00	0.45	0.39
1997	0.64	0.68	0.56	0.83	0.33	1.14	0.37	0.92	0.44	0.35
1998	0.55	0.54	0.43	0.70	0.32	0.96	0.39	0.77	0.43	0.39
1999	0.50	0.42	0.29	0.76	0.29	0.99	0.22	0.81	0.36	0.48
2000	0.41	0.26	0.11	0.64	0.26	0.89	0.43	0.75	0.30	0.43
2001 p	0.33	0.15	– 0.02	0.56	0.25	0.81	0.22	0.63	0.27	0.37
	Net profit or net loss on financial operations									
1995	0.06	0.11	0.12	0.10	0.05	0.05	0.12	0.03	0.00	0.01
1996	0.05	0.09	0.10	0.07	0.04	0.05	0.10	0.03	0.00	0.01
1997	0.06	0.10	0.13	0.06	0.05	0.06	0.10	0.02	0.00	0.02
1998	0.07	0.13	0.09	0.18	0.07	0.05	0.05	0.02	0.00	0.01
1999	0.06	0.15	0.17	0.07	0.03	0.03	0.12	0.01	–	0.00
2000	0.10	0.24	0.32	0.07	0.05	0.02	0.09	0.00	0.00	0.00
2001 p	0.08	0.20	0.30	– 0.03	0.04	0.00	0.06	– 0.01	0.00	0.00
	Net income or net charges from the valuation of assets									
1995	– 0.27	– 0.28	– 0.19	– 0.35	– 0.15	– 0.52	– 0.13	– 0.35	– 0.10	– 0.16
1996	– 0.26	– 0.28	– 0.15	– 0.41	– 0.15	– 0.47	– 0.04	– 0.37	– 0.08	– 0.21
1997	– 0.26	– 0.30	– 0.25	– 0.36	– 0.14	– 0.46	– 0.10	– 0.41	– 0.11	– 0.13
1998	– 0.25	– 0.25	– 0.15	– 0.37	– 0.27	– 0.34	– 0.19	– 0.36	– 0.08	– 0.23
1999	– 0.19	– 0.23	– 0.24	– 0.22	– 0.11	– 0.17	– 0.17	– 0.39	– 0.10	– 0.24
2000	– 0.24	– 0.18	– 0.16	– 0.25	– 0.12	– 0.46	– 0.47	– 0.47	– 0.19	– 0.15
2001 p	– 0.28	– 0.26	– 0.24	– 0.33	– 0.20	– 0.52	– 0.32	– 0.49	– 0.12	– 0.15

° For footnotes see page 35.

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

Percentage of the average balance sheet total o

Financial year	All categories of banks	Commercial banks: Total	of which: Big banks	of which: Regional banks and other commercial banks	*Land* banks	Savings banks	Regional institutions of credit cooperatives	Credit cooperatives	Mortgage banks	Banks with special functions
	Operating result									
1995	0.54	0.60	0.57	0.65	0.26	0.84	0.45	0.80	0.36	0.27
1996	0.51	0.55	0.54	0.58	0.28	0.80	0.46	0.72	0.36	0.26
1997	0.46	0.50	0.40	0.61	0.26	0.72	0.38	0.62	0.33	0.29
1998	0.41	0.47	0.32	0.65	0.20	0.69	0.26	0.54	0.36	0.22
1999	0.41	0.38	0.20	0.81	0.25	0.87	0.19	0.54	0.27	0.27
2000	0.30	0.36	0.24	0.63	0.22	0.44	0.05	0.35	0.14	0.30
2001 p	0.18	0.14	0.05	0.36	0.14	0.33	0.01	0.23	0.18	0.26
	Net other and extraordinary income or charges									
1995	– 0.03	– 0.09	– 0.10	– 0.10	– 0.03	0.02	– 0.03	0.02	– 0.03	– 0.01
1996	– 0.05	– 0.07	– 0.04	– 0.10	– 0.07	0.01	– 0.02	0.03	– 0.03	– 0.22
1997	– 0.04	– 0.10	– 0.12	– 0.10	– 0.02	0.02	– 0.05	0.03	– 0.03	– 0.11
1998	0.20	0.58	1.03	0.09	0.06	0.01	0.46	0.03	– 0.04	0.01
1999	– 0.05	0.00	0.04	– 0.07	– 0.01	– 0.27	– 0.04	– 0.06	– 0.03	– 0.02
2000	– 0.01	– 0.07	– 0.03	– 0.16	– 0.03	0.11	0.30	0.05	– 0.05	0.00
2001 p	0.02	0.04	0.13	– 0.18	– 0.03	0.06	0.12	0.14	– 0.05	– 0.07
	Profit for the financial year before tax									
1995	0.51	0.51	0.47	0.55	0.23	0.86	0.42	0.81	0.33	0.26
1996	0.46	0.49	0.50	0.48	0.21	0.82	0.43	0.76	0.33	0.03
1997	0.42	0.40	0.28	0.51	0.25	0.75	0.33	0.65	0.29	0.18
1998	0.61	1.06	1.35	0.74	0.26	0.70	0.72	0.57	0.31	0.22
1999	0.35	0.38	0.23	0.74	0.24	0.60	0.16	0.48	0.24	0.25
2000	0.29	0.29	0.21	0.47	0.19	0.55	0.36	0.40	0.09	0.30
2001 p	0.20	0.18	0.18	0.18	0.11	0.39	0.13	0.37	0.13	0.19
	Profit for the financial year after tax									
1995	0.26	0.34	0.37	0.31	0.12	0.30	0.21	0.31	0.21	0.20
1996	0.22	0.30	0.33	0.27	0.13	0.28	0.24	0.28	0.20	– 0.01
1997	0.21	0.27	0.21	0.33	0.13	0.26	0.15	0.25	0.17	0.15
1998	0.32	0.59	0.66	0.51	0.14	0.26	0.58	0.22	0.18	0.19
1999	0.20	0.28	0.20	0.45	0.13	0.24	0.11	0.21	0.13	0.22
2000	0.19	0.26	0.24	0.30	0.10	0.25	0.24	0.19	0.04	0.28
2001 p	0.15	0.16	0.21	0.06	0.10	0.21	0.08	0.22	0.09	0.17

o For footnotes see page 35.

Deutsche Bundesbank

Credit institutions' profit and loss accounts

Financial year	Interest business: Net interest received (col 2 less col 3)	Interest business: Interest received	Interest business: Interest paid	Non-interest business: Net commissions received (col 5 less col 6)	Non-interest business: Commissions received	Non-interest business: Commissions paid	General administrative spending: Total (col 8 plus col 9)	General administrative spending: Staff costs	General administrative spending: Total other administrative spending 1	Partial operating result (col 1 plus col 4 less col 7)
	1	2	3	4	5	6	7	8	9	10
	DM billion									
1994	133.7	479.9	346.2	27.3	30.5	3.2	98.8	59.0	39.7	62.2
1995	133.6	498.9	365.4	27.1	30.4	3.3	105.2	62.8	42.3	55.5
1996	140.8	518.3	377.5	29.2	33.3	4.1	110.0	64.4	45.6	60.0
1997	144.6	554.5	409.9	34.1	39.1	5.0	116.9	67.1	49.8	61.8
1998	147.5	602.9	455.3	37.0	43.6	6.6	125.2	70.1	55.1	59.3
1999	152.2	631.5	479.3	43.9	52.3	8.4	137.3	75.2	62.1	58.9
	€ billion									
1999	77.8	322.9	245.0	22.5	26.8	4.3	70.2	38.4	31.8	30.1
2000	76.9	369.9	293.1	28.1	33.8	5.7	77.7	42.0	35.7	27.3
2001 p	79.1	382.2	303.1	25.3	31.2	5.9	81.0	43.0	38.0	23.4
	Change from the previous year in % 4									
1995	+ 0.0	+ 4.3	+ 6.0	– 0.5	– 0.0	+ 3.7	+ 6.7	+ 6.7	+ 6.9	– 10.8
1996	+ 5.5	+ 3.9	+ 3.3	+ 7.9	+ 9.7	+ 24.4	+ 4.6	+ 2.6	+ 7.7	+ 8.2
1997	+ 2.8	+ 7.0	+ 8.5	+ 16.9	+ 17.5	+ 21.4	+ 6.4	+ 4.3	+ 9.4	+ 3.1
1998	+ 2.2	+ 8.8	+ 11.2	+ 8.5	+ 11.7	+ 33.0	+ 7.2	+ 4.6	+ 10.8	– 3.9
1999	+ 3.0	+ 4.7	+ 5.2	+ 18.7	+ 19.9	+ 26.4	+ 9.6	+ 7.2	+ 12.8	– 1.1
2000	– 1.2	+ 14.6	+ 19.6	+ 25.1	+ 26.3	+ 32.5	+ 10.6	+ 9.3	+ 12.3	– 9.2
2001 p	+ 2.9	+ 3.3	+ 3.4	– 9.9	– 7.6	+ 3.3	+ 4.3	+ 2.5	+ 6.5	– 14.2
	Percentage of the average balance sheet total									
1994	1.89	6.77	4.89	0.39	0.43	0.05	1.39	0.83	0.56	0.88
1995	1.76	6.57	4.81	0.36	0.40	0.04	1.38	0.83	0.56	0.73
1996	1.65	6.07	4.42	0.34	0.39	0.05	1.29	0.75	0.53	0.70
1997	1.50	5.76	4.26	0.35	0.41	0.05	1.21	0.70	0.52	0.64
1998	1.37	5.59	4.22	0.34	0.40	0.06	1.16	0.65	0.51	0.55
1999	1.28	5.33	4.05	0.37	0.44	0.07	1.16	0.63	0.52	0.50
2000	1.14	5.51	4.36	0.42	0.50	0.08	1.16	0.63	0.53	0.41
2001 p	1.12	5.39	4.27	0.36	0.44	0.08	1.14	0.61	0.54	0.33

1 Including depreciation of and adjustments for tangible and intangible assets, but excluding depreciation of and adjustments for assets leased ("broad" definition). — **2** Up to end-1998, volume of business; from 1999, balance sheet total. — **3** Excluding the volume of business/balance sheet total of the foreign branches of savings banks.

Deutsche Bundesbank

Net profit or net loss on financial operations	Net other operating income or charges	Net income or net charges from the valuation of assets (other than tangible or financial fixed assets)	Operating result (col 10 to col 13)	Net other and extra-ordinary income or charges	Profit for the financial year before tax (col 14 plus col 15)	Taxes on income and earnings	Profit or loss (–) for the financial year after tax (col 16 less col 17)	*Memo item* Balance sheet total 2, 3	Financial year
11	12	13	14	15	16	17	18	19	
								DM billion	
0.5	1.5	– 30.9	33.3	– 0.5	32.8	15.5	17.3	7,085.3	1994
4.4	1.4	– 20.5	40.8	– 2.2	38.6	19.1	19.5	7,592.9	1995
4.1	1.4	– 22.1	43.5	– 4.3	39.2	20.3	18.9	8,545.9	1996
5.3	2.2	– 25.1	44.2	– 4.0	40.2	19.8	20.4	9,625.1	1997
7.1	5.2	– 27.2	44.4	21.5	65.9	31.1	34.7	10,778.2	1998
7.0	4.8	– 22.5	48.1	– 6.3	41.8	17.6	24.2	11,845.3	1999
								€ billion	
3.6	2.4	– 11.5	24.6	– 3.2	21.4	9.0	12.4	6,056.4	1999
6.4	2.0	– 15.9	19.9	– 0.6	19.3	6.7	12.6	6,716.3	2000
5.4	3.6	– 19.5	12.9	1.2	14.1	3.7	10.4	7,090.8	2001 p
								Change from the previous year in % 4	
+ 946.4	– 6.7	+ 33.4	+ 22.3	– 364.2	+ 17.4	+ 23.0	+ 12.3	+ 7.4	1995
– 6.0	+ 0.9	– 7.4	+ 6.8	– 96.2	+ 1.7	+ 6.5	– 2.9	+ 12.6	1996
+ 24.3	+ 58.2	– 13.6	+ 1.7	+ 6.9	+ 2.7	– 2.5	+ 8.3	+ 12.6	1997
+ 34.0	+ 148.6	– 8.3	+ 0.9	.	+ 64.2	+ 58.0	+ 70.1	+ 12.1	1998
+ 1.7	– 7.7	+ 17.1	+ 8.3	.	– 36.5	– 43.6	– 30.2	+ 9.9	1999
+ 79.8	– 16.4	– 38.0	– 19.1	+ 81.4	– 9.6	– 24.9	+ 1.5	+ 10.9	2000
– 16.7	+ 78.1	– 23.0	– 35.2	+ 305.7	– 26.8	– 44.8	– 17.2	+ 5.6	2001 p
								Percentage of the average balance sheet total	
0.01	0.02	– 0.44	0.47	– 0.01	0.46	0.22	0.24	.	1994
0.06	0.02	– 0.27	0.54	– 0.03	0.51	0.25	0.26	.	1995
0.05	0.02	– 0.26	0.51	– 0.05	0.46	0.24	0.22	.	1996
0.06	0.02	– 0.26	0.46	– 0.04	0.42	0.21	0.21	.	1997
0.07	0.05	– 0.25	0.41	0.20	0.61	0.29	0.32	.	1998
0.06	0.04	– 0.19	0.41	– 0.05	0.35	0.15	0.20	.	1999
0.10	0.03	– 0.24	0.30	– 0.01	0.29	0.10	0.19	.	2000
0.08	0.05	– 0.28	0.18	0.02	0.20	0.05	0.15	.	2001 p

Statistical increase in the volume of business due to the inclusion of the foreign branches: in 1994, regional institutions of credit cooperatives + DM13.8 billion; in 1998, mortgage banks + DM1.3 billion. — **4** Statistical changes have been eliminated.

Credit institutions' profit and loss accounts *

Financial year	Number of reporting institutions	Interest business: Net interest received (col 3 less col 4)	Interest business: Interest received	Interest business: Interest paid	Non-interest business: Net commissions received (col 6 less col 7)	Non-interest business: Commissions received	Non-interest business: Commissions paid	General administrative spending: Total (col 9 plus col10)	General administrative spending: Staff costs	General administrative spending: Total other administrative spending 1	Partial operating result (col 2 plus col 5 less col 8)
	1	2	3	4	5	6	7	8	9	10	11
	All categories of banks										
		DM million									
1998	3,167	147,515	602,854	455,339	37,010	43,603	6,593	125,201	70,123	55,078	59,324
1999	2,897	152,209	631,467	479,258	43,930	52,338	8,408	137,284	75,174	62,109	58,855
		€ million									
1999	2,897	77,823	322,864	245,041	22,461	26,760	4,299	70,192	38,436	31,756	30,092
2000	2,636	76,894	369,946	293,052	28,095	33,793	5,698	77,673	41,997	35,676	27,316
2001 p	2,423	79,135	382,205	303,070	25,326	31,214	5,888	81,037	43,032	38,005	23,424
	Commercial banks										
		DM million									
1998	258	45,727	159,303	113,576	19,341	22,932	3,591	47,941	25,937	22,004	17,127
1999	224	50,410	176,093	125,684	24,681	28,469	3,788	60,361	30,943	29,418	14,729
		€ million									
1999	224	25,774	90,035	64,261	12,619	14,556	1,937	30,862	15,821	15,041	7,531
2000	224	25,731	117,211	91,480	16,822	19,617	2,795	36,806	18,562	18,244	5,747
2001 p	213	27,228	120,976	93,748	15,228	18,589	3,361	38,909	19,155	19,754	3,547
	Big banks										
		DM million									
1998	3	21,381	76,785	55,404	11,414	13,114	1,700	25,664	14,766	10,898	7,131
1999	4	28,068	118,111	90,042	15,467	17,346	1,880	36,480	19,654	16,826	7,055
		€ million									
1999	4	14,351	60,389	46,038	7,908	8,869	961	18,652	10,049	8,603	3,607
2000	4	14,174	79,073	64,899	10,205	11,251	1,046	22,770	12,182	10,588	1,609
2001 p	4	14,727	81,187	66,460	9,454	11,134	1,680	24,505	12,688	11,817	– 324
	Regional banks and other commercial banks										
		DM million									
1998	174	22,909	77,151	54,242	6,794	8,504	1,710	20,217	10,188	10,029	9,486
1999	192	22,046	55,804	33,758	9,122	10,964	1,842	23,380	11,127	12,253	7,788
		€ million									
1999	192	11,272	28,532	17,260	4,664	5,606	942	11,954	5,689	6,265	3,982
2000	193	11,377	36,799	25,422	6,550	8,291	1,741	13,696	6,296	7,400	4,231
2001 p	188	12,339	38,238	25,899	5,702	7,377	1,675	14,248	6,399	7,849	3,793
	Branches of foreign banks										
		DM million									
1998	26	275	2,588	2,313	105	147	42	559	157	402	– 179
1999	28	295	2,179	1,883	92	158	66	501	162	338	– 113
		€ million									
1999	28	151	1,114	963	47	81	34	256	83	173	– 58
2000	27	180	1,339	1,159	67	75	8	340	84	256	– 93
2001 p	21	162	1,551	1,389	72	78	6	156	68	88	78
	Land banks										
		DM million									
1998	13	13,615	120,670	107,055	2,076	2,872	796	8,796	4,640	4,156	6,895
1999	13	16,411	140,200	123,788	2,812	4,755	1,942	11,588	5,912	5,676	7,636
		€ million									
1999	13	8,391	71,683	63,292	1,438	2,431	993	5,925	3,023	2,902	3,904
2000	13	8,386	84,761	76,375	1,943	3,185	1,242	6,479	3,364	3,115	3,850
2001 p	13	9,519	87,500	77,981	1,745	2,831	1,086	7,255	3,613	3,642	4,009

* For footnotes see p 38–39.

Deutsche Bundesbank

Net profit or net loss on financial operations	Net other operating income or charges	Net income or net charges from the valuation of assets (other than tangible or financial fixed assets)	Operating result (col 11 to col 14)	Net other and extraordinary income or charges [2]	Profit for the financial year before tax (col 15 plus col 16)	Taxes on income and earnings [3]	Profit or loss (–) for the financial year after tax (col 17 less col 18)	Withdrawals from or transfers to (–) reserves and participation rights capital [4]	Balance sheet profit or loss (–) (col 19 plus col 20)	*Memo item* Average annual balance sheet total [5, 6]	Financial year
12	13	14	15	16	17	18	19	20	21	22	
										All categories of banks	
										DM million	
7,079	5,184	– 27,164	44,423	21,463	65,886	31,148	34,738	– 16,553	18,185	10,778,199	1998
7,016	4,788	– 22,514	48,145	– 6,319	41,825	17,579	24,246	– 8,263	15,983	11,845,257	1999
										€ million	
3,587	2,448	– 11,511	24,616	– 3,231	21,385	8,988	12,397	– 4,225	8,172	6,056,385	1999
6,449	2,046	– 15,886	19,925	– 601	19,324	6,747	12,577	– 3,975	8,602	6,716,341	2000
5,373	3,644	– 19,534	12,907	1,236	14,143	3,726	10,417	– 3,850	6,567	7,090,826	2001 p
										Commercial banks	
										DM million	
4,237	1,397	– 7,882	14,879	18,371	33,250	14,802	18,448	– 8,742	9,706	3,143,441	1998
5,169	1,463	– 8,105	13,257	162	13,419	3,704	9,715	– 2,345	7,370	3,523,421	1999
										€ million	
2,643	748	– 4,144	6,778	83	6,861	1,894	4,967	– 1,199	3,768	1,801,497	1999
5,371	868	– 4,012	7,974	– 1,563	6,411	695	5,716	– 1,147	4,569	2,201,783	2000
4,720	1,240	– 6,153	3,354	899	4,253	446	3,807	– 2,042	1,765	2,362,423	2001 p
										Big banks	
										DM million	
1,465	– 814	– 2,523	5,259	17,163	22,422	11,504	10,918	– 5,486	5,432	1,665,557	1998
4,207	– 634	– 5,824	4,804	863	5,666	685	4,981	– 1,177	3,804	2,437,024	1999
										€ million	
2,151	– 324	– 2,978	2,456	441	2,897	350	2,547	– 602	1,945	1,246,031	1999
4,761	– 327	– 2,352	3,691	– 510	3,181	– 443	3,624	– 1,325	2,299	1,508,019	2000
4,882	195	– 3,900	853	2,098	2,951	– 438	3,389	– 1,154	2,235	1,653,158	2001 p
										Regional banks and other commercial banks	
										DM million	
2,409	2,033	– 5,060	8,868	1,184	10,052	3,127	6,925	– 3,216	3,709	1,359,340	1998
704	2,050	– 2,282	8,259	– 700	7,559	2,944	4,616	– 1,158	3,458	1,024,243	1999
										€ million	
360	1,048	– 1,167	4,223	– 358	3,865	1,505	2,360	– 592	1,768	523,687	1999
442	1,151	– 1,651	4,173	– 1,052	3,121	1,125	1,996	186	2,182	659,720	2000
– 191	1,030	– 2,218	2,414	– 1,203	1,211	840	371	– 885	– 514	672,803	2001 p
										Branches of foreign banks	
										DM million	
252	108	– 54	127	22	149	55	94	– 7	87	68,061	1998
258	47	2	194	–	194	76	117	– 10	108	62,154	1999
										€ million	
132	24	1	99	–	99	39	60	– 5	55	31,779	1999
168	44	– 9	110	– 1	109	13	96	– 8	88	34,044	2000
29	15	– 35	87	4	91	44	47	– 3	44	36,462	2001 p
										Land banks	
										DM million	
1,427	1,794	– 5,845	4,271	1,410	5,681	2,597	3,084	– 1,700	1,384	2,180,454	1998
751	1,181	– 2,945	6,622	– 278	6,345	2,807	3,538	– 1,872	1,666	2,656,093	1999
										€ million	
384	604	– 1,506	3,386	– 142	3,244	1,435	1,809	– 957	852	1,358,039	1999
680	573	– 1,756	3,347	– 504	2,843	1,371	1,472	– 629	843	1,506,853	2000
573	859	– 3,181	2,260	– 423	1,837	296	1,541	– 637	904	1,599,330	2001 p

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

Financial year	Number of reporting institutions	Interest business: Net interest received (col 3 less col 4)	Interest received	Interest paid	Non-interest business: Net commissions received (col 6 less col 7)	Commissions received	Commissions paid	General administrative spending: Total (col 9 plus col 10)	Staff costs	Total other administrative spending 1	Partial operating result (col 2 plus col 5 less col 8)
	1	2	3	4	5	6	7	8	9	10	11
	Savings banks										
		DM million									
1998	594	43,430	104,410	60,980	8,317	8,701	384	35,247	21,118	14,129	16,500
1999	578	43,543	100,193	56,651	9,069	9,521	452	35,228	21,092	14,137	17,383
		€ million									
1999	578	22,263	51,228	28,965	4,637	4,868	231	18,012	10,784	7,228	8,888
2000	561	21,526	52,774	31,248	5,052	5,355	303	18,335	10,993	7,342	8,243
2001 p	536	21,576	54,435	32,859	4,736	5,010	274	18,659	11,059	7,600	7,653
	Regional institutions of credit cooperatives										
		DM million									
1998	4	2,921	17,814	14,893	759	1,117	358	2,192	1,022	1,170	1,488
1999	4	2,582	17,618	15,036	773	1,389	616	2,394	1,101	1,293	960
		€ million									
1999	4	1,320	9,008	7,688	395	710	315	1,224	563	661	491
2000	3	1,821	11,800	9,979	499	979	480	1,323	621	702	997
2001 p	2	1,480	11,769	10,289	354	647	293	1,316	614	702	518
	Credit cooperatives										
		DM million									
1998	2,248	25,297	58,919	33,622	5,472	6,016	544	23,196	13,501	9,695	7,573
1999	2,032	25,555	57,366	31,812	6,351	7,002	651	23,623	13,812	9,810	8,283
		€ million									
1999	2,032	13,066	29,331	16,265	3,247	3,580	333	12,078	7,062	5,016	4,235
2000	1,791	12,887	29,920	17,033	3,601	3,988	387	12,547	7,252	5,295	3,941
2001 p	1,619	12,852	30,770	17,918	3,104	3,458	354	12,577	7,345	5,232	3,379
	Mortgage banks										
		DM million									
1998	32	9,004	94,571	85,567	– 153	369	522	2,664	1,534	1,130	6,187
1999	32	8,087	93,676	85,589	– 176	327	503	2,372	1,262	1,111	5,539
		€ million									
1999	32	4,135	47,896	43,761	– 90	167	257	1,213	645	568	2,832
2000	31	3,995	51,095	47,100	– 47	187	234	1,337	689	648	2,611
2001 p	27	4,005	53,012	49,007	– 75	182	257	1,402	694	708	2,528
	Banks with special functions										
		DM million									
1998	18	7,521	47,167	39,646	1,198	1,596	398	5,165	2,371	2,794	3,554
1999	14	5,621	46,320	40,699	421	876	456	1,717	1,052	665	4,324
		€ million									
1999	14	2,874	23,683	20,809	215	448	233	878	538	340	2,211
2000	13	2,548	22,385	19,837	225	482	257	846	516	330	1,927
2001 p	13	2,475	23,743	21,268	234	497	263	919	552	367	1,790
	Memo item Banks majority-owned by foreign banks 7										
		DM million									
1998	68	4,970	13,209	8,239	2,309	2,758	449	5,160	2,505	2,655	2,119
1999	60	5,197	13,004	7,808	2,548	3,123	575	5,457	2,625	2,832	2,288
		€ million									
1999	60	2,657	6,649	3,992	1,303	1,597	294	2,790	1,342	1,448	1,170
2000	55	2,517	7,105	4,588	1,262	2,049	787	2,840	1,381	1,459	939
2001 p	51	3,018	11,676	8,658	1,426	2,233	807	3,217	1,474	1,743	1,227

***** Excluding building and loan associations, institutions in liquidation and institutions with a truncated financial year. — **1** Including depreciation of and adjustments for tangible and intangible assets, but excluding depreciation of and adjustments for assets leased ("broad" definition). — **2** Excess of charges over income: –. — **3** In part, including taxes paid by legally dependent building and loan associations affiliated to *Land* banks. — **4** Including profit or loss brought forward and withdrawals from or transfers to the fund for general

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Net profit or net loss on financial operations	Net other operating income or charges	Net income or net charges from the valuation of assets (other than tangible or financial fixed assets)	Operating result (col 11 to col 14)	Net other and extraordinary income or charges 2	Profit for the financial year before tax (col 15 plus col 16)	Taxes on income and earnings 3	Profit or loss (–) for the financial year after tax (col 17 less col 18)	Withdrawals from or transfers to (–) reserves and participation rights capital 4	Balance sheet profit or loss (–) (col 19 plus col 20)	*Memo item* Average annual balance sheet total 5, 6	
12	13	14	15	16	17	18	19	20	21	22	Financial year
										Savings banks	
										DM million	
916	338	– 5,889	11,865	152	12,017	7,619	4,398	– 1,820	2,578	1,724,574	1998
462	514	– 3,049	15,310	– 4,739	10,571	6,311	4,260	– 1,707	2,552	1,753,403	1999
										€ million	
236	263	– 1,559	7,828	– 2,423	5,405	3,227	2,178	– 873	1,305	896,501	1999
150	– 109	– 4,229	4,055	977	5,032	2,770	2,262	– 976	1,286	922,381	2000
– 11	411	– 4,951	3,102	571	3,673	1,651	2,022	– 825	1,197	948,723	2001 p
										Regional institutions of credit cooperatives	
										DM million	
186	47	– 728	993	1,785	2,778	529	2,249	– 2,015	234	386,145	1998
501	88	– 714	835	– 155	681	209	471	– 201	270	428,417	1999
										€ million	
256	45	– 365	427	– 79	348	107	241	– 103	138	219,046	1999
219	17	– 1,108	125	710	835	265	570	– 465	105	234,249	2000
132	138	– 772	16	286	302	115	187	– 108	79	239,709	2001 p
										Credit cooperatives	
										DM million	
185	1,083	– 3,546	5,295	341	5,636	3,419	2,217	– 498	1,719	989,676	1998
96	1,162	– 4,002	5,539	– 628	4,911	2,736	2,175	– 399	1,776	1,024,894	1999
										€ million	
49	594	– 2,046	2,832	– 321	2,511	1,399	1,112	– 204	908	524,020	1999
23	325	– 2,445	1,844	250	2,094	1,096	998	85	1,083	525,687	2000
– 39	495	– 2,614	1,221	742	1,963	805	1,158	– 234	924	534,337	2001 p
										Mortgage banks	
										DM million	
15	101	– 1,165	5,138	– 645	4,493	1,864	2,629	– 618	2,011	1,446,545	1998
–	176	– 1,563	4,152	– 487	3,665	1,584	2,081	– 68	2,013	1,552,201	1999
										€ million	
–	90	– 799	2,123	– 249	1,874	810	1,064	– 35	1,029	793,628	1999
1	305	– 1,681	1,236	– 462	774	463	311	188	499	880,137	2000
– 1	273	– 1,121	1,679	– 495	1,184	324	860	681	1,541	924,683	2001 p
										Banks with special functions	
										DM million	
113	424	– 2,109	1,982	49	2,031	318	1,713	– 1,160	553	907,364	1998
37	203	– 2,136	2,429	– 196	2,234	227	2,007	– 1,670	336	906,828	1999
										€ million	
19	104	– 1,092	1,242	– 100	1,142	116	1,026	– 854	172	463,654	1999
5	67	– 655	1,344	– 9	1,335	87	1,248	– 1,031	217	445,251	2000
– 1	228	– 742	1,275	– 344	931	89	842	– 685	157	481,621	2001 p
										Memo item Banks majority-owned by foreign banks 7	
										DM million	
237	576	– 720	2,212	– 80	2,132	693	1,439	– 518	921	256,528	1998
– 23	579	– 972	1,872	– 853	1,019	632	387	542	929	253,890	1999
										€ million	
– 12	296	– 497	957	– 436	521	323	198	277	475	129,812	1999
– 116	454	– 324	953	21	974	251	723	229	952	126,022	2000
– 143	328	– 419	993	– 269	724	348	376	134	510	168,517	2001 p

banking risks. — **5** Up to end-1998, volume of business; from 1999, balance sheet total. — **6** Excluding the balance sheet total/volume of business of the foreign branches of savings banks. — **7** Separate presentation of the (legally independent) credit institutions majority-owned by foreign banks and included in the categories “Regional banks and other commercial banks” and “Mortgage banks”.

Credit institutions' charge and income items

Financial year	Number of reporting institutions	Charges: Total	Interest paid	Commissions paid	Net loss on financial operations	Gross loss on transactions in goods and subsidiary transactions	General administrative spending: Total	Staff costs: Total	Wages and salaries	Social security costs and costs relating to pensions and other benefits: Total	*of which* Pensions	Other administrative spending 1
		DM million										
1993	3,845	508,554	358,371	3,071	37	–	86,507	57,221	44,968	12,253	4,801	29,286
1994	3,675	508,019	346,224	3,217	1,209	–	90,147	59,039	46,378	12,661	4,557	31,108
1995	3,571	527,936	365,373	3,308	207	–	95,834	62,814	48,713	14,101	5,702	33,020
1996	3,458	553,979	377,496	4,115	383	–	100,398	64,434	50,018	14,416	5,549	35,964
1997	3,359	597,592	409,914	4,960	625	–	106,781	67,097	52,182	14,915	5,563	39,684
1998	3,167	666,066	455,339	6,593	289	–	114,367	70,123	53,679	16,444	6,524	44,244
1999	2,897	696,747	479,258	8,408	1,048	–	126,395	75,174	58,217	16,957	6,902	51,221
		€ million										
1999	2,897	356,241	245,041	4,299	536	–	64,625	38,436	29,766	8,670	3,529	26,189
2000	2,636	412,264	293,052	5,698	370	–	71,853	41,997	32,772	9,225	3,843	29,856
2001 p	2,423	430,539	303,070	5,888	828	–	75,229	43,032	33,767	9,265	3,892	32,197

1 Spending item does not include depreciation of and adjustments for tangible and intangible assets, shown net of depreciation of assets leased ("narrow" definition). All other tables are based on a broad definition of "other administrative spending". — **2** In part, including

Financial year	Income: Total	Interest received: Total	from lending and money market transactions	from debt securities and Debt Register claims	Current income: Total	from shares and other variable-yield securities	from participating interests 1	from shares in affiliated enterprises	Profits transferred under profit-pooling and profit transfer agreements	Commissions received
	DM million									
1993	524,301	467,357	398,413	68,944	9,032	3,698	1,955	3,379	845	29,659
1994	525,311	465,862	390,532	75,330	12,755	4,407	3,356	4,992	1,271	30,503
1995	547,389	486,795	409,177	77,618	10,865	4,628	2,255	3,982	1,265	30,394
1996	572,862	503,250	424,031	79,219	13,081	6,150	2,155	4,776	1,998	33,339
1997	617,995	535,553	452,798	82,755	16,737	8,301	2,900	5,536	2,184	39,056
1998	700,804	578,663	488,258	90,405	22,551	10,627	3,628	8,296	1,640	43,603
1999	720,993	604,647	505,191	99,456	24,546	12,969	2,789	8,788	2,275	52,338
	€ million									
1999	368,638	309,151	258,300	50,851	12,550	6,631	1,426	4,493	1,163	26,760
2000	424,841	351,570	290,904	60,666	16,994	7,951	2,219	6,824	1,382	33,793
2001 p	440,956	362,966	297,937	65,029	17,362	9,841	2,165	5,356	1,877	31,214

1 In the case of cooperative societies, including amounts paid up on members' shares.

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Value adjustments in respect of tangible and intangible assets: Total	Value adjustments in respect of tangible and intangible assets: *of which* Assets leased	Other operating charges	Value adjustments in respect of loans and advances, and provisions for contingent liabilities and for commitments	Value adjustments in respect of participating interests, shares in affiliated enterprises and transferable securities held as financial fixed assets	Charges incurred through loss transfers	Transfers to special reserves	Extraordinary charges	Taxes on income and earnings 2	Other taxes	Profits transferred under profit-pooling and profit transfer agreements	Financial year
										DM million	
8,765	397	3,224	25,250	326	743	651	933	17,883	2,063	730	1993
8,925	312	3,078	31,566	1,569	882	638	1,426	15,543	2,505	1,090	1994
9,707	382	4,750	23,421	521	949	171	983	19,111	2,198	1,403	1995
10,073	439	5,294	25,061	571	2,105	388	2,921	20,347	2,838	1,989	1996
10,564	478	6,022	28,655	596	909	609	4,258	19,838	2,016	1,845	1997
11,328	494	6,362	30,059	545	1,294	358	6,395	31,148	243	1,746	1998
11,680	792	6,122	30,339	1,078	1,013	8,479	3,237	17,579	376	1,735	1999
										€ million	
5,972	405	3,130	15,512	551	518	4,335	1,655	8,988	192	887	1999
6,243	423	4,280	17,902	1,747	751	59	2,271	6,747	179	1,112	2000
6,287	479	4,254	22,277	1,814	2,770	114	2,216	3,726	217	1,849	2001 p

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

Net profit on financial operations	Gross profit on transactions in goods and subsidiary transactions	Value re-adjustments in respect of loans and advances, and provisions for contingent liabilities and for commitments	Value re-adjustments in respect of participating interests, shares in affiliated enterprises and transferable securities held as financial fixed assets	Other operating income: Total	Other operating income: *of which* from leasing business	Income from the release of special reserves	Extraordinary income	Income from loss transfers	Financial year
								DM million	
6,827	667	1,271	815	6,747	464	342	684	55	1993
1,698	605	670	2,996	6,830	365	371	1,607	143	1994
4,602	570	2,878	851	8,184	1,594	413	455	117	1995
4,513	548	2,993	1,174	9,461	1,668	342	972	1,191	1996
5,931	507	3,564	2,264	10,246	1,841	822	820	311	1997
7,368	457	2,895	15,740	11,826	988	298	15,087	676	1998
8,064	432	7,825	6,083	11,645	1,021	319	2,607	213	1999
								€ million	
4,123	221	4,001	3,110	5,954	522	163	1,333	109	1999
6,819	201	2,016	2,329	6,727	536	1,840	1,025	145	2000
6,201	184	2,743	5,770	8,410	678	1,491	2,385	353	2001 p