

## The performance of German credit institutions in 1996

In 1996 the overall performance of German credit institutions was satisfactory. There was a rise in net interest and net commissions received. At the same time, administrative expenses increased fairly moderately. The partial operating result (net interest and net commissions received less administrative expenses), which had fallen in 1995, therefore went up vigorously again. However, the overall performance failed to keep pace with the sharp expansion of the volume of business. Especially the interest margin (the ratio of net interest received to the volume of business) narrowed perceptibly. Profitability was also squeezed by the increase in risk provisioning for domestic lending, higher tax payments and a rising adverse balance on "extraordinary income and charges". Overall, the profit for the financial year before tax therefore rose only slightly, and actually fell on an after-tax basis. The reported balance sheet profit, at DM 12½ billion, was somewhat higher than in the preceding year owing to slightly lower transfers to reserves. The available financial statements for the first half of the year suggest that banks' performance in the financial year 1997 may likewise turn out to be satisfactory. Although the interest margin is likely to remain under pressure, credit institutions will probably benefit significantly from developments in the securities markets.

## Overview

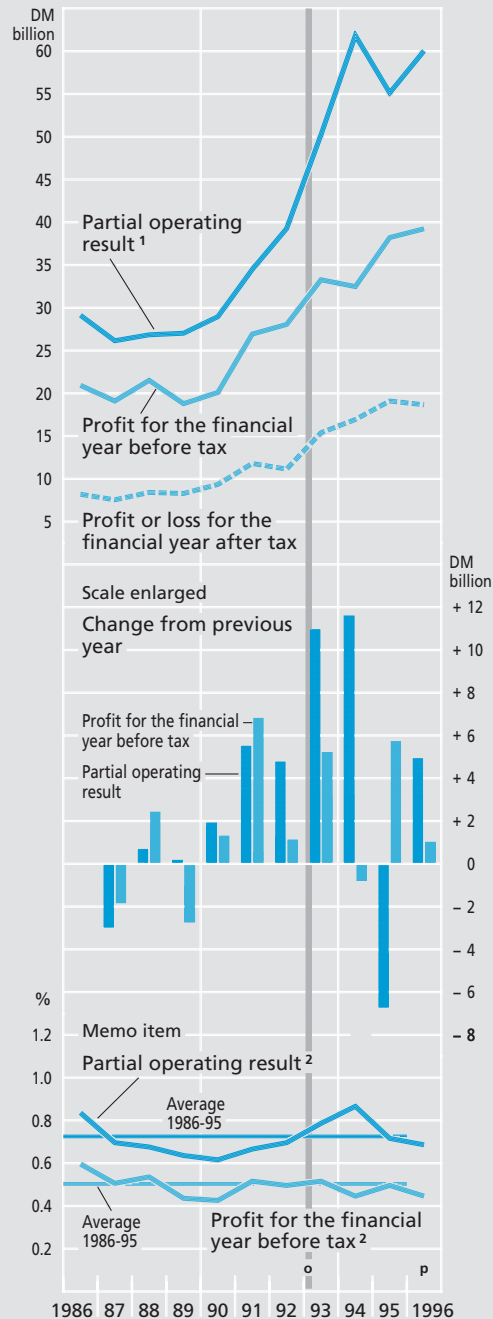
*Rise in net interest and net commissions received*

German credit institutions were mostly able to stabilise their profitability in 1996. The favourable state of the capital market helped to cushion the effects of a further tightening of competition. The banks' operating income rose compared with the year before. Net interest received, which had been flat in 1995, increased by DM 7½ billion (or 5.5%) to almost DM 141 billion. However, the rise in net interest received lagged distinctly behind the sharp expansion of the volume of business (of slightly over 12½%). In lending business, lower-margin credit was dominant. Such lending was mainly driven by long-term real property and public sector loan business, as well as by wholesale banking and inter-bank operations. In deposit business, the trend towards more market-related interest rates persisted. As a result, interest spreads remained under pressure; the interest margin (i.e. the ratio of net interest received to the average volume of business) fell from 1.76% to an all-time low of 1.65%. Non-interest business developed quite satisfactorily in 1996. This owed a great deal to the favourable state of the securities markets. Net commissions received went up by slightly more than DM 2 billion to some DM 29 billion; this represented an increase of almost 8%. The net profit on financial operations, at DM 4.1 billion (-6%), did not quite come up to the level of the previous year.

*Higher partial operating result*

The profitability benefited from the moderate trend of administrative expenses. The latter improved by almost DM 5 billion, or 4½%, to DM 110 billion, and thus markedly less

### The performance of credit institutions \*



\* From the financial year 1990 including Postbank. — 1 Before 1993 "Operating result". — 2 As a percentage of the average volume of business. — o From the financial year 1993 including east German credit institutions and in accordance with the new accounting regulations.

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than in 1995 (slightly above 6½%). Staff costs, in particular, increased very moderately (by 2.6%). Relative to the average volume of business, administrative expenses fell from 1.38% to 1.29%. The partial operating result (net interest and net commissions received less general administrative expenses), which declined noticeably in 1995, rose by DM 4.6 billion, or just above 8%.

*Higher risk provisioning and deterioration in net extraordinary income or charges*

At the same time, banks' risk provisioning went up somewhat. Although – as in the previous year – credit institutions hardly had to write down debt securities owing to the favourable capital market trend, the risk situation in domestic lending business deteriorated because of the rising number of corporate insolvencies. After deduction of the negative balance from the valuation of assets, banks recorded an operating result of not quite DM 44 billion; that was DM 3 billion more than a year before. However, the virtual doubling of the negative balance of extraordinary income and charges offset a good part of that increase. As a result, the profit for the financial year before tax grew by only DM 1 billion, or slightly above 2½%, to DM 39½ billion. After deduction of the higher tax expenditure, the banks recorded a profit of DM 19 billion (– DM ½ billion), or 0.22% of the volume of business (against 0.26% in 1995). Of that sum, approximately DM 6½ billion was transferred to the reserves, and DM 12½ billion was shown as balance sheet profit.<sup>1</sup>

*Fall in the return on capital*

The return on capital (measured as the profit for the financial year before tax as a percentage of the capital) fell from 12.76% in the financial year 1995 to 12.04% in 1996. The –

non-risk-weighted – equity ratio, meaning the ratio of the capital shown in the balance sheet (including participation rights capital and the fund for general banking risks) to the average volume of business, fell slightly from 3.98% in 1995 to 3.85%.

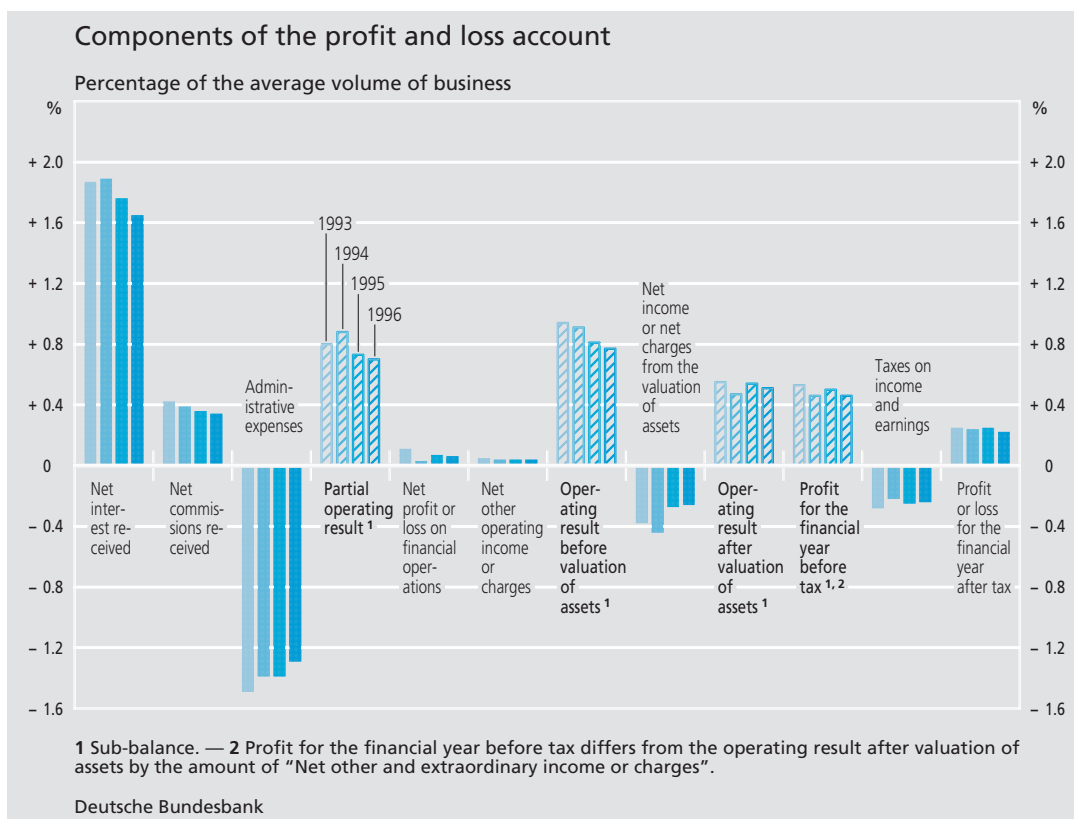
### Trends in major individual income and cost factors

#### Net interest received

In interest business, which remains their most important source of income, credit institutions again improved their net interest received considerably (by DM 7.3 billion, or 5.5%) to almost DM 141 billion in 1996, after it had stagnated in 1995. Interest receivable rose by DM 19½ billion and interest payable by DM 12 billion. As a result, net interest received, viewed by itself, reached an unprecedented peak. However, relative to the

*Rise in net interest received, but fall in the interest margin*

<sup>1</sup> The analysis of the profit and loss accounts for the financial year 1996 is based on the annual accounts of credit institutions, which, under section 26 of the Banking Act, these are required to submit annually to the Federal Banking Supervisory Office and the Bundesbank. All credit institutions reporting for the Monthly Balance Sheet Statistics (including their branches abroad) – other than institutions in liquidation, institutions with a truncated financial year and building and loan associations – are covered. Consolidated figures are not included; nor is Deutsche Kreditbank. The figures for 1995 are based on the approved annual accounts, and to that extent may differ from the data published in the August 1996 article on profitability in 1995. The figures presented here for the financial year 1996 are provisional, in that some of them are derived from annual accounts which have not yet been approved by the appropriate bodies. A detailed breakdown of profit and loss accounts classified by the individual categories of banks is presented in the tables appended to this article. Particular reference is made to the explanations in the footnotes. In addition, the figures on the profit and loss accounts of the subsidiaries of German banks in Luxembourg are briefly analysed once again.



sharply increased volume of business (almost DM 8,550 billion), the interest margin calculated in this way reached the lowest level since 1968, when it was computed for the first time.<sup>2</sup>

*Low-margin lending in the forefront*

The rise in net interest received was due, in particular, to the sharp expansion of the volume of business (12 ½ %). A further positive stimulus came from maturity transformation, which was triggered by the persistently steep yield curve. At the same time, however, the interest margin contracted noticeably, since volume growth was mainly confined to the lower-margin areas of business. About one-quarter of the increase in the volume of business of some DM 950 billion was accounted for by the branches abroad, which are mainly engaged in wholesale banking and interbank

operations. Another quarter was attributable to the upturn (of almost 14 %) in lending to other domestic credit institutions. Interest payable and interest receivable cancel out among the latter – i.e. in respect of domestic business and taking an overall view of all banks; they therefore do not contribute to net interest received.

The focus of lending to non-banks was on long-term lending, which – if refinanced at matching maturities – offers rather tight margins. This applies, firstly, to residential housing loans, whose growth (at almost 10 %) was fostered by the continued low level of interest rates, the buyer-friendly property market and

*Less demand for short-term lending*

<sup>2</sup> Published for the first time in: Deutsche Bundesbank, Earnings in the banking industry, Monthly Report, November 1976, pages 15–28

the indications of a reduction in residential construction promotion. Secondly, direct lending to the public sector, which is mainly geared to the long term, and long-term lending to enterprises likewise grew noticeably. Enterprises took advantage of the low interest rates to reschedule their debt on a major scale. By contrast, short and medium-term lending, which is more attractive to the banks, was less in demand. Households were reluctant to take up consumer credit in view of the muted income prospects and the widespread job insecurity. Enterprises' demand for operating credits was often low owing to the sluggish economic trend. In addition, the fierce competition for corporate customers with a first-class rating tended to squeeze margins.

*Further structural increase in the cost of funds*

The contraction of the interest margin also owed something to the continuation of the structural increase in the cost of funds, which has been evident for some years now. The proportion of deposits that carry rates of interest which are closely related to market conditions has risen further. At the same time, it seems to be increasingly difficult for banks to push through further cuts in interest rates on the liabilities side in view of the low level those rates have already reached. As a percentage of the average volume of business, interest payable fell from 4.81% to 4.42%, and hence less than interest receivable, which declined from 6.57% to 6.07%.

*Further tightening of competition*

This unfavourable development of the interest payable (from the banks' point of view) was mainly due to the further tightening of competition in the banking and financial sys-

tem. This was attributable not only to the fact that investors have become ever more yield-conscious but also to the circumstance that present-day information technology provides customers with a better and quicker overview of the products on offer; at the same time, banks' annual reports indicate that on average customers' ties to individual institutions are becoming looser. The banking industry has responded to these trends by offering deposit products at more attractive interest rates – especially in the field of savings deposits at three months' notice. Furthermore, it is increasingly offering higher interest rates on sight deposits, for example on what are known as credit-card and money-market accounts, in order to stem the outflow of deposits to direct banks and money market funds.

If one analyses the longer-term movement of net interest received, it becomes evident that it fluctuates noticeably over the interest rate cycle (see the chart on page 39). During a period of rising interest rates, it often grows more slowly and, at a time of declining interest rates, it initially grows more quickly. However, if interest rates remain consistently low, its increase decelerates again. The main reason for this is the growing share of comparatively low-yielding fixed-interest-rate items with long residual maturities on the assets side during such periods. This increased share results from borrowers' preference for long-term fixed-rate loans and the dwindling of the loans and lending against securities granted in earlier periods of high interest rates. At the same time, investors are reluctant to commit themselves to longer-term

*Net interest received and the interest rate cycle*

### Interest receivable by credit institutions \*

| Item  | 1994   | 1995   | 1996 p |
|---|--|--------|--------|
|   | DM billion                                   |        |        |
| Interest receivable (total)   | 479.9  | 498.9  | 518.4  |
| from lending and money market transactions                              | 390.5  | 409.2  | 424.0  |
| from debt securities and Debt Register claims                           | 75.3   | 77.6   | 79.3   |
| Current income (total)  | 12.8   | 10.9   | 13.1   |
| from shares and other variable-yield securities                         | 4.4  | 4.6    | 6.1    |
| from participating interests 1  | 3.4  | 2.3    | 2.2    |
| from shares in affiliated undertakings                                  | 5.0  | 4.0    | 4.8    |
| Profits transferred under profit-pooling and profit transfer agreements | 1.3  | 1.3    | 2.0    |
|   | Change from previous year in % 2             |        |        |
| Interest receivable (total)   | - 1.5  | + 4.3  | + 3.9  |
| from lending and money market transactions                              | - 4.2  | + 5.1  | + 3.6  |
| from debt securities and Debt Register claims                           | + 8.1  | + 3.2  | + 2.1  |
| Current income (total)  | + 38.5                                       | - 14.5 | + 20.3 |
| from shares and other variable-yield securities                         | + 19.1                                       | + 6.3  | + 32.8 |
| from participating interests 1  | + 71.7                                       | - 32.8 | - 4.6  |
| from shares in affiliated undertakings                                  | + 40.4                                       | - 20.2 | + 19.9 |
| Profits transferred under profit-pooling and profit transfer agreements | + 50.4                                       | - 0.5  | + 58.6 |
|   | Percentage of the average volume of business |        |        |
| Interest receivable (total)   | 6.77   | 6.57   | 6.07   |
| from lending and money market transactions                              | 5.51   | 5.39   | 4.96   |
| from debt securities and Debt Register claims                           | 1.06   | 1.02   | 0.93   |
| Current income (total)  | 0.18   | 0.14   | 0.15   |
| from shares and other variable-yield securities                         | 0.06   | 0.06   | 0.07   |
| from participating interests 1  | 0.05   | 0.03   | 0.03   |
| from shares in affiliated undertakings                                  | 0.07   | 0.05   | 0.06   |
| Profits transferred under profit-pooling and profit transfer agreements | 0.02   | 0.02   | 0.02   |

\* Including east German credit institutions and in accordance with the new accounting regulations. — 1 Including amounts paid up on members' shares in the case of cooperative societies. — 2 Statistical changes have been eliminated.

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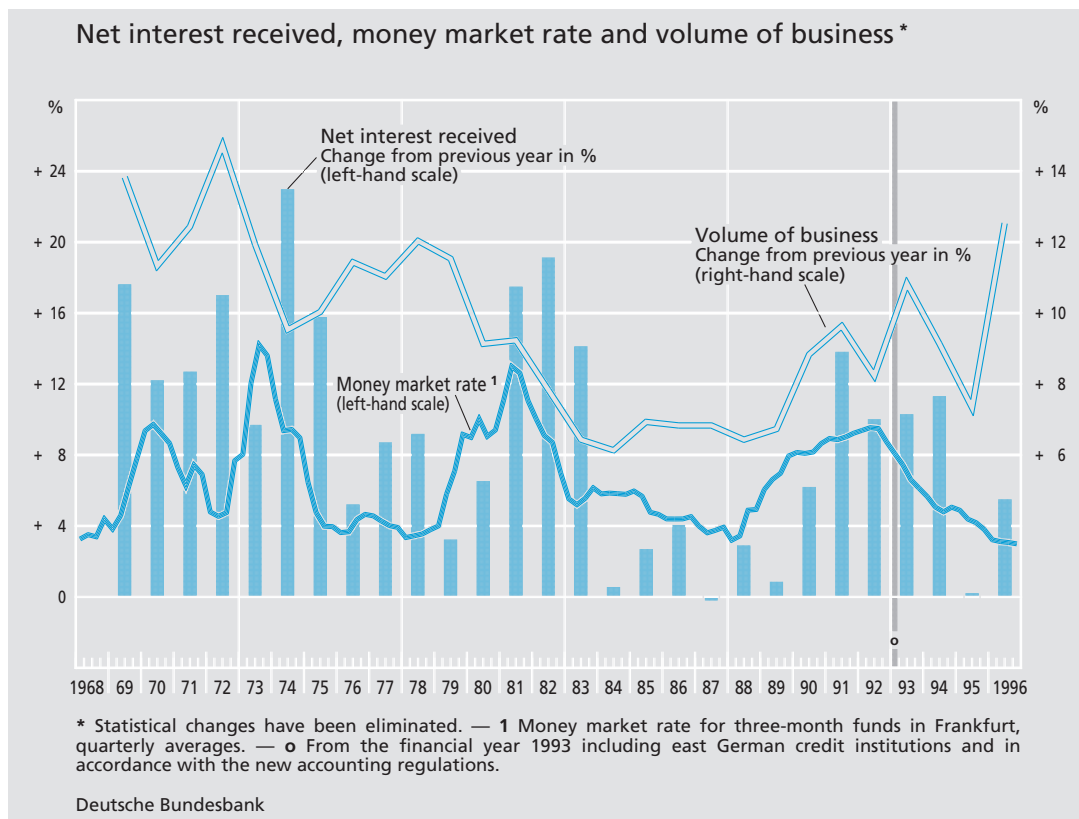
fixed-rate investments and, instead, prefer short-term investments yielding market-related rates. Interest rate risks are thus increasingly shifted to the banks. During persistent periods of low interest rates, banks are therefore well advised to focus more on refinancing at matching rates of interest and matching maturities in order to contain their exposure to interest rate risks.

The interest received from lending and money market transactions rose by DM 15 billion, or 3.6 %, to DM 424 billion in 1996, and thus less strongly than total interest received (3.9 %). Debt securities and Debt Register claims contributed almost DM 80 billion to interest received, i.e. just over DM 1½ billion more than a year earlier. About one-half of these receipts was accounted for by savings banks and regional giro institutions. Current income from equities, participating interests and shares in affiliated undertakings, at just over DM 13 billion, approximately regained the level of 1994, after a slight fall in 1995. However, the 1994 figure was distorted on the upside by non-recurring special distributions. The current income item also includes – with a corresponding time-lag – some earnings paid out by group companies or subsidiaries, to which parts of the bank's original business have been shifted, primarily perhaps from the non-interest segment. To this extent, the net interest received tends to be overstated.

*Components of interest receivable*

The net interest received of east German credit institutions improved by almost DM 0.4 billion to DM 8.0 billion in 1996. The interest margin declined from 2.70 % in 1995 to

*Net interest received of east German institutions*



2.51%; this fall was twice as steep as that of the institutions domiciled in western Germany (from 1.72 % to 1.62 %). Even so, the interest margin in eastern Germany was still distinctly higher, primarily owing to the lower cost of refinancing. As a percentage of the average volume of business, the interest received by east German institutions fell from 6.30 % in 1995 to 6.09 %, whereas the interest paid remained virtually unchanged, at 3.58 %. These ratios show that the performance of east German institutions continues to approach that of west German credit institutions, albeit slowly. However, higher-margin lending to non-banks still accounts for a below-average proportion of the business of east German savings banks and credit co-operatives, which are of particular interest in this context; the proportion accounted for by

interbank credit and lending against securities is correspondingly higher. On the liabilities side, the trend towards high-yielding investment categories persisted, as is reflected in the growth of special savings facilities and the heavier sales of banks' own issues. At the same time, investors' pronounced preference for liquidity continued. This was reflected in the fact that the share of sight deposits in the volume of business was twice as high as in western Germany.

Regarding the narrowing of interest margins among the various categories of banks in Germany, savings banks, credit cooperatives, the heterogeneous group of regional banks and private bankers, at about (minus) ten basis points, were more or less in line with the overall average. Mortgage banks regis-

*Interest margins,  
by category of  
bank*

tered hardly any decline, since their lending business, i.e. mortgage loans and loans to public authorities, has more stable margins and is financed at matching interest rates. Regional giro institutions were the only category of banks which was able to improve its interest margins slightly, presumably through additional income from maturity transformation in interbank operations. As in the previous year, it was big banks that suffered the sharpest decline, viz. from 1.93 % in 1995 to 1.71%. Apparently this primarily reflects the strong expansion of the volume of business of their foreign branches, presumably relating chiefly to their wholesale customer and interbank transactions. Among the larger categories of banks, savings banks and credit co-operatives continued to have the widest interest margins, at 2.91% each.

### Net commissions received

Net commissions received fared well in 1996 despite the tightening of competition. They improved by DM 2.1 billion (8 %) to a total of DM 29.2 billion, even though commissions payable rose to an above-average extent. Net commissions received benefited considerably from the favourable development of equities and investment fund certificates, which fuelled securities commission business and placing business. Investors' interest was aroused, in particular, by the flotation of Deutsche Telekom. Brokerage business in bonds, by contrast, was less dynamic. This is suggested by the sluggish rise in stock market turnover in debt securities (+ 3 %) and the distinct restraint shown by domestic non-banks with regard to net purchases of fixed-

rate paper. This presumably owes something to the low level of interest rates, the rise in interest rates around the middle of the year and the debate surrounding European monetary union.

The growth of financial assets and the demand for additional old age provision contributed to an increase in income from asset management. Moreover, banks earned quite well from commission business in the context of the one-stop financing strategies of financial groups or affiliated groups. This applies, for example, to sales of life insurance policies, building and loan contracts and investment fund certificates. Owing to the persistently heavy demand for mortgage loans and the upturn in exports, the net commissions received from lending and foreign trade business went up as well. As regards the contribution of payment business to net commissions received, there are, however, signs of a change in trend. A downward trend is now discernible. In view of the fierce competition among the direct banks and the telebanking facilities which are increasingly available to customers, many credit institutions make corresponding concessions in their pricing policy, or set up direct banking subsidiaries or departments of their own.

The ratios on net commissions received must be qualified to some extent insofar as the figures from foreign consolidated institutions – which are not analysed here – show comparatively high net commissions received, which are reflected – at least in part – in current income and therefore, with a time-lag, in the net interest received by the parent com-

*Sources of net  
commissions  
received*

*Satisfactory  
performance of  
commissions*

*Informative  
value of net  
commissions  
received*

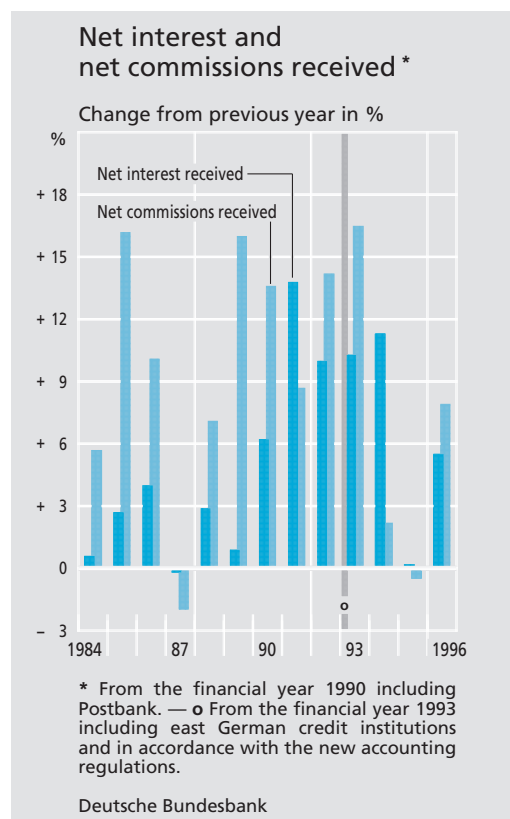


pany<sup>3</sup>. Moreover, the ratio of net commissions received to the average volume of business (commission margin) has to be interpreted with a grain of salt, since non-interest business is in effect not included in the volume of business; hence a fall in this ratio owing to a sharp expansion of the volume of business (as in 1996, when the commission margin dropped from 0.36 % to 0.34 %) enables non-interest business to be assessed only with reservations. More informative would be a comparison between the movement of net commissions received and that of net interest received. Taking the average of the past ten years (1986–1995), net interest received has risen by 5.8 %, whereas net commissions received have increased by 8.4 %. This demonstrates the growing significance of non-interest business. After an interruption in 1994-5, this trend resumed last year. Commission business continues to play the biggest role among the big banks. In 1996, big banks generated net commissions received amounting to some DM 8 billion – more than one-quarter of the net commissions received by all banks; they were followed by savings banks, regional banks and credit cooperatives.

### Administrative expenses

The overall performance in the financial year 1996 was greatly fostered by the sluggish rise in administrative expenses. At barely DM 5 billion, or 4.6 %, to a total of DM 110 billion, the increase was distinctly below the average of the past ten years (6.4 %). The ratio of gross cover-requiring expenses (administrative expenses as a percentage of the average

*Small rise in administrative expenses and especially in staff costs*



volume of business) fell from 1.38 % in 1995 to 1.29 %. The decisive factor in the movement of administrative expenses was the moderate rise in staff costs of only DM 1.6 billion, or 2.6 % – a low rate by historical standards, too. This trend owed something, firstly, to the restrained wage settlements for the private banking sector and the public sector (the latter is of importance for large parts of the savings bank sector). Secondly, the number of employees at the credit institutions covered by this performance analysis fell by about 7,000 (– 1 %) to some 727,000 persons in 1996. The staff cuts occurred in the private banking sector and – albeit to a lesser

<sup>3</sup> The individual income and expense items of consolidated institutions are included in the present analysis where credit institutions domiciled in Germany are concerned.

extent – also among savings banks and credit cooperatives; they are likely to have mainly affected areas performing non-bank-specific activities or activities which are particularly suitable for automation. Conversely, the growing proportion of more highly qualified staff members tended to increase personnel expenditure.

*Continued heavy investment in EDP and communications systems*

Other administrative expenses, totalling DM 45.6 billion, went up by DM 3.3 billion and thus twice as fast as staff costs. The most important factor in this increase of 7.7 % is the consistently heavy investment in the expansion of EDP and in information and communications systems, which constitute a decisive competitive factor. In the past twenty years, other administrative expenses have risen perceptibly more than staff costs, and now account for 41½ % (1975: only 31½ %) of total administrative expenses. This investment is part of the ongoing efforts to limit the rise in banks' costs – efforts which are now starting to bear fruit. The distribution channels of the banking industry are becoming increasingly differentiated, in accordance with the various target groups. A growing role in this is being played by direct sales, in the form of "electronic banking services", which are made possible by the appropriate communications systems, and the supply of which is being fostered by competition on the part of direct banks, discount brokers and network operators. In addition to the branches that offer standard services, there are increasing numbers of advice-oriented branches with capabilities in the areas of corporate financing and real property financing or investment counselling.

Branch networks were streamlined further; the number of outlets fell once again by about 500. Most recently, some banks have responded to the lengthening of shopping hours by making corresponding changes to bank opening hours, or by opening special banking shops in supermarkets. On the other hand, credit institutions are increasingly offering self-service facilities. Within six years, the number of automated teller machines (ATMs) alone has almost tripled to nearly 38,000. All in all, the number of institutions fell by just over 100 to 3,517. Since the inclusion of east German institutions in 1990, more than 1,000 banks have closed or merged.

*Further streamlining of branch networks*

It was the category of big banks that recorded – owing to the expansion of the volume of business – the largest economies of scale; their gross cover-requiring expenses (administrative expenses as a percentage of the average volume of business) fell by 21 basis points to 1.84 %. Among savings banks, this ratio dropped from 2.17 % to 2.11 %, and among credit cooperatives from 2.53 % to 2.44 %. Among banks domiciled in Germany, administrative expenses increased by almost DM 0.1 billion, with other operating expenses declining.

*Decline in gross cover-requiring expenses*

### Partial operating result

The additional income from net interest and net commissions received was offset only in part by the moderate rise in administrative expenses. As a result, the partial operating result grew by DM 4½ billion, or slightly above 8 %, to a total of DM 60 billion. The earnings

*Rise in partial operating result*

Performance of the various categories of banks in 1996 \* · P

| Category of bank                             | Partial operating result 1 |        | Operating result 2 |         | Profit for the financial year before tax 3 |        | Memo item            |
|--|----------------------------|--------|--------------------|---------|--|--------|----------------------|
|  | DM million                 | % 5    | DM million         | % 5     | DM million                                 | % 5    | Volume of business 4 |
| All categories of banks                      | 60,058                     | + 8.3  | 43,931             | + 7.8   | 39,593                                     | + 2.7  | + 12.6               |
| Big banks                                    | 6,599                      | + 11.9 | 5,901              | + 13.7  | 5,471                                      | + 28.9 | + 20.6               |
| Regional banks and other commercial banks    | 9,622                      | + 12.3 | 6,662              | - 0.2   | 5,569                                      | - 1.6  | + 12.5               |
| Branches of foreign banks                    | 10                         | - 89.7 | 151                | - 5.0   | 138  | - 8.6  | + 5.5                |
| Private bankers                              | 437                        | + 22.4 | 297                | + 175.0 | 298  | + 37.3 | + 2.4                |
| Regional giro institutions                   | 5,811                      | + 23.4 | 4,638              | + 24.8  | 3,495                                      | + 5.2  | + 15.4               |
| Savings banks                                | 19,725                     | + 2.7  | 12,471             | + 3.8   | 12,688                                     | + 3.0  | + 7.0                |
| Regional institutions of credit cooperatives | 1,128                      | + 0.2  | 1,332              | + 20.2  | 1,261                                      | + 21.7 | + 17.0               |
| Credit cooperatives                          | 9,036                      | + 3.2  | 6,770              | + 1.0   | 6,981                                      | + 2.0  | + 7.1                |
| Mortgage banks                               | 4,744                      | + 15.0 | 3,780              | + 17.4  | 3,439                                      | + 16.4 | + 17.9               |
| Credit institutions with special functions   | 2,946                      | + 12.1 | 1,929              | + 3.6   | 253  | - 86.1 | + 7.0                |

\* Including east German credit institutions and in accordance with the new accounting regulations. — 1 Net interest and net commissions received less general administrative expenses. — 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 tangible and 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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margin (partial operating result as a percentage of the volume of business) fell minimally from 0.73 % to 0.70 %. The decline was registered only by west German banks; among east German banks, by contrast, the earnings margin went up.

### Net profit or net loss on financial operations

In own-account trading in securities, foreign exchange, precious metals and derivatives, the generally buoyant capital market and especially the upsurge in share prices brought credit institutions a profit of DM 4.1 billion. The foci of the banks' business were rather heterogeneous. The slight fall compared with the outcome a year before (DM 4.4 billion) was probably due to the rise in capital market

*Slight fall in  
own-account  
trading profits*

rates in the middle of 1996. Some market participants were wrong – as was shown in the annual reports – in their assessment of the interest rate trend. The closing of open positions tended to lessen earnings at some banks. Some banks also suffered valuation losses in foreign exchange positions. Big banks, which registered a slightly higher net profit, generated almost one-half of the net profit together with regional banks; the savings bank sector as a whole accounted for nearly one-third. The income from these operations rose especially strongly (from DM 28 million in 1995 to DM 125 million) among the branches of foreign banks.

### Net other operating income or charges

*Slight improvement in net other operating income*

Net other operating income improved slightly – viz. by about DM 0.1 billion to somewhat above DM 1.5 billion – and thus did not have a noticeable effect on the performance in 1996. The reported income figure of DM 10.1 billion (+ DM 1.3 billion) resulted from leasing business (DM 1.7 billion, especially from banking subsidiaries of the motor groups), from the continued slight decline in credit cooperatives' trading in goods (DM 0.5 billion), from other operating income from real property business (rents, leases, disposals) and from the release of other provisions. A major factor in charges, which totalled DM 8.5 billion (+ DM 1.2 billion), was the increase in "other taxes" (including wealth taxes) of DM 0.6 billion to DM 2.8 billion. The other operating charges also included provisions for losses – other than those affecting lending or securities business – and for early-retirement payments and payments of damages.

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

*Operating result before the valuation of assets higher as well*

If we add the income from own-account trading and other operative business totalling DM 5.7 billion to the partial operating result, this generates an operating result before the valuation of assets amounting to DM 65.7 billion last year, an increase of DM 4.4 billion compared with 1995. In other words, German credit institutions were able to stabilise their profitability, even in the current period of upheaval.

If general administrative expenses are expressed as a percentage of the net interest and net commissions received or of the earnings from operating bank business,<sup>4</sup> this yields the cost/income ratio. That shows what percentage administrative expenses absorb of the – more narrowly or more broadly defined – earnings from banking business. This concept is identical in meaning to that of "charges as a percentage of income", which has previously been used in these articles. The movement of the cost/income ratio reflects relative changes between administrative expenses and income, and therefore an improvement or deterioration in the efficiency of operating business.

*Improvement in the cost/income ratio*

Taking the average of all banks, this ratio – in the broader definition – fell from 63.2 % to 62.6 % in 1996; productivity in the banking sector thus increased. However, developments were rather diverse among the individual categories of banks. The size of the cost/income ratios is determined by the typical business structure of a category of bank. It is the categories of mortgage banks and regional giro institutions, with their mostly large-scale business, that come off best here (see the table on page 46).

### Net income or net charges from the valuation of assets

The valuation of loans and advances, assets and securities held as a liquid reserve required an increase of DM 1.3 billion in expenditure

*Rise in risk provisions in lending business*

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<sup>4</sup> Net interest and net commissions received, net profit or net loss on financial operations, net other operating income or expenses.

Operating result before net income or net charges from the valuation of assets <sup>\*</sup>, <sup>o</sup>

| Category of bank                             | 1994       |      | 1995       |      | 1996 p     |      |
|--|------------|------|------------|------|------------|------|
|  | DM million | % 1  | DM million | % 1  | DM million | % 1  |
| All categories of banks                      | 64,219     | 0.91 | 61,298     | 0.81 | 65,738     | 0.77 |
| Big banks                                    | 7,975      | 0.96 | 6,893      | 0.76 | 7,603      | 0.69 |
| Regional banks and other commercial banks    | 10,327     | 1.08 | 10,232     | 1.00 | 11,337     | 0.99 |
| Branches of foreign banks                    | 160        | 0.36 | 141        | 0.28 | 148        | 0.28 |
| Private bankers                              | 664        | 1.00 | 498        | 1.01 | 565        | 1.15 |
| Regional giro institutions                   | 5,867      | 0.44 | 5,818      | 0.40 | 7,084      | 0.43 |
| Savings banks                                | 20,590     | 1.51 | 19,493     | 1.36 | 19,530     | 1.27 |
| Regional institutions of credit cooperatives | 2,159      | 0.94 | 1,443      | 0.58 | 1,461      | 0.50 |
| Credit cooperatives                          | 10,071     | 1.28 | 9,685      | 1.15 | 9,921      | 1.10 |
| Mortgage banks                               | 3,592      | 0.45 | 4,147      | 0.46 | 4,628      | 0.44 |
| Credit institutions with special functions   | 2,814      | 0.42 | 2,948      | 0.42 | 3,461      | 0.46 |

\* Including east German credit institutions and in accordance with the new accounting regulations. — <sup>o</sup> Partial operating result plus net profit or net loss on financial

operations and net other operating income or charges. — <sup>1</sup> As a percentage of the average volume of business.

Deutsche Bundesbank

compared with 1995. All in all, the unfavourable balance affecting the profit and loss account amounted to DM 21.8 billion. Write-downs and value adjustments totalling DM 24.9 billion were accompanied by write-ups and releases of provisions amounting to DM 3.1 billion. The rise in net charges from the valuation of assets is very largely due to write-downs and value adjustments on non-performing loans, especially those to domestic borrowers. Given the sluggish movement of business activity and the difficulties faced by the east German economy, the risk situation of lenders has tended to deteriorate. The number of corporate insolvencies in Germany mounted by 14 % to about 25,500 in 1996. On the other hand, the banks hardly needed to make any value adjustments on debt securities (DM 0.8 billion) on account of

capital markets trends. Furthermore, the overall provision for country risks was apparently kept at a somewhat lower level. Among east German credit institutions, the net charges from the valuation of assets absorbed more than one-half of the operating result before such valuation; among the institutions domiciled in western Germany, this proportion was about one-third. Some credit cooperatives in eastern Germany, and also some in western Germany, had to request assistance from their association.

The undisclosed reserves pursuant to section 340f of the Commercial Code were raised somewhat on balance, albeit considerably less than a year before. Some credit institutions took advantage of the option of realising capital gains in securities, thus offsetting

*Conversion of undisclosed reserves into disclosed ones*

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

%

| Category of bank                             | General administrative expenses as a percentage of |      |        |   |      |        |
|--|--|------|--------|---|------|--------|
|  | gross earnings <sup>1</sup>                        |      |        | operational income from banking business <sup>2</sup> |      |        |
|  | 1994   | 1995 | 1996 p | 1994  | 1995 | 1996 p |
| All categories of banks                      | 61.4   | 65.5 | 64.7   | 60.6  | 63.2 | 62.6   |
| Big banks                                    | 68.6   | 76.0 | 75.4   | 69.0  | 73.0 | 72.6   |
| Regional banks and other commercial banks    | 61.5   | 65.7 | 64.2   | 59.6  | 61.6 | 60.3   |
| Branches of foreign banks                    | 76.1   | 79.9 | 98.0   | 68.1  | 73.6 | 76.4   |
| Private bankers                              | 74.7   | 79.5 | 76.8   | 71.1  | 74.4 | 72.0   |
| Regional giro institutions                   | 52.2   | 58.3 | 55.4   | 50.4  | 53.1 | 50.5   |
| Savings banks                                | 58.5   | 62.0 | 62.2   | 58.7  | 61.6 | 62.4   |
| Regional institutions of credit cooperatives | 43.5   | 59.2 | 60.6   | 41.4  | 53.1 | 54.3   |
| Credit cooperatives                          | 68.3   | 70.9 | 70.9   | 66.6  | 68.7 | 68.9   |
| Mortgage banks                               | 32.8   | 32.6 | 31.0   | 33.5  | 32.5 | 31.6   |
| Credit institutions with special functions   | 66.5   | 67.6 | 63.7   | 64.8  | 65.0 | 59.9   |

<sup>1</sup> Aggregate net interest and net commissions received. —

<sup>2</sup> Gross earnings plus net profit or net loss on financial operations and net other operating income or charges.

Deutsche Bundesbank

necessary write-downs of loans. The realisation of these capital gains simultaneously increased the risk that a future rise in capital market rates will again entail write-downs of market prices. The release by some banks of already taxed undisclosed reserves (formed pursuant to section 340 f of the Commercial Code), which were transferred to the fund for general banking risks pursuant to section 340 g of the Commercial Code, is to be assessed differently. This transfer did not have any effect on performance or the tax position. Economically speaking, these funds act as disclosed reserves. They are therefore counted as core capital. The balance sheet statistics for May show that by 1997 a total of DM 3.6 billion had been transferred to that fund (May 1996: DM 2.5 billion).

### Operating result after the valuation of assets, and net other and extraordinary income or charges

In 1996 the banks' operating result after the valuation of assets rose by DM 3.2 billion to DM 43.9 billion. Despite this increase of almost 8%, the ratio of the operating result to the average volume of business fell from 0.54% in the preceding year to 0.51% (see the table on page 53). Profitability was hit comparatively hard by the virtual doubling of the adverse balance of extraordinary income or charges, to – DM 4.3 billion. This increase absorbed the bulk of the improvement in the operating result. The decisive factor was an upturn of DM 2 billion in extraordinary charges. The bulk of this amount was accounted for by the charges of an institution

*Slight improvement in the operating result*

from the category of banks with special functions, reflecting provisions for foreseeable expenses arising from privatisation-induced charges for certain services in the next few years and likely to have a correspondingly favourable effect on that institution's future performance. Expenditure on loss transfers, for example on behalf of group subsidiaries, was accompanied by corresponding earnings by those subsidiaries. With respect to the income from, or expenditure on, financial assets (participations, shares in affiliated undertakings, securities carried as fixed assets), the banks also took advantage of nettings pursuant to subsection 2 of section 340c of the Commercial Code.

#### Profit for the financial year before and after tax

*Profit for the financial year rose little*

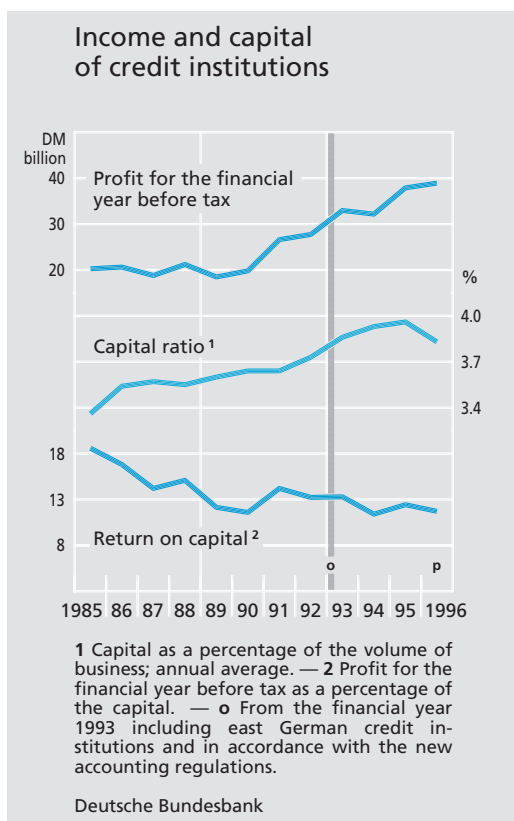
In an overall view, in 1996 the profit for the financial year before tax rose marginally (by just over DM 1 billion, or slightly below 3%) to a total of DM 39.6 billion; as a percentage of the average volume of business, this implies a decline from 0.51% to 0.46%. Excluding the above-mentioned extraordinary charges incurred by the category of banks with special functions, the profit for the financial year as a whole would have risen by more than 6½%. There were marked differences (see the table on page 43) in the results of the various categories of banks. It was big banks' profit for the financial year that rose most (29%). The regional institutions of credit cooperatives (almost 22%) and mortgage banks (16½%) – whose typical lines of business flourished particularly in 1996 – also fared very well. Regional giro institutions'

#### Breakdown of other and extraordinary income or charges \*

| DM million  |         |         |         |
|---|---------|---------|---------|
| Item  | 1994    | 1995    | 1996 P  |
| Net other and extraordinary income or charges   | - 488   | - 2,191 | - 4,338 |
| <b>Income</b>   |         |         |         |
| from value re-adjustments in respect of participating interests, shares in affiliated undertakings and transferable securities held as financial fixed assets | 2,996   | 851     | 1,170   |
| from the release of special reserves  | 371     | 413     | 343     |
| from loss transfers   | 143     | 117     | 1,192   |
| Extraordinary income  | 1,607   | 455     | 865     |
| <b>Charges</b>  |         |         |         |
| Value adjustments in respect of participating interests, shares in affiliated undertakings and transferable securities held as financial fixed assets         | - 1,569 | - 521   | - 570   |
| Charges incurred through loss transfers   | - 882   | - 949   | - 2,077 |
| Transfers to special reserves   | - 638   | - 171   | - 387   |
| Extraordinary charges   | - 1,426 | - 983   | - 2,912 |
| Profits transferred under profit-pooling and profit transfer agreements   | - 1,090 | - 1,403 | - 1,962 |

\* Including east German credit institutions and in accordance with the new accounting regulations.

Deutsche Bundesbank



profit for the year went up by just over 5%; the growth among savings banks (3%) and credit cooperatives (2%) was somewhat weaker.

Taxes on income and earnings represented a charge totalling DM 20.6 billion on credit institutions' performance. This was about DM 1.5 billion more than in the previous year. In addition to the somewhat higher profit for the financial year, this may have owed something to relatively stronger direct reinvestment or less recourse to "pay out-take back" increases in capital. The tax burden rose particularly strongly among big banks and mortgage banks, whereas it declined among regional giro institutions.

Heavier tax burden

The profit for the financial year after tax amounted to DM 19 billion; this was DM 1/2 billion less than a year before. Net allocations to reserves fell by DM 1.2 billion; correspondingly, the balance sheet profit was shown at DM 12 1/2 billion, DM 0.8 billion more than in 1995.

Decline in the profit for the financial year after tax

The return on capital, i.e. the ratio of the profit for the financial year before tax to the capital as reported in the balance sheet (including participation rights capital and the fund for general banking risks), deteriorated distinctly in 1996, dropping from 12.76% in the previous year to 12.04%. At the same time, the capital ratio contracted from 3.98% to 3.85%. German credit institutions increased their capital in 1996 to much the same extent as in 1995 – and therefore significantly less than in 1994.

Fall in return on capital and capital ratio

### Performance of the subsidiaries of German credit institutions in Luxembourg

The earning performance of the subsidiaries of German credit institutions in Luxembourg<sup>5</sup> in the financial year 1996 was more favourable than that of domestic banks. Their profit for the financial year before tax rose by DM 250 million, or 11 1/2%, to a total of DM 2.4

Earning performance better than that of domestic institutions ...

<sup>5</sup> At the end of 1996, a total of 125 foreign subsidiaries majority-owned by German banks from 26 countries were reporting for the Monthly Balance Sheet Statistics. At that date their volume of business amounted to DM 673.8 billion. 48% of this sum was accounted for by the 31 subsidiaries in Luxembourg (1995: as much as 54%). The volume of business of the subsidiaries in Luxembourg is therefore just over one-half as high as that of all foreign branches of German credit institutions (end of 1996: DM 1,306 billion), whose profits are included in the results of domestic credit institutions.



### Comparison of performance between German credit institutions and their subsidiaries in Luxembourg \*

Percentage of the average volume of business <sup>o</sup>

| Financial year | Net interest and net commissions received |                              | Partial operating result or gross earnings |                            | Operating result             |                            | Profit for the financial year before tax or profit before tax |                            |
|----------------|---|------------------------------|--|----------------------------|------------------------------|----------------------------|---|----------------------------|
|                | Domestic credit institutions 1            | Subsidiaries in Luxembourg 2 | Domestic credit institutions 1             | Subsidiaries in Luxembourg | Domestic credit institutions | Subsidiaries in Luxembourg | Domestic credit institutions 1                                | Subsidiaries in Luxembourg |
| 1984           | 2.38                                      | 0.63                         | 0.94                                       | 0.95                       | .                            | .                          | 0.66  | 0.08                       |
| 1985           | 2.41                                      | 0.70                         | 0.90                                       | 1.19                       | .                            | .                          | 0.64  | 0.17                       |
| 1986           | 2.37                                      | 0.65                         | 0.85                                       | 1.10                       | .                            | .                          | 0.61  | 0.20                       |
| 1987           | 2.21                                      | 0.46                         | 0.71                                       | 0.96                       | .                            | .                          | 0.52  | 0.27                       |
| 1988           | 2.16                                      | 0.41                         | 0.69                                       | 1.05                       | .                            | .                          | 0.55  | 0.46                       |
| 1989           | 2.08                                      | 0.19                         | 0.65                                       | 0.82                       | .                            | .                          | 0.45  | 0.31                       |
| 1990           | 2.11                                      | 0.15                         | 0.63                                       | 1.20                       | .                            | .                          | 0.44  | 0.16                       |
| 1991           | 2.17                                      | 0.21                         | 0.68                                       | 0.78                       | .                            | .                          | 0.53  | 0.20                       |
| 1992           | 2.21                                      | 0.26                         | 0.71                                       | 0.90                       | .                            | .                          | 0.51  | 0.42                       |
| 1993           | 2.29                                      | 1.03                         | 0.80                                       | 0.81                       | 0.55                         | 0.76                       | 0.53  | 0.77                       |
| 1994           | 2.27                                      | 0.95                         | 0.88                                       | 0.72                       | 0.47                         | 0.72                       | 0.46  | 0.69                       |
| 1995           | 2.12                                      | 0.88                         | 0.73                                       | 0.66                       | 0.54                         | 0.71                       | 0.51  | 0.71                       |
| 1996 p         | 1.99                                      | 0.84                         | 0.70                                       | 0.61                       | 0.51                         | 0.76                       | 0.46  | 0.75                       |

\* From the financial year 1993 including east German credit institutions and in accordance with the new accounting regulations. — <sup>o</sup> Until the end of 1984 as a percentage of the balance sheet total at the end of the

financial year. — 1 From the financial year 1990 including Deutsche Bundespost Postbank (from 1995: Deutsche Postbank AG). — 2 Until 1992 excluding current receipts from securities and participating interests.

Deutsche Bundesbank

billion; after the deduction of earnings-related taxes totalling DM 770 million, the profit for the financial year came to a good DM 1.6 billion. These were both record figures. The volume of business of the Luxembourg subsidiaries rose by a total of 5 %, and thus somewhat more moderately.

The main reason for the high level of profit for the year in 1996 was the strong improvement in income from the valuation of loans, participating interests and especially securities held as financial fixed assets. Mainly, it seems, because of the release of value adjustments on country exposures, a net positive contribution of slightly below DM 50 million accrued, whereas in 1995 the accounts were burdened by a net charge of – DM 230 million from the valuation of assets. The net profit on financial

operations, which also includes the valuation of the securities held as liquid reserves, likewise improved by almost DM 100 million, to some DM 540 million. In this connection, the banks benefited considerably from the buoyant tone of the markets.

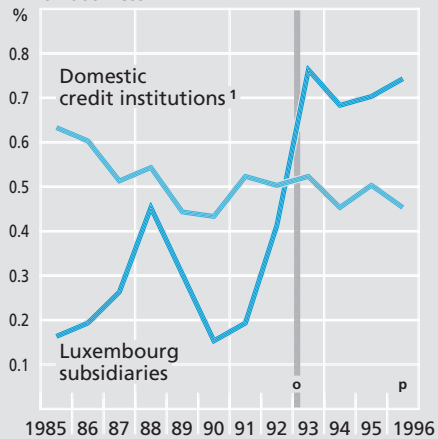
By contrast, the aggregate partial operating result of the Luxembourg subsidiaries deteriorated slightly, viz. by DM 60 million to some DM 1.9 billion. Net interest received, still the most important source of earnings, fell by some DM 50 million to DM 2,120 million; the interest margin contracted from 0.72 % to 0.67 %. In interbank transactions, which dominate both the assets and the liabilities side of the balance sheet, the squeeze on margins increased further for competitive reasons. This development might continue to

*Further contraction of the interest margin*

*... owing to net income from the valuation of assets*

### Profit or loss for the financial year of credit institutions and their subsidiaries in Luxembourg \*

Percentage of the average volume of business



\* Before tax; from the financial year 1990 including Postbank. — <sup>1</sup> Including foreign branches. — o From the financial year 1993 including east German credit institutions and in accordance with the new accounting regulations.

Deutsche Bundesbank

gather pace in view of the persistent changes in the European banking sector and the forthcoming introduction of a single European currency. Net commissions received rose by 7% in 1996, to some DM 550 million, with safe custody business probably having generated stable profits and retail customer business slightly increased profits. Administrative expenses went up by approximately 7% to some DM 740 million. Much as in the case of the domestic institutions, other administrative expenses grew more quickly than staff costs – by 10% against 4%. They now account for almost 50% of administrative expenses. Investment is continuing, especially in EDP. The number of employees has risen slightly as well.

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

Percentage of the average volume of business <sup>o</sup>

| Financial year  | All categories of banks | Big banks | Regional banks and other commercial banks | Branches of foreign banks | Private bankers | Regional giro institutions <sup>1</sup> | Savings banks | Regional institutions of credit cooperatives <sup>2</sup> | Credit cooperatives | Mortgage banks | Credit institutions with special functions <sup>3</sup> |
|---|-------------------------|-----------|---|---------------------------|-----------------|---|---------------|---|---------------------|----------------|---|
| <b>Interest receivable</b>  |                         |           |   |                           |                 |   |               |   |                     |                |   |
| 1990 <sup>3</sup>   | 7.26                    | 7.75      | 7.68                                      | 7.48                      | 8.89            | 7.33                                    | 7.23          | 7.92  | 7.56                | 6.46           | 6.11  |
| 1991  | 7.71                    | 7.87      | 8.23                                      | 7.92                      | 9.59            | 7.69                                    | 7.84          | 8.11  | 8.15                | 6.85           | 6.55  |
| 1992  | 7.98                    | 8.03      | 8.43                                      | 8.03                      | 11.36           | 7.51                                    | 8.27          | 8.55  | 8.61                | 7.49           | 6.79  |
| 1993  | 7.51                    | 7.30      | 7.62                                      | 8.42                      | 9.78            | 6.87                                    | 7.95          | 7.76  | 8.17                | 7.49           | 6.76  |
| 1994  | 6.77                    | 6.25      | 6.91                                      | 6.69                      | 8.08            | 6.49                                    | 7.33          | 6.44  | 7.34                | 7.11           | 5.57  |
| 1995  | 6.57                    | 6.07      | 6.66                                      | 5.84                      | 6.69            | 6.32                                    | 7.08          | 5.61  | 7.10                | 6.90           | 5.90  |
| 1996 p  | 6.07                    | 5.40      | 6.06                                      | 4.51                      | 5.80            | 5.90                                    | 6.61          | 4.78  | 6.54                | 6.54           | 5.67  |
| 1995 (w) <sup>4</sup>   | 6.58                    | .         | .   | .                         | .               | .                                       | 7.17          | .   | 7.13                | .              | .   |
| 1996 (w) <sup>4</sup>   | 6.06                    | .         | .   | .                         | .               | .                                       | 6.70          | .   | 6.56                | .              | .   |
| <b>Interest payable</b>   |                         |           |   |                           |                 |   |               |   |                     |                |   |
| 1990 <sup>3</sup>   | 5.54                    | 5.43      | 5.87                                      | 6.85                      | 7.13            | 6.72                                    | 4.56          | 7.26  | 4.61                | 5.76           | 4.89  |
| 1991  | 5.92                    | 5.43      | 6.32                                      | 7.25                      | 7.71            | 7.08                                    | 5.02          | 7.55  | 5.11                | 6.17           | 5.26  |
| 1992  | 6.17                    | 5.56      | 6.43                                      | 7.23                      | 9.44            | 6.86                                    | 5.39          | 7.77  | 5.53                | 6.77           | 5.66  |
| 1993  | 5.64                    | 4.93      | 5.61                                      | 7.39                      | 7.58            | 6.21                                    | 4.91          | 6.84  | 5.01                | 6.78           | 5.66  |
| 1994  | 4.89                    | 4.00      | 4.78                                      | 5.93                      | 5.85            | 5.73                                    | 4.18          | 5.15  | 4.19                | 6.42           | 4.64  |
| 1995  | 4.81                    | 4.15      | 4.65                                      | 5.12                      | 4.21            | 5.63                                    | 4.05          | 4.72  | 4.06                | 6.21           | 4.96  |
| 1996 p  | 4.42                    | 3.69      | 4.15                                      | 3.81                      | 3.41            | 5.21                                    | 3.70          | 4.02  | 3.63                | 5.88           | 4.77  |
| 1995 (w) <sup>4</sup>   | 4.86                    | .         | .   | .                         | .               | .                                       | 4.18          | .   | 4.10                | .              | .   |
| 1996 (w) <sup>4</sup>   | 4.45                    | .         | .   | .                         | .               | .                                       | 3.82          | .   | 3.66                | .              | .   |
| <b>Excess of interest receivable over interest payable = net interest received</b>          |                         |           |   |                           |                 |   |               |   |                     |                |   |
| 1990 <sup>3</sup>   | 1.72                    | 2.32      | 1.81                                      | 0.63                      | 1.76            | 0.61                                    | 2.67          | 0.66  | 2.95                | 0.70           | 1.22  |
| 1991  | 1.79                    | 2.44      | 1.91                                      | 0.67                      | 1.88            | 0.61                                    | 2.82          | 0.56  | 3.04                | 0.68           | 1.29  |
| 1992  | 1.81                    | 2.47      | 2.00                                      | 0.80                      | 1.92            | 0.65                                    | 2.88          | 0.78  | 3.08                | 0.72           | 1.13  |
| 1993  | 1.87                    | 2.37      | 2.02                                      | 1.02                      | 2.20            | 0.65                                    | 3.04          | 0.92  | 3.16                | 0.71           | 1.09  |
| 1994  | 1.89                    | 2.25      | 2.13                                      | 0.76                      | 2.23            | 0.76                                    | 3.15          | 1.29  | 3.15                | 0.69           | 0.93  |
| 1995  | 1.76                    | 1.93      | 2.01                                      | 0.72                      | 2.48            | 0.68                                    | 3.02          | 0.89  | 3.04                | 0.69           | 0.95  |
| 1996 p  | 1.65                    | 1.71      | 1.91                                      | 0.69                      | 2.39            | 0.69                                    | 2.91          | 0.76  | 2.91                | 0.67           | 0.90  |
| 1995 (w) <sup>4</sup>   | 1.72                    | .         | .   | .                         | .               | .                                       | 2.99          | .   | 3.02                | .              | .   |
| 1996 (w) <sup>4</sup>   | 1.62                    | .         | .   | .                         | .               | .                                       | 2.88          | .   | 2.90                | .              | .   |
| <b>Excess of commissions receivable over commissions payable = net commissions received</b> |                         |           |   |                           |                 |   |               |   |                     |                |   |
| 1990 <sup>3</sup>   | 0.39                    | 0.91      | 0.51                                      | 0.24                      | 0.92            | 0.10                                    | 0.44          | 0.27  | 0.49                | .              | 0.34  |
| 1991  | 0.38                    | 0.84      | 0.50                                      | 0.27                      | 0.82            | 0.08                                    | 0.47          | 0.24  | 0.51                | .              | 0.33  |
| 1992  | 0.40                    | 0.87      | 0.49                                      | 0.27                      | 0.97            | 0.11                                    | 0.53          | 0.27  | 0.55                | .              | 0.30  |
| 1993  | 0.42                    | 1.03      | 0.50                                      | 0.26                      | 1.14            | 0.10                                    | 0.50          | 0.27  | 0.58                | 0.00           | 0.25  |
| 1994  | 0.39                    | 0.87      | 0.46                                      | 0.24                      | 1.06            | 0.11                                    | 0.50          | 0.23  | 0.57                | -0.01          | 0.22  |
| 1995  | 0.36                    | 0.77      | 0.44                                      | 0.24                      | 1.21            | 0.10                                    | 0.49          | 0.22  | 0.53                | 0.00           | 0.21  |
| 1996 p  | 0.34                    | 0.73      | 0.42                                      | 0.22                      | 1.46            | 0.10                                    | 0.47          | 0.22  | 0.52                | -0.01          | 0.18  |
| 1995 (w) <sup>4</sup>   | 0.35                    | .         | .   | .                         | .               | .                                       | 0.48          | .   | 0.53                | .              | .   |
| 1996 (w) <sup>4</sup>   | 0.34                    | .         | .   | .                         | .               | .                                       | 0.47          | .   | 0.52                | .              | .   |

\* From the financial year 1993 including east German credit institutions and in accordance with the new accounting regulations. — <sup>o</sup> Excluding the volume of business of the foreign branches of savings banks and mortgage banks. Statistical increase in the volume of business owing to the inclusion of foreign branches: 1992 private bankers + DM 1.5 billion; 1994

regional institutions of credit cooperatives + DM 13.8 billion. — <sup>1</sup> Including Deutsche Girozentrale. — <sup>2</sup> Including Deutsche Genossenschaftsbank. — <sup>3</sup> From the financial year 1990 including Deutsche Bundespost Postbank (from 1995: Deutsche Postbank AG). — <sup>4</sup> West German credit institutions.

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

Percentage of the average volume of business °

| Financial year   | All categories of banks | Big banks | Regional banks and other commercial banks | Branches of foreign banks | Private bankers | Regional giro institutions 1 | Savings banks | Regional institutions of credit cooperatives 2 | Credit cooperatives | Mortgage banks | Credit institutions with special functions 3 |
|--|-------------------------|-----------|---|---------------------------|-----------------|------------------------------|---------------|--|---------------------|----------------|--|
| General administrative expenses                        |                         |           |   |                           |                 |                              |               |  |                     |                |  |
| 1990 3   | 1.48                    | 2.25      | 1.80                                      | 0.75                      | 2.24            | 0.47                         | 2.11          | 0.66   | 2.63                | 0.24           | 1.11   |
| 1991   | 1.49                    | 2.30      | 1.79                                      | 0.81                      | 2.25            | 0.44                         | 2.18          | 0.63   | 2.62                | 0.23           | 1.05   |
| 1992   | 1.50                    | 2.31      | 1.76                                      | 0.80                      | 2.24            | 0.50                         | 2.23          | 0.72   | 2.65                | 0.26           | 1.02   |
| 1993   | 1.49                    | 2.22      | 1.66                                      | 0.77                      | 2.57            | 0.46                         | 2.28          | 0.73   | 2.68                | 0.25           | 0.91   |
| 1994   | 1.39                    | 2.14      | 1.59                                      | 0.76                      | 2.46            | 0.45                         | 2.14          | 0.66   | 2.54                | 0.22           | 0.77   |
| 1995   | 1.38                    | 2.05      | 1.61                                      | 0.77                      | 2.93            | 0.46                         | 2.17          | 0.66   | 2.53                | 0.22           | 0.78   |
| 1996 p   | 1.29                    | 1.84      | 1.50                                      | 0.89                      | 2.96            | 0.43                         | 2.11          | 0.60   | 2.44                | 0.20           | 0.69   |
| 1995 (w) 4   | 1.35                    | .         | .   | .                         | .               | .                            | 2.09          | .  | 2.49                | .              | .  |
| 1996 (w) 4   | 1.26                    | .         | .   | .                         | .               | .                            | 2.04          | .  | 2.40                | .              | .  |
| Partial operating result                               |                         |           |   |                           |                 |                              |               |  |                     |                |  |
| 1990 3   | 0.63                    | 0.98      | 0.52                                      | 0.12                      | 0.44            | 0.24                         | 1.00          | 0.27   | 0.81                | 0.46           | 0.45   |
| 1991   | 0.68                    | 0.98      | 0.62                                      | 0.13                      | 0.45            | 0.25                         | 1.11          | 0.17   | 0.93                | 0.45           | 0.57   |
| 1992   | 0.71                    | 1.03      | 0.73                                      | 0.27                      | 0.65            | 0.26                         | 1.18          | 0.33   | 0.98                | 0.46           | 0.41   |
| 1993   | 0.80                    | 1.18      | 0.86                                      | 0.52                      | 0.76            | 0.30                         | 1.25          | 0.46   | 1.06                | 0.46           | 0.44   |
| 1994   | 0.88                    | 0.98      | 1.00                                      | 0.24                      | 0.83            | 0.41                         | 1.52          | 0.86   | 1.18                | 0.46           | 0.39   |
| 1995   | 0.73                    | 0.65      | 0.84                                      | 0.19                      | 0.75            | 0.33                         | 1.34          | 0.45   | 1.04                | 0.46           | 0.38   |
| 1996 p   | 0.70                    | 0.60      | 0.84                                      | 0.02                      | 0.89            | 0.35                         | 1.28          | 0.39   | 1.00                | 0.45           | 0.39   |
| 1995 (w) 4   | 0.73                    | .         | .   | .                         | .               | .                            | 1.38          | .  | 1.06                | .              | .  |
| 1996 (w) 4   | 0.70                    | .         | .   | .                         | .               | .                            | 1.31          | .  | 1.02                | .              | .  |
| Net profit or net loss on financial operations         |                         |           |   |                           |                 |                              |               |  |                     |                |  |
| 1990   | .                       | .         | .   | .                         | .               | .                            | .             | .  | .                   | .              | .  |
| 1991   | .                       | .         | .   | .                         | .               | .                            | .             | .  | .                   | .              | .  |
| 1992   | .                       | .         | .   | .                         | .               | .                            | .             | .  | .                   | .              | .  |
| 1993   | 0.11                    | 0.26      | 0.20                                      | 0.06                      | 0.38            | 0.09                         | 0.09          | 0.15   | 0.05                | 0.00           | 0.02   |
| 1994   | 0.01                    | -0.01     | 0.02                                      | 0.12                      | 0.05            | 0.00                         | 0.01          | 0.08   | 0.00                | 0.00           | 0.00   |
| 1995   | 0.06                    | 0.12      | 0.10                                      | 0.05                      | 0.16            | 0.05                         | 0.05          | 0.12   | 0.03                | 0.00           | 0.01   |
| 1996 p   | 0.05                    | 0.10      | 0.07                                      | 0.23                      | 0.12            | 0.04                         | 0.05          | 0.10   | 0.03                | 0.00           | 0.01   |
| 1995 (w) 4   | 0.06                    | .         | .   | .                         | .               | .                            | 0.05          | .  | 0.04                | .              | .  |
| 1996 (w) 4   | 0.05                    | .         | .   | .                         | .               | .                            | 0.05          | .  | 0.03                | .              | .  |
| Net income or net charges from the valuation of assets |                         |           |   |                           |                 |                              |               |  |                     |                |  |
| 1990   | .                       | .         | .   | .                         | .               | .                            | .             | .  | .                   | .              | .  |
| 1991   | .                       | .         | .   | .                         | .               | .                            | .             | .  | .                   | .              | .  |
| 1992   | .                       | .         | .   | .                         | .               | .                            | .             | .  | .                   | .              | .  |
| 1993   | -0.38                   | -0.81     | -0.53                                     | -0.11                     | -0.64           | -0.19                        | -0.45         | -0.33  | -0.32               | -0.12          | -0.17  |
| 1994   | -0.44                   | -0.47     | -0.51                                     | -0.04                     | -0.78           | -0.19                        | -0.73         | -0.73  | -0.55               | -0.19          | -0.23  |
| 1995   | -0.27                   | -0.19     | -0.35                                     | 0.05                      | -0.77           | -0.15                        | -0.52         | -0.13  | -0.35               | -0.10          | -0.16  |
| 1996 p   | -0.26                   | -0.15     | -0.41                                     | 0.01                      | -0.55           | -0.15                        | -0.46         | -0.04  | -0.35               | -0.08          | -0.20  |
| 1995 (w) 4   | -0.26                   | .         | .   | .                         | .               | .                            | -0.51         | .  | -0.35               | .              | .  |
| 1996 (w) 4   | -0.25                   | .         | .   | .                         | .               | .                            | -0.45         | .  | -0.34               | .              | .  |

For footnotes \*, ° and 1 to 4, see page 51.

Deutsche Bundesbank

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

Percentage of the average volume of business °

| Financial year                                | All categories of banks | Big banks | Regional banks and other commercial banks | Branches of foreign banks | Private bankers | Regional giro institutions 1 | Savings banks | Regional institutions of credit cooperatives 2 | Credit cooperatives | Mortgage banks | Credit institutions with special functions 3 |
|---|-------------------------|-----------|---|---------------------------|-----------------|------------------------------|---------------|--|---------------------|----------------|--|
| Operating result                              |                         |           |   |                           |                 |                              |               |  |                     |                |  |
| 1990  | .                       | .         | .   | .                         | .               | .                            | .             | .  | .                   | .              | .  |
| 1991  | .                       | .         | .   | .                         | .               | .                            | .             | .  | .                   | .              | .  |
| 1992  | .                       | .         | .   | .                         | .               | .                            | .             | .  | .                   | .              | .  |
| 1993  | 0.55                    | 0.63      | 0.58                                      | 0.47                      | 0.61            | 0.23                         | 0.87          | 0.27   | 0.91                | 0.33           | 0.29   |
| 1994  | 0.47                    | 0.49      | 0.57                                      | 0.32                      | 0.22            | 0.25                         | 0.77          | 0.20   | 0.73                | 0.26           | 0.19   |
| 1995  | 0.54                    | 0.57      | 0.65                                      | 0.32                      | 0.23            | 0.26                         | 0.84          | 0.45   | 0.80                | 0.36           | 0.27   |
| 1996 p  | 0.51                    | 0.54      | 0.58                                      | 0.28                      | 0.61            | 0.28                         | 0.81          | 0.46   | 0.75                | 0.36           | 0.26   |
| 1995 (w) 4                                    | 0.54                    | .         | .   | .                         | .               | .                            | 0.88          | .  | 0.83                | .              | .  |
| 1996 (w) 4                                    | 0.52                    | .         | .   | .                         | .               | .                            | 0.85          | .  | 0.77                | .              | .  |
| Net other and extraordinary income or charges |                         |           |   |                           |                 |                              |               |  |                     |                |  |
| 1990  | .                       | .         | .   | .                         | .               | .                            | .             | .  | .                   | .              | .  |
| 1991  | .                       | .         | .   | .                         | .               | .                            | .             | .  | .                   | .              | .  |
| 1992  | .                       | .         | .   | .                         | .               | .                            | .             | .  | .                   | .              | .  |
| 1993  | -0.02                   | -0.06     | -0.07                                     | 0.00                      | 0.02            | -0.01                        | 0.00          | -0.06  | -0.01               | -0.01          | 0.00   |
| 1994  | -0.01                   | 0.09      | -0.05                                     | -0.01                     | 0.28            | -0.05                        | -0.06         | 0.27   | -0.03               | 0.01           | 0.03   |
| 1995  | -0.03                   | -0.10     | -0.10                                     | -0.02                     | 0.22            | -0.03                        | 0.02          | -0.03  | 0.02                | -0.03          | -0.01  |
| 1996 p  | -0.05                   | -0.04     | -0.10                                     | -0.02                     | 0.00            | -0.07                        | 0.01          | -0.02  | 0.02                | -0.03          | -0.22  |
| 1995 (w) 4                                    | -0.03                   | .         | .   | .                         | .               | .                            | 0.02          | .  | 0.01                | .              | .  |
| 1996 (w) 4                                    | -0.05                   | .         | .   | .                         | .               | .                            | 0.01          | .  | 0.03                | .              | .  |
| Profit for the financial year before tax      |                         |           |   |                           |                 |                              |               |  |                     |                |  |
| 1990 3  | 0.44                    | 0.83      | 0.45                                      | -0.02                     | 0.47            | 0.12                         | 0.53          | 0.26   | 0.67                | 0.32           | 0.29   |
| 1991  | 0.53                    | 0.75      | 0.43                                      | 0.20                      | 0.50            | 0.16                         | 0.84          | 0.21   | 0.89                | 0.39           | 0.32   |
| 1992  | 0.51                    | 0.70      | 0.26                                      | 0.30                      | 0.43            | 0.18                         | 0.92          | 0.25   | 0.95                | 0.36           | 0.25   |
| 1993  | 0.53                    | 0.57      | 0.52                                      | 0.47                      | 0.62            | 0.22                         | 0.86          | 0.22   | 0.90                | 0.32           | 0.29   |
| 1994  | 0.46                    | 0.58      | 0.52                                      | 0.31                      | 0.50            | 0.20                         | 0.71          | 0.47   | 0.70                | 0.27           | 0.21   |
| 1995  | 0.51                    | 0.47      | 0.55                                      | 0.31                      | 0.46            | 0.23                         | 0.86          | 0.42   | 0.81                | 0.33           | 0.26   |
| 1996 p  | 0.46                    | 0.50      | 0.48                                      | 0.26                      | 0.61            | 0.21                         | 0.82          | 0.43   | 0.77                | 0.33           | 0.03   |
| 1995 (w) 4                                    | 0.51                    | .         | .   | .                         | .               | .                            | 0.90          | .  | 0.84                | .              | .  |
| 1996 (w) 4                                    | 0.47                    | .         | .   | .                         | .               | .                            | 0.86          | .  | 0.80                | .              | .  |
| Profit for the financial year after tax       |                         |           |   |                           |                 |                              |               |  |                     |                |  |
| 1990 3  | 0.21                    | 0.49      | 0.20                                      | -0.13                     | 0.36            | 0.06                         | 0.19          | 0.16   | 0.25                | 0.19           | 0.16   |
| 1991  | 0.24                    | 0.39      | 0.20                                      | 0.07                      | 0.39            | 0.08                         | 0.28          | 0.09   | 0.35                | 0.26           | 0.18   |
| 1992  | 0.21                    | 0.41      | 0.02                                      | 0.14                      | 0.32            | 0.09                         | 0.29          | 0.11   | 0.34                | 0.21           | 0.13   |
| 1993  | 0.25                    | 0.35      | 0.29                                      | 0.28                      | 0.54            | 0.11                         | 0.31          | 0.09   | 0.34                | 0.18           | 0.20   |
| 1994  | 0.24                    | 0.38      | 0.31                                      | 0.20                      | 0.44            | 0.11                         | 0.30          | 0.24   | 0.31                | 0.17           | 0.14   |
| 1995  | 0.26                    | 0.37      | 0.31                                      | 0.20                      | 0.38            | 0.12                         | 0.30          | 0.21   | 0.31                | 0.21           | 0.20   |
| 1996 p  | 0.22                    | 0.33      | 0.28                                      | 0.15                      | 0.48            | 0.13                         | 0.29          | 0.24   | 0.28                | 0.20           | 0.00   |
| 1995 (w) 4                                    | 0.26                    | .         | .   | .                         | .               | .                            | 0.31          | .  | 0.32                | .              | .  |
| 1996 (w) 4                                    | 0.23                    | .         | .   | .                         | .               | .                            | 0.30          | .  | 0.29                | .              | .  |

For footnotes \*, ° and 1 to 4, see page 51.

Deutsche Bundesbank

### Credit institutions' profit and loss accounts \*

| Financial year        | Interest business                               |                     |                  | Non-interest business                         |                        |                     | General administrative expenses |             |                               | Partial operating result (col. 1 plus col. 4 less col. 7) |
|-----------------------|---|---------------------|------------------|---|------------------------|---------------------|---------------------------------|-------------|-------------------------------|---|
|                       | Net interest received (col. 2 less col. 3)      | Interest receivable | Interest payable | Net commissions received (col. 5 less col. 6) | Commissions receivable | Commissions payable | Total (col. 8 plus col. 9)      | Staff costs | Other administrative expenses |   |
|                       | 1   | 2                   | 3                | 4   | 5                      | 6                   | 7                               | 8           | 9                             | 10  |
|                       | DM billion                                      |                     |                  |   |                        |                     |                                 |             |                               |   |
| 1989                  | 73.2  | 280.2               | 207.0            | 15.0  | 16.7                   | 1.7                 | 60.8                            | 38.7        | 22.1                          | 27.4  |
| 1990 <sup>3</sup>     | 80.5  | 339.7               | 259.2            | 18.0  | 19.9                   | 1.9                 | 69.2                            | 43.2        | 26.0                          | 29.3  |
| 1991                  | 91.6  | 395.4               | 303.8            | 19.6  | 21.5                   | 1.9                 | 76.4                            | 47.4        | 29.0                          | 34.8  |
| 1992                  | 101.0   | 444.8               | 343.8            | 22.4  | 24.7                   | 2.3                 | 83.7                            | 51.7        | 32.0                          | 39.6  |
| 1993                  | 118.9   | 477.2               | 358.4            | 26.6  | 29.7                   | 3.1                 | 94.9                            | 57.2        | 37.7                          | 50.6  |
| 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 <sup>p</sup>     | 140.9   | 518.4               | 377.5            | 29.2  | 33.3                   | 4.1                 | 110.0                           | 64.4        | 45.6                          | 60.1  |
| 1995 (w) <sup>4</sup> | 125.9   | 481.1               | 355.2            | 25.8  | 29.1                   | 3.3                 | 98.5                            | 59.8        | 38.7                          | 53.3  |
| 1996 (w) <sup>4</sup> | 132.9   | 499.0               | 366.1            | 27.9  | 31.9                   | 4.1                 | 103.3                           | 61.3        | 42.0                          | 57.5  |
|                       | Change from the previous year in % <sup>5</sup> |                     |                  |   |                        |                     |                                 |             |                               |   |
| 1990 <sup>3</sup>     | + 6.2   | + 19.6              | + 24.3           | + 13.6  | + 13.1                 | + 8.7               | + 8.4                           | + 8.7       | + 8.0                         | + 5.4   |
| 1991                  | + 13.8  | + 16.4              | + 17.2           | + 8.7   | + 8.2                  | + 3.4               | + 10.4                          | + 9.9       | + 11.1                        | + 18.8  |
| 1992                  | + 10.0  | + 12.2              | + 12.8           | + 14.2  | + 14.8                 | + 20.5              | + 9.5                           | + 8.9       | + 10.5                        | + 13.4  |
| 1993                  | + 10.3  | + 4.1               | + 2.2            | + 16.5  | + 17.8                 | + 30.0              | + 7.7                           | + 6.7       | + 9.3                         | + 19.1  |
| 1994                  | + 11.3  | - 1.5               | - 5.7            | + 2.2   | + 2.5                  | + 5.6               | + 3.8                           | + 2.9       | + 5.3                         | + 20.4  |
| 1995                  | + 0.0   | + 4.3               | + 6.0            | - 0.5   | - 0.0                  | + 3.7               | + 6.7                           | + 6.7       | + 6.9                         | - 10.8  |
| 1996 <sup>p</sup>     | + 5.5   | + 3.9               | + 3.3            | + 7.9   | + 9.7                  | + 24.8              | + 4.6                           | + 2.6       | + 7.7                         | + 8.3   |
|                       | Percentage of the average volume of business    |                     |                  |   |                        |                     |                                 |             |                               |   |
| 1989                  | 1.73  | 6.62                | 4.89             | 0.36  | 0.40                   | 0.04                | 1.44                            | 0.92        | 0.52                          | 0.65  |
| 1990 <sup>3</sup>     | 1.72  | 7.26                | 5.54             | 0.39  | 0.43                   | 0.04                | 1.48                            | 0.92        | 0.56                          | 0.63  |
| 1991                  | 1.79  | 7.71                | 5.92             | 0.38  | 0.42                   | 0.04                | 1.49                            | 0.92        | 0.57                          | 0.68  |
| 1992 <sup>2</sup>     | 1.81  | 7.98                | 6.17             | 0.40  | 0.44                   | 0.04                | 1.50                            | 0.93        | 0.57                          | 0.71  |
| 1993                  | 1.87  | 7.51                | 5.64             | 0.42  | 0.47                   | 0.05                | 1.49                            | 0.90        | 0.59                          | 0.80  |
| 1994 <sup>2</sup>     | 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 <sup>p</sup>     | 1.65  | 6.07                | 4.42             | 0.34  | 0.39                   | 0.05                | 1.29                            | 0.75        | 0.53                          | 0.70  |
| 1995 (w) <sup>4</sup> | 1.72  | 6.58                | 4.86             | 0.35  | 0.40                   | 0.04                | 1.35                            | 0.82        | 0.53                          | 0.73  |
| 1996 (w) <sup>4</sup> | 1.62  | 6.06                | 4.45             | 0.34  | 0.39                   | 0.05                | 1.26                            | 0.74        | 0.51                          | 0.70  |

\* From the financial year 1993 including east German credit institutions and in accordance with the new accounting regulations. — 1 Balance sheet total plus endorsement liabilities on rediscounted bills, own drawings outstanding, discounted and credited to borrowers,

and bills sent for collection from the bill portfolio before maturity; annual average. — 2 Excluding the volume of business of the foreign branches of savings banks and mortgage banks. Statistical increase in the volume of business owing to the inclusion of the foreign

| 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 extraordinary income or charges | Profit for the financial year before tax (from 1993: 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 Volume of business 1, 2 | Financial year        |
|---|---------------------------------------|--|---------------------------------------|---|--|------------------------------|--|-----------------------------------|-----------------------|
| 11  | 12                                    | 13   | 14                                    | 15  | 16   | 17                           | 18   | 19                                |                       |
| DM billion                                      |                                       |  |                                       |   |  |                              |  |                                   |                       |
| .   | .                                     | .  | .                                     | .   | 19.1   | 10.5                         | 8.6  | 4,234.1                           | 1989                  |
| .   | .                                     | .  | .                                     | .   | 20.5   | 10.8                         | 9.7  | 4,675.2                           | 1990 <sup>3</sup>     |
| .   | .                                     | .  | .                                     | .   | 27.3   | 15.1                         | 12.1   | 5,129.5                           | 1991                  |
| .   | .                                     | .  | .                                     | .   | 28.4   | 16.9                         | 11.5   | 5,571.9                           | 1992                  |
| 6.8   | 1.7                                   | -24.0  | 35.1                                  | - 1.5   | 33.6   | 17.9                         | 15.7   | 6,354.1                           | 1993                  |
| 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   | 1.5                                   | -21.8  | 43.9                                  | - 4.3   | 39.6   | 20.6                         | 19.0   | 8,545.9                           | 1996 <sup>p</sup>     |
| 4.3   | 1.2                                   | -19.1  | 39.6                                  | - 2.2   | 37.4   | 18.5                         | 18.9   | 7,310.7                           | 1995 (w) <sup>4</sup> |
| 4.0   | 1.5                                   | -20.3  | 42.6                                  | - 4.4   | 38.3   | 19.8                         | 18.5   | 8,227.8                           | 1996 (w) <sup>4</sup> |
| Change from the previous year in % <sup>5</sup> |                                       |  |                                       |   |  |                              |  |                                   |                       |
| .   | .                                     | .  | .                                     | .   | + 5.4  | - 0.3                        | + 12.2   | + 8.9                             | 1990 <sup>3</sup>     |
| .   | .                                     | .  | .                                     | .   | + 33.4   | + 40.7                       | + 25.2   | + 9.7                             | 1991                  |
| .   | .                                     | .  | .                                     | .   | + 3.8  | + 11.4                       | - 5.6  | + 8.3                             | 1992                  |
| .   | .                                     | .  | .                                     | .   | + 10.9   | - 0.8                        | + 28.1   | + 10.9                            | 1993                  |
| - 92.8  | - 17.0                                | - 27.9   | - 7.7                                 | + 74.7  | - 4.0  | - 13.1                       | + 6.1  | + 9.2                             | 1994                  |
| + 946.4   | - 6.7                                 | + 33.4   | + 22.3                                | - 364.2                                       | + 17.4   | + 23.0                       | + 12.3   | + 7.4                             | 1995                  |
| - 6.0   | + 8.6                                 | - 6.2  | + 7.8                                 | - 98.2  | + 2.7  | + 7.7                        | - 2.3  | + 12.6                            | 1996 <sup>p</sup>     |
| Percentage of the average volume of business    |                                       |  |                                       |   |  |                              |  |                                   |                       |
| .   | .                                     | .  | .                                     | .   | 0.45   | 0.25                         | 0.20   | .                                 | 1989                  |
| .   | .                                     | .  | .                                     | .   | 0.44   | 0.23                         | 0.21   | .                                 | 1990 <sup>3</sup>     |
| .   | .                                     | .  | .                                     | .   | 0.53   | 0.29                         | 0.24   | .                                 | 1991                  |
| .   | .                                     | .  | .                                     | .   | 0.51   | 0.30                         | 0.21   | .                                 | 1992 <sup>2</sup>     |
| 0.11  | 0.03                                  | - 0.38   | 0.55                                  | - 0.02  | 0.53   | 0.28                         | 0.25   | .                                 | 1993                  |
| 0.01  | 0.02                                  | - 0.44   | 0.47                                  | - 0.01  | 0.46   | 0.22                         | 0.24   | .                                 | 1994 <sup>2</sup>     |
| 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 <sup>p</sup>     |
| 0.06  | 0.02                                  | - 0.26   | 0.54                                  | - 0.03  | 0.51   | 0.25                         | 0.26   | .                                 | 1995 (w) <sup>4</sup> |
| 0.05  | 0.02                                  | - 0.25   | 0.52                                  | - 0.05  | 0.47   | 0.24                         | 0.23   | .                                 | 1996 (w) <sup>4</sup> |

branches: 1992 private bankers + DM 1.5 billion; 1994 regional institutions of credit cooperatives + DM 13.8 billion. — <sup>3</sup> From the financial year 1990 including Deutsche Bundespost Postbank (from

1995: Deutsche Postbank AG). — <sup>4</sup> West German credit institutions. — <sup>5</sup> Statistical changes have been eliminated, including breaks caused by the inclusion of east German credit institutions in 1993.

## Credit institutions' profit and loss accounts <sup>\*</sup>, <sup>o</sup>

DM million

| Financial year  | Number of reporting institutions | Interest business                          |                     |                  | Non-interest business                         |                        |                     | General administrative expenses |             |                               | Partial operating result (col. 2 plus col. 5 less col. 8) |
|---|----------------------------------|--|---------------------|------------------|---|------------------------|---------------------|---------------------------------|-------------|-------------------------------|---|
|   |                                  | Net interest received (col. 3 less col. 4) | Interest receivable | Interest payable | Net commissions received (col. 6 less col. 7) | Commissions receivable | Commissions payable | Total (col. 9 plus col. 10)     | Staff costs | Other administrative expenses |   |
|   | 1                                | 2  | 3                   | 4                | 5   | 6                      | 7                   | 8                               | 9           | 10                            | 11  |
| <b>All categories of banks</b>                                      |                                  |  |                     |                  |   |                        |                     |                                 |             |                               |   |
| 1993  | 3,845                            | 118,863                                    | 477,234             | 358,371          | 26,588  | 29,659                 | 3,071               | 94,875                          | 57,221      | 37,654                        | 50,576  |
| 1994  | 3,675                            | 133,664                                    | 479,888             | 346,224          | 27,286  | 30,503                 | 3,217               | 98,760                          | 59,039      | 39,721                        | 62,190  |
| 1995  | 3,571                            | 133,552                                    | 498,925             | 365,373          | 27,086  | 30,394                 | 3,308               | 105,159                         | 62,814      | 42,345                        | 55,479  |
| 1996 p  | 3,458                            | 140,861                                    | 518,376             | 377,515          | 29,214  | 33,343                 | 4,129               | 110,017                         | 64,422      | 45,595                        | 60,058  |
| 1995 (w) <sup>5</sup>   | 3,274                            | 125,933                                    | 481,148             | 355,215          | 25,840  | 29,090                 | 3,250               | 98,512                          | 59,773      | 38,739                        | 53,261  |
| 1996 (w) <sup>5</sup>   | 3,178                            | 132,886                                    | 499,005             | 366,119          | 27,865  | 31,920                 | 4,055               | 103,297                         | 61,259      | 42,038                        | 57,454  |
| <b>Commercial banks</b>   |                                  |  |                     |                  |   |                        |                     |                                 |             |                               |   |
| 1993  | 300                              | 37,492                                     | 131,873             | 94,381           | 13,055  | 14,539                 | 1,484               | 33,360                          | 20,618      | 12,742                        | 17,187  |
| 1994  | 294                              | 40,822                                     | 126,292             | 85,470           | 12,483  | 14,058                 | 1,575               | 34,968                          | 21,116      | 13,852                        | 18,337  |
| 1995  | 290                              | 39,649                                     | 129,571             | 89,922           | 12,159  | 13,795                 | 1,636               | 36,884                          | 22,120      | 14,764                        | 14,924  |
| 1996 p  | 277                              | 42,324                                     | 134,299             | 91,975           | 13,707  | 15,772                 | 2,065               | 39,363                          | 22,935      | 16,428                        | 16,668  |
| <b>Big banks</b>  |                                  |  |                     |                  |   |                        |                     |                                 |             |                               |   |
| 1993  | 3                                | 18,221                                     | 56,093              | 37,872           | 7,890   | 8,258                  | 368                 | 17,075                          | 11,105      | 5,970                         | 9,036   |
| 1994  | 3                                | 18,658                                     | 51,849              | 33,191           | 7,252   | 7,683                  | 431                 | 17,780                          | 11,314      | 6,466                         | 8,130   |
| 1995  | 3                                | 17,565                                     | 55,378              | 37,813           | 6,991   | 7,517                  | 526                 | 18,657                          | 11,827      | 6,830                         | 5,899   |
| 1996 p  | 3                                | 18,782                                     | 59,348              | 40,566           | 8,004   | 8,732                  | 728                 | 20,187                          | 12,437      | 7,750                         | 6,599   |
| <b>Regional banks and other commercial banks</b>                    |                                  |  |                     |                  |   |                        |                     |                                 |             |                               |   |
| 1993  | 190                              | 17,436                                     | 65,938              | 48,502           | 4,332   | 5,327                  | 995                 | 14,325                          | 8,402       | 5,923                         | 7,443   |
| 1994  | 187                              | 20,340                                     | 66,074              | 45,734           | 4,422   | 5,437                  | 1,015               | 15,216                          | 8,681       | 6,535                         | 9,546   |
| 1995  | 190                              | 20,489                                     | 67,893              | 47,404           | 4,448   | 5,471                  | 1,023               | 16,384                          | 9,276       | 7,108                         | 8,553   |
| 1996 p  | 184                              | 21,997                                     | 69,686              | 47,689           | 4,874   | 6,100                  | 1,226               | 17,249                          | 9,496       | 7,753                         | 9,622   |
| <b>Branches of foreign banks</b>                                    |                                  |  |                     |                  |   |                        |                     |                                 |             |                               |   |
| 1993  | 34                               | 444  | 3,655               | 3,211            | 114   | 132                    | 18                  | 334                             | 166         | 168                           | 224   |
| 1994  | 33                               | 342  | 3,005               | 2,663            | 106   | 122                    | 16                  | 341                             | 169         | 172                           | 107   |
| 1995  | 33                               | 370  | 2,994               | 2,624            | 122   | 136                    | 14                  | 393                             | 182         | 211                           | 99  |
| 1996 p  | 31                               | 372  | 2,422               | 2,050            | 116   | 140                    | 24                  | 478                             | 172         | 306                           | 10  |
| <b>Private bankers</b>  |                                  |  |                     |                  |   |                        |                     |                                 |             |                               |   |
| 1993  | 73                               | 1,391                                      | 6,187               | 4,796            | 719   | 822                    | 103                 | 1,626                           | 945         | 681                           | 484   |
| 1994  | 71                               | 1,482                                      | 5,364               | 3,882            | 703   | 816                    | 113                 | 1,631                           | 952         | 679                           | 554   |
| 1995  | 64                               | 1,225                                      | 3,306               | 2,081            | 598   | 671                    | 73                  | 1,450                           | 835         | 615                           | 373   |
| 1996 p  | 59                               | 1,173                                      | 2,843               | 1,670            | 713   | 800                    | 87                  | 1,449                           | 830         | 619                           | 437   |
| <b>Regional giro institutions (including Deutsche Girozentrale)</b> |                                  |  |                     |                  |   |                        |                     |                                 |             |                               |   |
| 1993  | 13                               | 7,821                                      | 82,029              | 74,208           | 1,234   | 1,650                  | 416                 | 5,524                           | 3,401       | 2,123                         | 3,531   |
| 1994  | 13                               | 10,019                                     | 85,756              | 75,737           | 1,424   | 1,823                  | 399                 | 5,970                           | 3,486       | 2,484                         | 5,473   |
| 1995  | 13                               | 9,860                                      | 91,024              | 81,164           | 1,431   | 1,840                  | 409                 | 6,583                           | 3,888       | 2,695                         | 4,708   |
| 1996 p  | 13                               | 11,448                                     | 98,124              | 86,676           | 1,590   | 2,089                  | 499                 | 7,227                           | 4,172       | 3,055                         | 5,811   |

For footnotes, see page 58f.

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 <sup>1</sup> | Profit for the financial year before tax (col. 15 plus col. 16) | Taxes on income and earnings <sup>2</sup> | Profit or loss (-) for the financial year after tax (col. 17 less col. 18) | Withdrawals from or transfers to (-) reserves and participation rights capital <sup>3</sup> | Balance sheet profit or loss (-) (col. 19 plus col. 20) | Memo item Average volume of business during year <sup>4</sup> | Financial year        |
|--|---------------------------------------|--|---------------------------------------|--|---|---|--|---|---|---|-----------------------|
| 12   | 13                                    | 14   | 15                                    | 16   | 17  | 18  | 19   | 20  | 21  | 22  |                       |
| All categories of banks                                      |                                       |  |                                       |  |   |   |  |   |   |   |                       |
| 6,790  | 1,730                                 | - 23,979   | 35,117                                | - 1,487  | 33,630  | 17,883                                    | 15,747   | - 5,991   | 9,756   | 6,354,137   | 1993                  |
| 489  | 1,540                                 | - 30,896   | 33,323                                | - 488  | 32,835  | 15,543                                    | 17,292   | - 6,983   | 10,309  | 7,085,311   | 1994                  |
| 4,395  | 1,424                                 | - 20,543   | 40,755                                | - 2,191  | 38,564  | 19,111                                    | 19,453   | - 7,757   | 11,696  | 7,592,916   | 1995                  |
| 4,132  | 1,548                                 | - 21,807   | 43,931                                | - 4,338  | 39,593  | 20,581                                    | 19,012   | - 6,534   | 12,478  | 8,545,924   | 1996 p                |
| 4,267  | 1,225                                 | - 19,120   | 39,633                                | - 2,215  | 37,418  | 18,476                                    | 18,942   | - 7,662   | 11,280  | 7,310,709   | 1995 (w) <sup>5</sup> |
| 4,033  | 1,460                                 | - 20,311   | 42,636                                | - 4,355  | 38,281  | 19,755                                    | 18,526   | - 6,394   | 12,132  | 8,227,797   | 1996 (w) <sup>5</sup> |
| Commercial banks   |                                       |  |                                       |  |   |   |  |   |   |   |                       |
| 3,960  | 666                                   | - 11,324   | 10,489                                | - 1,030  | 9,459   | 3,784                                     | 5,675  | - 1,331   | 4,344   | 1,740,525   | 1993                  |
| 189  | 600                                   | - 9,276  | 9,850                                 | - 372  | 10,222  | 3,727                                     | 6,495  | - 1,833   | 4,662   | 1,897,624   | 1994                  |
| 2,236  | 604                                   | - 5,628  | 12,136                                | - 1,857  | 10,279  | 3,380                                     | 6,899  | - 1,726   | 5,173   | 2,032,272   | 1995                  |
| 2,138  | 847                                   | - 6,642  | 13,011                                | - 1,535  | 11,476  | 4,383                                     | 7,093  | - 1,505   | 5,588   | 2,351,504   | 1996 p                |
| Big banks  |                                       |  |                                       |  |   |   |  |   |   |   |                       |
| 1,978  | 115                                   | - 6,259  | 4,870                                 | - 471  | 4,399   | 1,706                                     | 2,693  | - 1,025   | 1,668   | 768,766   | 1993                  |
| - 51   | - 104                                 | - 3,877  | 4,098                                 | - 708  | 4,806   | 1,680                                     | 3,126  | - 1,150   | 1,976   | 829,919   | 1994                  |
| 1,071  | - 77                                  | - 1,705  | 5,188                                 | - 945  | 4,243   | 835                                       | 3,408  | - 1,390   | 2,018   | 911,755   | 1995                  |
| 1,154  | - 150                                 | - 1,702  | 5,901                                 | - 430  | 5,471   | 1,857                                     | 3,614  | - 1,450   | 2,164   | 1,099,382   | 1996 p                |
| Regional banks and other commercial banks                    |                                       |  |                                       |  |   |   |  |   |   |   |                       |
| 1,716  | 488                                   | - 4,614  | 5,033                                 | - 570  | 4,463   | 1,944                                     | 2,519  | - 273   | 2,246   | 865,041   | 1993                  |
| 152  | 629                                   | - 4,864  | 5,463                                 | - 519  | 4,944   | 1,960                                     | 2,984  | - 550   | 2,434   | 956,434   | 1994                  |
| 1,058  | 621                                   | - 3,566  | 6,666                                 | - 1,013  | 5,653   | 2,457                                     | 3,196  | - 277   | 2,919   | 1,019,846   | 1995                  |
| 802  | 913                                   | - 4,675  | 6,662                                 | - 1,093  | 5,569   | 2,404                                     | 3,165  | - 11  | 3,154   | 1,149,387   | 1996 p                |
| Branches of foreign banks                                    |                                       |  |                                       |  |   |   |  |   |   |   |                       |
| 28   | - 3                                   | - 47   | 202                                   | 0  | 202   | 79  | 123  | - 3   | 120   | 43,427  | 1993                  |
| 52   | 1                                     | - 17   | 143                                   | - 6  | 137   | 45  | 92   | - 6   | 86  | 44,914  | 1994                  |
| 28   | 14                                    | 25   | 166                                   | - 8  | 158   | 53  | 105  | - 7   | 98  | 51,263  | 1995                  |
| 125  | 13                                    | 3  | 151                                   | - 13   | 138   | 57  | 81   | - 7   | 74  | 53,757  | 1996 p                |
| Private bankers  |                                       |  |                                       |  |   |   |  |   |   |   |                       |
| 238  | 66                                    | - 404  | 384                                   | 11   | 395   | 55  | 340  | - 30  | 310   | 63,291  | 1993                  |
| 36   | 74                                    | - 518  | 146                                   | 189  | 335   | 42  | 293  | - 127   | 166   | 66,357  | 1994                  |
| 79   | 46                                    | - 382  | 116                                   | 109  | 225   | 35  | 190  | - 52  | 138   | 49,408  | 1995                  |
| 57   | 71                                    | - 268  | 297                                   | 1  | 298   | 65  | 233  | - 37  | 196   | 48,978  | 1996 p                |
| Regional giro institutions (including Deutsche Girozentrale) |                                       |  |                                       |  |   |   |  |   |   |   |                       |
| 1,022  | 464                                   | - 2,252  | 2,765                                 | - 166  | 2,599   | 1,328                                     | 1,271  | - 768   | 503   | 1,194,272   | 1993                  |
| - 64   | 458                                   | - 2,564  | 3,303                                 | - 689  | 2,614   | 1,115                                     | 1,499  | - 949   | 550   | 1,321,304   | 1994                  |
| 780  | 330                                   | - 2,103  | 3,715                                 | - 392  | 3,323   | 1,542                                     | 1,781  | - 1,150   | 631   | 1,440,883   | 1995                  |
| 640  | 633                                   | - 2,446  | 4,638                                 | - 1,143  | 3,495   | 1,299                                     | 2,196  | - 1,330   | 866   | 1,662,667   | 1996 p                |

## Credit institutions' profit and loss accounts, \*, ° cont'd

DM million

| Financial year   | Number of reporting institutions | Interest business                          |                     |                  | Non-interest business                         |                        |                     | General administrative expenses |             |                               | Partial operating result (col. 2 plus col. 5 less col. 8) |
|--|----------------------------------|--|---------------------|------------------|---|------------------------|---------------------|---------------------------------|-------------|-------------------------------|---|
|  |                                  | Net interest received (col. 3 less col. 4) | Interest receivable | Interest payable | Net commissions received (col. 6 less col. 7) | Commissions receivable | Commissions payable | Total (col. 9 plus col. 10)     | Staff costs | Other administrative expenses |   |
|  | 1                                | 2  | 3                   | 4                | 5   | 6                      | 7                   | 8                               | 9           | 10                            | 11  |
| <b>Savings banks</b>   |                                  |  |                     |                  |   |                        |                     |                                 |             |                               |   |
| 1993   | 703                              | 38,078                                     | 99,669              | 61,591           | 6,261   | 6,468                  | 207                 | 28,638                          | 17,728      | 10,910                        | 15,701  |
| 1994   | 655                              | 43,102                                     | 100,277             | 57,175           | 6,878   | 7,086                  | 208                 | 29,237                          | 18,287      | 10,950                        | 20,743  |
| 1995   | 624                              | 43,499                                     | 101,815             | 58,316           | 6,995   | 7,219                  | 224                 | 31,280                          | 19,291      | 11,989                        | 19,214  |
| 1996 p   | 607                              | 44,863                                     | 101,819             | 56,956           | 7,284   | 7,543                  | 259                 | 32,422                          | 19,779      | 12,643                        | 19,725  |
| 1995 (w) 5   | 516                              | 37,829                                     | 90,791              | 52,962           | 6,099   | 6,292                  | 193                 | 26,430                          | 17,141      | 9,289                         | 17,498  |
| 1996 (w) 5   | 510                              | 38,971                                     | 90,611              | 51,640           | 6,329   | 6,550                  | 221                 | 27,529                          | 17,549      | 9,980                         | 17,771  |
| <b>Regional institutions of credit cooperatives (including Deutsche Genossenschaftsbank)</b> |                                  |  |                     |                  |   |                        |                     |                                 |             |                               |   |
| 1993   | 4                                | 1,837                                      | 15,530              | 13,693           | 535   | 804                    | 269                 | 1,457                           | 769         | 688                           | 915   |
| 1994   | 4                                | 2,984                                      | 14,851              | 11,867           | 526   | 778                    | 252                 | 1,527                           | 801         | 726                           | 1,983   |
| 1995   | 4                                | 2,205                                      | 13,950              | 11,745           | 554   | 810                    | 256                 | 1,633                           | 847         | 786                           | 1,126   |
| 1996 p   | 4                                | 2,218                                      | 13,913              | 11,695           | 644   | 906                    | 262                 | 1,734                           | 859         | 875                           | 1,128   |
| <b>Credit cooperatives</b>   |                                  |  |                     |                  |   |                        |                     |                                 |             |                               |   |
| 1993   | 2,774                            | 22,662                                     | 58,603              | 35,941           | 4,145   | 4,442                  | 297                 | 19,183                          | 11,599      | 7,584                         | 7,624   |
| 1994   | 2,659                            | 24,889                                     | 57,940              | 33,051           | 4,524   | 4,852                  | 328                 | 20,075                          | 12,149      | 7,926                         | 9,338   |
| 1995   | 2,591                            | 25,588                                     | 59,789              | 34,201           | 4,468   | 4,823                  | 355                 | 21,302                          | 12,819      | 8,483                         | 8,754   |
| 1996 p   | 2,506                            | 26,266                                     | 58,970              | 32,704           | 4,733   | 5,127                  | 394                 | 21,963                          | 13,106      | 8,857                         | 9,036   |
| 1995 (w) 5   | 2,410                            | 24,042                                     | 56,689              | 32,647           | 4,187   | 4,523                  | 336                 | 19,796                          | 12,081      | 7,715                         | 8,433   |
| 1996 (w) 5   | 2,332                            | 24,707                                     | 55,934              | 31,227           | 4,415   | 4,785                  | 370                 | 20,464                          | 12,336      | 8,128                         | 8,658   |
| <b>Mortgage banks</b>  |                                  |  |                     |                  |   |                        |                     |                                 |             |                               |   |
| 1993   | 33                               | 4,953                                      | 52,340              | 47,387           | – 34  | 241                    | 275                 | 1,717                           | 1,037       | 680                           | 3,202   |
| 1994   | 33                               | 5,554                                      | 57,248              | 51,694           | – 41  | 266                    | 307                 | 1,808                           | 1,091       | 717                           | 3,705   |
| 1995   | 32                               | 6,135                                      | 61,532              | 55,397           | – 12  | 275                    | 287                 | 1,997                           | 1,176       | 821                           | 4,126   |
| 1996 p   | 34                               | 7,001                                      | 68,847              | 61,846           | – 122   | 301                    | 423                 | 2,135                           | 1,250       | 885                           | 4,744   |
| <b>Credit institutions with special functions</b>  |                                  |  |                     |                  |   |                        |                     |                                 |             |                               |   |
| 1993   | 18                               | 6,020                                      | 37,190              | 31,170           | 1,392   | 1,515                  | 123                 | 4,996                           | 2,069       | 2,927                         | 2,416   |
| 1994   | 17                               | 6,294                                      | 37,524              | 31,230           | 1,492   | 1,640                  | 148                 | 5,175                           | 2,109       | 3,066                         | 2,611   |
| 1995   | 17                               | 6,616                                      | 41,244              | 34,628           | 1,491   | 1,632                  | 141                 | 5,480                           | 2,673       | 2,807                         | 2,627   |
| 1996 p   | 17                               | 6,741                                      | 42,404              | 35,663           | 1,378   | 1,605                  | 227                 | 5,173                           | 2,321       | 2,852                         | 2,946   |
| <b>Memo item: Credit institutions majority-owned by foreign banks 6</b>                      |                                  |  |                     |                  |   |                        |                     |                                 |             |                               |   |
| 1993   | 86                               | 4,222                                      | 16,339              | 12,117           | 1,373   | 1,713                  | 340                 | 4,369                           | 2,310       | 2,059                         | 1,226   |
| 1994   | 88                               | 5,038                                      | 15,822              | 10,784           | 1,448   | 1,801                  | 353                 | 4,649                           | 2,458       | 2,191                         | 1,837   |
| 1995   | 88                               | 5,020                                      | 14,300              | 9,280            | 1,490   | 1,823                  | 333                 | 4,852                           | 2,530       | 2,322                         | 1,658   |
| 1996 p   | 78                               | 5,076                                      | 13,203              | 8,127            | 1,701   | 2,095                  | 394                 | 5,014                           | 2,573       | 2,441                         | 1,763   |

\* From the financial year 1993 including east German credit institutions and in accordance with the new accounting regulations. — ° Excluding building and loan associations, excluding institutions in liquidation and excluding institutions with a truncated financial year. —

1 Excess of charges over income: –. — 2 In part, including taxes paid by legally dependent building and loan associations affiliated to regional giro institutions. — 3 Including profit or loss brought forward and withdrawals from or transfers to the fund for general banking risks. —

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 <sup>1</sup> | Profit for the financial year before tax (col. 15 plus col. 16) | Taxes on income and earnings <sup>2</sup> | Profit or loss (-) for the financial year after tax (col. 17 less col. 18) | Withdrawals from or transfers to (-) reserves and participation rights capital <sup>3</sup> | Balance sheet profit or loss (-) (col. 19 plus col. 20) | Memo item Average volume of business during year <sup>4</sup> | Financial year        |
|---|---------------------------------------|--|---------------------------------------|--|---|---|--|---|---|---|-----------------------|
| 12  | 13                                    | 14   | 15                                    | 16   | 17  | 18  | 19   | 20  | 21  | 22  |                       |
| Savings banks   |                                       |  |                                       |  |   |   |  |   |   |   |                       |
| 1,071   | - 235                                 | - 5,690  | 10,847                                | - 10   | 10,837  | 7,006                                     | 3,831  | - 1,562   | 2,269   | 1,253,312   | 1993                  |
| 205   | - 358                                 | - 10,007   | 10,583                                | - 876  | 9,707   | 5,661                                     | 4,046  | - 1,621   | 2,425   | 1,367,636   | 1994                  |
| 716   | - 437                                 | - 7,481  | 12,012                                | 301  | 12,313  | 7,953                                     | 4,360  | - 1,789   | 2,571   | 1,438,297   | 1995                  |
| 700   | - 895                                 | - 7,059  | 12,471                                | 217  | 12,688  | 8,289                                     | 4,399  | - 1,841   | 2,558   | 1,539,310   | 1996 p                |
| 677   | - 531                                 | - 6,470  | 11,174                                | 234  | 11,408  | 7,435                                     | 3,973  | - 1,728   | 2,245   | 1,266,720   | 1995 (w) <sup>5</sup> |
| 671   | - 885                                 | - 6,103  | 11,454                                | 163  | 11,617  | 7,626                                     | 3,991  | - 1,695   | 2,296   | 1,352,639   | 1996 (w) <sup>5</sup> |
| Regional institutions of credit cooperatives (including Deutsche Genossenschaftsbank) |                                       |  |                                       |  |   |   |  |   |   |   |                       |
| 301   | - 13                                  | - 654  | 549                                   | - 113  | 436   | 260                                       | 176  | - 85  | 91  | 200,135   | 1993                  |
| 182   | - 6                                   | - 1,691  | 468                                   | - 626  | 1,094   | 543                                       | 551  | - 366   | 185   | 230,507   | 1994                  |
| 299   | 18                                    | - 335  | 1,108                                 | - 72   | 1,036   | 519                                       | 517  | - 202   | 315   | 248,733   | 1995                  |
| 298   | 35                                    | - 129  | 1,332                                 | - 71   | 1,261   | 572                                       | 689  | - 506   | 183   | 291,098   | 1996 p                |
| Credit cooperatives   |                                       |  |                                       |  |   |   |  |   |   |   |                       |
| 326   | 864                                   | - 2,284  | 6,530                                 | - 77   | 6,453   | 4,014                                     | 2,439  | - 814   | 1,625   | 716,971   | 1993                  |
| - 29  | 762                                   | - 4,316  | 5,755                                 | - 213  | 5,542   | 3,115                                     | 2,427  | - 760   | 1,667   | 789,021   | 1994                  |
| 294   | 637                                   | - 2,983  | 6,702                                 | 139  | 6,841   | 4,237                                     | 2,604  | - 810   | 1,794   | 842,101   | 1995                  |
| 265   | 620                                   | - 3,151  | 6,770                                 | 211  | 6,981   | 4,428                                     | 2,553  | - 720   | 1,833   | 901,801   | 1996 p                |
| 280   | 611                                   | - 2,749  | 6,575                                 | 103  | 6,678   | 4,147                                     | 2,531  | - 788   | 1,743   | 795,399   | 1995 (w) <sup>5</sup> |
| 255   | 583                                   | - 2,915  | 6,581                                 | 227  | 6,808   | 4,315                                     | 2,493  | - 700   | 1,793   | 852,373   | 1996 (w) <sup>5</sup> |
| Mortgage banks  |                                       |  |                                       |  |   |   |  |   |   |   |                       |
| 16  | - 62                                  | - 828  | 2,328                                 | - 67   | 2,261   | 1,012                                     | 1,249  | - 529   | 720   | 698,613   | 1993                  |
| - 15  | - 98                                  | - 1,493  | 2,099                                 | - 114  | 2,213   | 883                                       | 1,330  | - 571   | 759   | 805,456   | 1994                  |
| 18  | 3                                     | - 927  | 3,220                                 | - 265  | 2,955   | 1,039                                     | 1,916  | - 972   | 944   | 891,904   | 1995                  |
| 12  | - 128                                 | - 848  | 3,780                                 | - 341  | 3,439   | 1,325                                     | 2,114  | - 981   | 1,133   | 1,051,903   | 1996 p                |
| Credit institutions with special functions  |                                       |  |                                       |  |   |   |  |   |   |   |                       |
| 94  | 46                                    | - 947  | 1,609                                 | - 24   | 1,585   | 479                                       | 1,106  | - 902   | 204   | 550,309   | 1993                  |
| 21  | 182                                   | - 1,549  | 1,265                                 | - 178  | 1,443   | 499                                       | 944  | - 883   | 61  | 673,763   | 1994                  |
| 52  | 269                                   | - 1,086  | 1,862                                 | - 45   | 1,817   | 441                                       | 1,376  | - 1,108   | 268   | 698,726   | 1995                  |
| 79  | 436                                   | - 1,532  | 1,929                                 | - 1,676  | 253   | 285                                       | - 32   | 349   | 317   | 747,641   | 1996 p                |
| Memo item: Credit institutions majority-owned by foreign banks <sup>6</sup>           |                                       |  |                                       |  |   |   |  |   |   |   |                       |
| 601   | 187                                   | - 1,184  | 830                                   | - 164  | 666   | 153                                       | 513  | - 27  | 540   | 211,200   | 1993                  |
| 303   | 262                                   | - 1,442  | 960                                   | - 214  | 746   | 339                                       | 407  | - 109   | 298   | 231,376   | 1994                  |
| 238   | 332                                   | - 820  | 1,408                                 | - 150  | 1,258   | 479                                       | 779  | - 98  | 681   | 227,312   | 1995                  |
| 271   | 482                                   | - 760  | 1,756                                 | - 357  | 1,399   | 653                                       | 746  | - 114   | 632   | 240,468   | 1996 p                |

<sup>4</sup> Excluding the volume of business of the foreign branches of savings banks and mortgage banks. — <sup>5</sup> West German credit institutions. — <sup>6</sup> Separate presentation of the (legally independent) credit institu-

tions majority-owned by foreign banks and included in the categories "Regional banks and other commercial banks", "Private bankers" and "Mortgage banks".

## Charge and income items of credit institutions \*, °

DM million

| Financial year | Number of reporting institutions | Charges |                  |                     |                                  |       | Gross loss on transactions in goods and subsidiary transactions | General administrative expenses |                    |   |                               |                   |
|----------------|----------------------------------|---------|------------------|---------------------|----------------------------------|-------|---|---------------------------------|--------------------|---|-------------------------------|-------------------|
|                |                                  | Total   | Interest payable | Commissions payable | Net loss on financial operations | Total |   | Staff costs                     |                    |   | Other administrative expenses |                   |
|                |                                  |         |                  |                     |                                  |       |   | Total                           | Wages and salaries | Social security costs and costs relating to pensions and other benefits |                               |                   |
|                |                                  |         |                  |                     |                                  |       |   |                                 |                    | Total   |                               | of which Pensions |
| 1              | 2                                | 3       | 4                | 5                   | 6                                | 7     | 8   | 9                               | 10                 | 11  | 12                            |                   |
| 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 p         | 3,458                            | 553,926 | 377,515          | 4,129               | 379                              | –     | 100,390   | 64,422                          | 50,026             | 14,396  | 5,524                         | 35,968            |

\* From the financial year 1993 including east German credit institutions and in accordance with the new accounting regulations. — ° Ex-

cluding building and loan associations, excluding institutions in liquidation and excluding institutions with a truncated financial year. — 1 In

DM million

| Financial year | Income  |                     |  |   |                |   |                                |  |   |                        |
|----------------|---------|---------------------|--|---|----------------|---|--------------------------------|--|---|------------------------|
|                | Total   | Interest receivable |  |   | Current income |   |                                |  | Profits transferred under profit-pooling and profit transfer agreements | Commissions receivable |
|                |         | Total               | from lending and money market transactions | from debt securities and Debt Register claims | Total          | from shares and other variable-yield securities | from participating interests 1 | from shares in affiliated undertakings |   |                        |
|                |         |                     |  |   |                |   |                                |  |   |                        |
| 1              | 2       | 3                   | 4  | 5   | 6              | 7   | 8                              | 9                                      | 10  |                        |
| 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 p         | 572,938 | 503,296             | 424,039                                    | 79,257  | 13,074         | 6,146   | 2,152                          | 4,776                                  | 2,006   | 33,343                 |

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

Deutsche Bundesbank

| Value adjustments in respect of intangible assets and tangible assets |                        | Other operating charges | Value adjustments in respect of loans and advances, and provisions for contingent liabilities and for commitments | Value adjustments in respect of participating interests, shares in affiliated undertakings and transferable securities held as financial fixed assets | Charges incurred through loss transfers | Transfers to special reserves | Extraordinary charges | Taxes on income and earnings 1 | Other taxes (including wealth tax) | Profits transferred under profit-pooling and profit transfer agreements | Financial year |
|---|------------------------|-------------------------|---|---|---|-------------------------------|-----------------------|--------------------------------|------------------------------------|---|----------------|
| Total   | of which Assets leased |                         |   |   |   |                               |                       |                                |                                    |   |                |
| 13  | 14                     | 15                      | 16  | 17  | 18                                      | 19                            | 20                    | 21                             | 22                                 | 23  |                |
| 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           |
| 10,067  | 440                    | 5,252                   | 24,873  | 570   | 2,077                                   | 387                           | 2,912                 | 20,581                         | 2,832                              | 1,962   | 1996 p         |

part, including taxes paid by legally dependent building and loan associations affiliated to regional giro institutions.

| 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 undertakings and transferable securities held as financial fixed assets | Other operating income |                                | Income from the release of special reserves | Extraordinary income | Income from loss transfers | Financial year |
|------------------------------------|---|--|--|------------------------|--------------------------------|---|----------------------|----------------------------|----------------|
|                                    |   |  |  | Total                  | of which from leasing business |   |                      |                            |                |
| 11                                 | 12  | 13   | 14   | 15                     | 16                             | 17  | 18                   | 19                         |                |
| 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           |
| 4,511                              | 547   | 3,066  | 1,170  | 9,525                  | 1,668                          | 343   | 865                  | 1,192                      | 1996 p         |