The performance of German credit institutions in 2020

The coronavirus pandemic and the containment measures taken in response caused a severe economic crisis that took its toll on the performance of German credit institutions, too, in 2020. Virtually all of the categories of banks included in the statistics on banks' profit and loss accounts recorded either stagnating or receding results for the financial year before tax compared with the previous year. This was primarily due to a clear deterioration in results from the valuation of assets compared with 2019. The surge in risk provisioning in credit business in particular pushed up net valuation charges to €13.3 billion in 2020 – almost twice as much as in 2019. At the same time, operating income went up by only €1.8 billion (+1.5%) to €120.5 billion, and administrative spending fell by a mere €3.1 billion (-3.5%) to €87.0 billion.

The rise in operating income in 2020 was predominantly attributable to a €1.2 billion (+47.2%) increase in the other operating result and a €1.0 billion (+42.3%) improvement in the trading result. Furthermore, an increase of €0.9 billion (+2.8%) in net commission income helped to stabilise operating income. By contrast, net interest income fell again slightly in 2020, this time by €1.3 billion (-1.6%). However, this decline was around two-thirds lower than in 2019 as German credit institutions were able to largely compensate for the decline in interest income in 2020 with lower interest expenditure.

Aggregated across all banks, the profit for the financial year before tax amounted to €14.3 billion in 2020 – coming in below the long-term average of €17.6 billion and significantly lower than the average of the post-financial crisis years (2010 to 2018) of €25.4 billion. Nevertheless, this constituted a sharp year-on-year rise of €8.6 billion (+153.0%), attributable almost exclusively to big banks. Yet, this increase did not reflect a general improvement in profitability for this category of banks but was instead almost exclusively due to the absence of a one-off effect that weighed heavily on big banks' results for the 2019 financial year. Once this effect ceased to apply, the negative balance in the other and extraordinary account contracted by €10.3 billion to €5.8 billion overall and became the dominant factor driving year-on-year developments in the result for the financial year.

While the current year is showing signs of economic recovery, and additional credit risks have not yet materialised due to considerable fiscal support measures, uncertainty about the future course of the coronavirus pandemic continues to harbour risk for banks' profitability. The persistence of the low interest rate phase is likely to strain profitability even further.

Business environment and structural developments in the German banking sector

Against the backdrop of the coronavirus pandemic, in 2020 German credit institutions faced a market environment that was suffering a severe economic crisis, affecting not only German banks' profitability but also the structure of both their balance sheets and business operations.

Macroeconomic setting

Business environment feeling strain of coronavirus pandemic

In spring 2020, the coronavirus pandemic and the containment measures taken in response caused a macroeconomic contraction of a magnitude and speed unprecedented in German post-war history. Averaged across 2020, the German economy shrank by almost 5% on the year – a rate similar to that recorded during the global financial crisis in 2009.[1]

Coronavirus pandemic primarily affected real economy

The coronavirus pandemic primarily affected the real economy. As a result of contact restrictions, services sectors with high frequencies of interpersonal contact, in particular, were required to severely restrict or entirely suspend their business operations. Furthermore, supply chains were disrupted, especially following the first wave of infections in spring 2020, and the export-oriented industry suffered as a result of falling foreign sales. Macroeconomic development was stunted by a cutback in investment by enterprises and a massive reduction in household consumption.[2]

Bond and equity markets highly volatile

The crisis also had a dramatic impact on bond and equity markets. At the end of the first quarter of 2020, prices on European and German equity markets plummeted across the board. After a period of sharp recovery lasting into the summer, prices tumbled again as of September 2020 on the back of major uncertainty regarding how the pandemic would unfold. However, they rebounded significantly towards the end of the year following the successful development of vaccines.

On the bond markets, yields on Bunds initially fell hard and fast. Investors were attracted by their role as a safe haven. Following the Eurosystem's decision to implement the pandemic emergency purchase programme (PEPP) and various fiscal support measures, yields recovered again, only to fall as the year progressed. The impact of both the pandemic and the Eurosystem's emergency monetary policy measures caused the yield curve derived from the yields on Federal securities to shift downwards overall during the period under review.

Extensive fiscal policy and regulatory measures prevented macroeconomic downward spiral

Extensive fiscal policy measures, such as expanded short-time working benefits, government loan guarantees and compensation for lost revenue, prevented a wave of private and corporate insolvencies.[3] In addition, legislation was passed amending the bank regulatory framework, and other planned regulations were adopted ahead of schedule. This, for one, broadened the scope for banking supervision. For example, supervisors encouraged banks to use their capital and liquidity buffers if necessary in order to maintain the flow of lending. They also lowered the countercyclical capital buffer to 0%. Arrangements permitting general payment moratoria ensured that a credit moratorium did not automatically mean banks had higher capital requirements for the affected credit amounts. Together with the increased levels of equity and liquidity held by German credit institutions since the global financial crisis of 2009, these measures prevented the real economic crisis from spilling over to the financial sector. There were no major defaults on loans and banks were able to continue lending.[4]

1 See Deutsche Bundesbank (2021a), pp. 13 ff.
2 See Deutsche Bundesbank (2021a), p. 14.
3 See Deutsche Bundesbank (2021a), pp. 19 f.
4 See Deutsche Bundesbank (2020b), pp. 53 ff., and Deutsche Bundesbank (2021a), p. 24.

Methodological notes

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

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

Reporting group

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

Calculation of the long-term average

At the launch of monetary union in 1999, the reporting group relevant for calculating the money supply and for monetary analysis was uniformly defined by the ECB for the euro area as a whole and designated as the monetary financial institutions (MFI) sector. Unlike the population of banks used for the Bundesbank analysis up to that point, building and loan associations are also included. Except where another time period is explicitly mentioned, the calculations with regard to the longer-term average cover the years since the launch of monetary union, i.e. from 1999 to 2020.

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

Easing of monetary policy bolstered financing conditions and bank lending

At the outbreak of the pandemic, the Eurosystem adopted extensive non-standard measures which were modified again and again as the pandemic progressed. These measures were designed to ensure an ample supply of liquidity to banks and, ultimately, an adequate supply of credit to the real economy. To this end, it increased purchases under the asset purchase programme (APP), which had been running since 2015, and launched the PEPP. A large volume of bonds issued by euro area Member States was purchased under these programmes. Furthermore, the Eurosystem introduced a series of pandemic emergency longer-term refinancing operations (PELTROs), made conditions for the third series of targeted longer-term refinancing operations (TLTRO-III) more favourable and adopted temporary collateral easing measures.[5] Although the interest rate on the deposit facility remained negative, banks' interest expenditure was reduced by the two-tier system for remunerating reserve holdings introduced at the end of 2019, which makes a portion of excess liquidity held in the deposit facility exempt from negative interest.[6]

Structural developments in the German banking sector

Monetary and fiscal policy measures as well as persistent low interest rate environment fuelled balance sheet growth

Growth in the aggregate of German credit institutions' annual average total assets was again up significantly on the previous year. In addition to the persistent low interest rate environment, monetary and fiscal policy measures connected to the coronavirus pandemic are likely to have been a contributory factor here. Following an increase of 5.1% in 2019, German credit institutions recorded growth of €674.1 billion (+7.9%) in their balance sheets.

Looking at the individual categories of banks, big banks recorded the highest year-on-year growth figures with a rise of just under €274 billion (+11.1%). However, one-off effects were at play here: one institution merged with a group subsidiary that was not previously classified as a big bank, thus overstating actual developments. Average growth in credit cooperatives' and savings banks' total assets (+7.5% and +7.0%, respectively) was in line with the aggregate.

Lending expanded again vis-à-vis previous year

On the assets side of the aggregated bank balance sheet, lending within Germany shot up again in 2020. According to data from the monthly balance sheet statistics, on an annual average, the volume of loans to domestic non-banks was up by around €144 billion (+4.2%) on 2019.[7] Credit cooperatives' contribution (approximately 28%) to overall growth in the volume of loans was disproportionately higher than their market share (20%). By contrast, savings banks' and big banks' shares in growth in lending (circa 32% and 11%, respectively) were more or less in line with their market share.

Distinct growth was recorded, in particular, for medium and long-term loans to domestic non-financial corporations and households. In 2020, they rose by around €137 billion (+5.3%) on an annual average; the highest jump seen in the last 20 years. Growth was chiefly driven by housing loans, which rose by around €87 billion (+6.1%) in 2020 – another 20-year record high.

Factors on both the supply and the demand side were behind this growth. For instance, robust activity in the construction sector as well as a continuation of favourable financing costs probably fuelled persistently brisk demand for housing loans.[8] Greater demand for medium and long-term loans to non-financial corporations also boosted growth considerably. This rise in demand was probably due to greater funding needs for refinancing, restructuring and renegotiation as well as high financing needs for inventories and working capital as a

5 See Deutsche Bundesbank (2021a), pp. 21 f.
6 The negative interest rate on the deposit facility stood at -0.50% throughout 2020.
7 Lending by German credit institutions to domestic banks in 2020 was down on the previous year. On an annual average, the volume of loans fell by just under €28 billion (-2.1%).
8 See Deutsche Bundesbank (2021c), p. 33.

Structural data on German credit institutions

End of year

Category of banks	Number of institutions[1]			Number of branches[1]			Number of employees[2]		
	2018	2019	2020p	2018	2019	2020p	2018	2019	2020p
All categories of banks	1,602	1,553	1,519	27,834	26,620	24,060	571,084	560,895	549,276
Commercial banks	281	274	270	7,732	7,601	6,453	3 156,200	3 153,250	3 151,600
Big banks	4	4	3	6,298	6,219	5,146	.	.	.
Regional banks and other commercial banks	158	153	151	1,274	1,215	1,142	.	.	.
Branches of foreign banks	119	117	116	160	167	165	.	.	.
Landesbanken	6	6	6	240	236	210	28,800	28,150	27,150
Savings banks	386	380	377	9,492	8,971	8,318	209,600	205,000	200,700
Credit cooperatives	878	844	818	8,942	8,471	7,765	4 142,850	4 140,650	4 138,150
Mortgage banks	11	10	10	44	38	37	.	.	.
Building and loan associations	20	19	18	1,357	1,278	1,259	5 13,000	5 12,850	5 12,300
Banks with special, development and other central support tasks	20	20	20	27	25	18	6 20,634	6 20,995	6 19,376

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

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result of the pandemic.[9] In addition, a further easing of Eurosystem monetary policy and changes in the design of TLTRO-III is likely to have alleviated pressure on earnings, enabling banks to significantly increase lending.[10]

Unlike medium and long-term loans, short-term loans to non-financial corporations and households remained at the previous year's level on average over the reporting year, after having recorded high growth between 2017 and 2019.

Central bank balances rose more than lending

With a rise of just over €225 billion (+42.4%), German banks' annual average holdings at central banks shot up in 2020. On an annual average in 2020, German banks thus set a new record, holding around €758 billion of their assets in central bank balances. The categories of banks contributing the most to this overall rise were regional and other commercial banks (growth of just over €62 billion, +61.8%), savings banks (growth of just over €52 billion, +88.2%) and credit cooperatives (growth of just under €19 billion, +75.4%). By contrast, big banks made only a moderate contribution (growth of just under €17 billion, +15.2%) to the rise in central bank balances. The Eurosystem's asset purchase programmes (PEPP, PSPP) and the extremely attractive conditions for TLTRO-III were the driving force behind German banks' holdings at central banks.[11]

Sharp rise in German banks' deposit holdings due to pandemic

On the liabilities side of the aggregated bank balance sheet, pandemic-related uncertainty regarding future economic development as well as restricted consumption options sent the volume of domestic households' and non-financial corporations' deposit holdings soaring.[12] This, in turn, pushed up deposits held at

9 See Deutsche Bundesbank (2021c), p. 38.
10 See Deutsche Bundesbank (2020c), pp. 35 f.
11 See Deutsche Bundesbank (2020a), p. 27.
12 See Deutsche Bundesbank (2021a), p. 14.

all domestic non-banks,[13] with their annual average volume rising by a total of just under €177 billion (+4.9%) in 2020; the year before, the increase stood at 4.0%. Growth concentrated on sight deposits which expanded at a rate of 10.7% in the reporting year, much more than in 2019 (+7.7%). However, time and savings deposits were down on 2019, by 3.9% and 2.9%, respectively. This development reflects, on the one hand, a shift in deposit customers' preferences in favour of liquidity during the pandemic. On the other hand, the extremely narrow yield spreads between the various forms of deposit are likely to have played a part in this development, too.[14]

A comparison across categories of banks shows that, in proportion to their market share, savings banks and credit cooperatives in particular recorded somewhat disproportionately higher inflows of deposits. With an annual average increase of roughly €62 billion (+6.3%), savings banks accounted for around one-third of total growth in deposits. Their market share in the overall volume of domestic non-banks' deposits amounted to just under 28% in 2020. Credit cooperatives, with a market share of just under 20% (unchanged), reported a rise of about €45 billion (+6.4%), making up approximately 26% of the overall increase in domestic non-banks' deposits. At around €16 billion (+2.4%), big banks' contribution to deposit growth was, however, disproportionately low, accounting for around 9% of total growth and out of line with their market share of approximately 18%. Roughly 70% of total growth in domestic non-banks' deposits can be attributed to these three categories of banks.

On aggregate, balance sheet equity at 2019 level

The balance sheet equity of German banks amounted to around €528 billion in total in 2020 and was thus at more or less the same level as in 2019. However, broken down by category of banks, the development is very heterogeneous. For instance, in the reporting year, big banks had around €20 billion (-19.5%) less equity than in 2019. Yet this decline is almost entirely attributable to losses reported by one institution which were actually incurred in 2019 following strategic restructuring but not booked, and thus reflected in the equity figures, until 2020.[15] By contrast, all other categories of banks[16] considered recorded clear increases in balance sheet equity. Regional banks and other commercial banks (+9.5%), credit cooperatives (+5.8%) and savings banks (+4.5%) in particular topped up their balance sheet equity.

Consolidation in German banking sector continued

The consolidation process in the German banking sector continued in 2020. However, the decline in the number of credit institutions was lower than in 2019 as fewer mergers took place in the reporting year, especially in the savings bank and credit cooperative sectors. In addition, not as many securities trading banks closed as in 2019 on account of Brexit.[17]

In contrast to the number of credit institutions, the number of branches in Germany fell much more sharply in 2020 than a year earlier. In general, the ongoing trend of thinning out the branch network affected every category of banks. However, in 2020, big banks in particular considerably cut the number of branches as part of extensive restructuring measures.[18]

13 The deposits of all domestic non-banks comprise sight deposits, time deposits and savings deposits as well as savings bonds held by domestic households, non-financial corporations, other financial corporations, general government and non-profit institutions.
14 See Deutsche Bundesbank (2020a), pp. 32 f., and Deutsche Bundesbank (2021c), pp. 32 f.
15 When interpreting the data on the equity base, which are calculated as annual average values, it should be borne in mind that the amounts transferred from the profit for the respective financial year do not increase balance sheet equity until the year after the annual accounts are adopted, while withdrawals from equity items are to be deducted at the latest when the annual accounts are prepared.
16 Regional banks and other commercial banks, branches of foreign banks, Landesbanken, savings banks, credit cooperatives, mortgage banks, building and loan associations as well as banks with special, development and other central support tasks.
17 See Deutsche Bundesbank (2021d), p. 2.
18 See Deutsche Bundesbank (2021d), pp. 8 f.

Performance, profitability and cost efficiency

Generally speaking, the performance of German credit institutions deteriorated in 2020 compared with the previous year. On account of the coronavirus pandemic, there was a significant increase in risk provisioning in credit business, in particular, which led to virtually all of the categories of banks included in the statistics on banks' profit and loss accounts[19] recording either stagnating or receding results for the financial year before tax.

Nevertheless, the fact that the aggregate profit for the financial year before tax rose considerably in the reporting year was primarily driven by big banks. There was a one-time sharp drop in the aggregate profit for the financial year in 2019 on account of a one-off effect resulting from strategic restructuring at one big bank. Once this one-off effect ceased to apply, there was an improvement not only in the aggregate profit for the financial year before tax, but also in the return on equity and the return on assets as well as the cost/income ratio in the reporting year. Nevertheless, in 2020 the profit for the financial year before tax as well as the return on equity and the return on assets stood significantly below the respective level of the long-term average and the average of the post-financial crisis years (2010 to 2018). The cost/income ratio also proved worse in the reporting year than the long-term comparative figures.

Return on equity and return on assets

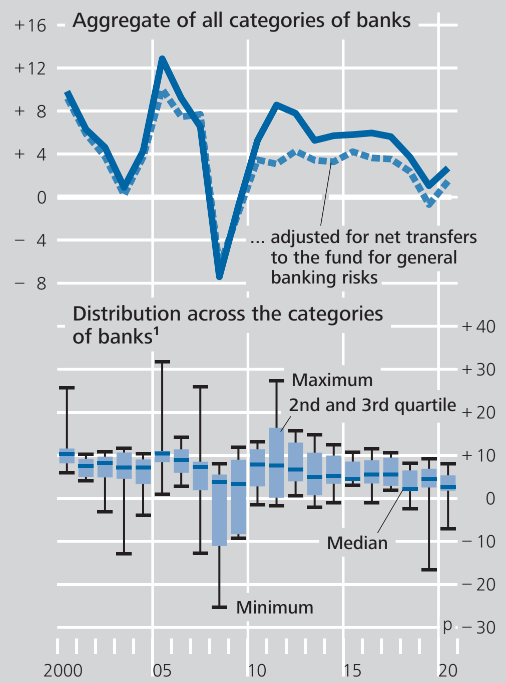
Reduced profitability despite return on equity more than doubling on the year

Overall, the return on equity (profit for the financial year before tax in relation to balance sheet equity) more than doubled in 2020, going up by 1.6 percentage points to 2.7% compared with the previous year. However, the aforementioned one-off effect had an impact here. Accordingly, the distribution of the return on equity indicates that profitability deteriorated overall in the reporting year. In this vein, the median value[20] declined significantly from 4.4% in 2019 to 2.7% in 2020. In addition, the return on equity continued to stand considerably below the long-term average of 5.2% as well as below the average of the post-financial crisis years (2010 to 2018) of just under 6%.

A comparison of the categories of banks shows that big banks were the main drivers of the seemingly positive development in 2020 as a whole. Because the one-off effect from the previous year ceased to apply, they posted the

Credit institutions' return on equity*

%



* Profit or loss for the financial year before tax as a percentage of average equity. **1** Interpretation guide: The minimum (maximum) represents the respective category of bank with the smallest (largest) value.

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19 Statistics on banks' profit and loss accounts are compiled on an annual basis. This involves the evaluation of the profits and losses calculated from the annual accounts (individual accounts prepared in accordance with the German Commercial Code *(Handelsgesetzbuch)*), which the banks must submit to the Bundesbank pursuant to Section 26 of the Banking Act *(Kreditwesengesetz)*. As the annual accounts apply to the respective institution as a whole (but not to the group), the charges and income of foreign branches are also recorded. See also the methodological notes on p. 93.
20 The median value refers to the middle value of a distribution; i.e. one half of all values is below the median, while the other half is above.

Return on equity of individual categories of banks*

%

Category of banks	2016		2017		2018		2019		2020p	
All categories of banks	5.97	(4.27)	5.63	(4.08)	3.73	(2.41)	1.07	(– 0.41)	2.71	(1.12)
Commercial banks	4.51	(3.20)	3.95	(2.79)	2.07	(1.54)	– 7.70	(– 8.99)	– 1.56	(– 2.94)
of which:										
Big banks	3.45	(2.50)	2.88	(2.30)	1.14	(1.24)	– 16.63	(– 17.58)	– 7.08	(– 8.22)
Regional banks and other commercial banks	6.30	(4.45)	5.31	(3.33)	3.30	(1.89)	4.44	(2.69)	4.10	(2.45)
Landesbanken	– 1.01	(– 1.95)	1.85	(0.98)	– 2.45	(– 3.89)	2.03	(1.55)	1.29	(0.85)
Savings banks	10.42	(7.42)	9.44	(6.72)	7.19	(4.83)	6.86	(4.83)	5.36	(3.36)
Credit cooperatives	11.54	(8.39)	10.11	(7.05)	8.19	(5.50)	9.18	(6.59)	7.33	(5.00)
Mortgage banks	5.54	(4.20)	5.49	(3.56)	2.09	(0.88)	5.31	(3.75)	8.06	(1.40)
Building and loan associations	8.87	(7.28)	9.18	(7.74)	2.21	(1.02)	3.83	(2.95)	1.99	(1.19)

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

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biggest increase in the return on equity, at 9.6 percentage points. Despite this, big banks also recorded the lowest return on equity of all categories of banks in the reporting year, at -7.1%. By contrast, credit cooperatives and savings banks remained among the categories of banks with the highest return on equity, at 7.3% and 5.4%, respectively. In comparison with 2019, however, they recorded relatively sharp reductions in the return on equity of 1.9 and 1.5 percentage points, respectively, owing to the surge in risk provisioning in credit business in 2020.

Change in return on equity partially driven by change in balance sheet equity

Although the change in the profit for the financial year before tax proved to be the main driver of the development in the return on equity once again in 2020, in some categories of banks the change in balance sheet equity in comparison to the previous year was also exceptionally significant. For example, the increase in balance sheet equity alone lowered the return on equity at credit cooperatives and savings banks by 0.4 and 0.3 percentage point, respectively, in comparison with the previous year. Thus, around one-quarter of the decline in the return on equity at credit cooperatives and around 17% of the decline at savings banks were attributable to growth in balance sheet equity.

Return on assets likewise up significantly overall

An analysis of the return on assets (profit for the financial year before tax in relation to annual average total assets) painted a generally similar picture to the one for the return on equity. Increasing by just under 0.1 percentage point, the return on assets more than doubled in 2020 compared with the previous year, to 0.16%. However, it remained considerably below the long-term average of 0.22% as well as below the average of the post-financial crisis years (2010 to 2018) of 0.29%. Here, too, the distribution of the return on assets indicates generally lower profitability than in 2019, with the median, in particular, declining from 0.21% to 0.15% in the reporting year compared with the previous year. A comparison of the categories of banks likewise presents a similar picture to that of the return on equity. Apart from big banks, which were the main drivers of the overall development on account of the one-off effect from 2019 ceasing to apply, and mortgage banks, none of the other categories of banks[21] were able to improve their return on assets. Credit cooperatives and savings banks, in particular, with figures of 0.16 and 0.15 percentage point, respectively, recorded sharp declines in their return on assets in the reporting year compared with the previous year.

Balance sheet growth had comparatively strong impact on the return on assets of individual categories of banks

All in all, strong balance sheet growth (+7.9%) compared with the previous year curbed the increase in the return on assets only slightly. Excluding balance sheet growth, the return on assets in 2020 would have been around 0.01 percentage point higher, all other things being equal. In individual categories of banks, however, the impact on the change in the return on assets was significant. Balance sheet growth had a particularly strong influence on the return on assets at credit cooperatives and savings banks, with just under one-third of the reduction in credit cooperatives' return on assets and around one-fifth of the decline in savings banks' return on assets in the reporting year attributable to balance sheet growth.

Profit for the financial year

Profit for the financial year before tax more than doubled compared with 2019, but no improvement in profitability in general

The profit for the financial year before tax went up by a total of €8.6 billion in 2020 compared with the previous year. Although, at €14.3 billion, it reached a level of around 2.5 times that of the previous year, it remained below the long-term average of €17.6 billion and significantly below the average of the post-financial crisis years (2010 to 2018) of €25.4 billion.

Looking at each category of banks individually shows that big banks were solely responsible for the surge in the profit for the financial year before tax. Although the merger between one big bank and a group subsidiary in 2020 encumbered the annual result of that category of banks, the one-off effect resulting from strategic restructuring at one big bank in 2019 ceasing to apply caused big banks' annual result before tax to rise by €11.5 billion in the reporting year. This meant that the loss for the year before tax posted by big banks in 2020 was considerably lower, at €6.0 billion, and thus stood at only one-third of the previous year's figure. By contrast, with few exceptions,[22] the other categories of banks recorded partly significant losses in 2020 compared to the previous year. Savings banks and credit cooperatives recorded the largest absolute declines, at €1.5 billion (-18.2%) and €1.2 billion (-15.5%), respectively. Nevertheless, together, savings banks and credit cooperatives also generated the lion's share of the total profit for the financial year before tax in 2020, at €6.7 billion and €6.4 billion, respectively.

Lower negative balance in other and extraordinary account was main driver of increase in overall profit for financial year

With an increase of €10.3 billion, the balance in the other and extraordinary account[23] made the biggest contribution to growth in the overall profit for the financial year. In comparison to the previous year, the negative balance was reduced by almost two-thirds in 2020, to €5.8 billion. This extraordinarily strong improvement, which also proved to be the dominant factor behind the rise in the aggregate return on equity and return on assets, was almost exclusively driven by three one-off effects in the category of big banks. First, high loss allowances resulting from strategic restructuring at

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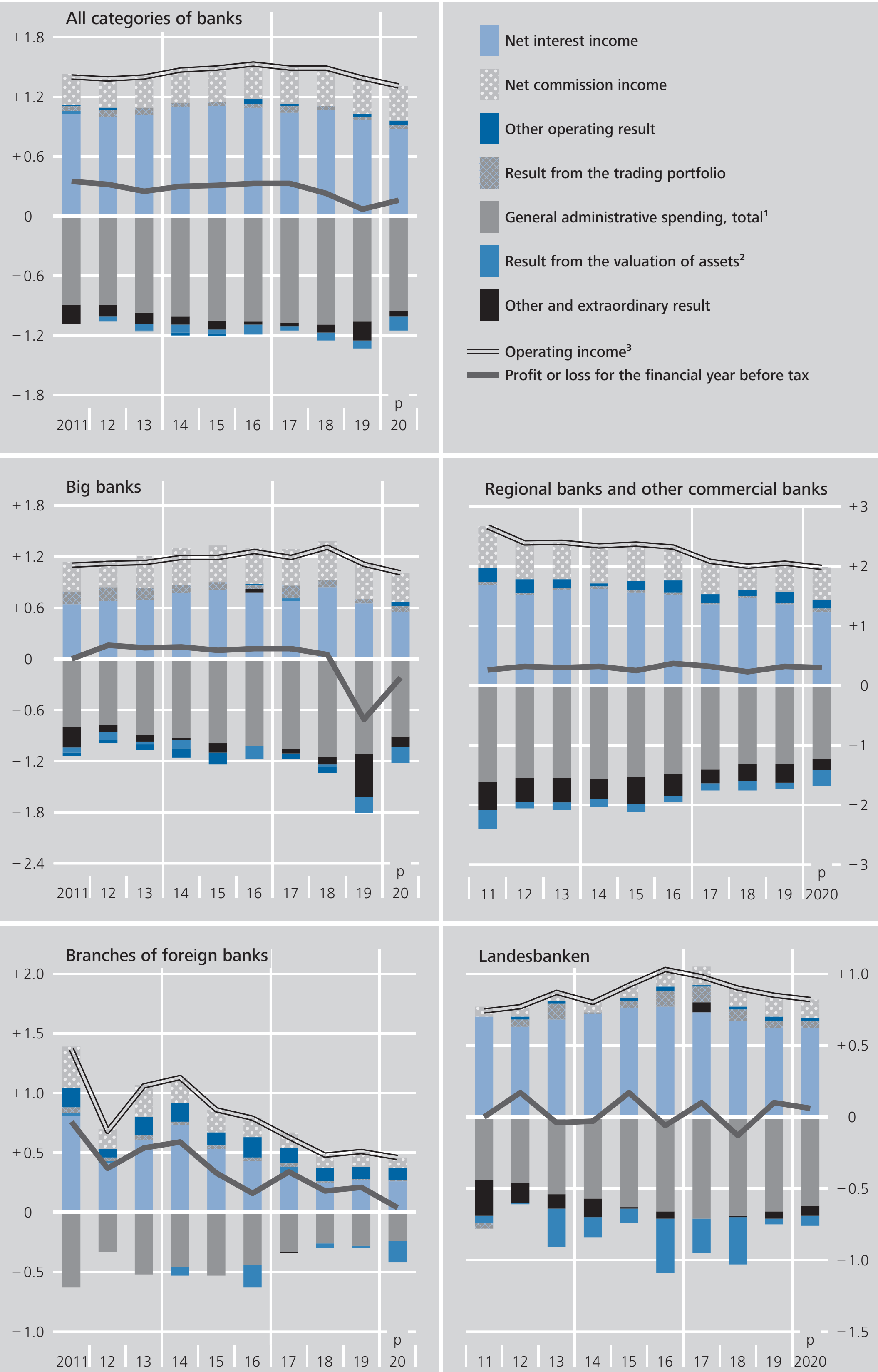
21 Regional banks and other commercial banks, branches of foreign banks, Landesbanken, savings banks, credit cooperatives, building and loan associations as well as banks with special, development and other central support tasks.
22 Only mortgage banks and banks with special, development and other central support tasks increased their profit for the financial year at a low level, by 56.0% and 7.5%, respectively.
23 The other and extraordinary account includes depreciation of and value adjustments to participating interests, shares in affiliated enterprises and securities treated as fixed assets, income from value readjustments to participating interests, shares in affiliated enterprises and securities treated as fixed assets, charges and income from loss transfers, transfers to special reserves and income from the release of special reserves, extraordinary charges and income as well as profits transferred under profit pooling, a profit transfer agreement or a partial profit transfer agreement.

Return on assets and its components by category of banks*

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



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

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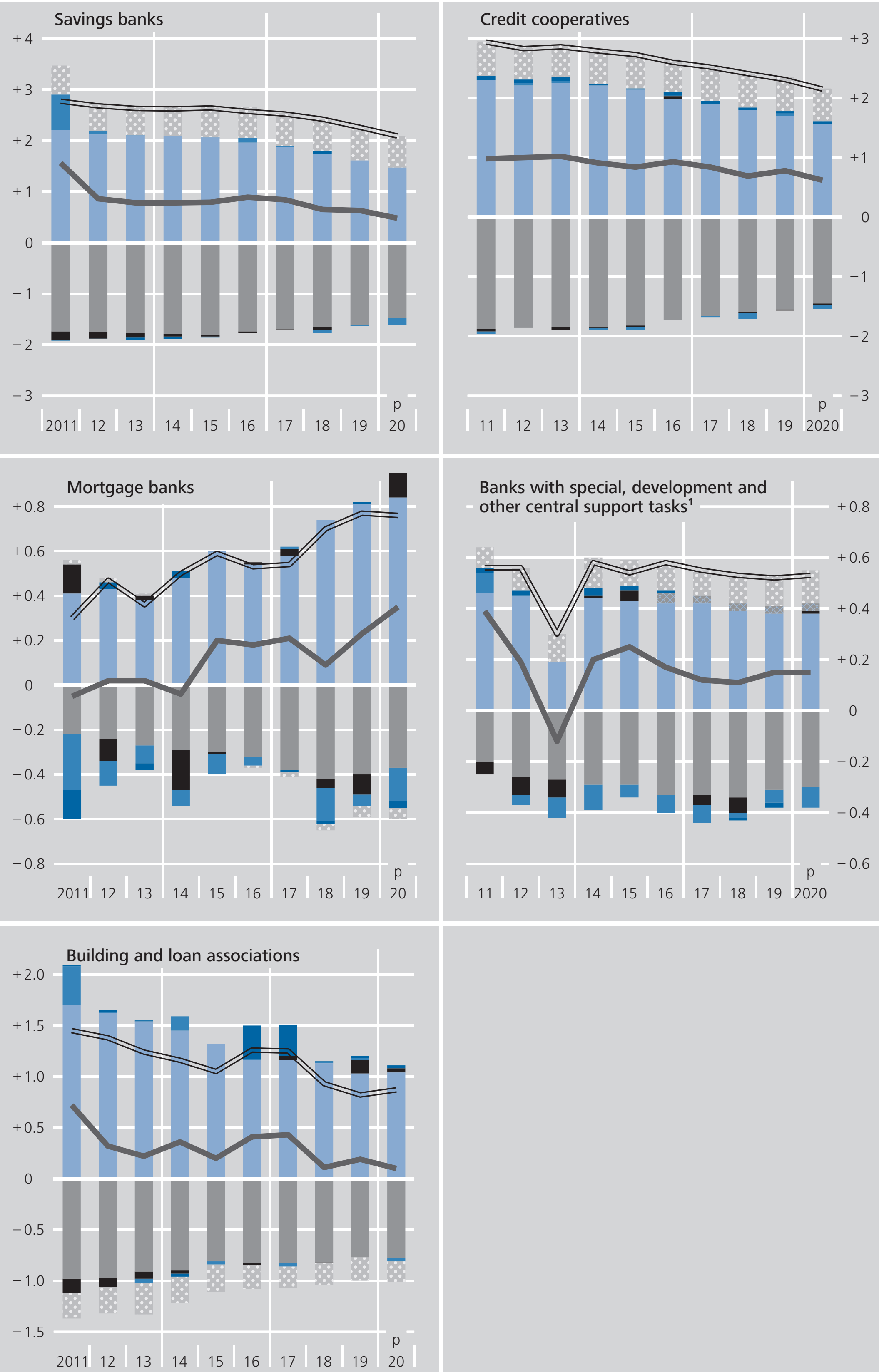
As a percentage of total assets; the charts below use differents scales



3 Gross earnings plus result from the trading portfolio and other operating result.

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Breakdown of extraordinary result

€ million

Item	2018	2019	2020p
Other and extraordinary result	– 6,831	– 16,133	– 5,801
Income (total)	2,779	4,201	3,501
Value readjustments to participating interests, shares in affiliated enterprises, and securities treated as fixed assets	876	1,609	1,347
from loss transfers	730	734	587
Extraordinary income	1,173	1,858	1,567
Charges (total)	– 9,610	– 20,334	– 9,302
Depreciation of and value adjustments to participating interests, shares in affiliated enterprises, and securities treated as fixed assets	– 1,723	– 12,158	– 2,837
from loss transfers	– 497	– 908	– 329
Extraordinary charges	– 1,700	– 3,152	– 3,206
Profits transferred under profit pooling, a profit transfer agreement or a partial profit transfer agreement	– 5,690	– 4,116	– 2,930

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one institution in 2019 led to big banks' balance in the other and extraordinary account moving significantly further into negative territory, to €12.5 billion. These loss allowances did not reoccur in the reporting year. Second, the institution in question posted extraordinary income of €1.3 billion in 2020 owing to its merger with a subsidiary which had hitherto been considered an independent institution in the category of big banks. Third, the merger between another big bank and a group subsidiary which did not previously belong to the category of big banks led to new depreciation of and value adjustments to participating interests in the amount of €5.7 billion in the same period. Together, these three one-off effects reduced big banks' negative balance in the other and extraordinary account by more than two-thirds compared with the previous year, to €3.4 billion.

Compared with big banks, the changes to the balance in the other and extraordinary account in the other categories of banks[24] were minor and had only a minimal impact on the negative balance in 2020 overall.

Reduced valuation result on account of higher risk provisioning in credit business caused general deterioration in profitability

The result from the valuation of assets,[25] as measured by the absolute amount of its change, was the second most important driver of the development in the profit for the finan-

24 For example, regional banks and other commercial banks were able to reduce their negative balance in the other and extraordinary account by €1.1 billion (-36.1%) in the reporting year, to -€2.0 billion. Savings banks recorded a negative balance of around -€0.1 billion in the reporting year after posting a slightly positive balance in the other and extraordinary account in the previous year. Landesbanken expanded their negative balance by €0.2 billion (+42.9%), to €0.6 billion. Credit cooperatives remained at the level of the previous year.

25 The valuation result comprises the effects of value adjustments, write-ups and write-downs on accounts receivable and securities in the liquidity reserve. In addition, income and charges in connection with transfers from and to loan-loss provisions are taken into account, as are transfers and releases relating to undisclosed reserves pursuant to Section 340f of the Commercial Code. However, due to the cross-offsetting option permissible under the Commercial Code, the annual accounts do not show the extent to which undisclosed reserves have been formed or released.

Credit risk provisioning by German credit institutions in 2020

Given the impact of the coronavirus pandemic on economic activity in Germany and around the world, credit risk provisioning was a particularly important issue for German credit institutions in the 2020 reporting year.

In the light of the comprehensive containment measures and the ensuing economic uncertainty, the need for greater credit risk provisioning became clear at an early stage. Model simulations warned of a significant increase in corporate insolvencies and thus also a considerable rise in loss allowance ratios.[1]

Supervisors and legislators took various measures to identify the risks associated with the coronavirus pandemic. For instance, a special reporting system was established early on. In order to ensure adequate credit risk provisioning, over the course of the pandemic, banking supervisors also explicitly communicated their expectations in terms of identifying and measuring credit risk. In its "Dear CEO" letter of 4 December 2020, the ECB outlined its expectations in this regard to the significant institutions under its supervision.[2] The Federal Financial Supervisory Authority (BaFin) communicated a similar set of expectations to the less significant institutions (LSIs) in Germany.[3] To support the functional viability of the banking system during the crisis, in March and April 2020, institutions were also advised to make use of the flexibility of the existing accounting standards under IFRS accounting rules.[4]

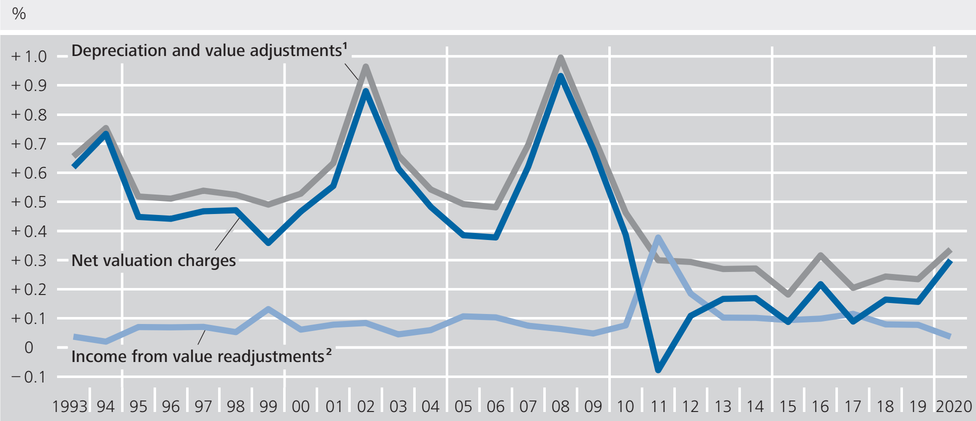
Taking into account the measures outlined, aggregate net valuation charges rose significantly in 2020 from a fairly low level in the preceding years. However, an analysis by category of bank reveals differences in the scale of this development. For instance, in 2020, according to data from credit institutions' individual accounts prepared in accordance with the German Commercial Code, the net valuation charges of big banks rose to around €5.3 billion or 0.8% of the annual average lending portfolio. Regional banks and other commercial banks likewise recorded a considerable increase in their net valuation charges to around €2.8 billion or 0.5% of the annual average lending portfolio. By contrast, despite experiencing a rise in provisions in 2020 as well, net valuation charges at Landesbanken, savings banks and credit cooperatives climbed to €0.6 billion, €1.96 billion and €0.7 billion, respectively, which was fairly moderate by historical standards.

In the past, the formation and release of undisclosed reserves has sometimes also made a major contribution to the development depicted in the chart on p. 104. However, undisclosed reserves are not only considered to be a risk provisioning tool; they are also used to shape the results.

Ultimately, economic activity, and thus the solvency of borrowers was more positive than feared in the second quarter of 2020, not least in the light of massive government support. The non-performing loans ratio in the German banking sector has not yet increased over the course of the pandemic,

1 See Deutsche Bundesbank (2020b).
2 See https://www.bankingsupervision.europa.eu/press/letterstobanks/shared/pdf/2020/ssm.2020_letter_credit_risk_identification_measurement~734f2a0b84.en.pdf?c839e6212e8a9bf18dc0d26ab0b1cd7f
3 See https://www.bafin.de/EN/Aufsicht/CoronaVirus/CoronaVirus_node_en.html, "In view of the "Dear CEO letter" on the identification and measurement of credit risk in the context of the coronavirus pandemic, what are BaFin's expectations with regard to LSIs?".
4 See www.bankingsupervision.europa.eu/press/letterstobanks/shared/pdf/2020/ssm.2020_letter_IFRS_9_in_the_context_of_the_coronavirus_COVID-19_pandemic.en.pdf and https://www.bafin.de/SharedDocs/Veroeffentlichungen/EN/Pressemitteilung/2020/pm_200324_corona-krise_aufsichtliche_anforderungen_en.html

Net valuation charges overall and by component*



* Relative to the annual average lending portfolio. **1** In respect of loans and advances, and provisions for contingent liabilities and for commitments. **2** In respect of loans and advances, and provisions for contingent liabilities and for commitments.
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either. In the first quarter of 2021, it stood at just roughly 1.2%.[5] Against this background, the increase in net valuation charges was smaller than in 2008 or 2009, for example, in the wake of the financial crisis.

Moratoria were a measure to which particular attention was paid. For instance, the European Banking Authority (EBA) published guidelines on general payment moratoria as early on as April 2020.[6] Loans that met the requirements for general payment moratoria specified in the guidelines did not have to be classified as forborne, which could also have implied lower loss allowances. At German credit institutions, the share of loans subject to moratoria in line with the EBA's criteria temporarily reached 0.4% (Q3 2020). However, German credit institutions granted forbearance independently of this option, too. The share of these other COVID-19-related forbearance measures came to 0.6% in March 2021. Although these figures seem small at first glance, a large part of the forbearance measures were granted to the sectors hit particularly hard by the pandemic. For instance, among the loans granted to the hotel and restaurant sector by Germany's significant institutions,[7] the share of loans subject to other COVID-19-related forbearance measures came to 21.5% in March 2021. Forbearance rates were also relatively high in the sectors "arts, entertainment and recreation" (4.5%), "administrative and support service activities" (4.0%), "transportation and storage" (3.0%) and "real estate activities" (2.9%).

The moratoria granted in line with the EBA's criteria have now largely expired. At the end of March 2021, they stood at just 0.1% of the lending portfolio. No cliff effects occurred. Although residual risks exist with regard to the other COVID-19-related forbearance measures that have not yet expired, they are limited because German credit institutions have made disproportionately large loss allowances for them in comparison to total lending.

5 Based on supervisory reporting data (FINREP); the time series contains a structural break from the first to the second quarter of 2020 because the item "cash balances at central banks and other demand deposits" is now no longer to be included under loans and advances in FINREP. This, taken by itself, would already mean a rise in the ratio of non-performing loans. To isolate the effect of the pandemic as precisely as possible, the time series including "cash balances at central banks and other demand deposits" has been extrapolated for the purposes of this text.
6 See EBA/GL/2020/02 in conjunction with EBA/GL/2020/08 and EBA/GL/2020/15.
7 The relevant figures are only available for the significant German institutions.

cial year in 2020. With an increase of €6.6 billion, net valuation charges virtually doubled on the year to €13.3 billion, thus encumbering German banks' profitability overall.

As a result of the pandemic, the valuation result deteriorated in all categories of banks. In particular, regional banks and other commercial banks (+€1.8 billion) and savings banks (+€1.7 billion), but also credit cooperatives (+€1.2 billion) recorded significant increases in net valuation charges in 2020 compared with the previous year. This meant that, together, these three categories of banks were responsible for just over 70% of the overall rise in 2020.

Clear increase in risk provisioning resulting from coronavirus pandemic was main reason for deterioration in valuation result

Net valuation charges increased predominantly as a result of higher depreciation of and value adjustments to loans and advances, and provisions for contingent liabilities and for commitments, which rose by €4.9 billion on the year. A great deal of uncertainty about macroeconomic developments alongside changed expectations regarding future credit defaults prompted German credit institutions to increase their risk provisioning in 2020.[26] In addition, income from value readjustments to loans and advances, and provisions for contingent liabilities and for commitments roughly halved in the reporting year overall (decline of €1.7 billion).[27]

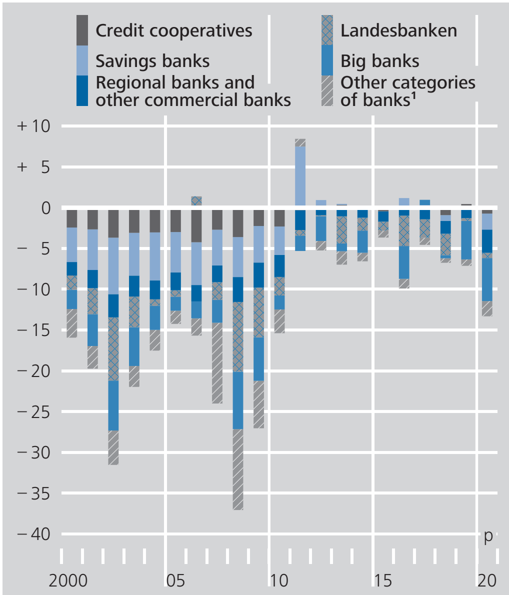
Nevertheless, net valuation charges in the reporting year remained below their long-term average of €14.0 billion. During the global financial crisis in 2008, German credit institutions' net valuation charges were even almost three times higher than in 2020. The numerous fiscal policy and regulatory measures taken in response to the coronavirus pandemic are likely to have had a major risk-reducing impact and prevented credit defaults.

Although big banks also increased their risk provisioning in credit business against the backdrop of the coronavirus pandemic, the rise in their net valuation charges in 2020, at €0.5 billion on the year, was comparatively small. This was, however, primarily driven by the negative one-off effect from the previous year ceasing to apply. Disregarding the institution affected by this, a significant rise in the net valuation charges of €3.3 billion compared with 2019 could also be observed at the other big banks, which was primarily attributable to higher depreciation of and value adjustments to loans and advances, and provisions for contingent liabilities and for commitments. Measured in terms of their share of just under 30% in aggregate total assets, the category of big banks also had a disproportionately large share in total net valuation charges[28] in 2020, at just under 40%.

Big banks' valuation result deteriorated only marginally in absence of one-off effect from previous year

Credit institutions' risk provisioning (result from the valuation of assets)*

€ billion



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

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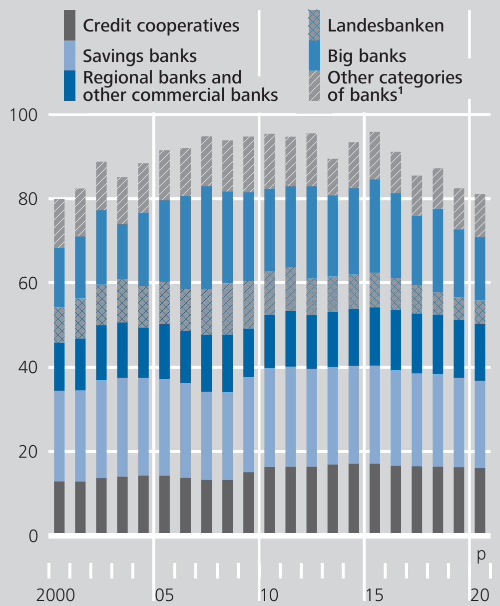
26 More information can be found in the box on pp. 103-104.
27 Together, credit cooperatives and savings banks were responsible for just under 80% of the overall decline.
28 In the reporting year, savings banks' share in total net valuation charges, at around 15%, was in line with their share in aggregate total assets. Credit cooperatives, which had a share of around 11% in aggregate total assets, had only a disproportionately small share in total net valuation charges of around 5%.

Net interest income generated by credit institutions*

€ billion



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

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Slightly improved operating income bolstered profit for the financial year and profitability, but was unable to offset rise in net valuation charges

German credit institutions' operating business proved robust in 2020 despite the prolonged low interest rate environment and the coronavirus pandemic. Operating income[29] rose by €1.8 billion (+1.5%) on the year to €120.5 billion. However, this was only able to compensate for just over one-quarter of the rise in net valuation charges.

With the exception of savings banks, whose operating income went down by €0.3 billion (-0.9%) compared with 2019, all categories of banks were able to raise their operating income, at least slightly. Regional banks and other commercial banks recorded the largest increase compared with the previous year. With growth of €0.9 billion (+4.4%), they contributed around one-half of the overall rise.

The increase in operating income in 2020 was attributable to partly significant improvements in the net commission income, the trading result and the other operating result. However, this meant that, with the trading result and the other operating result, the sources of income that had the smallest shares in operating income in 2020, at around 3% each, made the biggest individual contributions to the overall rise. Net commission income, which, at just under 27% of operating income, was the second most important source of income, experienced comparatively weak growth in the reporting year. Net interest income, which, accounting for around 67% of operating income, remained German credit institutions' most important source of income, went down again compared with 2019.

Net commission income, trading result and other operating result drove rise in operating income; net interest income down again

Net interest income is the only component of operating income that recorded a decline again in 2020. However, this decline, at €1.3 billion (-1.6%), was just over two-thirds smaller than in 2019. Total net interest income amounted to €81.1 billion in the reporting year.

Net interest income fell again overall, but considerably less sharply than in previous year

A comparison of the categories of banks shows major differences in developments. For example, in the reporting year, 81% of the total decline was attributable to big banks,[30] although they again generated less than one-fifth of the total net interest income. But savings banks and credit cooperatives also recorded declines. Savings banks' net interest income went down by €0.5 billion (-2.2%) in 2020. Compared with the previous year, however, the decrease was around one-third smaller. By contrast, at €0.2 billion (-1.4%), the decline in credit cooperatives' net interest income doubled compared with 2019. Landesbanken, in particular, recorded a rise in their net interest income. The increase of €0.3 billion (+5.4%) was, however, largely the result of a negative one-off effect at one Landesbank from the previous year ceasing to apply.

Decline in net interest income: major differences across categories of banks

29 Sum of net interest income, net commission income, the result from the trading portfolio and the other operating result.
30 In absolute terms, big banks' net interest income fell by €1.1 billion (-6.7%) in 2020.

Change in German banks' interest expenditure caused by adjustments to terms and conditions in deposit business with non-banks in the 2020 calendar year

The ECB introduced a negative interest rate on its deposit facility in 2014. Since then, German banks have been continuously reducing interest rates on customer deposits. Non-financial corporations' deposits were remunerated negatively in 2020 to an even greater extent than in the previous years. Although average remuneration on households' deposits remained in positive territory in 2020, it likewise continued its downward slide.[1] The intent of these adjustments to terms and conditions was to reduce institutions' interest expenditure and thus ultimately contain the decline in interest margins in lending and deposit business.[2]

The decrease in German banks' interest expenditure in deposit business with non-banks can be approximated using data on average interest rates and deposit holdings from the monthly balance sheet statistics of monetary financial institutions (MFIs) and the MFI interest rate statistics. The total comprises changes in sight deposits, time deposits and savings deposits held by domestic households, non-financial corporations, other financial corporations, general government and non-profit institutions, as well as by non-MFI non-resident depositors.[3] Given that, for some of these sectors,[4] no data on remuneration of deposits are collected for the MFI interest rate statistics, it is assumed that these deposits are remunerated at the interest rate reported for non-financial corporations. In order to measure the year-on-year change in interest expenditure in the 2020 calendar year, German banks' interest expenditure in deposit business is first calculated for each of the two calendar years, and then the difference is calculated. Interest expenditure for 2019 and 2020 is calculated on the basis of monthly data, thereby taking into account intra-year changes in average interest rates on deposits as well as changes in deposit holdings.

The table on p. 108 summarises the results of the calculations. On the whole, interest expenditure in deposit business is likely to have decreased by around €1.3 billion between the end of 2019 and the end of 2020, with the lion's share of the reduction, at around €1.2 billion, accounted for by residents' deposit business; interest expenditure in business with non-resident depositors was reduced by just under €0.1 billion.

A comparison of individual deposit categories reveals significant differences. German banks reduced their interest expenditure for sight deposits and time deposits each by just under €0.6 billion over the observation horizon. On the other hand, interest expenditure for savings deposits, given that average interest rates remained positive, decreased by less than €0.2 billion. Around half (just over €0.6 billion) of the entire reduction in interest expenditure was due to the introduction or expansion of negative interest rates on deposits.

The degree to which the reduction in interest expenditure is based on price and volume effects varies among the individual deposit categories. As regards sight deposits, for instance, both effects played a role: average remuneration declined slightly in 2020 and deposit holdings went up. The increase in deposit volumes, in and of itself, pushed up interest expenditure on households' sight deposits owing to the positive remuneration of the deposits. Growth in holdings of sight deposits of non-financial corporations and the other sectors, on the other hand, reduced interest expenditure on account of negative interest rates. Holdings of households' long-

1 See Deutsche Bundesbank (2021c), pp. 34-35.
2 See Deutsche Bundesbank (2020c), pp. 15 ff.
3 Changes in terms and conditions in deposit business with other banks are omitted because income and charges offset one another within the German banking system. The balance of deposit business between German and foreign banks is so small as to be considered negligible.
4 Other financial corporations, general government, non-profit institutions and non-MFI non-resident depositors.

Change in interest expenditure* in existing deposit business with the non-financial sector in 2020 vs. 2019

€ million

Deposit category	Residents				Non-residents	Total	
	Households	Non-financial corporations	Other non-financial sector	Total change in interest expenditure	Depositors, total	Change in interest expenditure	of which: Introduction or expansion of negative deposit interest
Deposits repayable on demand	− 149.25	[1] − 235.27	[1] − 117.43	− 501.95	[1] − 66.23	− 568.17	[1] − 418.92
Savings deposits[2]	− 166.26		− 0.85	− 167.11	− 1.94	− 169.04	.
Fixed-term deposits							
Maturity < 2 years	− 0.38	[1] − 72.33	[1] − 115.55	− 188.26	[1] − 63.20	− 251.46	[1] − 228.91
Maturity > 2 years	− 226.82	− 31.33	− 119.09	− 377.24	36.59	− 340.65	.
Total	.	.	.	− 1,234.55	− 94.77	− 1,329.32	[1] − 647.83

* Negative values indicate a decrease in interest expenditure. 1 Reduction in interest expenditure in deposit business as a result of negative average interest rates. 2 Households' and non-financial corporations' holdings of savings deposits are reported only jointly in the MFI interest rate statistics.

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term time deposits did not change on balance in 2020; the reduction in interest expenditure is attributable solely to falling interest rates in new business. With regard to the long-term time deposits of non-financial corporations and the other sectors, the reverse holds: with interest rates nearly constant overall and positive on average, deposit holdings fell considerably, which indicates that a volume effect was the primary contributor to the drop in interest expenditure.

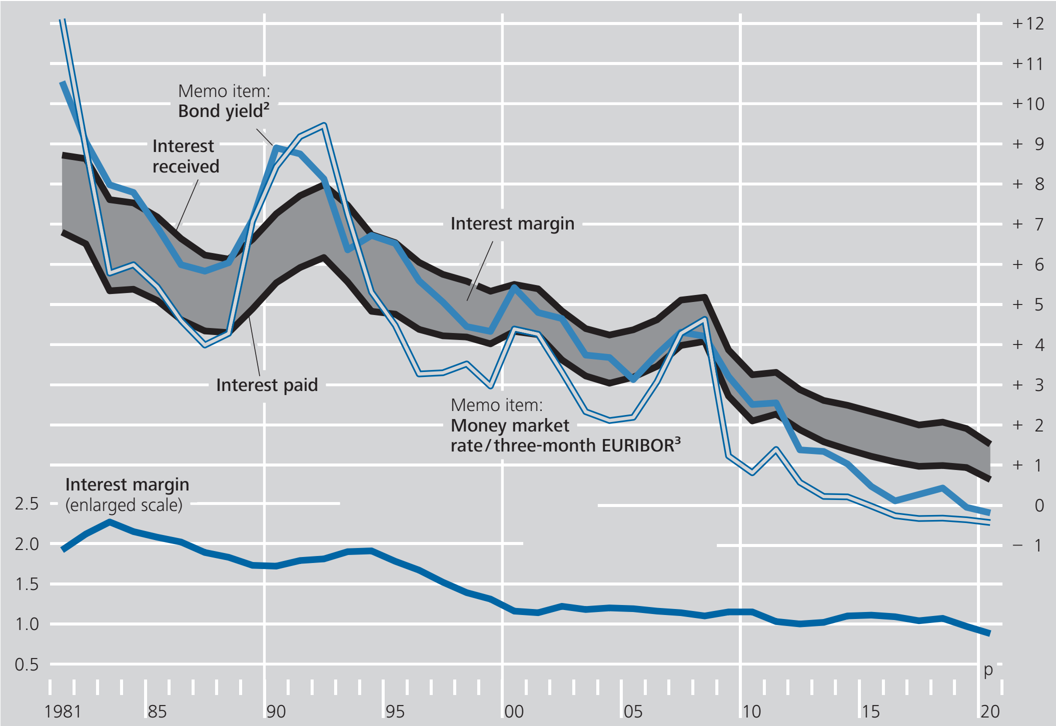
The fall of around €1.3 billion in interest expenditure in deposit business more than offset the just under €1.0 billion in net interest expenditure caused by the negative interest rates on the deposit facility in the 2020 calendar year. Here, the net interest expenditure from the negative interest on the deposit facility is the balance between the interest expenditure from remuneration of excess liquidity, less a reduction caused by the use of tiering,[5] introduced at the end of 2019, and interest income from participation in the negatively remunerated third series of targeted longer-term refinancing operations (TLTRO-III).[6]

The calculation of the reduction in commercial banks' interest expenditure in deposit business presented here reflects only part of the impact of negative monetary policy interest rates on banks' net interest income. Left out are further impacts of negative interest rates on banks' interest expenditure and interest income as well as all other expenditure and income items, examples being on lending rates and volumes, net commission income and risk provisioning. These effects are, in some cases, indirectly a result of the impact of negative interest rates on economic developments, which in turn feeds back to banks' expenditure and income items. All impacts (direct and indirect on expenditure and income) would have to be looked at jointly in order to reach a conclusive assessment of the overall impact of negative interest rates on banks' earnings position.

5 For more on remuneration of excess liquidity and the impact of tiering, see Deutsche Bundesbank (2021b), pp. 59 ff.
6 See Deutsche Bundesbank (2021a), p. 70. In 2020, the Bundesbank generated just over €2.7 billion worth of interest income from (negative interest rates on) credit institutions' deposits. This interest income accruing to the central bank corresponds to commercial banks' interest expenditure from the remuneration of excess liquidity less a reduction caused by the use of tiering. According to the Bundesbank's Annual Report, this contrasts with interest expenditure by the central bank resulting from (negatively remunerated) refinancing operations amounting to just under €1.8 billion. This was expenditure on TLTRO-III, which result in interest income for commercial banks. On balance, this results in banks' aforementioned net interest expenditure of just under €1.0 billion.

Interest received and interest paid by credit institutions

As a percentage of total assets[1]



1 Up to end-1998, as a percentage of the average volume of business. **2** Average yield on domestic bearer debt securities. **3** Up to end-1998, money market rate for three-month funds in Frankfurt am Main.
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Fall in interest income in 2020 almost entirely offset by lower interest expenditure

As a result of parallel developments in interest income and interest expenditure, the decline in net interest income in 2020 was considerably smaller than in the previous year. In the reporting year, unlike in 2019, German credit institutions managed to almost completely offset the fall in interest income through lower interest expenditure. Interest income in the broader sense[31] fell by €22.5 billion, while interest expenditure simultaneously went down by €21.2 billion. The fact that interest income in the broader sense ultimately recorded a somewhat greater fall on the year than interest expenditure was chiefly due to lower current income in 2020 from variable-yield securities, participating interests and shares in affiliated enterprises. In the year under review, current income fell by €1.6 billion (-21.4%), €1.0 billion of which was attributable to the lower current income from variable-yield securities at one big bank. By contrast, over the same period, the decline in interest income in the narrower sense, at €21.1 billion, was slightly more than offset by the reduction in interest expenditure. Furthermore, this development could be seen not only in aggregate terms but also separately for nearly all categories of banks.[32]

In the reporting year, the persistent low interest rate environment again led to lower interest income for German credit institutions. This was due not only to negative interest rates on excess liquidity in the Eurosystem's deposit facility, but first and foremost to the continued decline in interest rates in the high-volume lending business with households.[33] As a consequence, even the growth in the volume of lending business – particularly in the issuance

31 Interest income in the narrower sense plus current income from variable-yield securities, participating interests and shares in affiliated enterprises as well as income from profit pooling, profit transfer agreements and partial profit transfer agreements.
32 Only in the case of regional banks and other commercial banks did the fall in interest income outstrip the fall in interest expenditure, doing so by €0.5 billion.
33 See Deutsche Bundesbank (2021c), p. 37.

of new housing loans – was unable to halt the decline in interest income. Nevertheless, in 2020, German banks made increasing use of instruments to lower their interest expenditure. This included the near full utilisation of exemption allowances, introduced at the end of 2019, for the negative deposit facility rate[34] as well as the expanded use of refinancing operations with the Eurosystem at sometimes negative rates (in particular TLTRO-III). Furthermore, extensive changes to terms and conditions for customer deposit business (including the increased passing on of negative interest rates[35]) contributed to the decrease in interest expenditure.[36]

Interest margins fell to new low

After dipping below the 1% mark for the first time ever in 2019, the interest margin (net interest income in the broader sense in relation to annual average total assets) fell to a new low of 0.88% in the reporting year on account of both lower net interest income compared to the previous year as well as strong balance sheet growth. However, more than three-quarters of the 0.09 percentage point decline in the interest margin compared to 2019 was attributable to strong balance sheet growth in 2020, while just 0.02 percentage point of the overall decline was attributable to lower net interest income.

The major impact of balance sheet growth on the development of the interest margin was also observable in a breakdown by category of banks, particularly in the case of savings banks and credit cooperatives. The interest margin for both of these categories of banks fell by 0.14 percentage point in the reporting year to new historical lows. However, the increase in average total assets accounted for around 70% (0.10 percentage point) of the total decline in the interest margin at savings banks and for around 85% (0.12 percentage point) at credit cooperatives. Despite this, savings banks and credit cooperatives again recorded the highest interest margins among all categories of banks in 2020, with an interest margin of 1.47% and 1.56% respectively. At 0.55%, the interest margin at big banks was comparatively low, with balance sheet growth accounting for 60% of the overall decline here too.

Net commission income improves again

Net commission income increased by €0.9 billion (+2.8%) on the year to €32.1 billion. However, this increase was roughly half of that in 2019, when growth on the year amounted to €1.7 billion (+5.8%).

Heterogeneous developments in net commission income across the categories of banks

Developments in net commission income were very mixed in a comparison of the categories of banks. The largest contribution to the overall increase was made by regional banks and other commercial banks. Their net commission income rose by €1.1 billion (+23.5%) in the year under review. The main driver here was the relocation to Germany of some institutions' business units in the wake of Brexit. By contrast, savings banks and credit cooperatives both recorded only a slight rise of €0.2 billion (+2.4% and +3.8% respectively). Big banks even saw a decline in net commission income, which fell by €0.8 billion (-8.3%) on the year in 2020. However, this decline was primarily attributable to the merger of two institutions that had previously been taken into account as separate institutions in the big bank category. Excluding this one-off effect, net commission income at big banks would have risen by €0.2 billion (+2.65%) on the year.

No clear driver of net commission income observable

Depending on the business model and customer base, different drivers dominated the development of net commission income at indi-

34 See Deutsche Bundesbank (2021b), pp. 59 ff.
35 According to the MFI interest rate statistics, the aggregate interest rate on new overnight deposits from non-financial corporations stood at -0.09% in December 2020, compared with -0.06% in January 2020 and -0.05% in December 2019. The aggregate interest rate for new overnight deposits from retail customers was virtually zero in December 2020 (previous year: 0.008%). Furthermore, the share of non-financial corporations' overnight deposits subject to negative interest rates rose to just under 80% over the course of the reporting year. Over the same period, the share of households' overnight deposits earning negative interest rose to around 40% (see Deutsche Bundesbank (2012c), pp. 34 ff.).
36 For an assessment of the extent to which changes to terms and conditions in deposit business lowered interest expenditure in 2020, see the box on pp. 107 f.

vidual banks. Developments in 2020 were heterogeneous, not only across categories of banks, but also when looking at individual institutions within these categories. For example, numerous institutions among big banks, savings banks and credit cooperatives, but also regional and other commercial banks, recorded significant growth in safe custody business and securities trade, with corresponding increases in commission income. Many were also able to increase their commission income on the back of higher lending or in the payments domain as a result of the pandemic-related rise in cashless payment volumes. On the other hand, however, regional and other commercial banks, for example, recorded lower commission income in the area of trade finance as a consequence of the coronavirus pandemic and trade disputes.

Commission margin back at level of long-term average owing to strong balance sheet growth

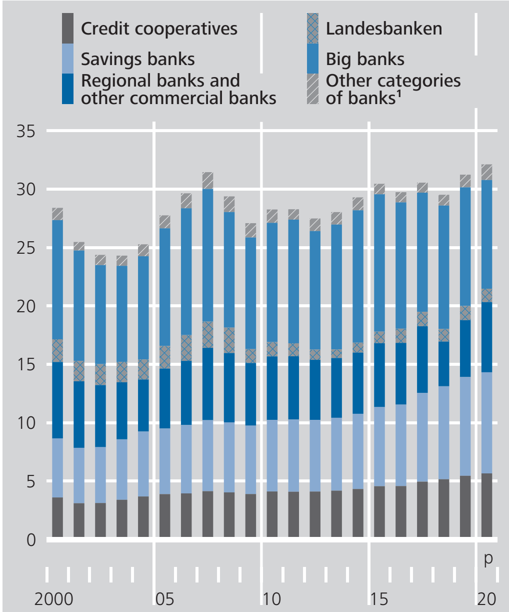
Following a slight increase in 2019, the commission margin (net commission income in relation to annual average total assets) fell by 0.02 percentage point to 0.35% in 2020, bringing it back to the level of its long-term average. However, the reason for this decline was strong balance sheet growth, which, when viewed in isolation, led to a fall in the commission margin of 0.03 percentage point. The higher net commission income in the year under review managed to push up the commission margin by a mere 0.01 percentage point, thus offsetting just one-third of the decline caused by balance sheet growth. This indicates that the increase in net commission income was primarily the result of higher transaction volumes rather than higher fees.

Improved trading result and net commission income contributed in similar measure to rise in operating income

The result from the trading portfolio increased by €1.0 billion (+42.3%) on the year in 2020 and thus made a similar sized contribution to that of net commission income to the overall increase in operating income. This increase was chiefly driven by income from derivatives business at one big bank. At €3.5 billion, net trading income in the reporting year was back to the level of its long-term average after having

Net commission income generated by credit institutions*

€ billion



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

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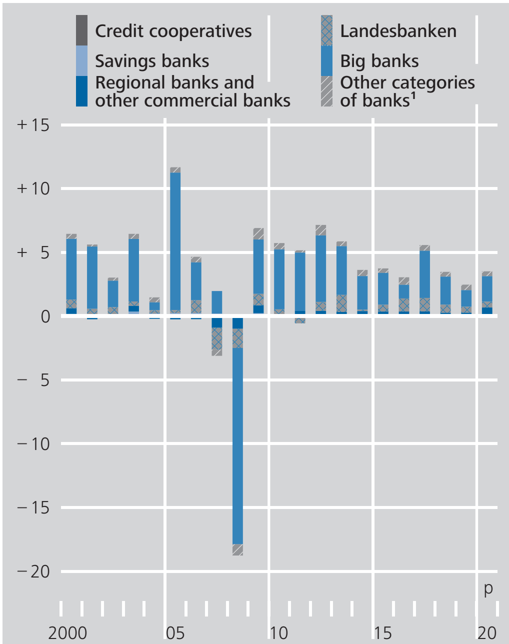
Credit institutions' trading result*

€ billion



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

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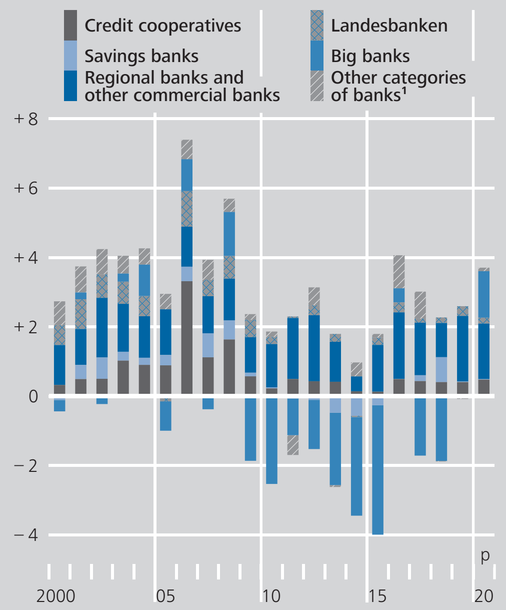
Credit institutions' other operating result*

€ billion



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

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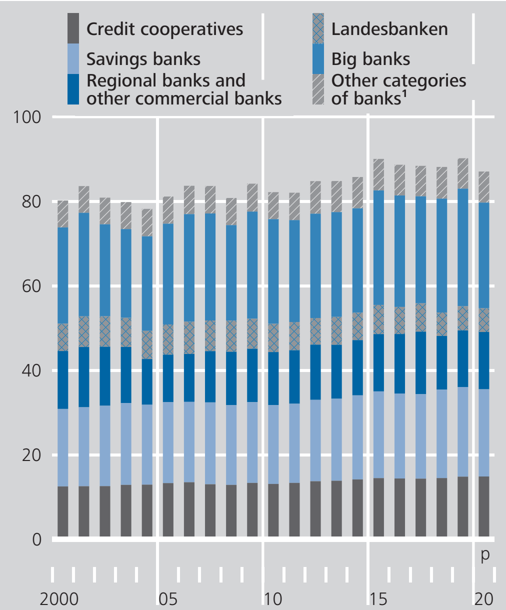
Credit institutions' administrative spending*

€ billion



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

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fallen considerably in the previous year due to losses from derivatives at one big bank.

The trading result continued to be primarily relevant for big banks and Landesbanken. In the reporting year, these two categories of banks together again generated the lion's share (just under 70%) of the overall trading result. However, in 2020 the trading result also grew in importance for regional and other commercial banks. With an increase of €0.4 billion, it more than doubled here compared to 2019, though this was attributable to just a small number of institutions in this category of banks.

Other operating result provided largest single contribution to rise in operating income and almost entirely offset the fall in net interest income

With growth of €1.2 billion (+47.2%), the other operating result[37] in 2020 made the largest single contribution to the increase in operating income and was able to almost fully offset the decline in net interest income. In addition, the other operating result, at €3.7 billion, was again of similar importance to German credit institutions in the reporting year as the trading result. However, this increase was attributable almost solely to big banks. Their other operating result rose by €1.4 billion on the year, chiefly owing to changes in the value of non-trading derivatives at one big bank.

General administrative spending[38] in 2020 fell by €3.1 billion (-3.5%) on the year to €87.0 billion.[39] However, even if the increase in operating income is factored in, this improvement was only able to offset just less than three-

37 Summary item used to record income and charges from operating business that have no connection to net interest income, net commission income or the trading result. It includes leasing expenses and income, the gross result for transactions in goods and subsidiary transactions, depreciation of assets leased, other operating charges and income, and other taxes as well as withdrawals from and transfers to the fund required by the building and loan association rules (only for building and loan associations).
38 General administrative spending encompasses staff costs and other administrative spending. Other administrative spending includes, for example, investment in product development, information technology, and digitalisation. In addition, other administrative spending also comprises depreciation of and value adjustments to tangible and intangible assets.
39 General administrative spending thus remained at a high level and above the long-term average of €83.7 billion.

Major income and cost items for individual categories of banks in 2020p

As a percentage of operating income

Item	All categories of banks	Big banks	Regional banks and other commercial banks	Landesbanken	Savings banks	Credit cooperatives	Mortgage banks	Building and loan associations	Banks with special, development and other central support tasks
Net interest income	67.3	54.3	61.9	76.0	70.5	72.3	110.7	120.2	71.1
Net commission income	26.7	33.6	27.7	15.5	29.4	25.5	– 6.7	– 23.5	24.3
Result from the trading portfolio	2.9	7.2	3.0	6.2	0.0	0.0	0.0	0.0	4.9
Other operating result	3.1	4.8	7.4	2.3	0.1	2.2	– 3.9	3.3	– 0.3
Operating income	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
General administrative spending	– 72.3	– 90.3	– 62.4	– 76.0	– 70.1	– 67.2	– 49.0	– 89.7	– 56.4
of which: Staff costs	– 36.7	– 38.0	– 28.8	– 37.8	– 43.6	– 38.5	– 22.1	– 31.5	– 27.6
Other administrative spending	– 35.5	– 52.2	– 33.6	– 38.2	– 26.5	– 28.7	– 26.8	– 58.1	– 28.7
Result from the valuation of assets	– 11.1	– 19.0	– 13.1	– 8.7	– 6.7	– 3.3	– 19.5	– 3.9	– 15.9
Other and extraordinary result	– 4.8	– 12.3	– 9.2	– 7.9	– 0.3	– 0.9	14.8	5.2	1.3

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In aggregate terms, lower general administrative spending contributed to rise in profit for the financial year, though this was primarily due to a decline in general administrative spending at big banks

quarters of the deterioration in the valuation result. Just under 90% of the overall decline was attributable to big banks, which reduced their general administrative spending by €2.8 billion (-10.1%) compared to 2019. The main reason for this was lower spending on restructuring and litigation at one big bank. This led to a fall in big banks' other administrative spending in particular, which was down by €2.5 billion compared to 2019. In addition, through a reduction in headcount, big banks also managed to reduce their staff costs by €0.3 billion in 2020.

The general administrative spending of the other categories of banks largely remained at the level of the previous year. In the reporting year, only savings banks were able to markedly reduce their general administrative spending, which was down €0.6 billion (-2.7%) compared to 2019. Of this, €0.2 billion was due to lower staff costs as a result of a reduction in headcount and €0.3 billion was due to the decline in other administrative spending.

Share of staff costs in general administrative spending virtually unchanged overall

Despite the ongoing consolidation process and further thinning out of the branch network, staff costs still accounted for roughly half of overall general administrative spending in 2020. Although staff costs declined slightly compared to 2019 (-€0.2 billion), their share in general administrative spending rose in the reporting year to 50.8% (+1.5 percentage points), as overall general administrative spending also declined. Due to their staff-intensive business model with many branches throughout Germany, savings banks and credit cooperatives continued to record the highest share of staff costs, at 62.2% and 57.3%, respectively.

Expenditure on ongoing digitalisation process impacted on other administrative spending

Except for the aforementioned declines at big banks and savings banks, other administrative spending remained virtually unchanged on the year, at €42.8 billion in 2020. The reasons for the persistent high level were, inter alia, the

Cost/income ratios by category of banks

%

Category of banks	General administrative spending in relation to operating income[1] 2018	2019	2020p
All categories of banks	73.1	76.0	72.3
Commercial banks	79.3	84.9	77.7
Big banks	87.9	100.9	90.3
Regional banks and other commercial banks	66.1	64.4	62.4
Branches of foreign banks	55.0	54.4	51.8
Landesbanken	76.6	78.5	76.0
Savings banks	68.3	71.4	70.1
Credit cooperatives	66.2	67.2	67.2
Mortgage banks	59.8	51.2	49.0
Building and loan associations	88.6	94.6	89.7
Banks with special, development and other central support tasks	65.6	59.7	56.4

1 Sum of net interest income and net commission income plus result from the trading portfolio and other operating result.
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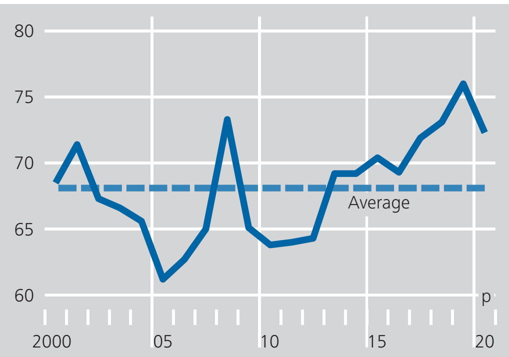
Ratio of credit institutions' administrative spending to operating income*

%



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

continuing high expenditure on IT in the context of the ongoing digitalisation process and against the backdrop of increased mobile working during the coronavirus pandemic. Furthermore, due to the strong growth in covered deposits[40] in 2019, contributions by German institutions to the Single Resolution Fund (SRF) rose by €0.2 billion to €2.23 billion.[41]

Cost efficiency

Overall improvement in cost efficiency compared with previous year

Measured by the cost/income ratio under its broad definition (administrative spending relative to operating income), German credit institutions' cost efficiency improved slightly overall in 2020. This was due to both the lower general administrative spending and slightly higher operating income compared to the previous year. The cost/income ratio in the reporting year fell by 3.7 percentage points to 72.3% and was thus nevertheless still well above the long-term average of 68.0% and above the average of the post-financial crisis years (2010 to 2018) of 68.4%. Somewhat less than one-third of the overall decline was attributable to the rise in operating income.

In a comparison of the categories of banks, big banks recorded the largest improvement in the cost/income ratio, with a reduction of 10.6 percentage points compared to the previous year. This was primarily attributable to the decrease in other administrative spending at big banks. Nevertheless, despite the sharp fall, big banks continued to have the largest cost/income ratio of all categories of banks in 2020, at 90.3%. Savings banks lowered their cost/income ratio in the reporting year by 1.3 percentage points to 70.1%, despite their operating income falling slightly compared to 2019. In the year under review, the cost/income ratio of credit cooperatives remained unchanged compared to 2019, at 67.2%.

40 Covered deposits refer to those deposits which are covered by statutory deposit protection schemes pursuant to the Deposit Guarantee Act *(Einlagensicherungsgesetz).* For more information, see also Deutsche Bundesbank (2015), pp. 47 ff.
41 The covered deposits in 2019 form the basis for calculating the target level for contributions to the SRF in 2020.

Outlook

Continued uncertainty surrounding macroeconomic effects of coronavirus pandemic and their repercussions for profitability of German credit institutions in 2021

The economy is currently experiencing robust growth following a downturn in the first quarter of 2021, and gross domestic product (GDP) looks set to return to its pre-crisis level before the year is out. However, supply bottlenecks are slowing the recovery, particularly in industry. Moreover, the further course of the pandemic and potentially necessary containment measures or trade barriers are leading to significant uncertainty regarding economic developments.

In 2020, German credit institutions increased their risk provisioning in credit business, but the wave of credit defaults that had been feared did not materialise. Furthermore, credit quality is improving on the whole thanks to the economic recovery. These aspects are likely to have a positive impact on profitability in 2021. Alongside the high level of uncertainty about the further course of the pandemic, the effects of expiring fiscal support measures may also affect the risk situation of banks and savings banks, however.

Factors unrelated to the pandemic still important

In addition, the profitability of German institutions will probably continue to be adversely affected in future by factors unrelated to the pandemic. For example, the expected continuation of the period of low interest rates will continue to weigh on traditional interest business and generate considerable pressure to utilise additional revenue sources and cut costs. Furthermore, it is difficult to gauge the specific impacts of the ruling by the Federal Court of Justice on 27 April 2021 regarding account management fees. The hitherto standard use of negative consent clauses that allow banks to change account management fees without seeking customers' explicit consent has been declared null and void by the ruling.[42] This means that more complicated procedures will be required for future changes.

In addition, investments in digitalisation will continue to pose a major challenge for the sector. The coronavirus pandemic has probably given a boost to existing and new digitalisation projects. At the same time, investments in decarbonising the economy are presenting banks with growth opportunities.

42 In accordance with the limitation rules of the German Civil Code, all contractual changes and fee adjustments wrongly introduced with the deemed consent of the customer in the last three years (as of 1 January 2018) are null and void.

List of references

Deutsche Bundesbank (2021a), Annual Report 2020.

Deutsche Bundesbank (2021b), Monthly Report, January 2021.

Deutsche Bundesbank (2021c), Monthly Report, February 2021.

Deutsche Bundesbank (2021d), Bank office report 2020.

Deutsche Bundesbank (2021e), Monthly Report, July 2021.

Deutsche Bundesbank (2020a), Monthly Report, November 2020.

Deutsche Bundesbank (2020b), Financial Stability Review 2020.

Deutsche Bundesbank (2020c), Monthly Report, October 2020.

Deutsche Bundesbank (2015), Monthly Report, December 2015.

Deutsche Bundesbank (2013), Financial Stability Review 2013.

The tables accompanying this article are printed on pp. 117 ff.

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

As a percentage of total assets°

Financial year	All categories of banks	Commercial banks: Total	of which: Big banks[1]	of which: Regional banks and other commercial banks[1]	Landesbanken[1]	Savings banks[1]	Credit cooperatives	Mortgage banks[1]	Building and loan associations	Banks with special, development and other central support tasks
	Interest received[2]									
2014	2.49	1.74	1.38	2.91	3.20	3.15	3.15	3.86	3.39	2.38
2015	2.33	1.66	1.33	2.71	3.04	2.90	2.84	4.07	3.18	2.21
2016	2.17	1.58	1.30	2.37	2.81	2.64	2.55	4.01	2.89	2.15
2017	2.00	1.54	1.26	2.25	2.74	2.42	2.33	3.35	2.63	1.78
2018	2.07	1.82	1.62	2.45	3.10	2.17	2.13	2.99	2.42	1.67
2019	1.91	1.58	1.41	2.09	3.23	2.03	2.00	2.80	2.34	1.52
2020	1.52	1.12	0.92	1.72	2.80	1.78	1.77	2.49	2.11	1.15
	Interest paid									
2014	1.39	0.77	0.60	1.30	2.47	1.06	0.94	3.38	1.95	1.95
2015	1.22	0.67	0.52	1.14	2.29	0.84	0.71	3.47	1.85	1.76
2016	1.08	0.61	0.52	0.85	2.04	0.68	0.55	3.47	1.73	1.73
2017	0.97	0.66	0.58	0.89	2.02	0.56	0.43	2.78	1.47	1.36
2018	0.99	0.82	0.77	0.98	2.43	0.44	0.33	2.25	1.29	1.28
2019	0.94	0.74	0.76	0.73	2.61	0.42	0.30	1.99	1.32	1.13
2020	0.64	0.39	0.37	0.50	2.18	0.30	0.21	1.65	1.07	0.77
	Excess of interest received over interest paid = net interest income (interest margin)									
2014	1.10	0.97	0.77	1.62	0.72	2.09	2.21	0.48	1.45	0.43
2015	1.11	0.99	0.81	1.56	0.76	2.06	2.14	0.60	1.32	0.45
2016	1.09	0.97	0.78	1.52	0.77	1.96	1.99	0.54	1.16	0.42
2017	1.04	0.87	0.68	1.36	0.73	1.87	1.90	0.58	1.16	0.42
2018	1.07	1.00	0.84	1.47	0.67	1.73	1.80	0.74	1.13	0.39
2019	0.97	0.84	0.65	1.36	0.62	1.61	1.70	0.81	1.03	0.38
2020	0.88	0.73	0.55	1.23	0.62	1.47	1.56	0.84	1.04	0.38
	Excess of commissions received over commissions paid = net commission income (commission margin)									
2014	0.35	0.47	0.43	0.63	0.07	0.58	0.56	0.00	− 0.26	0.12
2015	0.35	0.47	0.43	0.62	0.09	0.60	0.57	0.00	− 0.27	0.11
2016	0.36	0.45	0.42	0.56	0.12	0.60	0.55	− 0.01	− 0.23	0.10
2017	0.37	0.45	0.43	0.54	0.13	0.64	0.57	− 0.02	− 0.21	0.10
2018	0.36	0.43	0.45	0.40	0.13	0.63	0.57	− 0.03	− 0.21	0.11
2019	0.37	0.42	0.41	0.48	0.14	0.64	0.57	− 0.05	− 0.23	0.12
2020	0.35	0.39	0.34	0.55	0.13	0.62	0.55	− 0.05	− 0.20	0.13

* The figures for the most recent date should be regarded as provisional in all cases. ° Excluding the total assets of the foreign branches of savings banks, excluding the total assets of the foreign branches of regional institutions of credit cooperatives until 2015 and, from 2016, excluding the total assets of the foreign branches of mortgage banks. For footnotes **1** and **2**, see p. 118.

Deutsche Bundesbank

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

As a percentage of total assets°

Financial year	All categories of banks	Commercial banks: Total	of which: Big banks[1]	of which: Regional banks and other commercial banks[1]	Landesbanken[1]	Savings banks[1]	Credit cooperatives	Mortgage banks[1]	Building and loan associations	Banks with special, development and other central support tasks
	General administrative spending									
2014	1.01	1.08	0.93	1.57	0.57	1.79	1.84	0.29	0.90	0.32
2015	1.05	1.11	0.99	1.53	0.63	1.81	1.82	0.30	0.81	0.32
2016	1.06	1.14	1.02	1.49	0.66	1.74	1.73	0.32	0.83	0.33
2017	1.07	1.14	1.06	1.41	0.71	1.69	1.66	0.38	0.83	0.33
2018	1.09	1.17	1.15	1.32	0.69	1.65	1.59	0.42	0.82	0.34
2019	1.06	1.16	1.12	1.32	0.66	1.61	1.55	0.40	0.77	0.31
2020	0.95	0.98	0.91	1.24	0.62	1.47	1.45	0.37	0.78	0.30
	Result from the trading portfolio									
2014	0.04	0.09	0.10	0.04	0.01	0.00	0.00	0.00	0.00	0.04
2015	0.04	0.08	0.09	0.04	0.05	0.00	0.00	0.00	0.00	0.03
2016	0.04	0.04	0.04	0.04	0.11	0.00	0.00	0.00	0.00	0.04
2017	0.07	0.12	0.15	0.03	0.11	0.00	0.00	0.00	0.00	0.03
2018	0.04	0.07	0.09	0.03	0.08	0.00	0.00	0.00	0.00	0.03
2019	0.03	0.04	0.05	0.02	0.05	0.00	0.00	0.00	0.00	0.03
2020	0.04	0.07	0.07	0.06	0.05	0.00	0.00	0.00	0.00	0.03
	Operating result before the valuation of assets									
2014	0.45	0.39	0.26	0.78	0.23	0.83	0.95	0.21	0.26	0.29
2015	0.44	0.36	0.20	0.84	0.28	0.82	0.91	0.29	0.23	0.26
2016	0.47	0.39	0.23	0.83	0.38	0.83	0.87	0.21	0.43	0.25
2017	0.42	0.30	0.13	0.67	0.27	0.83	0.86	0.16	0.42	0.23
2018	0.40	0.31	0.16	0.68	0.21	0.77	0.81	0.28	0.11	0.18
2019	0.33	0.21	– 0.01	0.73	0.18	0.65	0.76	0.38	0.04	0.21
2020	0.36	0.28	0.10	0.74	0.20	0.62	0.71	0.39	0.09	0.23
	Result from the valuation of assets									
2014	– 0.08	– 0.11	– 0.10	– 0.12	– 0.14	0.00	– 0.03	– 0.07	0.14	– 0.08
2015	– 0.04	– 0.03	0.00	– 0.14	– 0.10	0.01	– 0.06	– 0.09	– 0.03	– 0.03
2016	– 0.10	– 0.14	– 0.16	– 0.10	– 0.38	0.09	0.01	– 0.04	0.01	– 0.07
2017	– 0.04	– 0.02	0.03	– 0.12	– 0.24	0.02	– 0.02	0.01	– 0.03	– 0.07
2018	– 0.08	– 0.06	– 0.02	– 0.16	– 0.33	– 0.06	– 0.10	– 0.15	0.01	– 0.02
2019	– 0.08	– 0.16	– 0.19	– 0.10	– 0.04	– 0.02	0.04	– 0.05	0.02	– 0.05
2020	– 0.14	– 0.21	– 0.19	– 0.26	– 0.07	– 0.14	– 0.07	– 0.15	– 0.03	– 0.08

For footnotes * and °, see p. 117. **1** From 2018, DB Privat- und Firmenkundenbank AG allocated to the category "Big banks", merger with Deutsche Bank AG in 2020. From 2018, HSH Nordbank allocated to the category "Regional banks and other commercial banks" and Landesbank Berlin allocated to the category "Savings banks". DSK Hyp AG (formerly SEB AG) allocated to the category "Mortgage banks". Wüstenrot Bank Aktiengesellschaft Pfandbriefbank allocated to the category "Regional banks and other commercial banks". **2** Interest received plus current income and profits transferred under profit pooling, a profit transfer agreement or a partial profit transfer agreement.

Deutsche Bundesbank

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

As a percentage of total assets°

Financial year	All categories of banks	Commercial banks: Total	of which: Big banks1	of which: Regional banks and other commercial banks1	Landesbanken1	Savings banks1	Credit cooperatives	Mortgage banks1	Building and loan associations	Banks with special, development and other central support tasks
	Operating result									
2014	0.37	0.28	0.16	0.65	0.10	0.83	0.93	0.14	0.39	0.21
2015	0.40	0.33	0.21	0.70	0.18	0.83	0.85	0.20	0.20	0.23
2016	0.37	0.25	0.08	0.73	0.00	0.92	0.88	0.17	0.44	0.18
2017	0.37	0.28	0.16	0.55	0.03	0.85	0.84	0.17	0.40	0.15
2018	0.32	0.25	0.14	0.51	– 0.12	0.71	0.71	0.14	0.11	0.17
2019	0.26	0.05	– 0.20	0.63	0.14	0.62	0.80	0.32	0.06	0.16
2020	0.22	0.07	– 0.09	0.48	0.13	0.48	0.64	0.24	0.06	0.15
	Other and extraordinary result									
2014	– 0.08	– 0.10	– 0.02	– 0.34	– 0.13	– 0.05	– 0.02	– 0.18	– 0.03	– 0.01
2015	– 0.09	– 0.19	– 0.11	– 0.45	– 0.01	– 0.03	– 0.02	– 0.01	0.00	– 0.01
2016	– 0.03	– 0.06	0.04	– 0.36	– 0.05	– 0.03	0.04	0.01	– 0.02	0.00
2017	– 0.04	– 0.10	– 0.05	– 0.23	0.07	– 0.01	0.00	0.03	0.04	– 0.04
2018	– 0.08	– 0.14	– 0.09	– 0.28	– 0.01	– 0.06	– 0.02	– 0.04	– 0.01	– 0.06
2019	– 0.19	– 0.43	– 0.50	– 0.31	– 0.05	0.00	– 0.02	– 0.09	0.13	0.00
2020	– 0.06	– 0.14	– 0.12	– 0.18	– 0.07	– 0.01	– 0.02	0.11	0.04	0.01
	Profit or loss (–) for the financial year before tax									
2014	0.30	0.19	0.14	0.32	– 0.03	0.78	0.91	– 0.04	0.36	0.20
2015	0.31	0.14	0.10	0.25	0.17	0.79	0.84	0.20	0.20	0.21
2016	0.33	0.19	0.12	0.37	– 0.06	0.89	0.93	0.18	0.41	0.17
2017	0.33	0.18	0.12	0.32	0.10	0.84	0.84	0.21	0.43	0.12
2018	0.23	0.10	0.05	0.23	– 0.13	0.65	0.69	0.09	0.11	0.11
2019	0.07	– 0.39	– 0.71	0.32	0.10	0.63	0.78	0.23	0.19	0.15
2020	0.16	– 0.07	– 0.22	0.30	0.06	0.48	0.62	0.35	0.10	0.15
	Profit or loss (–) for the financial year after tax									
2014	0.21	0.14	0.10	0.23	– 0.08	0.53	0.64	– 0.06	0.24	0.19
2015	0.21	0.09	0.06	0.16	0.10	0.54	0.57	0.17	0.16	0.17
2016	0.24	0.13	0.09	0.26	– 0.11	0.63	0.67	0.14	0.34	0.17
2017	0.24	0.13	0.09	0.20	0.05	0.60	0.58	0.13	0.37	0.13
2018	0.15	0.08	0.05	0.13	– 0.20	0.44	0.47	0.04	0.05	0.09
2019	– 0.03	– 0.45	– 0.75	0.20	0.07	0.44	0.56	0.16	0.15	0.12
2020	0.06	– 0.12	– 0.25	0.18	0.04	0.30	0.42	0.06	0.06	0.12

For footnotes * and °, see p. 117. For footnote 1, see p. 118.
Deutsche Bundesbank

Credit institutions' profit and loss accounts*

Financial year	Number of reporting institutions	Total assets[1]	Interest business: Net interest income (col. 4 less col. 5)	Interest business: Interest received[2]	Interest business: Interest paid	Commissions business: Net commission income (col. 7 less col. 8)	Commissions business: Commissions received	Commissions business: Commissions paid	Result from the trading portfolio	Other operating result	Operating income[3] (col. 3 plus col. 6 plus col. 9 plus col. 10)
	1	2	3	4	5	6	7	8	9	10	11
		€ billion									
2013	1,748	8,755.4	89.5	228.2	138.7	28.0	40.6	12.6	5.9	– 0.8	122.6
2014	1,715	8,452.6	93.4	210.8	117.4	29.3	42.6	13.3	3.6	– 2.5	123.8
2015	1,679	8,605.6	95.9	200.9	105.0	30.5	44.5	14.1	3.7	– 2.2	127.9
2016	1,611	8,355.0	91.1	181.5	90.4	29.7	43.2	13.5	3.0	4.1	128.0
2017	1,538	8,251.2	85.5	165.4	79.9	30.6	44.2	13.6	5.6	1.3	122.9
2018	1,484	8,118.3	87.2	167.8	80.6	29.5	43.1	13.6	3.5	0.4	120.6
2019	1,440	8,532.7	82.5	162.8	80.4	31.2	45.8	14.5	2.5	2.5	118.7
2020	1,408	9,206.9	81.1	140.3	59.2	32.1	46.7	14.6	3.5	3.7	120.5
	Year-on-year percentage change										
2014	– 1.9	– 3.5	4.4	– 7.6	– 15.3	4.5	5.0	6.1	– 38.2	– 201.2	1.0
2015	– 2.1	1.8	2.7	– 4.7	– 10.6	4.0	4.5	5.5	3.0	11.1	3.3
2016	– 4.1	– 2.9	– 4.9	– 9.6	– 13.9	– 2.3	– 3.0	– 4.4	– 18.4	.	0.1
2017	– 4.5	– 1.2	– 6.2	– 8.9	– 11.6	2.7	2.3	1.3	82.9	– 67.9	– 4.0
2018	– 3.5	– 1.6	2.0	1.4	0.8	– 3.4	– 2.4	– 0.2	– 37.7	– 70.1	– 1.9
2019	– 3.0	5.1	– 5.4	– 2.9	– 0.2	5.8	6.1	6.8	– 28.8	545.6	– 1.6
2020	– 2.2	7.9	– 1.6	– 13.8	– 26.4	2.8	2.1	0.4	42.3	47.2	1.5
	As a percentage of total assets										
2013	.	.	1.02	2.61	1.58	0.32	0.46	0.14	0.07	– 0.01	1.40
2014	.	.	1.10	2.49	1.39	0.35	0.50	0.16	0.04	– 0.03	1.47
2015	.	.	1.11	2.33	1.22	0.35	0.52	0.16	0.04	– 0.03	1.49
2016	.	.	1.09	2.17	1.08	0.36	0.52	0.16	0.04	0.05	1.53
2017	.	.	1.04	2.00	0.97	0.37	0.54	0.17	0.07	0.02	1.49
2018	.	.	1.07	2.07	0.99	0.36	0.53	0.17	0.04	0.00	1.49
2019	.	.	0.97	1.91	0.94	0.37	0.54	0.17	0.03	0.03	1.39
2020	.	.	0.88	1.52	0.64	0.35	0.51	0.16	0.04	0.04	1.31

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

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General administrative spending			Operating result before the valuation of assets (col. 11 less col. 12)	Result from the valuation of assets (other than tangible or financial fixed assets)	Operating result (col. 15 plus col. 16)	Other and extra-ordinary result	Profit or loss (–) for the financial year before tax (col. 17 plus col. 18)	Taxes on income and earnings	Profit or loss (–) for the financial year after tax (col. 19 less col. 20)	
Total (col. 13 plus col. 14)	Staff costs	Total other ad-ministrative spending4								
12	13	14	15	16	17	18	19	20	21	Financial year
									€ billion	
84.8	43.8	41.0	37.8	− 6.5	31.2	− 9.3	22.0	7.4	14.6	2013
85.8	44.0	41.8	38.1	− 6.6	31.5	− 6.5	25.0	7.6	17.4	2014
90.0	46.0	44.0	37.9	− 3.5	34.4	− 7.8	26.6	8.4	18.1	2015
88.7	44.6	44.0	39.4	− 8.8	30.6	− 2.8	27.8	7.9	19.9	2016
88.4	44.6	43.8	34.5	− 3.6	30.9	− 3.4	27.5	7.5	20.0	2017
88.1	44.3	43.9	32.4	− 6.8	25.7	− 6.8	18.9	6.7	12.2	2018
90.2	44.4	45.7	28.5	− 6.7	21.8	− 16.1	5.7	7.8	− 2.2	2019
87.0	44.2	42.8	33.4	− 13.3	20.1	− 5.8	14.3	8.4	5.9	2020
									Year-on-year percentage change	
1.1	0.5	1.8	0.9	− 0.6	0.9	29.8	13.9	3.0	19.4	2014
5.0	4.7	5.3	− 0.6	46.9	9.0	− 19.7	6.3	11.2	4.1	2015
− 1.5	− 3.1	0.1	4.0	− 150.3	− 10.9	63.9	4.6	− 6.7	9.9	2016
− 0.3	− 0.1	− 0.5	− 12.2	58.7	1.0	− 20.8	− 1.0	− 4.3	0.4	2017
− 0.3	− 0.6	0.1	− 6.0	− 86.9	− 16.9	− 101.0	− 31.5	− 11.2	− 39.1	2018
2.3	0.4	4.3	− 12.2	0.8	− 15.2	− 136.2	− 70.0	16.6	.	2019
− 3.5	− 0.5	− 6.4	17.3	− 98.7	− 7.7	64.0	153.0	7.5	.	2020
									As a percentage of total assets	
0.97	0.50	0.47	0.43	− 0.07	0.36	− 0.11	0.25	0.08	0.17	2013
1.01	0.52	0.49	0.45	− 0.08	0.37	− 0.08	0.30	0.09	0.21	2014
1.05	0.53	0.51	0.44	− 0.04	0.40	− 0.09	0.31	0.10	0.21	2015
1.06	0.53	0.53	0.47	− 0.10	0.37	− 0.03	0.33	0.09	0.24	2016
1.07	0.54	0.53	0.42	− 0.04	0.37	− 0.04	0.33	0.09	0.24	2017
1.09	0.55	0.54	0.40	− 0.08	0.32	− 0.08	0.23	0.08	0.15	2018
1.06	0.52	0.54	0.33	− 0.08	0.26	− 0.19	0.07	0.09	− 0.03	2019
0.95	0.48	0.47	0.36	− 0.14	0.22	− 0.06	0.16	0.09	0.06	2020

transfer agreement. **3** Net interest and commission income plus result from the trading portfolio and other operating result. **4** Including depreciation of and value adjustments to tangible and intangible assets, but excluding depreciation of and value adjustments to assets leased (“broad” definition).

Profit and loss accounts by category of banks*

Financial year	Number of reporting institutions	€ million									
			Interest business			Commissions business					
		Total assets[1]	Net interest income (col. 4 less col. 5)	Interest received[2]	Interest paid	Net commission income (col. 7 less col. 8)	Commissions received	Commissions paid	Result from the trading portfolio	Other operating result	Operating income[3] (col. 3 plus col. 6 plus col. 9 plus col. 10)
	1	2	3	4	5	6	7	8	9	10	11
	All categories of banks										
2015	1,679	8,605,560	95,887	200,861	104,974	30,461	44,542	14,081	3,734	− 2,196	127,886
2016	1,611	8,355,020	91,146	181,543	90,397	29,746	43,201	13,455	3,046	4,065	128,003
2017	1,538	8,251,175	85,486	165,387	79,901	30,559	44,190	13,631	5,572	1,304	122,921
2018	1,484	8,118,298	87,202	167,777	80,575	29,522	43,124	13,602	3,470	390	120,584
2019	1,440	8,532,738	82,453	162,845	80,392	31,244	45,765	14,521	2,469	2,518	118,684
2020	1,408	9,206,853	81,127	140,302	59,175	32,126	46,710	14,584	3,513	3,707	120,473
	Commercial banks										
2015	177	3,678,042	36,282	60,993	24,711	17,337	25,183	7,846	2,867	− 2,320	54,166
2016	171	3,580,912	34,768	56,451	21,683	16,204	23,873	7,669	1,429	2,427	54,828
2017	172	3,532,639	30,887	54,373	23,486	16,027	23,832	7,805	4,074	− 83	50,905
2018	167	3,404,697	34,140	62,134	27,994	14,514	22,145	7,631	2,462	− 779	50,337
2019	165	3,591,261	30,191	56,760	26,569	15,154	23,252	8,098	1,560	1,959	48,864
2020	164	3,966,453	28,805	44,414	15,609	15,430	23,384	7,954	2,670	3,071	49,976
	Big banks[7]										
2015	4	2,736,876	22,151	36,394	14,243	11,762	14,569	2,807	2,496	− 3,732	32,677
2016	4	2,575,072	20,126	33,572	13,446	10,817	13,510	2,693	1,069	405	32,417
2017	4	2,400,315	16,369	30,216	13,847	10,205	12,929	2,724	3,701	− 1,712	28,563
2018	4	2,346,111	19,751	37,924	18,173	10,573	13,478	2,905	2,196	− 1,866	30,654
2019	4	2,475,076	16,126	34,920	18,794	10,154	13,650	3,496	1,302	− 32	27,550
2020	3	2,748,655	15,052	25,257	10,205	9,311	12,495	3,184	2,000	1,341	27,704
	Regional banks and other commercial banks[7]										
2015	154	884,457	13,832	23,939	10,107	5,469	10,492	5,023	353	1,348	21,002
2016	148	942,665	14,369	22,343	7,974	5,286	10,245	4,959	340	1,916	21,911
2017	149	1,048,189	14,237	23,545	9,308	5,712	10,779	5,067	350	1,516	21,815
2018	145	962,520	14,149	23,562	9,413	3,827	8,543	4,716	261	986	19,223
2019	142	1,013,378	13,784	21,153	7,369	4,864	9,456	4,592	252	1,892	20,792
2020	139	1,094,301	13,433	18,863	5,430	6,006	10,758	4,752	660	1,602	21,701
	Branches of foreign banks										
2015	19	56,709	299	660	361	106	122	16	18	64	487
2016	19	63,175	273	536	263	101	118	17	20	106	500
2017	19	84,135	281	612	331	110	124	14	23	113	527
2018	18	96,066	240	648	408	114	124	10	5	101	460
2019	19	102,807	281	687	406	136	146	10	6	99	522
2020	22	123,497	320	294	− 26	113	131	18	10	128	571
	Landesbanken[7]										
2015	9	1,087,623	8,230	33,092	24,862	995	2,816	1,821	535	210	9,970
2016	9	975,957	7,558	27,464	19,906	1,216	2,810	1,594	1,026	289	10,089
2017	8	940,293	6,833	25,797	18,964	1,238	2,867	1,629	1,059	114	9,244
2018	6	803,978	5,365	24,895	19,530	1,074	2,408	1,334	634	160	7,233
2019	6	862,346	5,327	27,818	22,491	1,226	2,617	1,391	466	280	7,299
2020	6	898,328	5,614	25,181	19,567	1,146	2,720	1,574	456	169	7,385

For footnotes * and 1-7, see pp. 124 f.
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General administrative spending: Total (col. 13 plus col. 14)	General administrative spending: Staff costs	General administrative spending: Total other administrative spending[4]	Operating result before the valuation of assets (col. 11 less col. 12)	Result from the valuation of assets (other than tangible or financial fixed assets)	Operating result (col. 15 plus col. 16)	Other and extraordinary result	Profit or loss (–) for the financial year before tax (col. 17 plus col. 18)	Taxes on income and earnings[5]	Profit or loss (–) for the financial year after tax (col. 19 less col. 20)	Withdrawals from or transfers to (–) reserves and participation rights capital[6]	Balance sheet profit or loss (–) (col. 21 plus col. 22)	Financial year
12	13	14	15	16	17	18	19	20	21	22	23	
											All categories of banks	
90,033	46,039	43,994	37,853	– 3,497	34,356	– 7,791	26,565	8,445	18,120	– 15,436	2,684	2015
88,653	44,615	44,038	39,350	– 8,754	30,596	– 2,812	27,784	7,875	19,909	– 15,395	4,514	2016
88,389	44,563	43,826	34,532	– 3,619	30,913	– 3,398	27,515	7,536	19,979	– 16,777	3,202	2017
88,135	44,282	43,853	32,449	– 6,763	25,686	– 6,831	18,855	6,692	12,163	– 13,116	– 953	2018
90,191	44,447	45,744	28,493	– 6,708	21,785	– 16,133	5,652	7,806	– 2,154	7,212	5,058	2019
87,048	44,229	42,819	33,425	– 13,326	20,099	– 5,801	14,298	8,392	5,906	– 1,303	4,603	2020
											Commercial banks	
40,961	17,530	23,431	13,205	– 1,183	12,022	– 6,890	5,132	1,969	3,163	– 1,870	1,293	2015
40,723	17,379	23,344	14,105	– 5,130	8,975	– 2,248	6,727	1,954	4,773	148	4,921	2016
40,400	17,160	23,240	10,505	– 540	9,965	– 3,536	6,429	1,885	4,544	– 4,064	480	2017
39,899	16,558	23,341	10,438	– 1,992	8,446	– 4,918	3,528	906	2,622	– 4,264	– 1,642	2018
41,481	16,933	24,548	7,383	– 5,743	1,640	– 15,611	– 13,971	2,356	– 16,327	18,097	1,770	2019
38,850	16,909	21,941	11,126	– 8,336	2,790	– 5,415	– 2,625	2,328	– 4,953	6,467	1,514	2020
											Big banks[7]	
27,101	11,422	15,679	5,576	85	5,661	– 2,953	2,708	1,082	1,626	– 216	1,410	2015
26,378	11,134	15,244	6,039	– 4,021	2,018	1,127	3,145	864	2,281	1,918	4,199	2016
25,324	10,489	14,835	3,239	666	3,905	– 1,126	2,779	559	2,220	– 433	1,787	2017
26,944	10,660	16,284	3,710	– 382	3,328	– 2,179	1,149	– 97	1,246	22	1,268	2018
27,806	10,807	16,999	– 256	– 4,723	– 4,979	– 12,479	– 17,458	988	– 18,446	21,922	3,476	2019
25,003	10,532	14,471	2,701	– 5,270	– 2,569	– 3,415	– 5,984	960	– 6,944	7,344	400	2020
											Regional banks and other commercial banks[7]	
13,562	5,987	7,575	7,440	– 1,267	6,173	– 3,937	2,236	802	1,434	– 1,633	– 199	2015
14,065	6,121	7,944	7,846	– 988	6,858	– 3,375	3,483	1,022	2,461	– 1,750	711	2016
14,795	6,538	8,257	7,020	– 1,252	5,768	– 2,405	3,363	1,257	2,106	– 3,612	– 1,506	2017
12,702	5,781	6,921	6,521	– 1,574	4,947	– 2,739	2,208	945	1,263	– 4,258	– 2,995	2018
13,391	5,998	7,393	7,401	– 997	6,404	– 3,131	3,273	1,294	1,979	– 3,794	– 1,815	2019
13,551	6,251	7,300	8,150	– 2,845	5,305	– 2,000	3,305	1,329	1,976	– 884	1,092	2020
											Branches of foreign banks	
298	121	177	189	– 1	188	0	188	85	103	– 21	82	2015
280	124	156	220	– 121	99	0	99	68	31	– 20	11	2016
281	133	148	246	46	292	– 5	287	69	218	– 19	199	2017
253	117	136	207	– 36	171	0	171	58	113	– 28	85	2018
284	128	156	238	– 23	215	– 1	214	74	140	– 31	109	2019
296	126	170	275	– 221	54	0	54	39	15	7	22	2020
											Landesbanken[7]	
6,893	3,488	3,405	3,077	– 1,114	1,963	– 158	1,805	764	1,041	– 580	461	2015
6,412	2,889	3,523	3,677	– 3,725	– 48	– 499	– 547	505	– 1,052	182	– 870	2016
6,699	3,083	3,616	2,545	– 2,257	288	656	944	443	501	– 741	– 240	2017
5,538	2,789	2,749	1,695	– 2,625	– 930	– 91	– 1,021	603	– 1,624	– 128	– 1,752	2018
5,729	2,805	2,924	1,570	– 337	1,233	– 410	823	196	627	– 575	52	2019
5,614	2,790	2,824	1,771	– 644	1,127	– 586	541	185	356	– 531	– 175	2020

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

Financial year	Number of reporting institutions	€ million									
		Total assets[1]	Interest business			Commissions business			Result from the trading portfolio	Other operating result	Operating income[3] (col. 3 plus col. 6 plus col. 9 plus col. 10)
			Net interest income (col. 4 less col. 5)	Interest received[2]	Interest paid	Net commission income (col. 7 less col. 8)	Commissions received	Commissions paid			
	1	2	3	4	5	6	7	8	9	10	11
	Savings banks[7]										
2015	413	1,130,688	23,285	32,807	9,522	6,776	7,211	435	– 7	– 260	29,794
2016	403	1,154,475	22,667	30,520	7,853	6,975	7,423	448	10	7	29,659
2017	390	1,179,915	22,018	28,577	6,559	7,590	8,069	479	6	169	29,783
2018	386	1,267,726	21,949	27,541	5,592	7,965	8,778	813	1	718	30,633
2019	380	1,315,579	21,217	26,758	5,541	8,458	9,405	947	10	17	29,702
2020	377	1,407,118	20,741	24,986	4,245	8,660	9,646	986	5	15	29,421
	Credit cooperatives										
2015	1,021	798,178	17,077	22,705	5,628	4,564	5,570	1,006	5	132	21,778
2016	972	832,181	16,578	21,180	4,602	4,577	5,601	1,024	10	495	21,660
2017	915	868,255	16,475	20,250	3,775	4,957	6,071	1,114	10	437	21,879
2018	875	911,385	16,375	19,424	3,049	5,160	6,318	1,158	4	408	21,947
2019	841	957,859	16,251	19,151	2,900	5,456	6,718	1,262	6	407	22,120
2020	814	1,029,671	16,029	18,238	2,209	5,662	6,954	1,292	10	479	22,180
	Mortgage banks[7]										
2015	16	376,908	2,245	15,323	13,078	– 11	212	223	– 2	9	2,241
2016	15	289,800	1,565	11,623	10,058	– 43	176	219	0	14	1,536
2017	13	236,414	1,360	7,921	6,561	– 48	158	206	0	– 35	1,277
2018	11	233,165	1,732	6,975	5,243	– 80	97	177	6	– 27	1,631
2019	10	234,978	1,908	6,576	4,668	– 109	116	225	0	15	1,814
2020	10	241,909	2,024	6,020	3,996	– 123	109	232	0	– 72	1,829
	Building and loan associations										
2015	21	214,613	2,841	6,818	3,977	– 590	1,375	1,965	0	– 2	2,249
2016	20	215,668	2,503	6,233	3,730	– 503	1,260	1,763	0	717	2,717
2017	20	227,924	2,634	5,995	3,361	– 481	1,226	1,707	0	701	2,854
2018	20	233,865	2,653	5,661	3,008	– 500	1,295	1,795	0	14	2,167
2019	19	237,363	2,438	5,566	3,128	– 548	1,309	1,857	0	52	1,942
2020	18	242,190	2,520	5,103	2,583	– 493	1,270	1,763	0	70	2,097
	Banks with special, development and other central support tasks										
2015	22	1,319,508	5,927	29,123	23,196	1,390	2,175	785	336	35	7,688
2016	21	1,306,027	5,507	28,072	22,565	1,320	2,058	738	571	116	7,514
2017	20	1,265,735	5,279	22,474	17,195	1,276	1,967	691	423	1	6,979
2018	19	1,263,482	4,988	21,147	16,159	1,389	2,083	694	363	– 104	6,636
2019	19	1,333,352	5,121	20,216	15,095	1,607	2,348	741	427	– 212	6,943
2020	19	1,421,184	5,394	16,360	10,966	1,844	2,627	783	372	– 25	7,585
	Memo item: Banks majority-owned by foreign banks[8]										
2015	33	735,491	8,383	13,502	5,119	2,919	4,834	1,915	435	456	12,193
2016	34	762,620	8,950	13,098	4,148	3,157	5,057	1,900	718	402	13,227
2017	34	765,500	8,801	12,037	3,236	3,589	5,218	1,629	812	891	14,093
2018	33	763,177	9,252	12,327	3,075	3,042	4,711	1,669	436	– 340	12,390
2019	32	849,008	9,683	12,911	3,228	3,520	5,338	1,818	546	1,184	14,933
2020	33	973,433	9,347	11,117	1,770	4,630	6,755	2,125	539	644	15,160

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

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General administrative spending: Total (col. 13 plus col. 14)	Staff costs	Total other adminis-trative spend-ing[4]	Operat-ing result before the valu-ation of assets (col. 11 less col. 12)	Result from the valuation of assets (other than tan-gible or financial fixed assets)	Operating result (col. 15 plus col. 16)	Other and extra-ordinary result	Profit or loss (–) for the financial year before tax (col. 17 plus col. 18)	Taxes on income and earnings	Profit or loss (–) for the financial year after tax (col. 19 less col. 20)	With-drawals from or transfers to (–) reserves and par-ticipation rights capital[6]	Balance sheet profit or loss (–) (col. 21 plus col. 22)	Financial year
12	13	14	15	16	17	18	19	20	21	22	23	
											Savings banks[7]	
20,517	12,946	7,571	9,277	92	9,369	– 392	8,977	2,913	6,064	– 4,491	1,573	2015
20,110	12,587	7,523	9,549	1,062	10,611	– 386	10,225	2,939	7,286	– 5,728	1,558	2016
19,991	12,646	7,345	9,792	283	10,075	– 153	9,922	2,861	7,061	– 5,517	1,544	2017
20,930	13,012	7,918	9,703	– 704	8,999	– 786	8,213	2,694	5,519	– 4,070	1,449	2018
21,211	13,079	8,132	8,491	– 296	8,195	41	8,236	2,437	5,799	– 4,390	1,409	2019
20,633	12,835	7,798	8,788	– 1,964	6,824	– 88	6,736	2,519	4,217	– 2,914	1,303	2020
											Credit cooperatives	
14,509	8,754	5,755	7,269	– 453	6,816	– 134	6,682	2,103	4,579	– 3,226	1,353	2015
14,423	8,649	5,774	7,237	103	7,340	361	7,701	2,104	5,597	– 4,246	1,351	2016
14,382	8,583	5,799	7,497	– 186	7,311	– 33	7,278	2,199	5,079	– 3,774	1,305	2017
14,520	8,564	5,956	7,427	– 926	6,501	– 172	6,329	2,078	4,251	– 2,978	1,273	2018
14,858	8,518	6,340	7,262	430	7,692	– 174	7,518	2,124	5,394	– 4,165	1,229	2019
14,898	8,532	6,366	7,282	– 735	6,547	– 192	6,355	2,024	4,331	– 3,125	1,206	2020
											Mortgage banks[7]	
1,147	492	655	1,094	– 327	767	– 20	747	98	649	– 1,385	– 736	2015
937	410	527	599	– 113	486	39	525	127	398	– 1,138	– 740	2016
897	411	486	380	32	412	75	487	171	316	– 722	– 406	2017
975	449	526	656	– 341	315	– 95	220	128	92	– 795	– 703	2018
929	428	501	885	– 125	760	– 217	543	160	383	– 229	154	2019
896	405	491	933	– 357	576	271	847	700	147	19	166	2020
											Building and loan associations	
1,749	721	1,028	500	– 72	428	– 2	426	78	348	– 4	344	2015
1,798	692	1,106	919	22	941	– 51	890	160	730	– 548	182	2016
1,891	719	1,172	963	– 61	902	89	991	155	836	– 622	214	2017
1,921	696	1,225	246	22	268	– 14	254	137	117	13	130	2018
1,838	647	1,191	104	49	153	303	456	105	351	– 139	212	2019
1,880	661	1,219	217	– 82	135	108	243	98	145	55	200	2020
											Banks with special, development and other central support tasks	
4,257	2,108	2,149	3,431	– 440	2,991	– 195	2,796	520	2,276	– 3,880	– 1,604	2015
4,250	2,009	2,241	3,264	– 973	2,291	– 28	2,263	86	2,177	– 4,065	– 1,888	2016
4,129	1,961	2,168	2,850	– 890	1,960	– 496	1,464	– 178	1,642	– 1,337	305	2017
4,352	2,214	2,138	2,284	– 197	2,087	– 755	1,332	146	1,186	– 894	292	2018
4,145	2,037	2,108	2,798	– 686	2,112	– 65	2,047	428	1,619	– 1,387	232	2019
4,277	2,097	2,180	3,308	– 1,208	2,100	101	2,201	538	1,663	– 1,274	389	2020
											Memo item: Banks majority-owned by foreign banks[8]	
8,503	3,992	4,511	3,690	– 479	3,211	– 1,723	1,488	430	1,058	– 396	662	2015
9,072	4,329	4,743	4,155	– 1,012	3,143	– 1,604	1,539	636	903	2,646	3,549	2016
8,817	4,070	4,747	5,276	– 590	4,686	– 1,819	2,867	808	2,059	– 565	1,494	2017
8,717	4,064	4,653	3,673	– 994	2,679	– 992	1,687	586	1,101	– 518	583	2018
9,612	4,611	5,001	5,321	– 164	5,157	– 1,952	3,205	1,189	2,016	2,664	4,680	2019
9,519	4,586	4,933	5,641	– 1,865	3,776	– 1,256	2,520	1,175	1,345	852	2,197	2020

to the fund for general banking risks. **7** From 2018, DB Privat- und Firmenkundenbank AG allocated to the category “Big banks”, merger with Deutsche Bank AG in 2020. From 2018, HSH Nordbank allocated to the category "Regional banks and other commercial banks" and Landesbank Berlin allocated to the category “Savings banks”. DSK Hyp AG (formerly SEB AG) allocated to the category “Mortgage banks”. Wüstenrot Bank Aktiengesellschaft Pfandbriefbank allocated to the category “Regional banks and other commercial banks”. **8** Separate presentation of the (legally independent) banks majority-owned by foreign banks and included in other categories of banks.

Credit institutions' charge and income items*

Financial year	Number of reporting institutions	Charges, € billion										
							General administrative spending					
								Staff costs				
										Social security costs and costs relating to pensions and other benefits		
		Total	Interest paid	Commissions paid	Net loss from the trading portfolio	Gross loss on transactions in goods and subsidiary transactions	Total	Total	Wages and salaries	Total	of which: Pensions	Other administrative spending1
2012	1,776	329.0	179.2	12.5	0.2	0.0	80.9	44.6	35.5	9.1	3.4	36.3
2013	1,748	285.8	138.7	12.6	0.3	0.0	81.1	43.8	35.2	8.6	2.9	37.4
2014	1,715	262.8	117.4	13.3	0.4	0.0	82.0	44.0	35.3	8.7	3.2	38.0
2015	1,679	256.6	105.0	14.1	0.5	0.0	86.0	46.0	36.4	9.6	3.7	39.9
2016	1,611	240.9	90.4	13.5	0.2	0.0	84.4	44.6	36.1	8.6	2.7	39.8
2017	1,538	224.1	79.9	13.6	0.0	0.0	84.0	44.6	35.6	8.9	2.9	39.4
2018	1,484	226.9	80.6	13.6	0.0	0.0	83.6	44.3	34.6	9.7	3.9	39.4
2019	1,440	242.0	80.4	14.5	0.1	0.0	84.8	44.4	34.9	9.6	3.6	40.3
2020	1,408	210.8	59.2	14.6	0.1	0.0	82.6	44.2	34.7	9.5	3.6	38.4

Financial year	Income, € billion								
		Interest received			Current income				
	Total	Total	from lending and money market transactions	from debt securities and Debt Register claims	Total	from shares and other variable yield securities	from participating interests2	from shares in affiliated enterprises	Profits transferred under profit pooling, a profit transfer agreement or a partial profit transfer agreement
2012	351.0	256.3	220.3	36.0	12.2	7.5	1.0	3.8	6.2
2013	300.4	213.6	184.9	28.7	10.0	6.0	1.0	3.0	4.6
2014	280.2	196.4	170.2	26.1	11.3	6.3	1.1	4.0	3.1
2015	274.7	183.1	160.1	22.9	15.0	6.7	1.8	6.5	2.8
2016	260.8	166.8	147.1	19.7	10.0	5.8	1.3	2.9	4.7
2017	244.1	151.0	134.4	16.5	11.0	6.9	1.1	3.0	3.4
2018	239.1	152.4	136.9	15.5	10.0	5.3	1.1	3.5	5.4
2019	239.9	152.2	137.5	14.7	7.6	4.8	1.1	1.7	3.0
2020	216.7	131.2	118.9	12.3	6.0	3.5	0.6	1.9	3.2

* The figures for the most recent date should be regarded as provisional in all cases. **1** Spending item does not include depreciation of and value adjustments to tangible and intangible assets, shown net of depreciation of assets leased ("narrow" definition). All other tables are based on a broad definition of "other administrative spending". **2** Including amounts paid up on cooperative society shares.

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Depreciation of and value adjustments to tangible and intangible assets										
Total	of which: Assets leased	Other operating charges	Depreciation of and value adjustments to loans and advances, and provisions for contingent liabilities and for commitments	Depreciation of and value adjustments to participating interests, shares in affiliated enterprises and securities treated as fixed assets	Charges incurred from loss transfers	Extraordinary charges	Taxes on income and earnings	Other taxes	Profits transferred under profit pooling, a profit transfer agreement or a partial profit transfer agreement	Financial year
5.8	2.0	15.3	11.7	7.1	0.6	2.4	8.8	0.2	4.3	2012
5.5	1.9	16.8	10.6	3.6	0.7	3.4	7.4	0.2	4.9	2013
5.5	1.8	16.4	10.5	3.5	0.6	1.5	7.6	0.2	3.9	2014
5.9	1.8	17.9	7.2	3.6	1.2	2.5	8.4	0.3	4.1	2015
6.6	2.3	13.8	12.7	3.7	0.9	1.8	7.9	0.3	4.7	2016
7.0	2.6	14.8	8.3	1.5	0.6	2.3	7.5	0.3	4.3	2017
7.4	2.9	15.2	10.0	1.7	0.5	1.7	6.7	0.2	5.7	2018
9.2	3.7	14.7	10.0	12.2	0.9	3.2	7.8	0.3	4.1	2019
8.5	4.0	13.0	15.0	2.8	0.3	3.2	8.4	0.3	2.9	2020

					Other operating income				
Commissions received	Net profit from the trading portfolio	Gross profit on transactions in goods and subsidiary transactions	Value readjustments to loans and advances, and provisions for contingent liabilities and for commitments	Value readjustments to participating interests, shares in affiliated enterprises and securities treated as fixed assets	Total	of which: from leasing business	Extraordinary income	Income from loss transfers	Financial year
40.0	7.4	0.2	7.4	1.4	18.9	5.1	0.7	0.5	2012
40.6	6.2	0.2	4.0	1.5	17.9	4.7	0.9	0.9	2013
42.6	4.0	0.2	4.0	1.7	15.7	4.5	0.8	0.4	2014
44.5	4.2	0.2	3.8	1.9	17.6	4.7	0.5	1.1	2015
43.2	3.3	0.2	4.0	3.4	20.3	5.5	4.9	0.0	2016
44.2	5.6	0.2	4.7	3.1	18.8	6.0	1.6	0.6	2017
43.1	3.5	0.2	3.3	0.9	18.5	6.3	1.2	0.7	2018
45.8	2.5	0.2	3.3	1.6	21.0	8.4	1.9	0.7	2019
46.7	3.6	0.2	1.6	1.3	20.8	9.1	1.6	0.6	2020