The performance of German credit institutions in 2015

German banks' operating income was €4.0 billion up on 2014 to stand at €127.9 billion notwithstanding the persistence of the low-interest-rate environment. This effect was largely driven by one major bank which achieved a substantial increase in its current income from equities and other variable-yield securities, participating interests and shares in affiliated enterprises. By contrast, banks' net income from traditional interest business declined by €0.9 billion to €78.1 billion, although this was offset by an increase of €1.2 billion to €30.5 billion in net commission income.

Higher staff costs and additional costs in meeting regulatory requirements, which include the bank levy imposed in the reporting year for the first time under new European rules, put a strain on the expenditure side. As a result, the cost/income ratio, which is used as a measure of cost efficiency, deteriorated by 1.2 percentage points to 70.4%.

Once again, the lower level of banks' risk provisioning in their portfolios thanks to the current macroeconomic conditions proved to be a mainstay of profitability. This led to a marked increase in profit for the financial year before tax to €26.5 billion.

The shortening of maturities on the liabilities side associated with the growing concentration on overnight deposit products stands in contrast to loans with considerably longer interest fixation periods. Viewed in isolation, this bolsters income from interest business, but at the same time it also heightens further the maturity transformation risk on banks' balance sheets.

Thanks to a much improved balance sheet capital base, German banks currently have a high resilience to the burdens arising from the low-interest-rate environment. They again transferred a large part (€9.7 billion) of their profit for the financial year to capital in 2015.

Banks' business environment

Positive real economic setting

The German economy remained in good shape in the reporting year. Consumption was bolstered by steep increases in employment, marked wage growth and rising purchasing power due to the continued decline in oil prices. Positive stimuli also came from government spending to provide support and accommodation for refugees. A further boost came from the continuing rise in housing investment. In December 2015, the annual growth rate in loans to households for house purchase stood at 3.5% – the highest increase for more than 13 years. By contrast, growth in the commercial property segment for the year as a whole was lower than in 2014. Foreign trade benefited from the favourable euro exchange rate and the upturn in demand from the euro area. However, demand impulses from China and the commodity-producing emerging economies were lacking towards the end of the year.

Current status of the banking union

After the Single Supervisory Mechanism (SSM)[1] entered into force on 4 November 2014, preparatory work for the introduction of the Single Resolution Mechanism (SRM),[2] the second pillar of the banking union, got underway in the reporting year. The SRM establishes uniform rules and a uniform procedure for the resolution of distressed credit institutions in member states participating in the SSM.[3] Core elements are the Single Resolution Board (SRB), which is endowed with relevant decision-making powers, and the Single Resolution Fund (SRF), which is administered by the SRB. When the SRB became fully operational as of 1 January 2016, the SRF replaced the national resolution funds of the participating member states. The SRF intends to reach its target volume of at least 1% of the amount of covered deposits of all the institutions authorised in all of the participating member states (around €55 billion) by the end of 2023. The bank levy was collected in the reporting year for the first time in accordance with new European rules, with German institutions paying around €1.6 billion.[4]

2015 survey on the low-interest-rate environment

Persistently low interest rates are posing ever-greater challenges to the interest-driven business models of many German credit institutions. Among these are building and loan associations,[5] which are included in our analysis for the first time (see the box on pages 64 to 66). The Federal Financial Supervisory Authority (BaFin) and the Bundesbank conducted a survey again in 2015 on the performance and resilience of German credit institutions in the low-interest-rate setting in order to gain an insight into the assessment of the medium to long-term outlook for profitability by credit institutions that are particularly dependent on net interest income. Taking part were around 1,500 of the less significant institutions, which continue to be under the direct supervision of the national competent authorities. According to the institutions' own projections and based on prudentially defined interest rate shock scenarios, the institutions expect their profitability to come under considerable pressure over the forecast horizon to 2019 if interest rates remain low. Given the existing capital buffers and available hidden reserves, however, the losses of earnings that are predicted up to 2019 as a result of the low-interest-rate setting seem to be manageable for most institutions at present.

Further drop in the number of banks

The process of consolidation in the banking sector was continuing in the reporting year. Largely as a result of merger activity in the co-

1 For more information, see also Deutsche Bundesbank, Launch of the banking union: the Single Supervisory Mechanism in Europe, Monthly Report, October 2014, pp 43-64.
2 For more information, see also Deutsche Bundesbank, Europe's new recovery and resolution regime for credit institutions, Monthly Report, June 2014, pp 31-55.
3 These are the member countries whose currency is the euro as well as any EU member states outside the euro area that decide to join.
4 According to the press release which the Federal Financial Market Stabilisation Agency (FMSA) issued on the bank levy on 4 December 2015, big banks and regional banks accounted for €0.9 billion, Landesbanken for €0.3 billion and certain other institutions such as mortgage banks and financial service providers for €0.2 billion; savings banks paid €0.1 billion, credit cooperatives €0.06 billion and central institutions of the cooperative sector €0.04 billion.
5 The aggregate comprising "all categories of banks" has been extended accordingly from 1993. See the box on the reporting group on p 61.

Methodological notes

Data based on individual accounts 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). They differ in terms of their conception, structure and definitions from the internationally customary IFRS (International Financial Reporting Standards) accounting standards[1] for capital market-oriented banking groups, which means that – from a methodological viewpoint – the respective business results 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 the financial performance. Using group accounts would make a meaningful analysis difficult as, first, many German banks are not part of a group, meaning that their individual accounts drawn up in accordance with the German Commercial Code would still have to be used; second, not all group accounts are prepared according to international accounting standards.

The figures for balance sheet capital (total equity), total assets and other stock variables are not obtained from the annual reports but are calculated 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 within the meaning of the German Banking Act (*Gesetz über das Kreditwesen,* or KWG) that are monetary financial institutions and are domiciled in Germany. Branches of foreign banks that are exempted from the provisions of section 53 of the Banking Act, banks in liquidation and banks with a financial year under 12 months (truncated financial year) are not included in this performance analysis. The category of building and loan associations has been included in the analysis for the first time and the aggregate comprising "all categories of banks" extended accordingly from 1993. Long-term time series on profitability are available as PDF downloads on the Bundesbank's website.[2]

Calculation of the long-term average

At the launch of European 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 referred to as the monetary financial institutions (MFI) sector. Unlike the population of banks used for the Bundesbank analysis up to that time, 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 European monetary union, ie from 1999 to 2015.

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, Financial Stability Review 2013, November 2013.
2 http://www.bundesbank.de/Navigation/EN/Statistics/Banks_and_other_financial_institutions/Banks/Statistics_of_the_banks_profit_and_loss_accounts/tables/tabellen.html

The performance of credit institutions

€ billion

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

operative bank sector, there was a further decline in the number of institutions covered by the statistics on the profit and loss accounts[6]. As a result, the following comments on the results of these statistics are based on a reporting group comprising 1,679 banks (compared with 1,715 in 2014).

Rise in net interest income

Current income sees substantial increase

Net interest income generated by German credit institutions in 2015 rose substantially by €2.5 billion to €95.9 billion. As a result, net interest income accounted for 75% of operating income[7] despite the persistence of low interest rates. This was 1.7 percentage points more than the long-term average.[8] This positive development was not due to the result of interest business in the narrower sense but was driven primarily by the rise in current income from equities, other variable-yield securities, participating interests and shares in affiliated enterprises (by €3.7 billion to €15 billion). This item together with income from profit transfers[9] accounted for 8.9% (€17.8 billion) of all income included in the figure for net interest income; on a long-term average, it accounted for 5.9%. By contrast, net income from traditional interest business[10] fell by €0.9 billion to €78.1 billion. Although there are no signs of a slump, this trend confirms expectations of a weakening outlook for profitability in a persistent low-interest-rate environment. Pension expenditure reduced net interest income[11] to a limited extent, among other things because, in the low-interest-rate environment, pension provisions under German GAAP are increasingly being brought into line with the rising market value of pension commitments.[12]

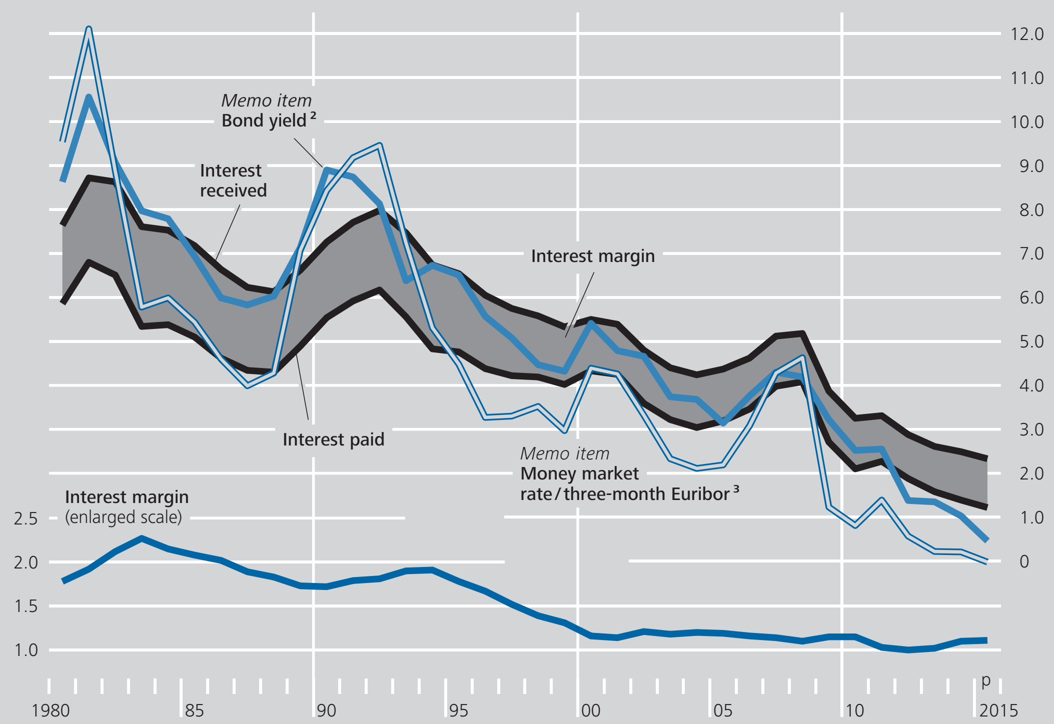
Almost no change in the interest rate margin

Despite a marked rise in net interest income, the interest margin, calculated as the ratio of net interest income to total assets,[13] went up only marginally to 1.11% in 2015.[14] This was attributable to business expansions, which were reflected mainly in total assets and less in net

6 See also the box on the HGB single-entity financial statements and on the monthly balance sheet statistics as a database on p 61.
7 Operating income is defined as the sum of net interest income, net commission income, result from the trading portfolio and other operating result.
8 See the box on the long-term average on p 61.
9 Income from profit transfers comprises profits transferred under profit pooling, profit transfer agreements or partial profit transfer agreements.
10 Interest income from lending and money market business as well as from fixed-income securities and debt register claims less interest expenditure.
11 Pursuant to section 253 (2) of the German Commercial Code (HGB), pension obligations are to be discounted at an average market interest rate of the past and netted with the existing plan assets to be carried at fair value. The Bundesbank calculates and announces the discount rates in accordance with the Regulation on the Discounting of Provisions (Rückstellungsabzinsungsverordnung). Effects of these calculations on profit or loss are reflected in net interest income, staff costs or often, according to the data published in the annual reports, in the net other operating result. See also IDW Accounting Principle: Handelsrechtliche Bilanzierung von Altersversorgungsverpflichtungen (IDW RS HFA 30), Nos 85 ff.
12 See also Statement by the Deutsche Bundesbank of 18 August 2015 on the Bundestag's decision regarding the German Commercial Code's discount rate for pension provisions (BT Drucksache 18/5256).
13 See also the box on the dataset on p 61.
14 The interest margin adjusted for interbank business was, at 1.42%, likewise close to the prior-year level.

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

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.
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interest income. The interest margin gives an important indication of the general profitability, above all, of those credit institutions which focus on traditional deposit and lending business. In particular, this category of banks comprises credit cooperatives and savings banks, whose interest margins are invariably higher than those of the other banking groups and also show lower volatility over time. Nevertheless, the further decline in interest margins at the networked institutions is confirmation of the growing pressure on margins: since 2011, net interest income generated by these banks at the group level has nearly always risen to a lesser extent than total assets. In the reporting year, the interest margin in the cooperative bank sector, at 2.14%, was 0.07 percentage point lower and in the savings bank sector, at 2.06%, 0.03 percentage point lower than one year earlier.

Favourable funding environment

German banks' funding situation remains favourable. This was also confirmed by the banks participating in the Bank Lending Survey (BLS), which the Bundesbank conducts on a regular basis. Throughout the reporting year, the interest rates on the main refinancing operations and the marginal lending facility were, at 0.05% and 0.30% respectively, at their lowest levels up to that point in the history of the European Central Bank (ECB). Interest rates in the interbank market fell repeatedly to new all-time lows. On a monthly average, the interest rate on unsecured money market transactions between banks (Euro InterBank Offered Rate, Euribor) with a three-month maturity was clearly in negative territory at -0.13% in December, and the unsecured interbank overnight rate Eonia (Euro OverNight Index Average) stood even lower at -0.2%. In light of the ample supply of liquidity owing to the non-standard monetary policy measures, however, excess liquidity[15] on current accounts at the Bundesbank almost quadrupled to just under

15 Total of excess reserves and deposit facility.

The effects of the low-interest-rate environment on building and loan associations

Prices on the German housing market continued to grow rapidly. Calculations based on bulwiengesa AG data show that house prices increased by an average of 6% in German cities in the year under review.[1] A major cause of the price inflation is the increased demand for residential property which is being supported by favourable funding conditions in the persistent low-interest-rate environment and good underlying macroeconomic conditions.

The 21 private-sector as well as the public-sector building and loan associations in Germany, which by definition belong to the monetary financial institutions (MFIs), and which have therefore been included in the consolidated balance sheet of MFIs and money supply calculations for the purposes of monetary analysis since the launch of European monetary union in 1999, play an important role in real estate financing. Although their total assets account for less than 3% of the aggregate total assets for all categories of banks, their market share of loans to enterprises and domestic households, by contrast, amounts to around 10%.

Non-banks' deposits and loans with building and loan associations

€ billion

Deutsche Bundesbank

Building and loan associations are subject to the provisions of the German Banking Act *(Gesetz über das Kreditwesen)* in particular, as well as the German Building and Loan Associations Act *(Bausparkassengesetz)*, and are supervised by the Federal Financial Supervisory Authority (BaFin) and the Bundesbank. The building and loan association business model focuses on accepting interest-bearing deposits on the basis of long-term contracts and granting money loans from the accumulated amounts for real estate purchases to savers who fulfil the allocation criteria, ie those whose contracts have reached the lending phase. At the time the contracts are concluded, deposit and loan conditions are agreed in the form of fixed rates.

In the persistent low-interest-rate environment of recent years, savers with old, high-interest contracts eligible for allocation increasingly stopped taking out loans under savings and loan contracts and instead took advantage of the favourable deposit interest rates, seeing them as a lucrative investment opportunity. Any funding needs they may have had for real estate projects were met with housing loans at current market conditions, where interest rates on loans were significantly lower than those agreed under the old savings and loan contracts. This is another reason why loans under savings and loan contracts, which have been declining since the mid-1990s, have continued to do so in recent years in spite of

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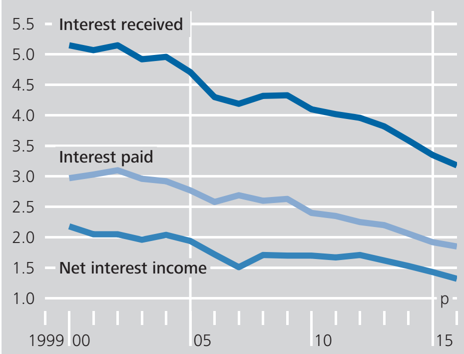
1 See also Deutsche Bundesbank, Housing prices in Germany in 2015, Monthly Report, February 2016, pp 53-56.

the growing demand for housing and increase in bank lending. At the same time, however, the number of new savings and loan contracts has significantly risen again since its lowest point in 2009. Savers entering into these new contracts secure themselves the favourable current interest rates for future real estate projects as well as reasonably-priced follow-up financing. The targeted savings amounts have also increased.

This growth in deposits with building and loan associations on the liabilities side and the simultaneous decline in loans under savings and loan contracts on the assets side present the building and loan associations with the major challenge of generating income on a sustainable basis, as their business activities and investment options are subject to strict statutory regulations. For example, deposits may only be used for advance financing and bridging loan purposes temporarily and to a limited extent. Aside from this, the building and loan associations may only invest the available collective savings in safe assets as far as possible, such as Federal bonds (Bunds), which currently only have a low yield. An additional complication is that the interest rate terms of the old contracts cannot be adapted to the altered market conditions. Therefore, net interest income decreased by 16% between 2011 and 2015 to just €2.8 billion, while total assets consistently rose during the same period. These peculiarities account for the substantial reduction in the interest margin, which has narrowed significantly from 1.71% in 2011 to just 1.32% in 2015.[2] The decline in net interest income could not be offset by an improvement in the structurally negative net commission income either – as in previous years, high net charges of €0.6 billion were recorded for this item in the year under review. Unlike most other categories of banks, the building and loan associations hardly receive any fee and commission income, but primarily book commissions paid for contracts concluded and brokerage by distribution partners. Moreover, the other operating result and the trading result barely help to increase profitability as both income components have very little to no relevance for the building and loan associations. At €2.2 billion, operating income reached an all-time low. Administrative spending was substantially reduced to just €1.7 billion, and while this saw the cost/income ratio rise only marginally on the year, it was significantly higher than the long-term average, which substantiates the deterioration in cost efficiency.

Building and loan associations' interest received, interest paid and net interest income

As a percentage of total assets



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The regulatory requirements relating to the building and loan associations' special business model in particular only allow them to tap alternative sources of income, in addition to their net interest income, to a limited extent. In the past few years they have benefited from lower loan-loss provi-

2 For a detailed analysis of the profitability of building and loan associations, see M Köhler (2015), Die Auswirkungen des Niedrigzinsumfelds auf die Ertragslage der Bausparkassen, Journal of Banking Law and Banking, Vol 5, pp 316-322.

sions. Although the net valuation result had deteriorated considerably compared to the previous year at -€0.1 billion, as a percentage of total assets it was still higher, at -0.03%, than the long-term average of -0.05%. On balance, profit for the financial year before tax was lower by half on the year at €0.4 billion, meaning that the return on equity almost halved to 4.5% on account of a stronger capital base.

Legislators have taken into account the changed underlying conditions and the persistent low-interest-rate environment and have comprehensively revised the Building and Loan Associations Act, which had last been amended in 1990, as well as the Regulation concerning Building and Loan Associations *(Bausparkassen-Verordnung)* at the end of 2015. A significant innovation is the more flexible use of the fund required by the building and loan association rules *(Fonds zur bauspartechnischen Absicherung,* or FbtA). The original purpose of this special item was to make waiting times between the beginning of a savings and loan contract and its allocation consistent and as short as possible, even when liquidity is low due to a lack of new deposits. As a result of this legislative amendment, FbtA funds can now also be released to assure the interest margin necessary for the sustainable operation of the building and loan association business as a whole and to counteract the effect of depressed earnings in the current low-interest-rate environment. To a limited extent, building and loan associations are now also able to invest in higher-risk assets, such as shares.

€200 billion between December 2014 and December 2015. The interest rate payable on these holdings – the deposit facility rate has been negative since June 2014[16] – resulted in expenses for credit institutions totalling €248 million[17] in the reporting year. Although these were almost seven times higher than in the previous year, they reduced interest income insofar as it was posted as a negative component,[18] by no more than 0.1%.

Yield curve characterised by negative yields in the short to medium-term maturity segments

The announcement at the beginning of 2015 that the Eurosystem would be extending its existing securities purchase programmes (expanded asset purchase programme, APP) caused bond yields to contract again perceptibly. The German yield curve[19] continued to flatten and shifted downwards. Taken in isolation, this development puts pressure in particular on the interest margins of those banks that generate a large part of their income from balance sheet maturity transformation. Amid volatile developments later in the year, the yield curve was characterised mainly by a widening of negative yields in the lower maturity segments. This makes borrowing on the money and capital markets increasingly more attractive than funding through deposits because market-based financing, unlike deposits by retail customers and non-financial corporations, is not subject to the business policy or competition-driven zero lower bound. Notably in the case of banks whose funding comes primarily from deposits by retail customers and enterprises, this

16 On 11 June 2014 the ECB's deposit facility rate was cut to -0.10%, on 10 September 2014 to -0.2% and on 9 December 2015 to -0.3%. It has stood at -0.4% since 16 March 2016.
17 See also Deutsche Bundesbank, Annual Report 2015, p 93.
18 Because no explicit rule exists as yet on reporting negative interest within the scope of net interest income, differences are possible from one individual institution to the next.
19 Interest rates for (hypothetical) zero-coupon bonds with no default risk and with a residual maturity of between two and ten years, estimated on the basis of the prices of Bunds, five-year Federal notes (Bobls) and Federal Treasury notes (Schätze).

Major income and cost items for individual categories of banks in 2015p

As a percentage of operating income

Item	All categories of banks	Big banks	Regional banks	Landesbanken	Savings banks	Regional institutions of credit cooperatives	Credit cooperatives	Mortgage banks	Building and loan associations	Special purpose banks
Net interest income	75.0	67.8	65.9	82.5	78.1	71.4	78.4	100.2	126.3	79.2
Net commissions income	23.8	36.0	26.0	10.0	22.7	19.1	21.0	− 0.5	− 26.2	17.7
Result from the trading portfolio	2.9	7.6	1.7	5.4	0.0	15.5	0.0	− 0.1	0.0	0.2
Other operating result	− 1.7	− 11.4	6.4	2.1	− 0.9	− 5.9	0.6	0.4	− 0.1	2.8
Operating income	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
General administrative spending	− 70.4	− 82.9	− 64.6	− 69.1	− 68.9	− 63.1	− 66.6	− 51.2	− 77.8	− 52.5
of which										
Staff costs	− 36.0	− 35.0	− 28.5	− 35.0	− 43.5	− 29.7	− 40.2	− 22.0	− 32.1	− 26.6
Other administrative spending	− 34.4	− 48.0	− 36.1	− 34.2	− 25.4	− 33.3	− 26.4	− 29.2	− 45.7	− 25.9
Result from the valuation of assets	− 2.8	0.3	− 6.0	− 11.2	0.3	5.9	− 2.1	− 14.6	− 3.2	− 10.9
Other and extraordinary result	− 6.1	− 9.0	− 18.7	− 1.6	− 1.3	− 30.2	− 0.6	− 0.9	− 0.1	7.8
Memo item Profit or loss (–) for the financial year before tax	20.7	8.3	10.7	18.1	30.1	12.6	30.6	33.3	18.9	44.3
Taxes on income and earnings	− 6.6	− 3.3	− 3.8	− 7.7	− 9.8	− 20.6	− 9.7	− 4.4	− 3.5	− 1.6
Profit or loss (–) for the financial year after tax	14.1	5.0	6.9	10.4	20.3	− 8.0	21.0	29.0	15.5	42.7

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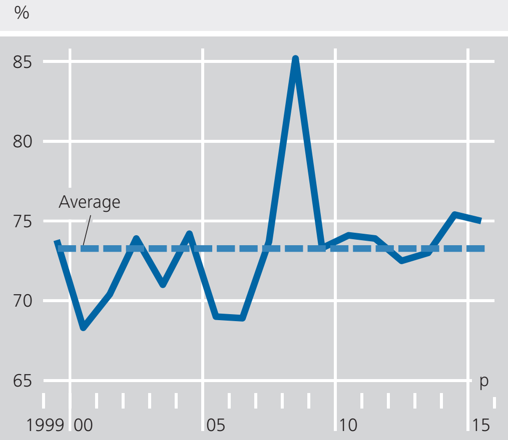
effect is likely to be reflected in further declining net interest income and lead to adjustments in the structuring of terms and conditions or in the financing structure.[20]

Ongoing build-up of overnight deposits raises maturity transformation risk

As in previous years, the liabilities side of the balance sheets was characterised by a build-up of short-term deposits and a reduction in longer-term deposits, especially by non-banks. Additionally, the ongoing build-up of overnight deposits was encouraged by the renewed rise in the saving ratio accompanying households' considerably higher disposable incomes and by German enterprises' strong liquidity position. The shortening of maturities on the liabilities side associated with the growing concentration on overnight deposit products is leading to more and more loans with significantly longer interest fixation periods being financed on a short-term basis. Thus, particularly networked institutions active in traditional deposit and lending business are being exposed to a higher maturity transformation risk on their balance sheets. Since 2008 – shortly after the outbreak

20 For instance, the average monthly yield on bank debt instruments with an average maturity of more than one to two years dropped from 0% in January 2016 to -0.2% in July 2016, while interest on households' overnight deposits declined less markedly from 0.12% to 0.08% in the same period (interest rate statistics, month-end figures).

Net interest income of German banks as a share of operating income*



* Calculated on the basis of the annual overall aggregates.
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of the financial crisis – the share of the liabilities side of the balance sheet accounted for by non-banks' overnight deposits almost doubled to around 43% in the case of credit cooperatives and to roughly 41% in the case of savings banks. By contrast, the share of the asset side of the balance sheet accounted for by long-term loans to non-banks increased by only 5.4 percentage points to just under 54% in the case of credit cooperatives and by no more than 5.8 percentage points to just over 56% in the case of savings banks.

Waning importance of market-based funding

Against the backdrop of the further growth in banks' stock of deposits and cheap liquidity provided by the Eurosystem, market-based funding became steadily less important. Since 2008, the percentage of total assets accounted for by negotiable debt securities has dropped by almost one-third to around 15%. Ongoing targeted balance sheet reductions implemented, notably, by capital-market-oriented Landesbanken and mortgage banks, are likely to have played a crucial role in this. On the demand side, it is likely that more stringent regulatory requirements have made investment in long-dated unsecured bank bonds, in particular, less attractive for institutional investors.[21] Bank bond redemptions exceeded new issues by €77.3 billion in the reporting period.

Lending again boosted by housing loans

Loans to the private sector rose distinctly in the reporting period. The volume of loans to households (adjusted for securitisation and sales) grew by a total of 2.8%. As in the previous year, such growth was driven mainly by loans to households for house purchase, the annual growth rate of which accelerated markedly last year, posting the highest increase in over 13 years in December 2015 at 3.5%. The historically favourable interest rate and financing environment – the average interest rate charged by banks on new loans for house purchase showed a further fall from 2.0% to 1.8% in the course of the year – as well as the reduced attractiveness of alternative investment opportunities played a key role in the high level of demand for residential properties and the associated loans.

Loans to enterprises up slightly, lending to German government down

In contrast to 2014, loans to non-financial corporations registered a slight net increase in the reporting year. However, at an annual rate of 0.5% in December 2015, growth remained very moderate, partly due to the substitution of bank loans with own funds and other sources of credit. By contrast, lending to the German public sector decreased, with the annual growth rate standing at -0.7% in December 2015.

Net interest income, by category of banks

Significant rise in net interest income at big banks and regional institutions of credit cooperatives

In the big banks sector and in the case of the regional institutions of credit cooperatives, current income and income from profit transfers traditionally play a more important role in the level of net interest income than for the other categories of banks. Net interest income at the

21 For insurance enterprises, more capital has to be held against investments in long-dated unsecured assets than against short-term investments. For banks, investments in long-dated unsecured bank bonds are not deemed to be high-quality liquid assets pursuant to the liquidity coverage ratio (LCR) newly introduced on 1 October 2015 as a binding measure in the European Union. The LCR is the ratio of high-quality liquid assets to net cash outflows over a 30-day period; from 2019, after the phasing-in stage, it should always be higher than 100%.

Structural data on German credit institutions

End of year

Category of banks	Number of institutions[1]			Number of branches[1]			Number of employees[2]		
	2013	2014	2015p	2013	2014	2015p	2013	2014	2015p
All categories of banks	1,866	1,830	1,793	36,155	35,264	34,001	644,800	639,050	626,237
Commercial banks	296	295	287	10,142	9,954	9,697	3) 170,700	3) 171,200	3) 169,250
Big banks	4	4	4	7,610	7,443	7,240	.	.	.
Regional banks	178	176	171	2,401	2,363	2,312	.	.	.
Branches of foreign banks	114	115	112	131	148	145	.	.	.
Landesbanken	9	9	9	434	408	402	33,400	33,500	32,600
Savings banks	417	416	413	12,323	11,951	11,459	244,000	240,100	233,700
Regional institutions of credit cooperatives	2	2	2	11	11	11	5,250	5,350	5,587
Credit cooperatives	1,081	1,050	1025	11,541	11,269	10,822	4 160,100	4 158,700	4 155,300
Mortgage banks	17	17	16	50	48	49	.	.	.
Building and loan associations	22	21	21	1,624	1,598	1,536	5 14,450	5 14,000	5 13,550
Special purpose banks	22	20	20	30	25	25	6 16,900	6 16,200	6 16,250

1 Source: Bank office statistics, in Deutsche Bundesbank, Banking statistics, Statistical Supplement 1 to the Monthly Report, p 104 (German edition). The term "credit institution" is used as in the Banking Act, resulting in divergences from data in "Balance sheet statistics" and "Statistics on the profit and loss account". **2** Number of full-time and part-time employees excluding Deutsche 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) and special purpose banks established under public law.

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big banks increased by €1.7 billion to €22.2 billion (67.8% of operating income). The contribution of current income and income from profit transfers to this result rose by a total of €2.3 billion to €10 billion, while the net result from traditional interest business declined by €0.7 billion to €12.2 billion. In the case of the regional institutions of credit cooperatives, net interest income grew by €0.4 billion to €1.5 billion (71.4% of operating income). Within this figure, the total of current income and income from profit transfers went up by €0.3 billion to €0.9 billion. Furthermore, the net result from traditional interest business improved by €0.1 billion to €0.6 billion. This growth was not attributable to widened margins, however, but mainly to special factors.[22] In tandem with increasing total assets, the interest margin of the big banks widened by 0.04 percentage point to 0.81% and that of the regional institutions of credit cooperatives by 0.11 percentage point to 0.51%.

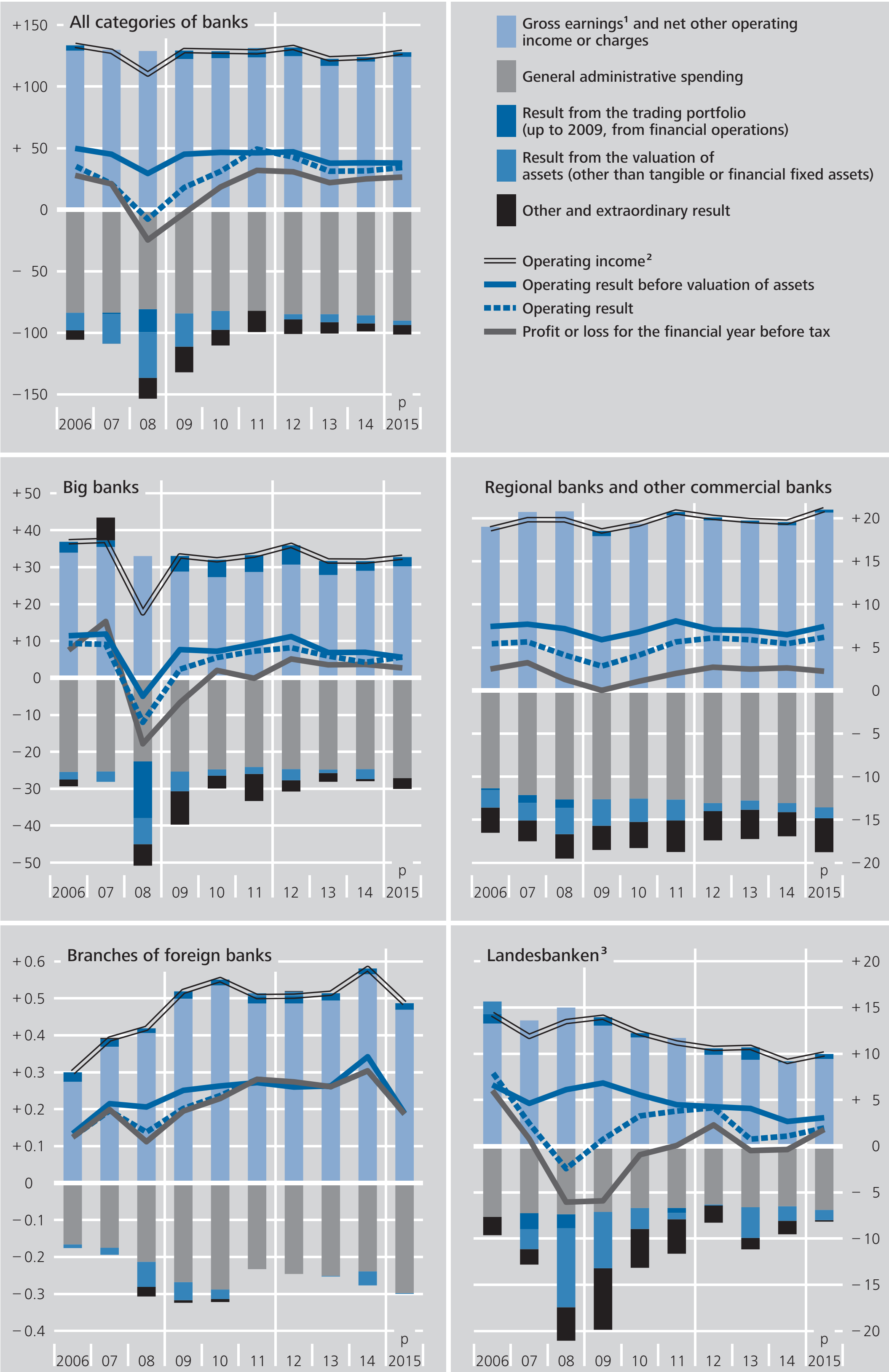
Landesbanken: net interest income unchanged, total assets reduced further

In the Landesbanken sector, which was affected by restructuring measures, net interest income was unchanged on the year at €8.2 billion (82.5% of operating income); given further reduced total assets, this meant that the interest margin rose somewhat to 0.76%. In the case of the mortgage banks, net interest income showed a clear improvement of €0.2 billion to €2.2 billion despite declining total assets. This growth was accompanied by strongly countervailing effects arising from two institutions closing derivatives positions. The fact that net interest income in this category of banks marginally exceeded total operating income in the reporting year, with the relevant ratio standing at 97.6% even on a long-term average, testifies to the low level of diversification in income sources compared with the

22 On the one hand, an extraordinary charge of €0.1 billion from the previous year was no longer recorded, and on the other, net interest income rose by €0.1 billion as a result of derivatives income and expenditure similar in nature to interest being reclassified from the trading result.

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

€ billion, the charts below use different scales



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

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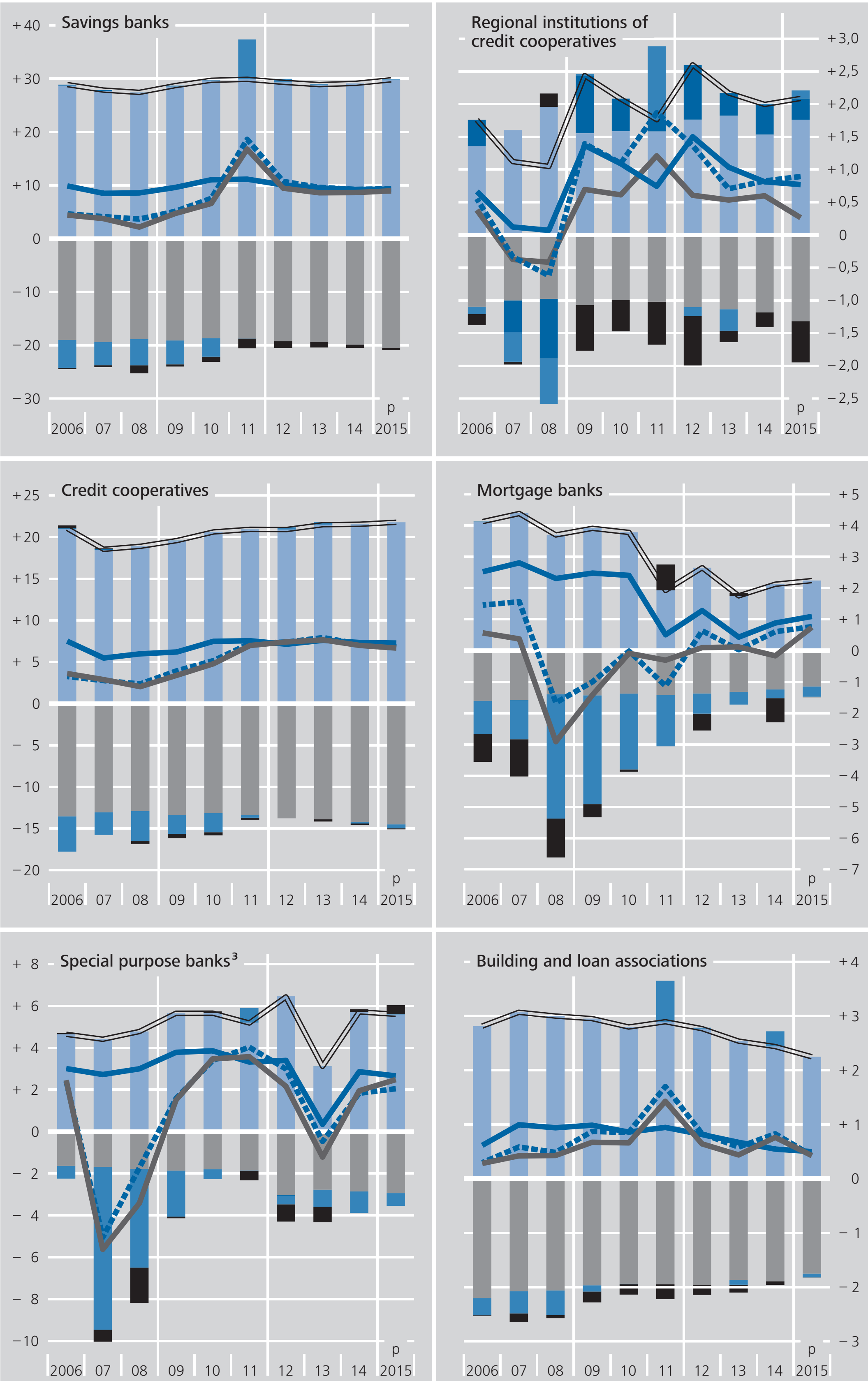
€ billion, the charts below use different scales



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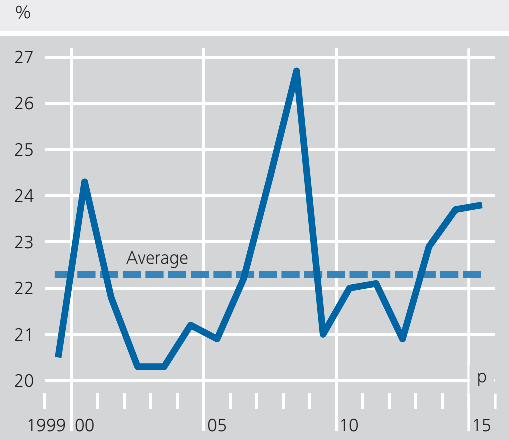
Net commission income of German banks as a share of operating income*



* Calculated on the basis of the annual overall aggregates.
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other categories of banks. This probably indicates an ongoing high degree of dependency on maturity transformation as a source of income. The interest margin increased by 0.12 percentage point to 0.6%.

Net interest income of networked institutions stabilised by higher credit volume

Thanks to the larger credit volume of loans for house purchase and the further increase in maturity transformation on the balance sheet, net interest income at the savings banks – at €23.3 billion (78.1% of operating income) – and at the credit cooperatives – at €17.1 billion (78.4% of operating income) – held steady at the previous year's level. The regional banks and other commercial banks increased their net interest income by €0.3 billion to €13.8 billion (65.9% of operating income). As with the networked institutions, the interest margin also receded in this heavily interest-dependent category of banks on the back of significantly higher total assets and, at 1.56%, fell short of the previous year's figure by 0.06 percentage point.

Clear increase in net commission income

Expanded commissions business stabilising earnings

Net commission income improved considerably by €1.2 billion to €30.5 billion and, with a 23.8% share in operating income, exceeded the long-term average by 1.5 percentage points. In the search for alternative sources of income to offset the diminishing yield potential in interest business, net commission income is gaining ground as the second most important income source. In particular, this concerns fees for giro transactions and payments as well as for securities and safe custody business, and remuneration for brokerage activities relating to loan contracts, savings agreements, savings and loan agreements, and insurance contracts. In line with this, more than half of the banks that participated in the 2015 survey on the low-interest-rate setting reported that they had raised their fees and commissions in response to the low rates. According to the institutions' own plans, net commission income is the only component of operating business that is expected to grow at least marginally in relation to total assets, thus stabilising earnings. Nonetheless, the commission margin was unchanged on the year at 0.35% and therefore only at the same level as the long-term average.

Favourable financial market setting

Fees in securities-related business, in particular, are likely to have benefited from the positive developments in the stock markets, especially in the first half of the year. In addition, price gains boosted the contribution to net commission income made by safe custody account management, which hinges on the safe custody account volume.[23] Bank customers' sustained high level of interest in mutual fund shares probably also had a positive impact. Among the retail funds, highly sought-after options included not only mixed securities funds but also, in particular, equity funds, which had been receiving little attention in the previous year. In total, sales of retail fund units increased almost eightfold on the year to €30.4 billion. Sales of specialised fund units, which are very much in demand amongst institutional investors, also rose significantly by nearly 24% to €115.7 billion.

23 See also Deutsche Bundesbank, Financial Accounts for Germany 2010 to 2015, Special Statistical Publication 4, May 2016, p 15.

Growth concentrated on networked institutions and regional banks

The bulk of the increase in net commission income (€0.8 billion in total) took place in the categories of banks that were the focus of the survey on the low-interest-rate setting. The savings banks increased their net commission income by 5.2% to €6.8 billion (22.7% of operating income), the credit cooperatives did so by 5.5% to €4.6 billion (21% of operating income) and the regional banks and other commercial banks by 4.3% to €5.5 billion (26% of operating income). Key factors in this growth were additional revenue from payment transactions as well as from securities and safe custody business, and, in the case of the savings banks and credit cooperatives, from brokerage with network partners (building and loan associations, investment fund companies, insurance companies). This helped the networked institutions to reach new all-time highs in net commission income. Although total assets grew concurrently, the commission margin saw just a minor year-on-year increase of 0.02 percentage point to 0.60% for the savings banks, and of 0.01 percentage point to 0.57% for the credit cooperatives, while for the regional banks and other commercial banks the figure declined marginally by 0.01 percentage point to 0.62%.

Big banks also boosted their result

The big banks, for which commission business traditionally plays a greater role than for the other categories of banks, increased their net commission income by €0.4 billion to €11.8 billion (36% of operating income). However, the commission margin matched the previous year's level at 0.43%. Net commission income in the Landesbanken sector, which has been depressed since 2009 by high expenditure for government guarantees issued by individual Landesbanken, improved by €0.1 billion to €1 billion (10% of operating income); this was chiefly due to declining guarantee fees. Nonetheless, it was still noticeably lower than the average of the period from 1999 to 2008.

Trading business just higher than prior-year level

Volatile income component

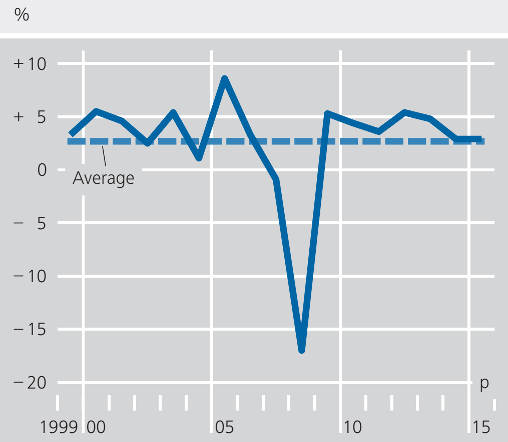
In a shaky financial market setting, the trading result, which is typically highly volatile, increased slightly by €0.1 billion to €3.7 billion. The percentage of operating income accounted for by the trading result also marginally exceeded the long-term average at just under 3%. According to the published annual reports, trading business rarely constitutes proprietary trading originating in the institutions, but rather is dominated by customer-initiated business.

Trading result, by category of banks

For the regional institutions of credit cooperatives, the trading result accounts for 9% of operating income on a long-term average, making it a more important source of income than for the other categories of banks. It saw a distinct year-on-year reduction of €0.1 billion to €0.3 billion (15.5% of operating income). This was mainly due to derivatives income and expenses similar in nature to interest being reclassified to net interest income, which rose accordingly. In the big banks sector, the trading result was also €0.1 billion lower at €2.5 billion (7.6% of operating income). Significant losses in the trading result were largely offset by high income arising from withdrawals from the special item pursuant to section 340e (4) of the German Commercial Code (HGB).[24] The net trading result in the Landesbanken sector was shaped by positive valuation and currency effects, rising significantly by €0.4 billion to €0.5 billion (5.4% of operating income).

24 Pursuant to section 340e (4) of the German Commercial Code, an amount corresponding to at least 10% of the net income in the trading book must be allocated each financial year to the special item "Fund for general banking risks" pursuant to section 340g of the German Commercial Code and presented separately there. It may only be released to offset net expenditure in the trading book, to offset a loss that is not covered by profit brought forward from the previous year, to offset a loss brought forward that is not covered by net profit for the year, or if it exceeds 50% of the average net income in the trading book of the last five years.

Net trading result of German banks as a share of operating income*



* Calculated on the basis of the annual overall aggregates.
Deutsche Bundesbank

Other operating result again has high negative balance

High expenditure for litigation and recourse risks again had adverse impact

The other operating result is a summary item used to record income and expenditure from operating business that have no connection to the net interest, commission or trading result. The balance was once more in clearly negative territory at -€2.2 billion – the corresponding figure for 2014 was -€2.5 billion – which was again due to high expenditure by the big banks for litigation and recourse risks. Moreover, income effects stemming from the accounting for pension obligations had a negative impact, as had been the case over the past few years.[25] By contrast, relief was provided by the absence of expenditure incurred by the reimbursement of loan processing fees[26] among the regional banks and other commercial banks; this had weighed – heavily in some cases – on individual banks in the previous year.

Marked rise in administrative spending

Ongoing increase in administrative spending

The banks' expenditure side is largely shaped by administrative spending, which encompasses staff costs and other administrative spending.[27] The total figure saw a distinct increase of 5% (€4.3 billion) to €90 billion, reaching a new all-time high. Measured in terms of total assets, however, it remained at the same level as the long-term average.

Staff costs and other administrative spending distinctly higher

Staff costs include not only wage and salary payments but also social security contributions and operating expenses for pensions. Owing to pay increases under collective agreements and the payment of variable remuneration components, wage and salary payments rose by €1.1 billion to €36.4 billion, despite continued job cuts. Social security contributions and operating expenses for pensions went up by €1 billion to €9.6 billion. Of this additional spending, roughly half (around €0.5 billion) was attributable to transfers to the pension provisions, which expanded to €3.7 billion. Other administrative spending grew markedly by €2.2 billion to €44 billion. Besides the costs of the bank levy, this item includes mainly non-staff costs and expenditure on external services such as legal, auditing and consultancy costs and the costs of IT services. The growth was attributable, alongside other factors, to the additional expenditure in connection with the European bank levy, and is probably also due, not least, to additional implementation costs and current administrative spending to fulfil more stringent regulatory requirements.

Higher wage and salary payments primarily at big banks

Wage and salary payments increased considerably, especially at the big banks, rising by 7.9% (or €0.7 billion to €9.6 billion). In addition to negotiated pay rises, this stemmed from the payment of variable remuneration components and, in part, from exchange rate effects. For the other categories of banks, additional wage

25 See also footnote 11 on p 62.
26 In its judgements of May and October 2014, the Federal Court of Justice confirmed the unlawfulness of loan processing fees, since the processing of a loan is not a service rendered for the customer. It ruled that it is instead in the bank's own interests to check the customer's solvency and prepare the contract. The court therefore decided that, in compliance with certain limitation periods, reimbursements of loan processing fees paid in the last ten years can be requested.
27 Including depreciation of and value adjustments to tangible and intangible assets, but excluding depreciation of and value adjustments to assets leased.

and salary expenditure was within the range of the pay rises agreed in collective bargaining and was much more moderate.[28] The smallest increase, of 1.4% in each case, was recorded by the savings banks (up by €0.1 billion to €9.8 billion) and the credit cooperatives (by €0.1 billion to €7 billion). In the case of the mortgage banks, on the other hand, wage and salary payments were reduced by as much as 6.5% (by €0.03 billion to €0.4 billion), mainly as a result of declining staff costs at one bank.

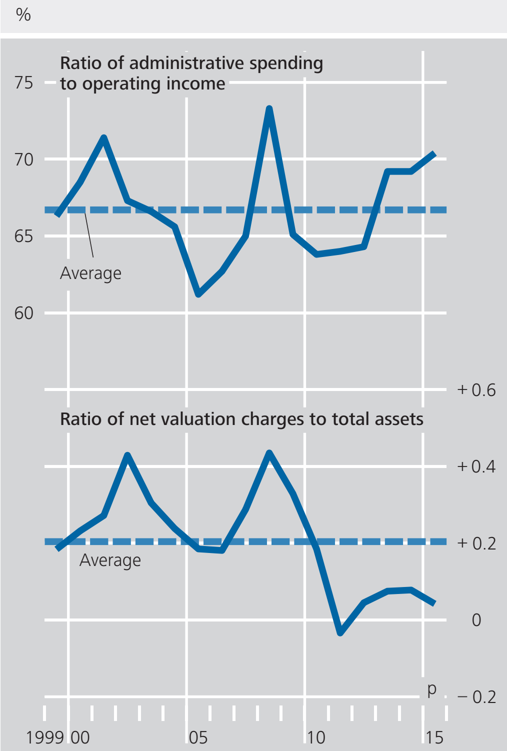
Other administrative spending, by category of banks

Most of the increase in other administrative spending was accounted for by the big banks; this cost item rose considerably by €1.4 billion (10.2%) to €15.7 billion. One of the reasons cited for this was additional regulation-related expenditure, and, in the case of one big bank, high charges from the group accounts, though these were partly offset by additional receipts for services provided within the group which were booked in net commission income. In the case of the regional institutions of credit cooperatives, the appreciable growth in other administrative spending of 23.4% (up by €0.1 billion to €0.7 billion) was mainly attributable to higher project costs in addition to the bank levy. Credit cooperatives, which have substantial fixed costs owing to their relatively dense branch network, recorded the lowest growth, at 1.6% (an increase of €0.1 billion to €5.8 billion). Additional spending of 2.2% (growth of €0.2 billion to €7.6 billion) was posted by the regional banks and other commercial banks, 3.9% (up by €0.3 billion to €7.6 billion) by the savings banks and 5.2% (by €0.2 billion to €3.4 billion) by the Landesbanken. For the mortgage banks, this cost item fell by 8% (by €0.1 billion to €0.7 billion), primarily as the result of reduced IT and consultancy costs at one bank.

Deterioration in the cost/income ratio

In view of declining earnings prospects, especially in interest rate-related business, and growing competitive pressure with regard to the supply of financial services both within and outside of the banking sector, banks are increasingly reconsidering their business strategies. The cost/income ratio, a key performance indicator which expresses the ratio of administrative spending to operating income, provides information on cost efficiency. In principle, the lower the ratio is, the more efficient a bank is at generating profit. In the reporting year, the additional receipts from operating business failed to offset the rise in administrative spending. For every €100 generated, banks had to spend €70.40, which was €1.20 more than in the previous year and as much as €3.70 higher than the long-term average.

Administrative spending and net valuation result of German banks*



* Calculated on the basis of the annual overall aggregates.
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Trend towards branch closures continues

For some time now, credit institutions have been trying to cut costs by way of mergers and adjustments to their branch structures. The trend towards closing down and consolidating bank branches also continued in the reporting

28 On 1 July 2014, the association of employers in the private banking industry and the trade union ver.di concluded a new collective agreement in the banking sector. The agreement, covering around 200,000 employees, provides for a two-stage pay rise (of 2.4% from 1 July 2014 and 2.1% from 1 July 2015) as well as a one-off payment of €150.

Cost/income ratios, by category of banks

As a percentage

Category of banks	General administrative spending in relation to …		
	2013	2014	2015p
	… gross earnings[1]		
All categories of banks	72.2	69.9	71.3
Commercial banks	77.7	74.4	76.4
Big banks	82.8	77.6	79.9
Regional banks and other commercial banks	69.8	69.7	70.3
Branches of foreign banks	59.5	49.4	73.9
Landesbanken	72.5	71.5	74.7
Savings banks	66.1	67.0	68.3
Regional institutions of credit cooperatives	61.5	77.4	69.8
Credit cooperatives	65.9	66.4	67.0
Mortgage banks	70.1	61.4	51.3
Building and loan associations	74.3	75.9	77.7
Special purpose banks	89.3	52.5	54.2
	… operating income[2]		
All categories of banks	69.2	69.2	70.4
Commercial banks	72.8	73.4	75.6
Big banks	78.3	78.1	82.9
Regional banks and other commercial banks	64.7	66.9	64.6
Branches of foreign banks	48.8	41.1	61.2
Landesbanken	61.8	70.9	69.1
Savings banks	67.2	68.3	68.9
Regional institutions of credit cooperatives	52.3	59.3	63.1
Credit cooperatives	64.6	65.9	66.6
Mortgage banks	75.4	58.4	51.2
Building and loan associations	73.6	77.6	77.8
Special purpose banks	89.0	50.0	52.5

1 Aggregate net interest and net commissions income. **2** Gross earnings plus result from the trading portfolio and other operating result.
Deutsche Bundesbank

year. In total, the number of savings bank branches was reduced by 492 to 11,459, credit cooperatives lowered their branch count by 447 to 10,822, as did the big banks by 203 to 7,240 branches.

Cost/income ratio, by category of banks

Although they benefit from economies of scale, big banks lagged behind the other categories of banks in terms of cost efficiency with a significantly increased cost/income ratio of 82.9%. In the savings bank sector and the cooperative bank sector, the ratio remained within its usual range at 68.9% and 66.6% respectively. Higher operating income and administrative spending saw the cost/income ratio of the regional institutions of credit cooperatives deteriorate noticeably to 63.1%, while the Landesbanken as well as the regional banks and other commercial banks improved their ratios slightly to 69.1% and 64.6% respectively. Thanks to declining administrative spending and an increase in operating income, the mortgage banks' cost/income ratio of 51.2% was much more favourable than in 2014. The cost efficiency figures should nevertheless be interpreted with caution, particularly when making a cross-category comparison, as the business models of the various categories of banks differ significantly with regard to their cost structure.[29]

Net additions to risk provisions at all-time lows

Definition of the net valuation result

The net valuation result comprises the effects of value adjustments, write-ups and write-downs on accounts receivable and securities in the liquidity reserve. In addition, income and charges in connection with transfers from and to loan-loss provisions are taken into account,[30] as are transfers and releases relating to undisclosed reserves pursuant to section 340 f of the German Commercial Code. The net valuation result makes use of the cross-offsetting option[31] permissible under the German Commercial Code. Reallocations of the disclosed reserves pursuant to section 340g of the German Commercial Code (fund for general banking risks) are not recorded in the profit and loss account, but are recognised only in the context

29 Further information on this can be provided by the return on equity. On this subject, see also the comments on the return on equity on pp 78-79.
30 This applies to risk provisioning for off-balance-sheet operations, such as loan commitments and contingent liabilities.
31 Pursuant to section 340 f (3) of the German Commercial Code, under the cross-offsetting option, income received and expenses incurred in connection with credit operations and securities in the liquidity reserve that do not constitute interest received, interest paid or current income may be reported as a net figure.

of profit distribution as part of the present profit and loss analysis.[32]

Reduced write-down requirements

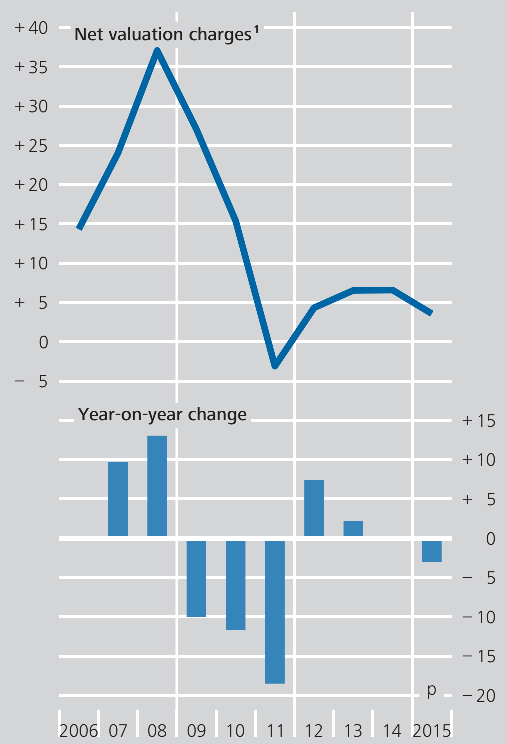
Year-on-year net valuation charges were almost halved, falling to an all-time low of €3.6 billion. With a ratio of 0.04%, this result also fell short of the long-term average of 0.2% when measured by total assets. If an economic downturn, for example, were to send the risk provisioning requirement back to the level of the long-term average, a further €14 billion would need to be transferred to the net valuation result, which – all other things being equal – would place a considerable strain on profitability. Thanks to positive economic conditions and the good portfolio quality, however, there is currently only a minor need for loss provisioning. The continuing strong state of domestic activity is also reflected by the declining trend for some years now in the number of business and consumer insolvencies. Since the introduction of the Insolvency Code in 1999, the number of business insolvencies has reached a new low, and the number of consumer insolvencies has fallen for the fifth time in succession.[33]

Net valuation result, by category of banks

Owing to considerably lower transfers to credit risk provisions as well as capital gains from the sale of securities in the liquidity reserve, the big banks posted net earnings for the first time, amounting to €0.1 billion. For the savings banks and the regional institutions of credit cooperatives, the net valuation result was once again positive at €0.1 billion in both cases. Although the credit cooperatives increased their net valuation charges by €0.3 billion, their net valuation result of -€0.5 billion was still at a very low level. In the Landesbanken sector, net valuation charges fell by almost one-third to €1.1 billion. Within this category, however, the results were mixed. While the end of one-off negative effects at one Landesbank as well as guarantee effects at another institution brought about a significant reduction in risk provisioning expenses, the persistently high need for credit risk provisions for shipping loans at other Landesbanken had a considerably negative impact. Not least on account of the differing business models, there were widely varying reasons for the €0.2 billion rise in the net charges of regional banks and other commercial banks to €1.3 billion; one of the causes in this instance was also the poor quality of the shipping loan portfolio.

Risk provisioning of credit institutions

€ billion



1 Excluding investment in tangible and financial fixed assets.
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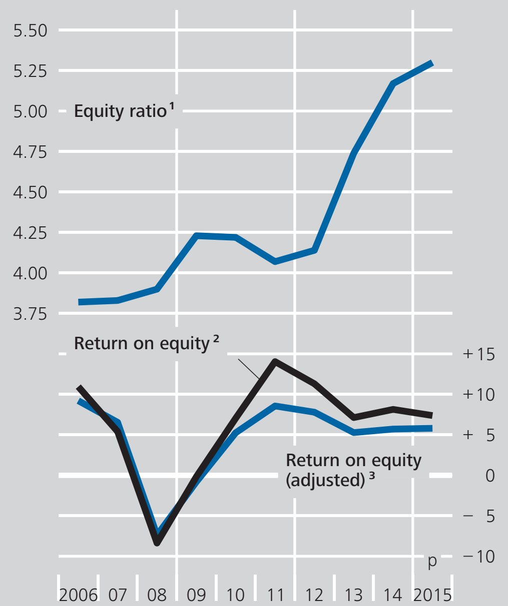
32 For more information on the accounting treatment of transfers relating to undisclosed reserves and disclosed reserves, see also Deutsche Bundesbank, The effect of re-allocating undisclosed reserves pursuant to section 340 f of the German Commercial Code as disclosed reserves pursuant to section 340g of the German Commercial Code on the annual profit in the profit and loss statistics, Monthly Report, September 2012, pp 27-28.
33 See Statistisches Bundesamt (Federal Statistical Office), Unternehmen und Arbeitsstätten, Fachserie 2, Reihe 4.1, Insolvenzverfahren Dezember und Jahr 2015; and press release No 093 of the Federal Statistical Office dated 11 March 2016.

Equity ratio and return on equity of credit institutions

%



1 Equity (including fund for general banking risks but not participation rights capital) as a percentage of total assets. **2** Profit or loss for the financial year before tax as a percentage of equity. **3** Profit or loss for the financial year before tax less net transfers to the fund for general banking risks (adjusted profit for the financial year) as a percentage of equity.

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Expansion of negative balance on other and extraordinary result

Significant expansion of negative balance

The structurally negative balance shown in the profit and loss statistics for the other and extraordinary result comprises, along with the extraordinary profit or loss in the stricter sense,[34] the result from financial investment business[35] as well as loss transfers. Furthermore, charges arising from profit transfers[36] are recorded here, as they cannot be assigned to actual operating business. Overall, the negative balance grew by €1.3 billion to €7.8 billion. This was mainly attributable to the considerable increase in net charges in the extraordinary account in the narrower sense at two banks in the category of regional banks and other commercial banks.[37] Although the balance relating to financial investment business changed only marginally, it was influenced by strongly opposing effects from two categories of banks. The big banks significantly expanded their negative balance from -€0.5 billion to -€1.8 billion as a result of major write-downs on the affiliated enterprises at one institution, while the Landesbanken returned to positive territory, their balance rising from -€1.0 billion to €0.4 billion, chiefly owing to the fact that a negative special factor ceased to apply in the case of one bank. The perceptible increase of €0.6 billion to €1.2 billion in charges incurred through loss transfers was due mainly to the result of one big bank which assumed the losses of a subsidiary. This increase contrasted with a considerable rise in income from loss transfers of €0.7 billion to €1.1 billion at individual regional banks and other commercial banks as well as mortgage banks.

Increased profit for the financial year and balance sheet profit

Rise in annual profit

German credit institutions' profit for the financial year before tax went up by €1.5 billion to €26.5 billion owing, in particular, to a further decline in risk provisioning expenses. Along with a stronger balance sheet capital base again,[38] the return on equity – calculated as the ratio of profit for the financial year before tax to balance sheet capital (total equity) – was virtually unchanged on the year; at 5.8%, it re-

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34 Only extraordinary events which are not covered as part of the normal financial year are recorded in this item. This includes merger gains and losses, reorganisation gains and losses, debt forgiveness in restructurings, as well as charges for redundancy programmes and restructuring.
35 Financial investment business comprises the balance of income from value readjustments in respect of participating interests, shares in affiliated enterprises and securities treated as fixed assets as well as write-downs and value adjustments in respect of these items.
36 This relates to charges from profit transfers on the basis of profit pooling, a profit transfer agreement or a partial profit transfer agreement. By contrast, income from profit transfers is reported under net interest income; the assumption is that they are part of the business strategy and hence of operating business.
37 One bank was affected by high merger-related losses, while another bank recorded high expenses in connection with branch closures and planned organisational restructuring measures.
38 See also the box on the dataset on p 61.

Breakdown of the extraordinary profit and loss

€ million

Item	2013	2014	2015p
Other and extraordinary result	– 9,270	– 6,511	– 7,793
Income (total)	3,276	2,905	3,546
Value adjustments in respect of participating interests, shares in affiliated enterprises, and securities treated as fixed assets	1,539	1,735	1,905
from loss transfers	865	374	1,101
Extraordinary income	872	796	540
Charges (total)	– 12,546	– 9,416	– 11,339
Write-offs and write-downs in respect of participating interests, shares in affiliated enterprises, and securities treated as fixed assets	– 3,646	– 3,464	– 3,578
from loss transfers	– 651	– 609	– 1,213
Extraordinary charges	– 3,360	– 1,479	– 2,471
Profits transferred from profit pooling, a profit transfer agreement or a partial profit transfer agreement	– 4,889	– 3,864	– 4,077

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mained stable at the level of the long-term average.

Profit for the financial year and return on equity, by category of banks

Developments across the categories of banks were mixed. Big banks' profit for the financial year decreased significantly by €1 billion to €2.7 billion, as the additional burdens in terms of administrative spending and the extraordinary account were not entirely offset by the favourable developments in operating income and risk provisioning. Along with a considerable strengthening of the balance sheet capital base, return on equity was down by 1.3 percentage points to 3%. The Landesbanken and mortgage banks benefited from the absence of negative factors outside operating business and managed to turn their respective losses of €0.4 billion and €0.2 billion in the previous financial year into profits of €1.8 billion and €0.7 billion in 2015. Together with a reduced balance sheet capital base, the return on equity in the Landesbanken sector, at 3.3%, and in the case of mortgage banks, at 4.9%, was in positive territory again. Credit cooperatives' profit for the financial year fell by €0.3 billion to €6.7 billion, while the corresponding figure for savings banks was up €0.3 billion to €9 billion. With the balance sheet capital positions being significantly stronger again in both categories of banks, credit cooperatives' return on equity, at 10.7%, was distinctly below the previous year's figure, while the savings banks' ratio, at 9.7%, was slightly down on the year. Nevertheless, this meant that the networked institutions still retained their leading position in relation to the other categories of banks. In the case of the regional institutions of credit cooperatives, profit for the financial year more than halved to €0.3 billion, primarily as a result of high charges in the extraordinary account. A further concurrent expansion of their balance sheet capital base meant that their return on equity, at 1.7%, was significantly lower than in the previous year.

Since 2008, the German banking system has strengthened its balance sheet capital base by

Return on equity of individual categories of banks*

As a percentage

Category of banks	2011		2012		2013		2014		2015p	
All categories of banks	8.57	(6.68)	7.80	(5.58)	5.28	(3.51)	5.72	(3.98)	5.81	(3.96)
Commercial banks	1.77	(0.75)	6.55	(3.68)	4.96	(3.54)	4.80	(3.51)	3.54	(2.18)
of which										
Big banks	– 0.12	(– 0.83)	6.65	(2.91)	4.58	(3.24)	4.33	(3.16)	3.01	(1.81)
Regional banks and other commercial banks	4.80	(3.33)	6.08	(4.75)	5.27	(3.81)	5.22	(3.89)	4.23	(2.72)
Landesbanken1	0.12	(– 1.02)	3.91	(2.77)	– 0.80	(– 1.58)	– 0.63	(– 1.50)	3.27	(1.89)
Savings banks	27.35	(22.88)	12.96	(9.32)	10.61	(7.33)	9.94	(6.72)	9.67	(6.52)
Regional institutions of credit cooperatives	10.27	(9.50)	4.94	(8.30)	4.10	(3.16)	4.18	(2.64)	1.72	(– 1.08)
Credit cooperatives	16.39	(11.87)	15.71	(11.50)	14.75	(10.98)	12.22	(8.59)	10.72	(7.34)
Mortgage banks	– 1.72	(– 2.14)	0.58	(0.46)	0.73	(0.18)	– 1.03	(– 1.67)	4.94	(4.29)
Building and loan associations	17.86	(15.47)	7.65	(5.60)	4.95	(2.77)	8.42	(5.60)	4.49	(3.66)

* Profit for the financial year before tax (in brackets: after tax) as a percentage of the average equity as shown in the balance sheet (including the fund for general banking risks, but excluding participation rights capital). **1** From 2012, Portigon AG (legal successor of WestLB) allocated to the category of "Special purpose banks".

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Strengthened balance sheet capital base

almost 40% to €456 billion. The equity ratio, calculated as the ratio of total equity to total assets, has increased during this period from 3.9% to 5.3%. In order to hedge against the special risks of banking business and to further expand the base of prudentially recognised equity capital, €7.2 billion net (compared with €10.6 billion in 2014) was transferred from the profit for the reporting year to the fund for general banking risks. It was mainly the networked institutions that strengthened their capital positions. Reserves grew by €2.5 billion. Overall, total equity from internal financing rose by €9.7 billion in the reporting year.[39]

Increased balance sheet profit

After deducting taxes on earnings, the German banks increased their net balance sheet profit by €0.7 billion to €2.7 billion. However, this was not connected to additional balance sheet gains – the figure for which fell by €0.6 billion to €7.4 billion – but to a significant €1.4 billion reduction in accumulated losses to €4.7 billion. The main factor behind this development was the release of reserves to reduce high losses brought forward at one mortgage bank.

Outlook

The unfavourable underlying conditions in the persistent low-interest-rate environment are likely to make it increasingly difficult to generate adequate returns in interest business. While the intra-period consolidated reporting of the category of major German banks with an international focus,[40] which report in accordance with IFRS and for which interim reports are available at group level, is not representative of

39 When interpreting the information on total equity, it should be borne in mind that the amounts transferred from the profit for the respective financial year do not increase balance sheet capital until the following year after the annual accounts are adopted, while withdrawals from equity items are to be deducted from balance sheet capital at the latest when the annual accounts are prepared.
40 This group comprises nine credit institutions (big banks as well as selected credit institutions from the category of Landesbanken).

the market as a whole in terms of current profitability, it can nevertheless give an indication of how banks' financial performance is expected to develop in the current year. For example, the difficult and highly uncertain market environment in the first half of 2016 was reflected in considerably reduced profit before tax compared with the same period last year, with lower administrative spending being accompanied by declining income from operating business. Risk provisioning expenses rose substantially, although their informative value is limited in the first half of the year and experience has shown that this item is subject to considerable adjustments up to the end of the year. Even though the profitability of German banks has proven to be robust thus far and the ongoing accommodative monetary policy stance is having a positive impact on banks' funding conditions, low interest rates are squeezing margins, which is progressively reducing their earnings potential from interest business. Given continued growth in credit institutions' deposit holdings, a reversal of the current trend of diminishing net income from deposit and lending business is not to be expected in the current year either.

The tables accompanying this article are printed on pages 83 to 93.

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

As a percentage of the total assets

Financial year	All categories of banks	Commercial banks			Landesbanken[1]	Savings banks	Regional institutions of credit cooperatives	Credit cooperatives	Mortgage banks	Building and loan associations	Special purpose banks[1]
		Total	of which								
			Big banks	Regional banks and other commercial banks							
	Interest received[2]										
2009	3.87	3.24	2.93	4.07	3.82	4.37	2.85	4.41	5.38	4.10	3.75
2010	3.25	2.60	2.19	3.74	3.21	4.02	2.27	4.03	4.47	4.02	2.96
2011	3.31	2.02	1.56	3.78	5.39	3.96	2.14	3.93	4.96	3.96	3.05
2012	2.88	1.77	1.37	3.35	4.87	3.72	1.90	3.68	4.25	3.82	2.59
2013	2.61	1.70	1.29	3.09	3.49	3.40	1.75	3.40	3.91	3.59	2.80
2014	2.49	1.74	1.38	2.91	3.20	3.15	1.57	3.15	3.86	3.35	2.62
2015	2.33	1.66	1.33	2.71	3.04	2.90	1.46	2.84	4.07	3.18	2.42
	Interest paid										
2009	2.71	2.04	1.84	2.57	3.11	2.25	2.41	2.18	4.91	2.40	3.22
2010	2.10	1.45	1.24	2.05	2.52	1.82	1.79	1.69	4.02	2.35	2.45
2011	2.27	1.17	0.93	2.09	4.69	1.75	1.69	1.63	4.56	2.25	2.59
2012	1.88	0.92	0.69	1.84	4.24	1.59	1.42	1.47	3.83	2.20	2.14
2013	1.58	0.80	0.61	1.50	2.81	1.29	1.22	1.15	3.53	2.06	2.61
2014	1.39	0.77	0.60	1.30	2.47	1.06	1.16	0.94	3.38	1.92	2.18
2015	1.22	0.67	0.52	1.14	2.29	0.84	0.95	0.71	3.47	1.85	1.99
	Excess of interest received over interest paid = net interest income (interest margin)										
2009	1.15	1.20	1.09	1.50	0.72	2.13	0.45	2.23	0.47	1.70	0.53
2010	1.15	1.14	0.95	1.69	0.68	2.20	0.48	2.33	0.44	1.67	0.51
2011	1.03	0.85	0.64	1.69	0.70	2.21	0.45	2.30	0.41	1.71	0.46
2012	1.00	0.85	0.68	1.51	0.63	2.12	0.48	2.21	0.43	1.62	0.45
2013	1.02	0.89	0.69	1.60	0.68	2.10	0.52	2.25	0.38	1.53	0.19
2014	1.10	0.97	0.77	1.62	0.72	2.09	0.40	2.21	0.48	1.43	0.44
2015	1.11	0.99	0.81	1.56	0.76	2.06	0.51	2.14	0.60	1.32	0.43
	Excess of commissions received over commissions paid = net commission income										
2009	0.33	0.55	0.50	0.70	0.07	0.55	0.14	0.58	0.02	– 0.16	0.10
2010	0.34	0.56	0.50	0.72	0.08	0.57	0.13	0.59	0.02	– 0.19	0.09
2011	0.31	0.42	0.35	0.70	0.07	0.57	0.13	0.58	0.02	– 0.25	0.08
2012	0.29	0.37	0.32	0.61	0.06	0.56	0.12	0.56	0.02	– 0.26	0.09
2013	0.32	0.43	0.38	0.62	0.06	0.57	0.13	0.56	0.01	– 0.31	0.11
2014	0.35	0.47	0.43	0.63	0.07	0.58	0.14	0.56	0.00	– 0.26	0.12
2015	0.35	0.47	0.43	0.62	0.09	0.60	0.14	0.57	0.00	– 0.27	0.10

* 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 and of the foreign branches of regional institutions of credit cooperatives. For footnotes **1** and **2**, see p 84.
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Major components of credit institutions' profit and loss accounts, by category of banks* (cont'd)

As a percentage of the total assets°

Financial year	All categories of banks	Commercial banks: Total	of which: Big banks	of which: Regional banks and other commercial banks	Landesbanken1	Savings banks	Regional institutions of credit cooperatives	Credit cooperatives	Mortgage banks	Building and loan associations	Special purpose banks1
	General administrative spending										
2009	1.02	1.40	1.31	1.65	0.45	1.80	0.41	1.98	0.18	1.02	0.21
2010	0.99	1.32	1.20	1.67	0.44	1.74	0.38	1.88	0.17	0.99	0.19
2011	0.89	0.97	0.80	1.62	0.44	1.74	0.37	1.88	0.22	0.98	0.20
2012	0.89	0.92	0.77	1.55	0.46	1.76	0.37	1.86	0.24	0.97	0.26
2013	0.97	1.03	0.89	1.55	0.54	1.77	0.40	1.85	0.27	0.91	0.27
2014	1.01	1.08	0.93	1.57	0.57	1.79	0.42	1.84	0.29	0.89	0.29
2015	1.05	1.11	0.99	1.53	0.63	1.81	0.45	1.82	0.30	0.81	0.29
	Result from the trading portfolio3										
2009	0.08	0.18	0.22	0.08	0.06	0.02	0.33	0.01	0.00	0.00	0.00
2010	0.07	0.17	0.23	0.00	0.03	0.00	0.19	0.00	0.00	0.00	0.00
2011	0.05	0.13	0.15	0.05	− 0.04	0.00	0.06	0.00	0.00	0.00	0.00
2012	0.07	0.14	0.16	0.04	0.05	0.00	0.28	0.00	0.00	0.00	0.00
2013	0.07	0.11	0.14	0.04	0.11	0.00	0.12	0.00	0.00	0.00	0.00
2014	0.04	0.09	0.10	0.04	0.01	0.00	0.16	0.00	0.00	0.00	0.00
2015	0.04	0.08	0.09	0.04	0.05	0.00	0.11	0.00	0.00	0.00	0.00
	Operating result before the valuation of assets										
2009	0.55	0.51	0.40	0.77	0.43	0.90	0.52	0.92	0.31	0.51	0.42
2010	0.56	0.50	0.35	0.91	0.37	1.03	0.42	1.07	0.30	0.44	0.42
2011	0.50	0.46	0.30	1.04	0.30	1.03	0.27	1.06	0.08	0.48	0.36
2012	0.49	0.45	0.35	0.84	0.31	0.92	0.51	0.97	0.23	0.41	0.30
2013	0.43	0.38	0.25	0.85	0.33	0.86	0.37	1.01	0.09	0.33	0.03
2014	0.45	0.39	0.26	0.78	0.23	0.83	0.29	0.95	0.21	0.26	0.29
2015	0.44	0.36	0.20	0.84	0.28	0.82	0.26	0.91	0.29	0.23	0.26
	Result from the valuation of assets										
2009	− 0.33	− 0.31	− 0.28	− 0.40	− 0.38	− 0.42	0.01	− 0.33	− 0.43	− 0.06	− 0.25
2010	− 0.19	− 0.16	− 0.08	− 0.36	− 0.15	− 0.33	0.00	− 0.33	− 0.31	0.00	− 0.05
2011	0.03	− 0.11	− 0.06	− 0.31	− 0.05	0.69	0.41	− 0.04	− 0.25	0.38	0.08
2012	− 0.05	− 0.10	− 0.09	− 0.11	− 0.01	0.06	− 0.05	0.04	− 0.11	0.01	− 0.04
2013	− 0.07	− 0.06	− 0.03	− 0.13	− 0.27	0.01	− 0.12	0.04	− 0.08	− 0.04	− 0.08
2014	− 0.08	− 0.11	− 0.10	− 0.12	− 0.14	0.00	0.00	− 0.03	− 0.07	0.13	− 0.10
2015	− 0.04	− 0.03	0.00	− 0.14	− 0.10	0.01	0.04	− 0.06	− 0.09	− 0.03	− 0.06

For footnotes *, °, see p 83. **1** From 2012, Portigon AG (legal successor of WestLB) allocated to the category of "Special purpose banks". **2** Interest received plus current income and profits transferred from profit pooling, a profit transfer agreement or a partial profit transfer agreement. **3** Up to 2009, result from financial operations.

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

As a percentage of the total assets°

Financial year	All categories of banks	Commercial banks: Total	of which: Big banks	of which: Regional banks and other commercial banks	Landesbanken[1]	Savings banks	Regional institutions of credit cooperatives	Credit cooperatives	Mortgage banks	Building and loan associations	Special purpose banks[1]
	Operating result										
2009	0.22	0.20	0.12	0.37	0.05	0.48	0.53	0.58	– 0.12	0.45	0.18
2010	0.38	0.35	0.27	0.55	0.22	0.71	0.42	0.74	0.00	0.43	0.37
2011	0.54	0.34	0.24	0.73	0.25	1.73	0.68	1.02	– 0.18	0.86	0.43
2012	0.45	0.35	0.25	0.73	0.30	0.98	0.46	1.00	0.11	0.41	0.26
2013	0.36	0.33	0.21	0.72	0.06	0.88	0.25	1.06	0.01	0.28	– 0.05
2014	0.37	0.28	0.16	0.65	0.10	0.83	0.29	0.93	0.14	0.39	0.19
2015	0.40	0.33	0.21	0.70	0.18	0.83	0.31	0.85	0.20	0.20	0.20
	Other and extraordinary result										
2009	– 0.25	– 0.43	– 0.47	– 0.37	– 0.42	– 0.04	– 0.27	– 0.08	– 0.05	– 0.10	– 0.01
2010	– 0.15	– 0.23	– 0.17	– 0.40	– 0.28	– 0.09	– 0.18	– 0.05	– 0.01	– 0.10	0.01
2011	– 0.19	– 0.29	– 0.24	– 0.47	– 0.25	– 0.17	– 0.24	– 0.04	0.13	– 0.14	– 0.05
2012	– 0.12	– 0.16	– 0.09	– 0.40	– 0.14	– 0.12	– 0.26	0.00	– 0.10	– 0.09	– 0.07
2013	– 0.11	– 0.16	– 0.08	– 0.41	– 0.10	– 0.09	– 0.06	– 0.04	0.02	– 0.07	– 0.07
2014	– 0.08	– 0.10	– 0.02	– 0.34	– 0.13	– 0.05	– 0.08	– 0.02	– 0.18	– 0.03	0.01
2015	– 0.09	– 0.19	– 0.11	– 0.45	– 0.01	– 0.03	– 0.22	– 0.02	– 0.01	0.00	0.04
	Profit or loss (–) for the financial year before tax										
2009	– 0.03	– 0.24	– 0.35	0.00	– 0.37	0.44	0.26	0.50	– 0.18	0.35	0.17
2010	0.22	0.12	0.10	0.14	– 0.06	0.62	0.23	0.69	– 0.01	0.34	0.38
2011	0.35	0.06	0.00	0.26	0.00	1.56	0.44	0.98	– 0.05	0.72	0.39
2012	0.32	0.20	0.16	0.32	0.17	0.86	0.21	1.00	0.02	0.32	0.19
2013	0.25	0.17	0.13	0.30	– 0.04	0.78	0.19	1.02	0.02	0.21	– 0.12
2014	0.30	0.19	0.14	0.32	– 0.03	0.78	0.21	0.91	– 0.04	0.36	0.20
2015	0.31	0.14	0.10	0.25	0.17	0.79	0.09	0.84	0.20	0.20	0.24
	Profit or loss (–) for the financial year after tax										
2009	– 0.09	– 0.23	– 0.31	– 0.06	– 0.39	0.23	0.28	0.28	– 0.20	0.21	0.17
2010	0.16	0.08	0.08	0.07	– 0.05	0.38	0.24	0.45	– 0.01	0.18	0.37
2011	0.27	0.02	– 0.02	0.18	– 0.04	1.30	0.41	0.71	– 0.06	0.62	0.38
2012	0.23	0.11	0.07	0.25	0.12	0.62	0.35	0.73	0.01	0.23	0.18
2013	0.17	0.12	0.09	0.22	– 0.08	0.54	0.15	0.76	0.01	0.12	– 0.12
2014	0.21	0.14	0.10	0.23	– 0.08	0.53	0.13	0.64	– 0.06	0.24	0.21
2015	0.21	0.09	0.06	0.16	0.10	0.53	– 0.06	0.57	0.17	0.16	0.23

For footnotes *****, **°**, see p 83. For footnote **1**, see p 84.
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Credit institutions' profit and loss accounts*

Financial year	Number of reporting institutions	*Memo item* Total assets[1]	Interest business: Net interest income (col 4 less col 5)	Interest business: Total 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[3]	Other operating result	Operating income[4] (col 3 plus col 6 plus col 9 plus col 10)
	1	2	3	4	5	6	7	8	9	10	11
		€ billion									
2008	1,889	8,515.1	93.8	441.0	347.1	29.4	42.6	13.2	− 18.7	5.7	110.2
2009	1,843	8,214.3	94.7	317.8	223.0	27.1	40.7	13.6	6.9	0.5	129.3
2010	1,821	8,301.6	95.4	270.1	174.7	28.3	42.0	13.7	5.7	− 0.7	128.7
2011	1,801	9,166.8	94.7	303.0	208.3	28.3	41.0	12.8	4.6	0.6	128.2
2012	1,776	9,543.1	95.5	274.7	179.2	27.5	40.0	12.5	7.1	1.6	131.8
2013	1,748	8,756.6	89.5	228.2	138.7	28.0	40.6	12.6	5.9	− 0.8	122.6
2014	1,715	8,454.9	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
	Year-on-year percentage change										
2009	− 2.4	− 3.5	1.0	− 27.9	− 35.8	− 7.8	− 4.4	3.2	.	− 91.1	17.3
2010	− 1.2	1.1	0.7	− 15.0	− 21.7	4.3	3.2	0.9	− 17.3	.	− 0.4
2011	− 1.1	10.4	− 0.7	12.2	19.3	0.1	− 2.3	− 7.1	− 19.4	.	− 0.4
2012	− 1.4	4.1	0.8	− 9.4	− 14.0	− 2.8	− 2.7	− 2.5	55.3	167.1	2.8
2013	− 1.6	− 8.2	− 6.3	− 16.9	− 22.6	2.0	1.7	1.0	− 18.0	.	− 7.0
2014	− 1.9	− 3.4	4.4	− 7.6	− 15.3	4.5	5.0	6.0	− 38.2	− 201.0	1.1
2015	− 2.1	1.8	2.7	− 4.7	− 10.6	4.0	4.5	5.6	3.0	11.5	3.3
	As a percentage of the total assets										
2008	.	.	1.10	5.18	4.08	0.35	0.50	0.15	− 0.22	0.07	1.29
2009	.	.	1.15	3.87	2.71	0.33	0.50	0.17	0.08	0.01	1.57
2010	.	.	1.15	3.25	2.10	0.34	0.51	0.17	0.07	− 0.01	1.55
2011	.	.	1.03	3.31	2.27	0.31	0.45	0.14	0.05	0.01	1.40
2012	.	.	1.00	2.88	1.88	0.29	0.42	0.13	0.07	0.02	1.38
2013	.	.	1.02	2.61	1.58	0.32	0.46	0.14	0.07	− 0.01	1.40
2014	.	.	1.10	2.49	1.39	0.35	0.50	0.16	0.04	− 0.03	1.46
2015	.	.	1.11	2.33	1.22	0.35	0.52	0.16	0.04	− 0.03	1.49

* The figures for the most recent date should be regarded as provisional in all cases. **1** Excluding the total assets of the foreign branches of savings banks and of the foreign branches of regional institutions of credit cooperatives. **2** Interest received plus current income and profits transferred under profit pooling, a profit transfer agreement or a partial profit transfer agreement. **3** Up to 2009, result from financial operations. **4** Net interest and commissions income plus result from

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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 administrative spending[5]								
12	13	14	15	16	17	18	19	20	21	Financial year
									€ billion	
80.8	43.0	37.8	29.4	– 37.1	– 7.7	– 16.9	– 24.6	1.6	– 26.2	2008
84.2	45.8	38.3	45.1	– 27.0	18.0	– 20.8	– 2.8	4.2	– 7.0	2009
82.2	43.1	39.1	46.6	– 15.4	31.2	– 12.7	18.4	5.5	12.9	2010
82.0	42.5	39.6	46.2	3.1	49.3	– 17.4	31.9	7.0	24.9	2011
84.8	44.6	40.2	47.0	– 4.3	42.7	– 11.9	30.8	8.8	22.0	2012
84.8	43.8	41.0	37.8	– 6.5	31.2	– 9.3	22.0	7.4	14.6	2013
85.8	44.0	41.8	38.1	– 6.6	31.5	– 6.5	25.0	7.6	17.4	2014
90.0	46.0	44.0	37.9	– 3.6	34.3	– 7.8	26.5	8.4	18.0	2015
									Year-on-year percentage change	
4.2	6.6	1.4	53.3	27.0	.	– 23.2	88.6	161.1	73.3	2009
– 2.4	– 6.1	2.0	3.3	43.1	72.8	39.0	.	31.5	.	2010
– 0.2	– 1.4	1.2	– 0.8	.	58.1	– 36.4	73.1	27.9	92.3	2011
3.3	5.0	1.5	1.8	.	– 13.4	31.7	– 3.5	24.6	– 11.5	2012
0.0	– 1.9	2.2	– 19.6	– 50.9	– 26.8	21.8	– 28.7	– 15.8	– 33.9	2013
1.1	0.5	1.8	0.9	– 0.7	0.9	29.8	13.9	3.0	19.4	2014
5.0	4.7	5.3	– 0.6	45.7	8.8	– 19.7	6.0	11.2	3.7	2015
									As a percentage of the total assets	
0.95	0.51	0.44	0.35	– 0.44	– 0.09	– 0.20	– 0.29	0.02	– 0.31	2008
1.02	0.56	0.47	0.55	– 0.33	0.22	– 0.25	– 0.03	0.05	– 0.09	2009
0.99	0.52	0.47	0.56	– 0.19	0.38	– 0.15	0.22	0.07	0.16	2010
0.89	0.46	0.43	0.50	0.03	0.54	– 0.19	0.35	0.08	0.27	2011
0.89	0.47	0.42	0.49	– 0.05	0.45	– 0.12	0.32	0.09	0.23	2012
0.97	0.50	0.47	0.43	– 0.07	0.36	– 0.11	0.25	0.08	0.17	2013
1.01	0.52	0.49	0.45	– 0.08	0.37	– 0.08	0.30	0.09	0.21	2014
1.05	0.53	0.51	0.44	– 0.04	0.40	– 0.09	0.31	0.10	0.21	2015

the trading portfolio (up to 2009, from financial operations) and net other operating income or charges. **5** Including depreciation of and value adjustments to tangible and intangible assets, but excluding depreciation of and value adjustments to assets leased ("broad" definition).

Profit and loss accounts, by category of banks*

Financial year	Number of reporting institutions	€ million: Total assets[1]	Interest business: Net interest income (col 4 less col 5)	Total interest received[2]	Interest paid	Commissions business: 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										
2010	1,821	8,301,646	95,418	270,076	174,658	28,261	42,000	13,739	5,712	– 665	128,726
2011	1,801	9,166,779	94,726	303,044	208,318	28,279	41,049	12,770	4,602	605	128,212
2012	1,776	9,543,098	95,505	274,705	179,200	27,493	39,950	12,457	7,149	1,616	131,763
2013	1,748	8,756,612	89,484	228,193	138,709	28,038	40,618	12,580	5,861	– 821	122,562
2014	1,715	8,454,914	93,398	210,821	117,423	29,298	42,639	13,341	3,624	– 2,471	123,849
2015	1,679	8,605,560	95,885	200,863	104,978	30,458	44,540	14,082	3,733	– 2,188	127,888
	Commercial banks										
2010	183	2,845,575	32,525	73,870	41,345	15,799	22,770	6,971	4,706	– 1,165	51,865
2011	183	3,825,768	32,580	77,223	44,643	16,136	22,744	6,608	4,987	760	54,463
2012	183	4,132,098	34,935	73,017	38,082	15,424	21,857	6,433	5,605	540	56,504
2013	183	3,669,592	32,689	62,225	29,536	15,946	22,387	6,441	4,136	– 861	51,910
2014	183	3,532,938	34,370	61,502	27,132	16,686	24,065	7,379	3,026	– 2,335	51,747
2015	177	3,678,042	36,279	60,993	24,714	17,336	25,182	7,846	2,867	– 2,317	54,165
	Big banks										
2010	4	2,061,016	19,584	45,236	25,652	10,215	13,552	3,337	4,706	– 2,529	31,976
2011	4	3,010,173	19,121	47,102	27,981	10,591	13,399	2,808	4,576	– 1,057	33,231
2012	4	3,217,291	21,944	44,179	22,235	10,152	12,771	2,619	5,213	– 1,417	35,892
2013	4	2,798,461	19,235	36,200	16,965	10,698	13,043	2,345	3,821	– 2,086	31,668
2014	4	2,647,559	20,491	36,414	15,923	11,336	14,269	2,933	2,635	– 2,844	31,618
2015	4	2,736,876	22,151	36,394	14,243	11,762	14,569	2,807	2,496	– 3,732	32,677
	Regional banks and other commercial banks										
2010	161	751,218	12,664	28,097	15,433	5,442	9,068	3,626	– 16	1,248	19,338
2011	161	778,662	13,160	29,469	16,309	5,416	9,199	3,783	392	1,759	20,727
2012	160	840,168	12,687	28,162	15,475	5,143	8,942	3,799	372	1,904	20,106
2013	160	822,706	13,161	25,462	12,301	5,119	9,200	4,081	295	1,153	19,728
2014	160	833,806	13,500	24,305	10,805	5,245	9,674	4,429	375	428	19,548
2015	154	884,457	13,831	23,939	10,108	5,468	10,491	5,023	353	1,349	21,001
	Branches of foreign banks										
2010	18	33,341	277	537	260	142	150	8	16	116	551
2011	18	36,933	299	652	353	129	146	17	19	58	505
2012	19	74,639	304	676	372	129	144	15	20	53	506
2013	19	48,425	293	563	270	129	144	15	20	72	514
2014	19	51,573	379	783	404	105	122	17	16	81	581
2015	19	56,709	297	660	363	106	122	16	18	66	487
	Landesbanken[7]										
2010	10	1,512,276	10,325	48,471	38,146	1,225	3,379	2,154	472	205	12,227
2011	10	1,504,774	10,548	81,148	70,600	1,113	3,037	1,924	– 541	44	11,164
2012	9	1,371,385	8,702	66,849	58,147	876	2,612	1,736	708	286	10,572
2013	9	1,229,051	8,383	42,870	34,487	732	2,582	1,850	1,340	227	10,682
2014	9	1,139,438	8,243	36,437	28,194	847	2,632	1,785	112	– 37	9,165
2015	9	1,087,623	8,230	33,092	24,862	995	2,816	1,821	535	210	9,970
	Savings banks										
2010	429	1,070,231	23,506	43,023	19,517	6,124	6,591	467	46	31	29,707
2011	426	1,078,852	23,791	42,686	18,895	6,182	6,575	393	– 20	– 66	29,887
2012	423	1,096,261	23,280	40,731	17,451	6,137	6,516	379	17	– 106	29,328
2013	417	1,098,581	23,117	37,298	14,181	6,241	6,633	392	19	– 476	28,901
2014	416	1,110,362	23,237	35,028	11,791	6,441	6,854	413	8	– 563	29,123
2015	413	1,130,688	23,286	32,809	9,523	6,775	7,210	435	– 7	– 257	29,797

For footnotes *, **1-7**, see pp 90-91.
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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[5]	Profit or loss (–) for the financial year after tax (col 19 less col 20)	With-drawals from or transfers to (–) reserves and par-ticipation rights capital[6]	Balance sheet profit or loss (–) (col 21 plus col 22)	Financial year
12	13	14	15	16	17	18	19	20	21	22	23	
										All categories of banks		
82,167	43,073	39,094	46,559	– 15,396	31,163	– 12,717	18,446	5,500	12,946	– 13,625	– 679	2010
82,035	42,480	39,555	46,177	3,103	49,280	– 17,352	31,928	7,034	24,894	– 25,706	– 812	2011
84,775	44,607	40,168	46,988	– 4,334	42,654	– 11,852	30,802	8,762	22,040	– 22,237	– 197	2012
84,798	43,757	41,041	37,764	– 6,542	31,222	– 9,270	21,952	7,375	14,577	– 16,232	– 1,655	2013
85,754	43,978	41,776	38,095	– 6,585	31,510	– 6,511	24,999	7,596	17,403	– 15,453	1,950	2014
90,030	46,039	43,991	37,858	– 3,574	34,284	– 7,793	26,491	8,445	18,046	– 15,356	2,690	2015
										Commercial banks		
37,580	17,407	20,173	14,285	– 4,434	9,851	– 6,512	3,339	1,104	2,235	– 241	1,994	2010
36,987	16,814	20,173	17,476	– 4,311	13,165	– 10,992	2,173	1,259	914	754	1,668	2011
37,987	17,711	20,276	18,517	– 3,962	14,555	– 6,430	8,125	3,563	4,562	– 1,568	2,994	2012
37,800	16,903	20,897	14,110	– 2,036	12,074	– 5,769	6,305	1,812	4,493	– 2,794	1,699	2013
37,990	16,216	21,774	13,757	– 3,797	9,960	– 3,367	6,593	1,776	4,817	– 2,812	2,005	2014
40,959	17,528	23,431	13,206	– 1,181	12,025	– 6,890	5,135	1,967	3,168	– 1,873	1,295	2015
										Big banks		
24,754	11,873	12,881	7,222	– 1,714	5,508	– 3,469	2,039	488	1,551	837	2,388	2010
24,107	11,095	13,012	9,124	– 1,887	7,237	– 7,331	– 94	563	– 657	2,645	1,988	2011
24,682	11,814	12,868	11,210	– 3,034	8,176	– 3,038	5,138	2,885	2,253	1,001	3,254	2012
24,792	11,174	13,618	6,876	– 958	5,918	– 2,367	3,551	1,036	2,515	– 756	1,759	2013
24,683	10,450	14,233	6,935	– 2,717	4,218	– 559	3,659	993	2,666	– 729	1,937	2014
27,101	11,422	15,679	5,576	85	5,661	– 2,953	2,708	1,082	1,626	– 216	1,410	2015
										Regional banks and other commercial banks		
12,538	5,441	7,097	6,800	– 2,694	4,106	– 3,035	1,071	536	535	– 1,068	– 533	2010
12,647	5,612	7,035	8,080	– 2,433	5,647	– 3,661	1,986	609	1,377	– 1,849	– 472	2011
13,059	5,786	7,273	7,047	– 940	6,107	– 3,394	2,713	593	2,120	– 2,547	– 427	2012
12,757	5,617	7,140	6,971	– 1,076	5,895	– 3,402	2,493	690	1,803	– 2,017	– 214	2013
13,068	5,655	7,413	6,480	– 1,042	5,438	– 2,808	2,630	672	1,958	– 2,066	– 108	2014
13,560	5,985	7,575	7,441	– 1,264	6,177	– 3,937	2,240	801	1,439	– 1,633	– 194	2015
										Branches of foreign banks		
288	93	195	263	– 26	237	– 8	229	80	149	– 10	139	2010
233	107	126	272	9	281	0	281	87	194	– 42	152	2011
246	111	135	260	12	272	2	274	85	189	– 22	167	2012
251	112	139	263	– 2	261	0	261	86	175	– 21	154	2013
239	111	128	342	– 38	304	0	304	111	193	– 17	176	2014
298	121	177	189	– 2	187	0	187	84	103	– 24	79	2015
										Landesbanken[7]		
6,689	3,261	3,428	5,538	– 2,270	3,268	– 4,197	– 929	– 101	– 828	690	– 138	2010
6,681	3,202	3,479	4,483	– 684	3,799	– 3,727	72	697	– 625	267	– 358	2011
6,305	3,127	3,178	4,267	– 118	4,149	– 1,853	2,296	667	1,629	– 1,954	– 325	2012
6,605	3,200	3,405	4,077	– 3,321	756	– 1,235	– 479	469	– 948	973	25	2013
6,498	3,261	3,237	2,667	– 1,580	1,087	– 1,455	– 368	511	– 879	1,406	527	2014
6,893	3,488	3,405	3,077	– 1,114	1,963	– 158	1,805	764	1,041	– 580	461	2015
										Savings banks		
18,665	11,546	7,119	11,042	– 3,493	7,549	– 963	6,586	2,513	4,073	– 2,555	1,518	2010
18,735	11,562	7,173	11,152	7,468	18,620	– 1,824	16,796	2,747	14,049	– 12,437	1,612	2011
19,256	12,068	7,188	10,072	660	10,732	– 1,272	9,460	2,657	6,803	– 5,200	1,603	2012
19,410	12,085	7,325	9,491	130	9,621	– 1,020	8,601	2,664	5,937	– 4,401	1,536	2013
19,891	12,606	7,285	9,232	1	9,233	– 593	8,640	2,794	5,846	– 4,288	1,558	2014
20,520	12,950	7,570	9,277	76	9,353	– 392	8,961	2,913	6,048	– 4,472	1,576	2015

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

Financial year	Number of reporting institutions	€ million: Total assets[1]	Interest business: Net interest income (col 4 less col 5)	Total interest received[2]	Interest paid	Commissions business: 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
	Regional institutions of credit cooperatives										
2010	2	262,437	1,259	5,958	4,699	347	828	481	491	– 17	2,080
2011	2	275,900	1,242	5,912	4,670	352	766	414	179	– 10	1,763
2012	2	294,430	1,403	5,594	4,191	364	715	351	836	– 2	2,601
2013	2	282,833	1,479	4,940	3,461	367	747	380	347	– 22	2,171
2014	2	281,348	1,136	4,406	3,270	393	776	383	461	6	1,996
2015	2	291,157	1,490	4,262	2,772	398	834	436	324	– 124	2,088
	Credit cooperatives										
2010	1,138	697,694	16,264	28,085	11,821	4,114	4,926	812	10	226	20,614
2011	1,121	711,046	16,331	27,929	11,598	4,091	4,937	846	11	497	20,930
2012	1,101	739,066	16,354	27,223	10,869	4,107	4,969	862	16	432	20,909
2013	1,078	750,899	16,881	25,539	8,658	4,182	5,083	901	10	417	21,490
2014	1,047	771,932	17,063	24,305	7,242	4,324	5,266	942	10	143	21,540
2015	1,021	798,178	17,077	22,705	5,628	4,563	5,570	1,007	4	134	21,778
	Mortgage banks										
2010	18	793,476	3,505	35,431	31,926	197	800	603	– 6	86	3,782
2011	18	645,145	2,616	32,016	29,400	138	373	235	– 4	– 825	1,925
2012	17	565,008	2,413	24,026	21,613	97	327	230	0	143	2,653
2013	17	482,524	1,828	18,864	17,036	58	267	209	2	– 134	1,754
2014	17	421,014	2,007	16,232	14,225	14	225	211	– 4	108	2,125
2015	16	376,908	2,245	15,323	13,078	– 11	212	223	– 2	9	2,241
	Building and loan associations										
2010	23	196,443	3,282	7,895	4,613	– 378	1,386	1,764	0	– 106	2,798
2011	23	198,108	3,384	7,846	4,462	– 499	1,394	1,893	0	10	2,895
2012	22	201,224	3,253	7,680	4,427	– 531	1,403	1,934	0	46	2,768
2013	22	205,733	3,143	7,381	4,238	– 630	1,381	2,011	0	25	2,538
2014	21	212,395	3,037	7,125	4,088	– 546	1,339	1,885	0	– 54	2,437
2015	21	214,613	2,841	6,818	3,977	– 590	1,375	1,965	0	– 2	2,249
	Special purpose banks[7]										
2010	18	923,514	4,752	27,343	22,591	833	1,320	487	– 7	75	5,653
2011	18	927,186	4,234	28,284	24,050	766	1,223	457	– 10	195	5,185
2012	19	1,143,626	5,165	29,585	24,420	1,019	1,551	532	– 33	277	6,428
2013	20	1,037,399	1,964	29,076	27,112	1,142	1,538	396	7	3	3,116
2014	20	985,487	4,305	25,786	21,481	1,139	1,482	343	11	261	5,716
2015	20	1,028,351	4,437	24,861	20,424	992	1,341	349	12	159	5,600
	Memo item: Banks majority-owned by foreign banks[8]										
2010	42	666,637	9,104	22,602	13,498	3,331	5,236	1,905	371	28	12,834
2011	39	756,406	9,868	23,908	14,040	3,234	4,934	1,700	– 173	447	13,376
2012	37	803,313	8,502	20,365	11,863	2,885	4,501	1,616	1,215	415	13,017
2013	37	692,773	8,266	15,323	7,057	2,633	4,282	1,649	1,106	301	12,306
2014	35	680,177	8,347	14,546	6,199	3,025	4,966	1,941	343	– 45	11,670
2015	33	735,491	8,383	13,502	5,119	2,919	4,834	1,915	435	456	12,193

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

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General administrative spending			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 earnings5	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 capital6	Balance sheet profit or loss (–) (col 21 plus col 22)	Financial year
Total (col 13 plus col 14)	Staff costs	Total other adminis-trative spend-ing4										
12	13	14	15	16	17	18	19	20	21	22	23	
Regional institutions of credit cooperatives												
990	545	445	1,090	7	1,097	– 483	614	– 6	620	– 402	218	2010
1,018	530	488	745	1,124	1,869	– 659	1,210	91	1,119	– 1,018	101	2011
1,099	562	537	1,502	– 137	1,365	– 758	607	– 412	1,019	– 815	204	2012
1,135	589	546	1,036	– 329	707	– 172	535	123	412	– 177	235	2013
1,183	619	564	813	13	826	– 227	599	220	379	– 58	321	2014
1,317	621	696	771	123	894	– 630	264	430	– 166	513	347	2015
Credit cooperatives												
13,134	7,940	5,194	7,480	– 2,316	5,164	– 375	4,789	1,620	3,169	– 1,796	1,373	2010
13,382	7,983	5,399	7,548	– 317	7,231	– 250	6,981	1,924	5,057	– 3,674	1,383	2011
13,774	8,210	5,564	7,135	263	7,398	13	7,411	1,989	5,422	– 4,001	1,421	2012
13,886	8,303	5,583	7,604	322	7,926	– 276	7,650	1,956	5,694	– 4,285	1,409	2013
14,201	8,538	5,663	7,339	– 198	7,141	– 153	6,988	2,077	4,911	– 3,480	1,431	2014
14,505	8,752	5,753	7,273	– 466	6,807	– 136	6,671	2,105	4,566	– 3,212	1,354	2015
Mortgage banks												
1,374	533	841	2,408	– 2,423	– 15	– 71	– 86	– 17	– 69	– 4,494	– 4,563	2010
1,418	552	866	507	– 1,641	– 1,134	827	– 307	74	– 381	– 4,321	– 4,702	2011
1,371	559	812	1,282	– 645	637	– 540	97	21	76	– 4,669	– 4,593	2012
1,322	525	797	432	– 405	27	90	117	88	29	– 4,775	– 4,746	2013
1,241	529	712	884	– 278	606	– 772	– 166	103	– 269	– 1,714	– 1,983	2014
1,147	492	655	1,094	– 327	767	– 20	747	98	649	– 1,385	– 736	2015
Building and loan associations												
1,938	814	1,124	860	– 7	853	– 192	661	308	353	– 202	151	2010
1,949	806	1,143	946	755	1,701	– 273	1,428	191	1,237	– 914	323	2011
1,953	758	1,195	815	17	832	– 189	643	172	471	– 300	171	2012
1,867	702	1,165	671	– 88	583	– 144	439	193	246	– 104	142	2013
1,891	751	1,140	546	282	828	– 66	762	255	507	– 388	119	2014
1,749	721	1,028	500	– 72	428	– 2	426	78	348	– 4	344	2015
Special purpose banks7												
1,797	1,027	770	3,856	– 460	3,396	76	3,472	79	3,393	– 4,625	– 1,232	2010
1,865	1,031	834	3,320	709	4,029	– 454	3,575	51	3,524	– 4,363	– 839	2011
3,030	1,612	1,418	3,398	– 412	2,986	– 823	2,163	105	2,058	– 3,730	– 1,672	2012
2,773	1,450	1,323	343	– 815	– 472	– 744	– 1,216	70	– 1,286	– 669	– 1,955	2013
2,859	1,458	1,401	2,857	– 1,028	1,829	122	1,951	– 140	2,091	– 4,119	– 2,028	2014
2,940	1,487	1,453	2,660	– 613	2,047	435	2,482	90	2,392	– 4,343	– 1,951	2015
Memo item: Banks majority-owned by foreign banks8												
7,618	3,432	4,186	5,216	– 1,697	3,519	– 1,439	2,080	550	1,530	– 34	1,496	2010
7,950	3,551	4,399	5,426	– 2,084	3,342	– 1,582	1,760	271	1,489	– 409	1,080	2011
8,097	3,643	4,454	4,920	– 285	4,635	– 1,339	3,296	735	2,561	– 32	2,529	2012
8,230	3,773	4,457	4,076	– 474	3,602	– 1,481	2,121	513	1,608	– 558	1,050	2013
7,920	3,516	4,404	3,750	– 439	3,311	– 1,308	2,003	320	1,683	– 725	958	2014
8,503	3,992	4,511	3,690	– 479	3,211	– 1,723	1,488	430	1,058	– 396	662	2015

("broad" definition). **5** In part, including taxes paid by legally dependent building and loan associations affiliated to Landesbanken. **6** Including profit or loss brought forward and withdrawals from or transfers to the fund for general banking risks. **7** From 2012, Portigon AG (legal successor of WestLB) allocated to the category of "Special purpose banks". **8** Separate presentation of the (legally independent) banks majority-owned by foreign banks and included in the categories "Big banks", "Regional banks and other commercial banks" and "Mortgage banks".

Credit institutions' charge and income items*

Financial year	Number of reporting institutions	Charges, € billion										
		Total	Interest paid	Commissions paid	Net loss from the trading portfolio 1	Gross loss on transactions in goods and subsidiary transactions	General administrative spending					
							Total	Staff costs				Other administrative spending 2
								Total	Wages and salaries	Social security costs and costs relating to pensions and other benefits		
										Total	*of which* Pensions	
2007	1,928	482.7	332.3	12.1	4.5	0.0	79.8	45.6	35.8	9.8	4.0	34.3
2008	1,889	532.5	347.1	13.2	19.8	0.0	77.1	43.0	33.5	9.5	4.2	34.1
2009	1,843	388.2	223.0	13.6	1.2	0.0	80.6	45.8	35.2	10.7	4.9	34.7
2010	1,821	329.1	174.7	13.7	0.7	0.0	78.7	43.1	35.2	7.9	2.3	35.6
2011	1,801	367.1	208.3	12.8	1.2	0.0	78.6	42.5	34.7	7.8	2.4	36.1
2012	1,776	329.0	179.2	12.5	0.2	0.0	80.9	44.6	35.5	9.1	3.4	36.3
2013	1,748	285.8	138.7	12.6	0.3	0.0	81.1	43.8	35.2	8.6	2.9	37.4
2014	1,715	262.8	117.4	13.3	0.4	0.0	82.0	44.0	35.3	8.7	3.2	38.0
2015	1,679	256.7	105.0	14.1	0.5	0.0	86.0	46.0	36.4	9.6	3.7	39.9

Financial year	Income, € billion									
	Total	Interest received			Current income				Profits transferred under profit pooling, a profit transfer agreement or a partial profit transfer agreement	Commissions received
		Total	from lending and money market transactions	from debt securities and Debt Register claims	Total	from shares and other variable yield securities	from participating interests 5	from shares in affiliated enterprises		
2007	497.4	397.8	325.7	72.1	24.3	18.3	1.9	4.0	4.9	43.6
2008	506.3	416.6	337.0	79.6	19.3	12.7	1.5	5.1	5.1	42.6
2009	381.2	303.0	247.7	55.3	11.7	7.2	0.9	3.5	3.1	40.7
2010	342.0	255.5	212.0	43.5	12.4	7.2	1.0	4.3	2.1	42.0
2011	392.0	288.8	246.1	42.7	11.2	6.7	1.2	3.3	3.0	41.0
2012	351.0	256.3	220.3	36.0	12.2	7.5	1.0	3.8	6.2	40.0
2013	300.4	213.6	184.9	28.7	10.0	6.0	1.0	3.0	4.6	40.6
2014	280.2	196.4	170.2	26.1	11.3	6.3	1.1	4.0	3.1	42.6
2015	274.7	183.1	160.1	22.9	15.0	6.7	1.8	6.5	2.8	44.5

* The figures for the most recent date should be regarded as provisional in all cases. **1** Up to 2009, net loss on financial operations. **2** Spending item does not include depreciation of and value adjustments to tangible and intangible assets, shown net of depreciation of assets leased ("narrow" definition). All other tables are based on a broad definition of "other administrative spending". **3** Including leasing spending and transfers to the fund required by the building and loan asso-

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Value adjustments in respect of tangible and intangible assets: Total	of which Assets leased	Other operating charges[3]	Value adjustments in respect of loans and advances, and provisions for contingent liabilities and for commitments	Value adjustments in respect of participating interests, shares in affiliated enterprises and securities treated as fixed assets	Charges incurred from loss transfers	Transfers to special reserves	Extra-ordinary charges	Taxes on income and earnings[4]	Other taxes	Profits transferred under profit pooling, a profit transfer agreement or a partial profit transfer agreement	Financial year
3.8	0.0	5.6	26.9	3.9	0.9	0.1	1.4	6.2	0.2	5.0	2007
3.8	0.2	5.9	39.6	15.3	3.3	0.0	1.9	1.6	0.2	3.6	2008
3.9	0.3	8.4	29.0	9.6	3.8	0.0	7.4	4.2	0.2	3.4	2009
3.9	0.5	11.6	18.4	4.0	3.9	0.0	10.4	5.5	0.3	3.2	2010
5.4	2.0	17.2	11.9	11.2	6.6	0.0	2.7	7.0	0.6	3.6	2011
5.8	2.0	15.3	11.7	7.1	0.6	0.0	2.4	8.8	0.2	4.3	2012
5.5	1.9	16.8	10.6	3.6	0.7	0.0	3.4	7.4	0.2	4.9	2013
5.5	1.8	16.4	10.5	3.5	0.6	0.0	1.5	7.6	0.2	3.9	2014
5.9	1.8	17.9	7.3	3.6	1.2	0.0	2.5	8.4	0.3	4.1	2015

Net profit from the trading portfolio[6]	Gross profit on transactions in goods and subsidiary transactions	Value readjustments in respect of loans and advances, and provisions for contingent liabilities and for commitments	Value re-adjustments in respect of participating interests, shares in affiliated enterprises and securities treated as fixed assets	Other operating income: Total[7]	of which from leasing business	Income from the release of special reserves	Extraordinary income	Income from loss transfers	Financial year
3.3	0.2	2.9	9.0	9.1	0.0	0.0	2.1	0.0	2007
1.0	0.2	2.5	1.8	11.8	0.5	0.1	3.6	1.7	2008
8.1	0.2	1.9	1.1	9.2	0.8	0.0	1.3	0.9	2009
6.4	0.2	3.0	1.6	11.5	0.9	0.0	6.1	1.2	2010
5.8	0.2	15.0	0.7	20.2	6.3	0.0	0.8	5.2	2011
7.4	0.2	7.4	1.4	18.9	5.1	0.0	0.7	0.5	2012
6.2	0.2	4.0	1.5	17.9	4.7	0.0	0.9	0.9	2013
4.0	0.2	4.0	1.7	15.7	4.5	0.0	0.8	0.4	2014
4.2	0.2	3.7	1.9	17.6	4.7	0.0	0.5	1.1	2015

ciation rules. **4** In part, including taxes paid by legally dependent building and loan associations affiliated to Landesbanken. **5** Including amounts paid up on cooperative society shares. **6** Up to 2009, net profit on financial operations. **7** Including withdrawals from the fund required by the building and loan association rules.