

Banks

Statistics of the banks' profit and loss accounts

Glossary

All items of the balance sheet statistics may be found in Special Statistical Publication 1 "Banking statistics, guidelines and customer classification".

Initial letter A

Administrative expenditure

See "General administrative expenditure" and "Other administrative expenditure".

Affiliated enterprises

Pursuant to section 271 (2) of the Commercial Code (*Handelsgesetzbuch*), these constitute enterprises which, as parent enterprise or subsidiaries (see section 290 of the Commercial Code), are to be included in the group accounts of a parent enterprise according to the regulations for full consolidation (see sections 300 ff of the Commercial Code).

Initial letter B

Balance of extraordinary income and expenses in the narrower sense

Balance of reported extraordinary income less reported extraordinary expenses.

Balance of other and extraordinary income and expenses (balance of extraordinary income and expenses in the broader sense)

Balance of extraordinary income and expenses in the narrower sense plus write-ups in respect of participating interests, shares in affiliated enterprises and securities treated as fixed assets as well as income from the release of special items with an equity portion and income from loss transfers less write-offs and write-downs in respect of participating interests, shares in affiliated enterprises and securities treated as fixed assets as well as expenses from loss transfers, transfers to special items with an equity portion and profits transferred from profit pooling, a profit transfer agreement or a partial profit transfer agreement.

Balance sheet profit

Profit or loss for the year plus withdrawals from reserves and participation rights capital less transfers to reserves and participation rights capital. See also "Initial letter W: Withdrawals from or transfers to reserves and participation rights".

Balance sheet total, average

Sum of monthly balance sheet totals of the respective (entire) credit institutions (item HV21 330 of the balance sheet statistics), subsequently divided by twelve. Not included are the

foreign branches of savings banks and, as of 2004, the foreign branches of regional institutions of credit cooperatives as well as those institutions that are insolvent or accounting for a truncated financial year. Differing fiscal years are taken into account.

Banks majority-owned by foreign banks

Breakdown of legally independent banks which are majority-owned by foreign banks included in the categories "Big banks", "Regional banks and other commercial banks" and "Mortgage banks". See "Banking statistics, guidelines and customer classification", "Index of legally independent banks (MFIs) majority-owned by foreign banks" (*Verzeichnis der rechtlich selbständigen Banken (MFIs) im Mehrbesitz ausländischer Banken*).

Initial letter C

Capital, average balance-sheet

Sum of the monthly values of the items Capital (HV21 310 of the balance sheet statistics) and Fund for general banking risks (HV21 300 of the balance sheet statistics), excluding Capital represented by participation rights (HV21 290 of the balance sheet statistics), and divided by twelve. Not included are institutions that are insolvent or accounting for a truncated financial year. Differing fiscal years are taken into account.

Categories of banks

For definitions of the individual categories of banks, see "Index of banks (MFIs) in Germany by category of bank" (*Verzeichnis der Banken (MFIs) in Deutschland nach Bankengruppen*) in the publication "Banking statistics, guidelines and customer classification".

Changes for statistical reasons

These are changes within the individual banking categories owing to, for example, reclassifications or the discontinuation or admission of institutions, without this being based on a real change to the profitability of the respective banking category. These changes are excluded where indicated.

Cost-income ratio (CIR)

Indicator of the efficiency of an enterprise. Ratio of administrative expenditure to operating income.

The CIR indicates how many units of expenditure are needed to yield one unit of income.

Currency

As of 1999, all figures are given in euro.

Current income from participating interests

This also includes the dividends from the amounts paid up on members' shares in the case of cooperatives.

Initial letter D

Differing fiscal years

A period of twelve months is used for accounting purposes in a balance sheet, but the balance sheet date is not 31 December.

Initial letter E

Employees, (number)

Source: data from banking associations.

Since a credit institution is defined here with reference to the Banking Act (*Kreditwesengesetz*), there are differences compared with the data in the balance sheet statistics.

Definition: The number of employees comprises all employees at credit institutions (excluding those of the Deutsche Bundesbank) and part-time employees per capita.

Commercial banks: employees in the private banking sector, including private mortgage banks.

Credit cooperatives: only employees principally occupied in the banking industry.

Special purpose banks: employees at public mortgage banks and at public special purpose banks.

Building and loan associations: only internal staff.

Entire credit institution

The foreign branches of the respective institutions are included in the calculation.

Equity ratio

Average balance sheet capital as a percentage of the average balance sheet total, up to and including 1998 as a percentage of the average volume of business (item HV21 360 of the balance sheet statistics).

Initial letter F

Financial assets

Pursuant to section 266 of the Commercial Code (*Handelsgesetzbuch*), shares in affiliated enterprises, loans to affiliated enterprises, participating interests, loans to affiliated enterprises with which there is a participatory relationship, long-term securities and other loans.

Fixed assets

Pursuant to section 266 of the Commercial Code (*Handelsgesetzbuch*), land, rights equivalent to real property and buildings, including buildings on third-party land, plant and machinery, other holdings of assets, furniture and equipment, payments on account and tangible assets in course of construction.

Initial letter G

General administrative expenditure

Staff costs plus other administrative expenditure ("broad" definition).

Gross income

The gross income is the sum of net interest received and net commissions received.

Initial letter H

Hidden reserves

The difference between the book value and the actual market value of a balance sheet item (undervaluation of claims and assets or overvaluation of liabilities) which cannot be seen by the users of financial accounts. This is based on the legal valuation and accounting rules.

Initial letter I

Income from operational banking business

Gross income plus net profit or net loss from the trading portfolio as well as balance of other operating income and expenditure.

Insolvency

Insolvency describes a natural or legal person's inability to pay. A distinction is made between corporate insolvency (an enterprise's inability to pay pursuant to section 14 of the Civil Code (*Bürgerliches Gesetzbuch*)) and consumer insolvency (a consumer's inability to pay pursuant to section 13 of the Civil Code).

Interbank transaction

Banking business between two credit institutions.

Interest income (total)

Interest income plus current income and income from profit pooling, profit transfer agreements and partial profit transfer agreements.

Interest margin

Net interest received in relation to the average balance sheet total.

Initial letter J

Initial letter K

Initial letter L

Leasing

The basis for this is a leasing contract between a lessee and a lessor. The lessor provides the lessee with the leased good on a lease or rental basis in return for regular leasing payments.

Initial letter M

Most recent results

The results for each of the most recent dates are initially provisional. The final figures are determined in the second quarter after publication in the *Monthly Report*.

Initial letter N

Net commissions received

Commissions received less commissions paid. Also known as non-interest business.

Net interest received

Interest income less interest expenditure. Also known as interest business.

Net operating income or charges

Operating income less general administrative expenditure.

Net profit or net loss from the trading portfolio

Balance of income and expenditure resulting from business involving securities from the trading portfolio, financial instruments, foreign exchange assets and precious metals as well as the associated write-ups and write-downs and the accumulation of reserves for this business.

Initial letter O

Operating expenditure

General administrative expenditure less staff costs, including write-downs of fixed assets (excluding write-downs on leased assets).

Operating income

Gross income plus net profit or net loss from the trading portfolio as well as balance of other operating income and expenditure.

Operating result

Operating result prior to valuation plus valuation result (excluding tangible and financial fixed assets).

Operating result prior to valuation

Partial operating result plus net result from financial operations as well as balance of other operating income and expenditure.

Operational banking business

All activities which serve the business purpose. These are interest and commission business, proprietary trading and activities that have an effect on other operating income or charges.

Other administrative expenditure ("broad" definition)

Other administrative expenditure ("narrow" definition) plus write-downs and value adjustments on tangible and intangible fixed assets, excluding write-downs and value adjustments on leased assets.

Other administrative expenditure ("narrow" definition)

All expenditure which is required for running the business but is not directly related to the actual business, eg auditing and advisory costs, costs for premises and postage. "Other administrative expenditure" is defined in the narrow sense only in the table "Credit institutions' income and expenses items".

Initial letter P**Partial operating result**

Net interest received and net commissions received less general administrative expenditure.

Participating interests

Item HV11 100 of the balance sheet statistics.

Participation certificate

Securities that guarantee certain asset rights but do not grant membership rights. The specifics of these are not regulated by law.

Participation right

Securitized rights vis-à-vis an enterprise on account of a participation certificate are known as participation rights.

Profit and loss account by category of bank

The profit and loss account is the comparison of the profit and loss balances (income and expenditure). The annual result of an enterprise is thus shown as either a surplus (profit) for the year or a deficit (loss) for the year. This applies to enterprises domiciled in Germany which conduct banking business pursuant to section 1 (1) of the Banking Act (*Kreditwesengesetz*) and are defined as monetary financial institutions (MFIs), excluding building and loan associations, insolvent institutions and institutions with a truncated financial year.

Profit or loss for the year after taxes

Profit for the year before taxes less taxes on income and earnings.

Profit or loss for the year before taxes

Operating result plus balance of other and extraordinary income and expenses.

Initial letter Q

Initial letter R

Reserves, disclosed

Pursuant to section 340g of the Commercial Code (*Handelsgesetzbuch*), credit institutions are allowed, subject to reasonable commercial judgement, to accumulate disclosed reserves for bank-specific risk in the "fund for general banking risks" (item HV21 300 in the balance sheet statistics).

Reserves, undisclosed

Pursuant to section 340f of the Commercial Code (*Handelsgesetzbuch*), credit institutions are allowed to accumulate additional undisclosed reserves for the total stock of claims and the securities of the liquidity reserve amounting to no more than 4% of these items.

Return on equity (RoE)

Profit for the year before or after taxes as a percentage of the average balance sheet capital.

Initial letter S

Shares and other variable-yield securities

Item HV11 090 in the balance sheet statistics.

Special items with an equity portion

Item HV21 270 of the balance sheet statistics.

Specific securities

(Within the framework of the items "Write-downs and value adjustments on claims and certain securities and transfers to provisions in the lending business" and "Income from write-ups of claims and certain securities as well as releases from provisions in lending business")
The specific securities include shares and bonds, as well as other securities that belong neither to the fixed assets nor to the trading portfolio. Here it must be taken into account that these securities may be valued below the lower value of the acquisition cost and current market value (principle of the lower of cost or market).

Initial letter T

Taxes on income and earnings

This describes profit-related taxes (corporation tax, possibly also investment income tax, trade earnings tax, as well as comparable foreign taxes). Partly including tax payments of legally dependent building and loan associations linked to the Landesbanken.

Trading result

See also "Initial letter N: Net profit or net loss from the trading portfolio".

Initial letter U

Initial letter V

Valuation result (excluding tangible and financial fixed assets)

Income from write-ups of claims and certain securities as well as releases from provisions in lending business

less write-downs and value adjustments on claims and certain securities and transfers to provisions in the lending business.

Initial letter W

Withdrawals from or transfers to reserves and participation rights capital

This item includes not only withdrawals from and transfers to reserves (capital and revenue reserves) as well as participation rights capital but also profit and loss carryforwards from the previous year as well as withdrawals from and transfers to the fund for general banking risks.

Initial letter X

Initial letter Y

Year-on-year percentage changes

Changes for statistical reasons are eliminated.

Yield

Ratio of income (both share price gains and current income) from an investment to capital originally invested.

Initial letter Z