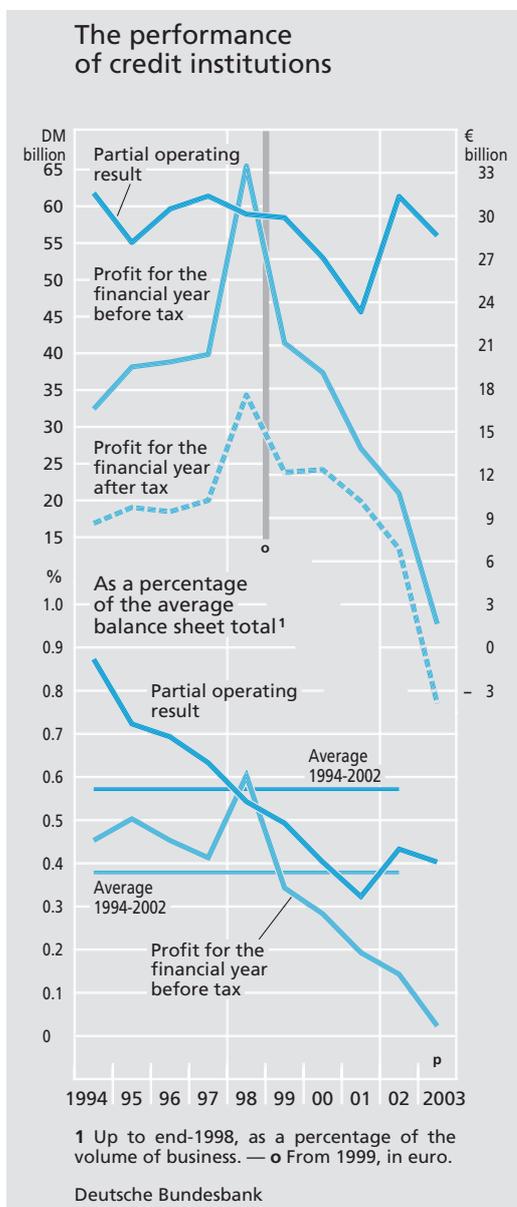


The performance of German credit institutions in 2003

Last year still saw no substantial recovery in the performance of German credit institutions. Sluggish cyclical development and the necessary restructuring processes in the banking industry weighed heavily on many institutions' profitability, although noticeable differences in performance were observed across the various categories of banks. Their published non-consolidated financial statements indicate that, on balance, German banks continued to achieve only weak net income from their operating business in financial year 2003. However, they were able to make progress in their efforts to reduce costs and increased considerably their earnings from proprietary trading. Moreover, a certain easing in risk provisioning was observed. However, the slide in the "extraordinary account" depressed overall earnings to a considerable extent. As a result, the profit for the financial year before tax fell perceptibly; if taxes on income and earnings are taken into account, the figure was actually negative. For financial year 2004, however, an easing of the situation is in sight as improvements in expenditure, in particular, are becoming more evident and the real economic recovery is likely to have a positive impact on the credit institutions' earnings.



Income from interest business

Decrease in net interest received

In 2003 interest business developments were characterised mainly by banks' efforts to create the conditions for a structural improvement in their performance by consistently adjusting their balance sheets for risk assets. However, the decline in the volume of business, particularly in the area of riskier loans with a higher rate of interest, depressed net

interest received. Following an improvement in the interest business in 2002, net interest received fell by €3.8 billion to €81.8 billion in 2003. Unlike the situation in 2002, the further marked decrease in interest received (by €35.7 billion to €308.8 billion) could not be offset by a reduction in interest paid (by €31.9 billion to €227.0 billion). As a result, the interest margin – the ratio of net interest received to the balance sheet total – fell from 1.20% in financial year 2002 to 1.16% in 2003.

On the liabilities side, banks did benefit from the stronger preference for liquidity among investors, which effected a marked increase in their sight deposits, thus perceptibly decelerating interest paid. At more than 10%, overnight deposits of domestic non-banks reached a percentage of their balance sheet total last seen at the end of the 1960s. However, the weak development of interest received, which was caused by the banks' ongoing reduction of mainly higher-interest bearing risk assets, was the factor determining the overall picture. For example, lending to the domestic private sector as a percentage of the balance sheet total declined again in 2003. Against a backdrop of weak investment activity, the share in the business volume of loans to enterprises, in particular, registered a further decline. At 12½%, it was clearly below the average for the last 30 years of just under 16½%. Although the percentage of the more important loans to households rose slightly in relation to the balance sheet total in the year under review to just under 29%, it was nevertheless still below its long-term average.

Weak interest received owing to waning importance of loans to enterprises

Performance of the various categories of banks in 2002/2003 ^p

€ million

Category of banks	Partial operating result ¹		Operating result ²		Profit for the financial year before tax ³		Memo item Balance sheet total ⁴	
	2002	2003 ^p	2002	2003 ^p	2002	2003 ^p	2002	2003 ^p
All categories of banks	31,571	28,836	6,997	17,353	10,920	1,850	7,129,090	7,027,988
Commercial banks	8,847	5,141	3,472	4,793	909	- 5,683	2,309,650	2,251,587
Big banks	4,328	266	58	649	- 1,931	- 7,315	1,601,526	1,533,976
Regional banks and other commercial banks	4,423	4,741	3,357	4,016	2,789	1,506	676,254	689,268
Branches of foreign banks	96	134	57	128	51	126	31,870	28,343
Landesbanken	4,327	5,110	- 2,098	2,340	1,302	- 2,233	1,644,026	1,639,615
Savings banks	8,996	9,374	2,641	4,615	3,427	4,805	975,490	974,186
Regional institutions of credit cooperatives	582	176	120	130	309	49	213,520	203,899
Credit cooperatives	4,157	4,492	945	2,555	2,517	2,895	548,026	553,146
Mortgage banks	2,293	2,332	593	1,198	1,285	830	929,571	877,381
Special purpose banks	2,369	2,211	1,324	1,722	1,171	1,187	508,807	528,174

¹ Net interest and net commissions received less general administrative spending. — ² Partial operating result plus net profit or net loss on financial operations, net other operating income or charges and net income or net

charges from the valuation of assets (other than financial fixed assets). — ³ Operating result plus net other and extraordinary income or charges. — ⁴ Annual average.

Deutsche Bundesbank

Declining interest margin at commercial banks

Net interest received declined primarily at commercial banks. In this category of banks, the big banks in particular, which in the previous year had contributed heavily to the rise in interest business, registered a marked decline in net interest received. All in all, they suffered a drop in the interest margin of 0.25 percentage point to 0.85%. The sharp reduction in interest paid was not enough to offset the renewed decline in interest received from lending and money market transactions and the perceptible decrease in current income from shares in affiliated enterprises. This decrease resulted to a large extent from the sale by a big German bank of its stakes in industry in the previous year.

At the commercial banks – and especially at the big banks – weak interest received would appear to be related to the distinct reduction in risk assets. The ratio of loans to the balance sheet total has declined markedly and continuously since the end of the 1990s, while the corresponding share of big banks' loans to domestic enterprises and households fell from 40% in 1999 to 27½% in the year under review. At the same time, in contrast to other banking groups, the big banks were unable to benefit on the liabilities side from an increase in non-banks' sight deposits. As in the past few years, overnight deposits accounted for just under 12% of the balance sheet total – 3¼ percentage points below the average of the past 30 years.

Determinants of the weak net interest received at big banks

Interest received by credit institutions

Item	2001	2002	2003 P
	€ billion		
Interest received (total)	382.4	344.5	308.8
from lending and money market transactions	298.1	266.0	243.6
from debt securities and Debt Register claims	65.0	57.9	50.7
Current income (total)	17.4	17.4	11.0
from shares and other variable yield securities	9.8	7.2	6.5
from participating interests ¹	2.2	1.8	1.2
from shares in affiliated enterprises	5.4	8.4	3.3
Profits transferred under profit pooling and profit transfer agreements	1.9	3.1	3.5
	Year-on-year change, in % ²		
Interest received (total)	+ 3.4	- 9.9	- 10.4
from lending and money market transactions	+ 2.5	- 10.8	- 8.4
from debt securities and Debt Register claims	+ 7.2	- 10.9	- 12.5
Current income (total)	+ 2.3	+ 0.4	- 37.0
from shares and other variable yield securities	+ 23.9	- 26.6	- 9.7
from participating interests ¹	- 2.3	- 15.4	- 33.5
from shares in affiliated enterprises	- 21.4	+ 56.4	- 61.2
Profits transferred under profit pooling and profit transfer agreements	+ 37.3	+ 62.2	+ 14.5
	Percentage of the average balance sheet total		
Interest received (total)	5.39	4.83	4.39
from lending and money market transactions	4.20	3.73	3.47
from debt securities and Debt Register claims	0.92	0.81	0.72
Current income (total)	0.25	0.24	0.16
from shares and other variable yield securities	0.14	0.10	0.09
from participating interests ¹	0.03	0.03	0.02
from shares in affiliated enterprises	0.08	0.12	0.05
Profits transferred under profit pooling and profit transfer agreements	0.03	0.04	0.05

¹ Including amounts paid up on cooperative society shares. —
² Statistical changes have been eliminated.

Deutsche Bundesbank

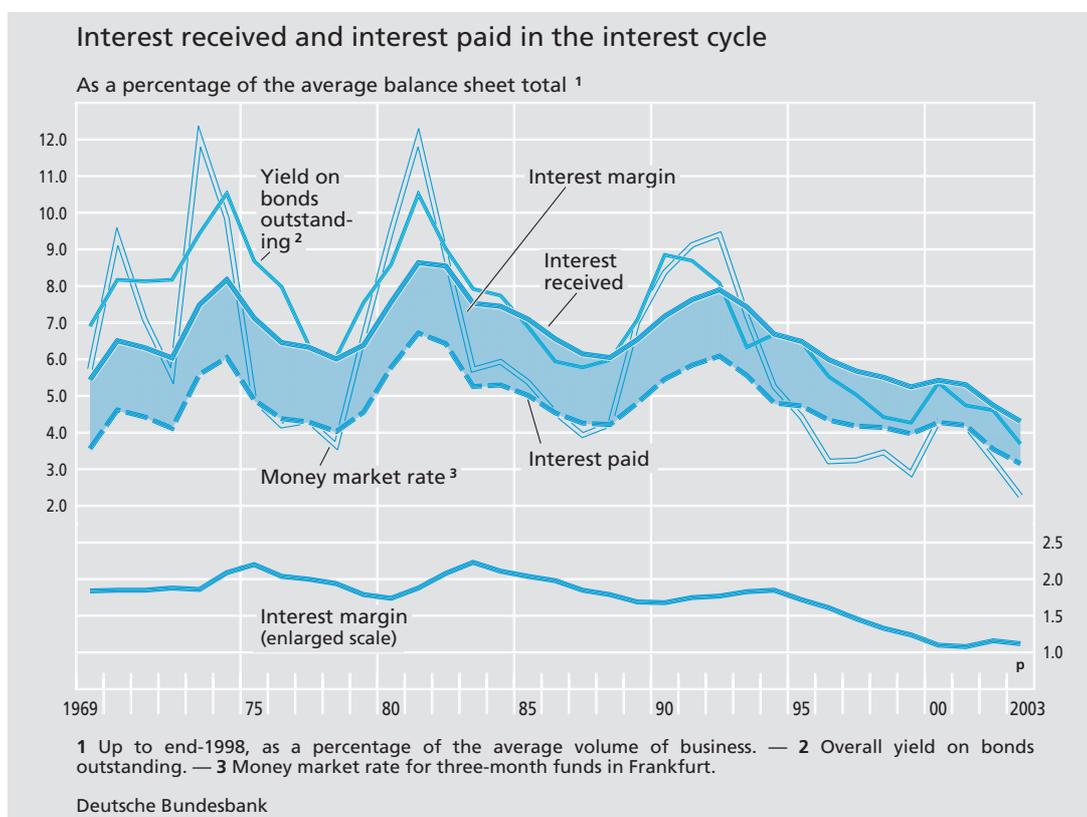
However, even those banking groups whose net interest received traditionally accounts for a far larger share of operating business also saw that share decline in 2003. At savings banks it was down from 81.3% to 80.6% on the year and at credit cooperatives down from 79.1% to 75.4%. At the same time, however, both the savings banks and the credit cooperatives registered a slight increase in net interest received (+€0.3 billion to €23.5 billion and +€0.4 billion to €14 billion respectively). As a result, the interest margin, which is traditionally much higher at these two categories of banks than at the other categories of institutions, remained virtually unchanged in financial year 2003 at 2.42% for the savings banks and 2.53% for the credit cooperatives. At the savings banks, however, this was partly a result of the first decline in the volume in business for ten years. Of those categories of banks which, owing to their focus on inter-bank and wholesale banking business, typically have a narrower interest margin, the Landesbanken managed to increase their net interest received again moderately from €9.7 billion in 2002 to €10.3 billion. By contrast, the regional institutions of credit cooperatives recorded a considerable decline of €0.5 billion in net interest received, taking that position to €0.9 billion. While the volume of business increased slightly, the interest margin fell by 0.2 percentage point to 0.46%.

Slight increase in interest margin at savings banks and credit cooperatives

Net commissions received

Following an already weak result in the previous year, net commissions received by German banks in financial year 2003 – at

Stagnation of net commissions received



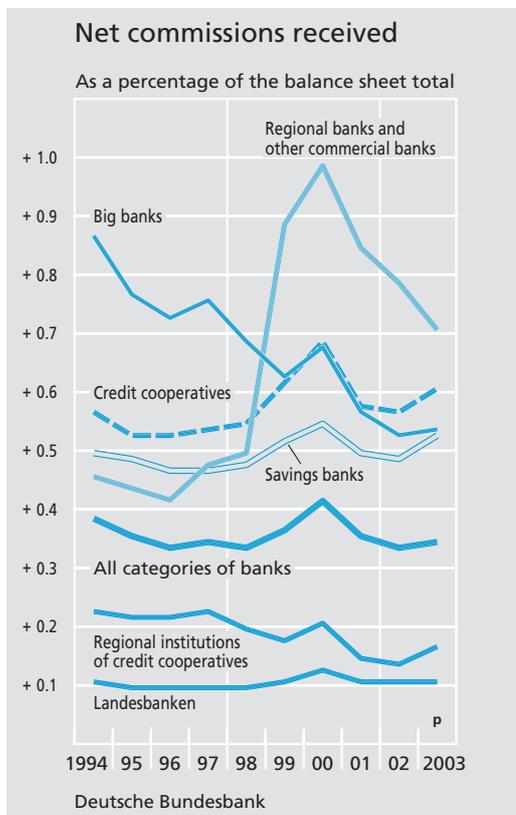
€24.4 billion – were more or less stagnant. The slight rise in commissions received was largely offset by a rise in commissions paid.

*Determinants
of weak com-
missions result*

On a positive note, however, banks managed to stabilise their net commissions received despite generally declining turnovers in German share trading and the underwriting business. Mainly as a result of increasing share prices since the second quarter of 2003, banks were able to post growth in their income from securities and safe custody business during the rest of the year. Growth – in some cases considerable – was also achieved in commissions from payment transactions. By contrast, commission business declined at subsidiaries.

At the commercial banks – which earned just under 55% of the domestic credit institutions' net commissions received – net commissions received fell to €13.2 billion, or –€0.6 billion year on year. However, this was less the result of declining commission business at the big banks than at the other commercial banks. By contrast, savings banks and credit cooperatives benefited from a higher net figure for commissions received. Savings banks increased their net commissions received by €0.4 billion to €5.2 billion while credit cooperatives posted growth in this item of €0.3 billion to €3.4 billion. Even so, as a percentage of operating business of less than 20%, commission income at these two categories of banks continues to play a relatively minor role.

*Net commis-
sions received,
by category
of banks*



Net profit or net loss on financial operations

Marked increase in own-account trading

In the light of the ongoing price recovery in the international equity markets, domestic banks were again able to boost considerably their net profit on financial operations in financial year 2003. With net profit of €6.4 billion in own-account trading, German credit institutions attained record figures last seen in 2000; in 2003 they increased their year-on-year net profit on financial operations by €3.5 billion. This was again largely attributable to the big banks. Following an extraordinarily poor result in 2002, these banks doubled their net profit on financial operations and achieved the highest net profit figure ever achieved in own-account trading (€4.9 billion). By comparison, trading in the other cat-

egories of banks benefited only moderately from rising equity prices. The Landesbanken even registered a slight decline in their net profit on financial operations.

Administrative expenditure

Cost-cutting programmes at the large German credit institutions again had an obvious positive impact on administrative expenditure in 2003, even though that impact was far weaker than in the previous year. At €77.3 billion, general administrative spending in the year under review was only €1.0 billion down on the previous year's level. In 2002 domestic banks had already reduced their administrative costs by €2.7 billion. Major administrative savings were recorded by the big banks. They cut their general administrative spending from €21.8 billion to €21.0 billion. Even so, the considerable reduction in the balance sheet total in this category of institutions resulted in an increase in administrative costs as a percentage of the volume of business. By contrast, savings banks and credit cooperatives recorded a further increase in general administrative spending again in 2003.

Easing on the cost side ...

Although domestic banks reduced the number of employees even more strongly in 2003 than in 2002, extensive severance payments prevented them from further reducing staff costs in the period under review. While the number of employees decreased by 27,000, or 3.7%, staff costs stagnated at €41.6 billion in financial year 2003. Most of the job cuts (17,000) again occurred in the private banking sector. Even so, commercial banks only

... not caused by lower staff costs ...

Structural data on German credit institutions

Category of banks	Number of institutions ¹			Number of branches ¹			Number of employees ²		
	2001	2002	2003 P	2001	2002	2003 P	2001	2002	2003 P
All categories of banks	2,518	2,419	2,294	37,585	35,340	33,753	734,350	717,150	690,350
Commercial banks	304	355	356	5,576	5,122	5,105	³ 220,700	³ 209,850	³ 192,900
Big banks	4	4	4	2,369	2,256	2,221	.	.	.
Regional banks	221	245	231	3,194	2,849	2,861	.	.	.
Branches of foreign banks	79	106	121	13	17	23	.	.	.
Landesbanken	13	13	13	604	553	571	42,800	41,850	40,500
Savings banks	534	519	489	16,648	15,628	14,757	282,850	278,800	271,900
Regional institutions of credit cooperatives	2	2	2	18	12	12	6,950	6,050	5,400
Credit cooperatives	1,621	1,490	1,394	14,584	13,889	13,201	⁴ 169,900	⁴ 168,950	⁴ 168,250
Mortgage banks	28	25	25	136	117	76	.	.	.
Special purpose banks	16	15	15	19	19	31	⁵ 11,150	⁵ 11,650	⁵ 11,400
<i>Memo item</i>									
Building and loan associations	29	28	27	3,694	2,843	2,822	⁶ 21,450	⁶ 20,950	⁶ 20,600
Postbank	1	1	1	12,792	12,667	10,645	.	.	.

¹ Source: Bank office statistics, in: Deutsche Bundesbank, *Banking statistics*, Statistical Supplement to the Monthly Report 1, 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 Excluding Bundesbank and Postbank. Sources: Data provided by

associations. Part-time employees are counted on a per capita basis. — ³ Employees in private banking, including mortgage banks established under private law. — ⁴ Only employees whose primary occupation is in banking. — ⁵ Employees in public mortgage banks (mortgage banks established under public law) and special purpose banks established under public law. — ⁶ Only office-based employees.

Deutsche Bundesbank

managed to reduce their staff costs by €0.4 billion to €17.0 billion. Savings banks even registered a slight increase in staff costs (by €0.4 billion to €11.7 billion), despite shedding jobs. Staff costs also rose slightly at the credit cooperatives in financial year 2003 while only a relatively moderate number of jobs were shed in this category of banks. The Landesbanken achieved the largest relative reduction (5.6%) in staff costs, taking their figure to €3.4 billion.

... but rather by cutting other administrative spending

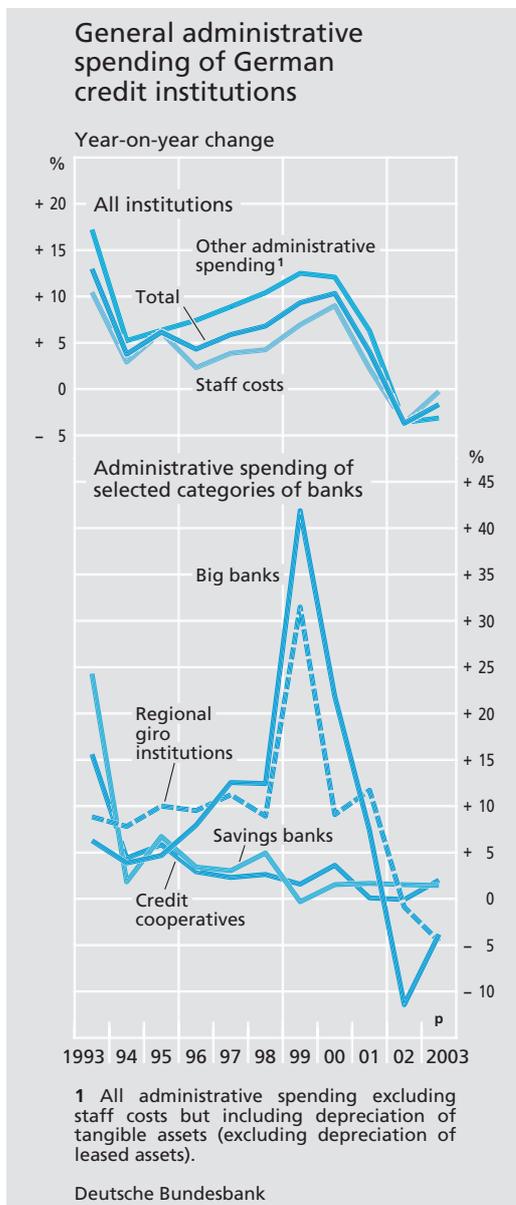
The slight drop in general administrative spending in 2003 was mainly a result of developments in other administrative spending, ie mainly non-staff expenditure, expenditure on third-party services and depreciation of tangible fixed assets. All in all, domestic credit institutions managed to reduce their other

administrative spending by €1.0 billion to €35.7 billion. Savings in this area were realised primarily by commercial banks. Both big banks and regional banks made progress in this area.

Net other operating income or charges

The balance of other operating income or charges made an unusually large positive contribution to the overall result again in financial year 2003. At €3.8 billion, this figure was even slightly up on the high result of the previous year. Apart from the regional banks and other commercial banks, which, as in the past few years, achieved the highest net other operating income or charges (€1.4 billion), the credit cooperatives also made a dis-

Net other operating income or charges made a positive contribution to the overall result



tinctly positive contribution to the operating result in 2003 (€1.0 billion, following €0.5 billion in 2002).

Operating result before the valuation of assets

Improved cost/income ratio ...

Overall, the decline in the partial operating result, ie the sum of net interest and net com-

missions received and the general administrative spending, was more than offset by the marked increase in net income from own-account trading. As a result, there was ultimately a slight increase in the operating result before the valuation of assets from €38.2 billion in 2002 to €39.1 billion in the period under review. Consequently, the cost/income ratio also improved somewhat in 2003. However, the decline in this ratio was far smaller in the period under review than in 2002. Besides the big banks and the regional institutions of credit cooperatives, all categories of credit institutions registered a slight improvement. The improvement was particularly strong at the credit cooperatives and the Landesbanken.

The picture is somewhat different, however, if the cost/income ratio is related to gross earnings. The perceptible decline in interest received left its mark on earnings. This ultimately led to a rise in the ratio of general administrative spending to gross earnings (defined as the sum of net interest received and net commissions received) of 1.5 percentage points to 72.8%, following a decline of 6.2 percentage points in 2002. Owing to the marked fall in their net interest received, this increase was concentrated, however, at the big banks and the regional institutions of credit cooperatives.

... although not in relation to gross earnings

Net income or net charges from the valuation of assets

After having increased their risk provisions sharply in the previous year, German banks trimmed them back in the year under review. Risk provisions nonetheless remained high and

Decline in risk provisioning, but with continued marked negative impact on earnings

again had a strong negative impact on earnings. Net charges from the valuation of loans, claims and securities totalled €21.8 billion in 2003, ie less than in the previous year. On the one hand, write-offs and write-downs dropped by €10.9 billion to €23.4 billion; on the other hand, however, value adjustments and release of provisions fell by €1.4 billion to €1.6 billion.¹ Even so, on balance there was a perceptible decline in valuation expenditure; in relation to the average balance sheet total, it was 0.31% in the year under review, following 0.28% in 2001 and 0.44% in 2002. Furthermore, in 2003 (in accordance with section 340 (g) of the German Commercial Code) €1.9 billion net was transferred to the fund for general banking risks. The increase in this fund is not reflected, however, in lower net annual profit as these funds are factored into the disposition of profit (accumulation of reserves).

High valuation charges in domestic lending business

As in previous years, by far the largest share of risk provisions at German banks in 2003 is likely to have been related to domestic lending. Credit institutions continued to deal with a large number of corporate insolvencies – which actually increased by 4.9% to 39,470 in the year under review. However, small enterprises were hit harder than in the previous year. By contrast, the percentage of large insolvencies, which had increased sharply in 2002, declined in 2003. The fact that risk provisions were reduced despite an increase in insolvencies may reflect, among other things, greater risk awareness on the part the German credit institutions as far as their lending

¹ Within these items use had already been made of the cross-offsetting option permissible under section 340 (f) (3) of the German Commercial Code.

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

Category of banks	General administrative spending as a percentage of		
	2001	2002	2003 P
	gross earnings ¹		
All categories of banks	77.5	71.3	72.8
Commercial banks	91.6	80.2	87.0
Big banks	101.3	83.4	98.7
Regional banks and other commercial banks	79.0	75.9	73.7
Branches of foreign banks	66.7	64.6	57.3
Landesbanken	64.4	62.5	57.4
Savings banks	70.9	67.9	67.4
Regional institutions of credit cooperatives	71.8	66.1	86.2
Credit cooperatives	78.9	75.2	74.2
Mortgage banks	35.7	37.0	37.6
Special purpose banks	31.7	31.7	34.7
	income from operating business ²		
All categories of banks	71.4	67.2	66.4
Commercial banks	80.4	74.2	74.0
Big banks	83.8	77.9	79.5
Regional banks and other commercial banks	75.4	69.2	66.9
Branches of foreign banks	56.1	57.8	53.7
Landesbanken	57.1	56.1	53.1
Savings banks	69.9	66.5	66.2
Regional institutions of credit cooperatives	62.5	52.5	63.1
Credit cooperatives	76.7	73.1	69.5
Mortgage banks	33.4	35.6	37.8
Special purpose banks	30.4	31.4	32.8

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

Deutsche Bundesbank

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

Category of banks	2001		2002		2003 p	
	€ million	% 1	€ million	% 1	€ million	% 1
All categories of banks	32,443	0.46	38,214	0.54	39,107	0.56
Commercial banks	9,512	0.40	12,506	0.54	12,131	0.54
Big banks	4,753	0.29	6,177	0.39	5,400	0.35
Regional banks and other commercial banks	4,637	0.69	6,201	0.92	6,576	0.95
Branches of foreign banks	122	0.33	128	0.40	155	0.55
Landesbanken	5,441	0.34	5,648	0.34	6,094	0.37
Savings banks	8,058	0.85	9,568	0.98	9,862	1.01
Regional institutions of credit cooperatives	788	0.33	1,025	0.48	644	0.32
Credit cooperatives	3,824	0.72	4,632	0.85	5,661	1.02
Mortgage banks	2,800	0.30	2,436	0.26	2,308	0.26
Special purpose banks	2,020	0.42	2,399	0.47	2,407	0.46

* Partial operating result plus net profit or net loss on financial operations and net other operating income or

charges. — 1 As a percentage of the average balance sheet total.

Deutsche Bundesbank

business is concerned. Owing to the relatively low share of consumer credit in banks' overall lending to domestic enterprises and households, consumer insolvencies are again likely to have played only a secondary role in banks' risk provisioning in 2003. Given their very strong growth, which in the year under review again far outstripped the increase in corporate insolvencies, risk provisions for consumer credit could in the future have a more marked negative impact on banks' performance. Write-downs on debt securities, which accrue in part to net income or net charges from the valuation of assets, amounted to €1.9 billion in 2003, following €1.0 billion in the previous year.²

An examination of the situation at the categories of banks shows that the decrease in

the risk provisions was particularly strong for those groups which had posted a relatively sharp increase in the previous year. First, this meant those credit institutions which, like the big banks and the Landesbanken, are active in wholesale banking and which in 2002 were particularly affected by large insolvencies. Second, savings banks and credit cooperatives operating in retail business made a distinct reduction in their net charges from the valuation of assets. Even so, in 2003 – as in the past few years – these two categories of banks had to cope with relatively high risk provisions as a percentage of their average balance sheet totals. At savings banks this figure was 0.54% (2002: 0.71%) and at credit cooperatives 0.56% (2002: 0.67%).

Banks with retail business particularly affected

² Owing to changes in reporting methods, the comparability of the results for 2002 and 2003 is limited.

Relative significance of major income and cost items for individual categories of banks in 2003 ^P

Percentage of total surplus in operating business

Item	All categories of banks	Big banks	Regional banks	Landesbanken	Savings banks	Regional institutions of credit cooperatives	Credit cooperatives	Mortgage banks
Net interest received	70.3	49.3	66.1	79.0	80.6	53.6	75.4	102.2
Net commissions received	20.9	31.2	24.6	13.4	17.7	19.6	18.3	- 1.6
Net profit or net loss on financial operations	5.5	18.6	2.3	2.7	0.8	21.2	0.7	0.1
Net other operating income or charges	3.3	0.9	7.0	4.9	0.9	5.6	5.6	- 0.7
Total surplus in operating business	100	100	100	100	100	100	100	100
General administrative spending of which	- 66.4	- 79.5	- 66.9	- 53.1	- 66.2	- 63.1	- 69.5	- 37.8
Staff costs	- 35.7	- 41.5	- 30.2	- 26.0	- 40.1	- 29.9	- 41.0	- 17.9
Other administrative spending	- 30.7	- 38.0	- 36.7	- 27.1	- 26.1	- 33.2	- 28.5	- 20.0
Net income or net charges from the valuation of assets	- 18.7	- 18.0	- 12.9	- 28.9	- 18.0	- 29.4	- 16.7	- 29.9
Net other and extraordinary income or charges	- 13.3	- 30.2	- 12.6	- 35.2	0.7	- 4.6	1.8	- 9.9
<i>Memo item</i>								
Profit for the financial year before tax	1.6	- 27.7	7.6	- 17.2	16.5	2.8	15.6	22.4
Taxes on income and earnings	- 4.8	1.9	- 3.8	- 3.7	- 10.4	7.0	- 8.0	- 6.9
Profit for the financial year after tax	- 3.2	- 25.9	3.8	- 20.9	6.0	9.8	7.6	15.5

Deutsche Bundesbank

Perceptible increase in operating result

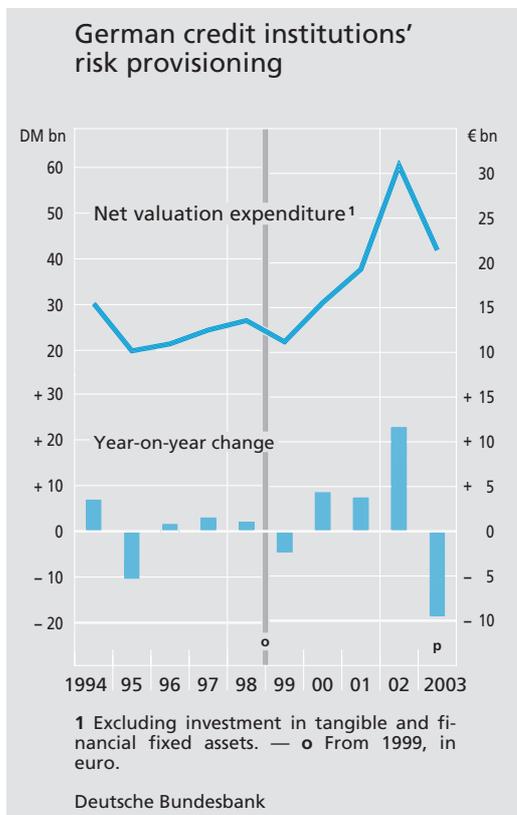
Despite continued high risk provisions, the weakening negative impact of net charges from the valuation of assets resulted in the operating result for the German banking industry as a whole more than doubling from €7.0 billion in the previous year to €17.4 billion in 2003. All the categories of banks improved their operating result, some considerably.

Other and extraordinary income or charges

In the year under review, net other and extraordinary income or charges reduced the overall result by an unusually large amount; from €3.9 billion in 2002, it dropped to -€15.5 billion in 2003. There are, however, striking sub-

Balance on "extraordinary account" impairs overall result

stantial differences among the categories of banks. Although the contributions to profit made by the "extraordinary account" deteriorated at all categories of banks, the effect on the overall result was particularly strong at the big banks (-€8 billion from -€2 billion in 2002) and the Landesbanken (-€4.6 billion from -€3.4 billion in 2002). At -€2.5 billion (2002: -€0.6 billion), regional banks and other commercial banks also registered considerable losses in the "extraordinary account". Much the same can be said of mortgage banks and the regional institutions of credit cooperatives. By contrast, the savings banks' and the credit cooperatives' result was bolstered somewhat by the "extraordinary account".



Value adjustments dominate net result from financial investment business

The slump was driven by a considerable decline in the net result from financial investment business at credit institutions; it dropped €13.9 billion from €8.6 billion in 2002 to -€5.3 billion in 2003. On the one hand, those credit institutions which recorded (net) income from value adjustments in respect of participating interests, shares in affiliated enterprises and transferable securities experienced a drop of €9.9 billion in their net receipts from financial investment business;³ on the other hand, at the other institutions, charges connected with the corresponding write-downs and value adjustments rose by €4.1 billion. The overall negative net result from financial investment business primarily reflects value adjustments of participating interests and is concentrated almost exclusively at the big banks and Landesbanken. Al-

though the result at most of the institutions in these two categories was affected negatively by the result of their financial investment business, the average performance was affected noticeably by especially sharp declines at individual institutions.

This was compounded by declining net results of the extraordinary income and charges in the narrower sense across all the categories of banks (-€4.2 billion after €1.5 billion in 2002). While this did not have a major impact on the earnings of most of the categories of banks, it reduced considerably the income of the big banks. Apart from charges connected with restructuring, the revaluation of securities and participating interests also played a role, becoming the dominant factor in the overall "extraordinary account". Transferred profits increased slightly from €3.2 billion in 2002 to €3.6 billion in the year under review. The negative developments could not be offset by the other items in the "extraordinary account": income from the release of special reserves shrank (to €0.4 billion from €0.8 billion in 2002)⁴ and the overall decline in the charges from loss transfers (-€2.7 billion after -€3.8 billion), albeit with marked variations across the individual categories of banks, was not great enough to counter this negative impact.

Increase in charges and decline in income in the "extraordinary account"

³ In the case of income or charges on financial investment business, the credit institutions made use, as usual, of the option of offsetting these two items. Pursuant to section 340 (c) (2) of the German Commercial Code, such offsetting permits the inclusion of income and charges from financial investment business.

⁴ The special reserves were mainly formed in 1999 and are being released up to 2003 with an effect on income. See Deutsche Bundesbank, *The performance of German credit institutions in 1999, Monthly Report, September 2000*, pp 59-61.

Taxes on income and earnings, profit for the financial year

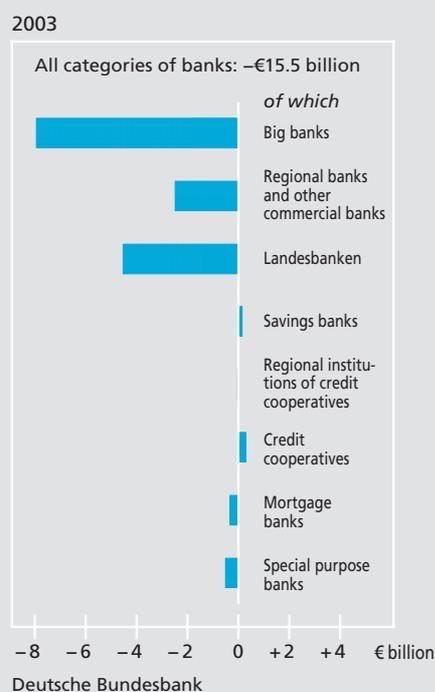
Profit for the financial year before tax drops sharply again

In the year under review, the considerable negative impact from the “extraordinary account” far exceeded the increase in the operating result, the upturn of which was therefore unable to bear positive fruit in terms of profit for the financial year before tax. Consequently, in 2003 profit for the financial year before tax in the German banking industry fell year on year – from €10.9 billion in 2002 to €1.9 billion. In accordance with the development in the “extraordinary account”, however, the various categories of bank presented a differentiated picture: the big banks, which had already booked losses for the year before tax in 2002 (-€1.9 billion) made losses of €7.3 billion in 2003. The Landesbanken, which made a profit of €1.3 billion in 2002, booked losses of €2.2 billion in 2003. Regional banks and other credit institutions also suffered major declines; their profit for the financial year before tax fell from €2.8 billion in 2002 to €1.5 billion in 2003. Mortgage banks also recorded declines in 2003. By contrast, the savings banks (+€4.8 billion) and the credit cooperatives (+€2.9 billion) were able to make a perceptible year-on-year improvement in their profit for the year before tax.

Marked deterioration in return on equity

Owing to the overall unfavourable earnings trend, the return on equity before tax, calculated as an average of all the banks, declined sharply again in 2003 after having worsened considerably in 2002. The figure was 0.73% in the year under review, following 4.49% in 2002; however, there were some major divergences across the various categories of

Net other and extraordinary income and charges



banks. The overall low figure in the banking industry was mainly caused by declining profits at the big banks and the Landesbanken. By contrast, savings banks and credit cooperatives managed to increase their return on equity before tax.

Taxes on income and earnings rose sharply by €1.7 billion to €5.5 billion in 2003 despite generally declining annual profit – primarily as a result of tax expenses at the savings banks. This was also related to income but, owing mainly to a special effect, was, at €3.0 billion, nearly double the amount of the previous year.⁵ At €1.5 billion, tax expenses at credit cooperatives were also clearly up on

Increase in taxes on income and earnings

⁵ The non-recognition of write-downs to their going-concern value in the previous years led to payments of tax arrears.

Breakdown of other and extraordinary income or charges

€ million

Item	2001	2002	2003 p
Net other and extraordinary income or charges	1,225	3,923	- 15,503
Income (total)	10,020	17,292	3,723
From value readjustments in respect of participating interests, shares in affiliated enterprises and transferable securities held as financial fixed assets	5,787	12,040	2,184
From the release of special reserves	1,502	889	451
From loss transfers	353	777	95
Extraordinary income	2,378	3,586	993
Charges (total)	- 8,795	- 13,369	- 19,226
Value adjustments in respect of participating interests, shares in affiliated enterprises and transferable securities held as financial fixed assets	- 1,827	- 3,412	- 7,482
Charges incurred through loss transfers	- 2,785	- 4,550	- 2,860
Transfers to special reserves	- 113	- 64	- 63
Extraordinary charges	- 2,221	- 2,102	- 5,192
Profits transferred under profit pooling and profit transfer agreements	- 1,849	- 3,241	- 3,629

Deutsche Bundesbank

the previous year. In financial year 2003 the big banks reported "tax receipts" of €0.5 billion in their non-consolidated accounts, which, however, mainly reflected the reduction in provisions for taxation at one institution. For most of the other categories of banks, taxes on income and earnings generally changed only slightly in the year under review.

Substantially lower balance sheet profit

For the first time ever, the German banking industry as a whole posted an annual loss after tax of €3.7 billion, which resulted from the losses made at the big banks and the Landesbanken. By contrast, the other categories of banks posted net profits for the year. In calculating the balance sheet profit, earnings after tax was, as in the two preceding years, again hit hard by substantial losses of €2.1

billion being carried forward in the year under review. Moreover, €1.9 billion was allocated to the fund for general banking risks, also putting pressure on profits. Finally, the necessary extensive drawings on provisions and participation rights capital exceeded the corresponding amounts transferred into the provisions by €11.2 billion.⁶ On balance, the reported balance sheet profit again fell considerably in 2003 – by €1.2 billion, or 26%, to €3.6 billion – from €6.6 billion in 2001 and €4.8 billion in 2002.

⁶ Extensive drawings to offset the annual losses were undertaken primarily at individual institutions in the big bank category and at individual Landesbanken.

Return on capital of individual categories of banks *

In %

Category of banks	1999		2000		2001		2002		2003 P	
All categories of banks	11.22	(6.51)	9.32	(6.09)	6.19	(4.57)	4.49	(2.91)	0.73	(- 1.45)
Commercial banks	9.69	(7.01)	8.19	(7.32)	4.74	(4.24)	0.97	(0.04)	- 6.24	(- 6.56)
<i>of which</i>										
Big banks	6.23	(5.48)	6.34	(7.23)	4.96	(5.69)	- 3.14	(- 3.30)	- 12.85	(- 11.99)
Regional banks and other commercial banks	16.51	(10.08)	11.58	(7.44)	4.13	(1.26)	8.99	(6.62)	4.54	(2.26)
Landesbanken	10.61	(5.92)	8.14	(4.22)	4.78	(4.01)	2.80	(1.94)	- 4.25	(- 5.17)
Savings banks	15.18	(6.12)	13.39	(6.05)	9.16	(5.06)	8.15	(4.65)	11.07	(4.05)
Regional institutions of credit cooperatives	5.74	(3.98)	12.95	(8.84)	4.43	(2.74)	4.56	(4.95)	0.66	(2.30)
Credit cooperatives	10.70	(4.74)	8.59	(4.09)	7.46	(4.41)	9.68	(6.60)	10.55	(5.16)
Mortgage banks	15.62	(8.87)	5.89	(2.50)	8.92	(6.48)	9.12	(7.36)	5.34	(3.70)

* Profit for the financial year before tax (in brackets: after tax) as a percentage of the average capital as shown in the balance sheet (including

the fund for general banking risks, but excluding participation rights capital).

Deutsche Bundesbank

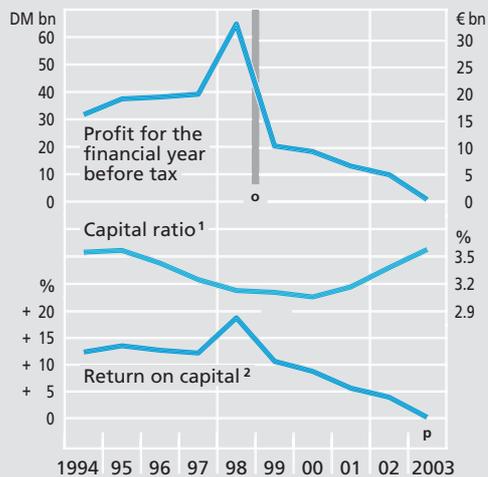
Outlook

Outlook for
2004

Current figures for the first half of the year suggest that the performance of credit institutions can be expected to stabilise somewhat in 2004. Owing to the value adjustments carried out in 2003 and the declining rate of corporate insolvencies in the first half of 2004, the need for risk provisioning in the domestic lending business is likely to reduce further. The same applies to value adjustment in banks' financial investment business. The restructuring measures that have now been implemented should also have a stronger impact on administrative expenses as the one-off expenses (such as severance payments) associated with these measures are not likely to affect the results as strongly as in previous years. Compared with expenditure, the trend

in income for 2004 is more difficult to forecast. Net interest received is likely to be depressed in 2004 by the decline in the volume of business in 2003, and particularly by the reduction in risk assets. Furthermore, developments in assets-side business depends not least on future cyclical developments. Our current estimates suggest that a slight expansion can be expected in this area. Given the interest rate trends to date, it remains to be seen whether this will be reflected in higher net interest received. Owing to rather weak developments in the equity markets in the first half of 2004, it will be difficult to achieve a similar amount of income from own-account trading to that earned in the previous year.

Profit for the financial year and capital



1 Capital (including fund for general banking risks but not participation rights capital) as a percentage of the balance sheet total; up to end-1998, as a percentage of the volume of business; annual average. — **2** Profit for the financial year before tax as a percentage of the capital. — **o** From 1999, in euro.

Deutsche Bundesbank

All in all, the performance of the German banking industry should improve in the current financial year. However, the figures available to date also show that it is still not safe to expect a sustainable and considerable across-the-board improvement for German banks, particularly as far as their operating business is concerned.

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

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

Percentage of the average balance sheet total ^o

Financial year	All categories of banks	Commercial banks			Landesbanken	Savings banks	Regional institutions of credit cooperatives	Credit cooperatives	Mortgage banks	Special purpose banks
		Total	of which							
			Big banks	Regional banks and other commercial banks						
Interest received (total) ¹										
1997	5.76	5.34	4.94	5.82	5.70	6.28	4.64	6.20	6.39	5.30
1998	5.59	5.07	4.61	5.68	5.53	6.05	4.61	5.95	6.54	5.20
1999	5.33	5.00	4.85	5.45	5.28	5.71	4.11	5.60	6.04	5.11
2000	5.51	5.32	5.24	5.58	5.63	5.72	5.04	5.69	5.81	5.03
2001	5.39	5.12	4.91	5.68	5.47	5.75	4.91	5.76	5.73	4.95
2002	4.83	4.41	4.09	5.18	4.67	5.53	4.15	5.47	5.36	4.59
2003 p	4.39	3.82	3.42	4.74	4.25	5.24	3.42	5.15	5.09	4.15
Interest paid										
1997	4.26	3.71	3.44	4.02	5.05	3.56	3.92	3.43	5.76	4.45
1998	4.22	3.61	3.33	3.99	4.91	3.54	3.86	3.40	5.92	4.37
1999	4.05	3.57	3.69	3.30	4.66	3.23	3.51	3.10	5.51	4.49
2000	4.36	4.15	4.30	3.85	5.07	3.39	4.26	3.24	5.35	4.46
2001	4.28	3.97	4.02	3.85	4.88	3.47	4.29	3.36	5.30	4.43
2002	3.63	3.07	2.99	3.25	4.08	3.15	3.49	2.98	4.97	4.01
2003 p	3.23	2.65	2.57	2.83	3.63	2.82	2.96	2.62	4.66	3.60
Excess of interest received over interest paid = net interest received										
1997	1.50	1.62	1.50	1.79	0.65	2.72	0.72	2.76	0.63	0.85
1998	1.37	1.45	1.28	1.69	0.62	2.52	0.76	2.56	0.62	0.83
1999	1.28	1.43	1.15	2.15	0.62	2.48	0.60	2.49	0.52	0.62
2000	1.14	1.17	0.94	1.72	0.56	2.33	0.78	2.45	0.45	0.57
2001	1.12	1.15	0.89	1.83	0.60	2.28	0.62	2.41	0.43	0.53
2002	1.20	1.34	1.10	1.93	0.59	2.38	0.66	2.49	0.40	0.59
2003 p	1.16	1.17	0.85	1.91	0.63	2.42	0.46	2.53	0.43	0.55
Excess of commissions received over commissions paid = net commissions received										
1997	0.35	0.63	0.76	0.48	0.10	0.47	0.23	0.54	- 0.01	0.17
1998	0.34	0.62	0.69	0.50	0.10	0.48	0.20	0.55	- 0.01	0.13
1999	0.37	0.70	0.63	0.89	0.11	0.52	0.18	0.62	- 0.01	0.05
2000	0.42	0.76	0.68	0.99	0.13	0.55	0.21	0.69	- 0.01	0.05
2001	0.36	0.64	0.57	0.85	0.11	0.50	0.15	0.58	- 0.01	0.05
2002	0.34	0.60	0.53	0.79	0.11	0.49	0.14	0.57	- 0.01	0.09
2003 p	0.35	0.59	0.54	0.71	0.11	0.53	0.17	0.61	- 0.01	0.09

^o Up to end-1998, as a percentage of the volume of business; from 1999, as a percentage of the balance sheet total. Excluding the balance sheet total/volume of business of the foreign branches of savings banks. Statistical increase in the volume of

business owing to the inclusion of foreign branches: in 1998, mortgage banks + DM1.3 billion. — ¹ Interest received plus current income and profits transferred under profit pooling and profit transfer agreements.

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

Percentage of the average balance sheet total °

Financial year	All categories of banks	Commercial banks			Landesbanken	Savings banks	Regional institutions of credit cooperatives	Credit cooperatives	Mortgage banks	Special purpose banks
		Total	of which							
			Big banks	Regional banks and other commercial banks						
General administrative spending										
1997	1.21	1.58	1.70	1.44	0.42	2.05	0.58	2.38	0.19	0.66
1998	1.16	1.53	1.54	1.49	0.40	2.04	0.57	2.34	0.18	0.57
1999	1.16	1.71	1.50	2.28	0.44	2.01	0.56	2.30	0.15	0.19
2000	1.16	1.67	1.51	2.08	0.43	1.99	0.56	2.39	0.15	0.19
2001	1.14	1.65	1.48	2.12	0.45	1.97	0.55	2.36	0.15	0.18
2002	1.10	1.55	1.36	2.06	0.44	1.95	0.53	2.30	0.14	0.22
2003 P	1.10	1.53	1.37	1.93	0.42	1.99	0.54	2.33	0.16	0.22
Partial operating result										
1997	0.64	0.68	0.56	0.83	0.33	1.14	0.37	0.92	0.44	0.35
1998	0.55	0.54	0.43	0.70	0.32	0.96	0.39	0.77	0.43	0.39
1999	0.50	0.42	0.29	0.76	0.29	0.99	0.22	0.81	0.36	0.48
2000	0.41	0.26	0.11	0.64	0.26	0.89	0.43	0.75	0.30	0.43
2001	0.33	0.15	- 0.02	0.56	0.25	0.81	0.22	0.63	0.27	0.39
2002	0.44	0.38	0.27	0.65	0.26	0.92	0.27	0.76	0.25	0.47
2003 P	0.41	0.23	0.02	0.69	0.31	0.96	0.09	0.81	0.27	0.42
Net profit or net loss on financial operations										
1997	0.06	0.10	0.13	0.06	0.05	0.06	0.10	0.02	0.00	0.02
1998	0.07	0.13	0.09	0.18	0.07	0.05	0.05	0.02	0.00	0.01
1999	0.06	0.15	0.17	0.07	0.03	0.03	0.12	0.01	0.00	0.00
2000	0.10	0.24	0.32	0.07	0.05	0.02	0.09	0.00	0.00	0.00
2001	0.08	0.20	0.30	- 0.03	0.04	0.00	0.06	- 0.01	0.00	0.00
2002	0.04	0.09	0.13	0.01	0.04	0.00	0.11	- 0.01	0.00	0.00
2003 P	0.09	0.24	0.32	0.07	0.02	0.02	0.18	0.02	0.00	0.00
Net income or net charges from the valuation of assets										
1997	- 0.26	- 0.30	- 0.25	- 0.36	- 0.14	- 0.46	- 0.10	- 0.41	- 0.11	- 0.13
1998	- 0.25	- 0.25	- 0.15	- 0.37	- 0.27	- 0.34	- 0.19	- 0.36	- 0.08	- 0.23
1999	- 0.19	- 0.23	- 0.24	- 0.22	- 0.11	- 0.17	- 0.17	- 0.39	- 0.10	- 0.24
2000	- 0.24	- 0.18	- 0.16	- 0.25	- 0.12	- 0.46	- 0.47	- 0.47	- 0.19	- 0.15
2001	- 0.28	- 0.26	- 0.24	- 0.33	- 0.20	- 0.52	- 0.32	- 0.50	- 0.12	- 0.15
2002	- 0.44	- 0.39	- 0.38	- 0.42	- 0.47	- 0.71	- 0.42	- 0.67	- 0.20	- 0.21
2003 P	- 0.31	- 0.33	- 0.31	- 0.37	- 0.23	- 0.54	- 0.25	- 0.56	- 0.13	- 0.13

For footnotes, see p 31.

Deutsche Bundesbank

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

Percentage of the average balance sheet total °

Financial year	All categories of banks	Commercial banks			Landesbanken	Savings banks	Regional institutions of credit cooperatives	Credit cooperatives	Mortgage banks	Special purpose banks
		Total	of which							
			Big banks	Regional banks and other commercial banks						
Operating result										
1997	0.46	0.50	0.40	0.61	0.26	0.72	0.38	0.62	0.33	0.29
1998	0.41	0.47	0.32	0.65	0.20	0.69	0.26	0.54	0.36	0.22
1999	0.41	0.38	0.20	0.81	0.25	0.87	0.19	0.54	0.27	0.27
2000	0.30	0.36	0.24	0.63	0.22	0.44	0.05	0.35	0.14	0.30
2001	0.18	0.14	0.05	0.36	0.14	0.32	0.01	0.22	0.18	0.27
2002	0.10	0.15	0.00	0.50	- 0.13	0.27	0.06	0.17	0.06	0.26
2003 p	0.25	0.21	0.04	0.58	0.14	0.47	0.06	0.46	0.14	0.33
Net other and extraordinary income or charges										
1997	- 0.04	- 0.10	- 0.12	- 0.10	- 0.02	0.02	- 0.05	0.03	- 0.03	- 0.11
1998	0.20	0.58	1.03	0.09	0.06	0.01	0.46	0.03	- 0.04	0.01
1999	- 0.05	0.00	0.04	- 0.07	- 0.01	- 0.27	- 0.04	- 0.06	- 0.03	- 0.02
2000	- 0.01	- 0.07	- 0.03	- 0.16	- 0.03	0.11	0.30	0.05	- 0.05	0.00
2001	0.02	0.04	0.13	- 0.18	- 0.03	0.06	0.12	0.14	- 0.05	- 0.07
2002	0.06	- 0.11	- 0.12	- 0.08	0.21	0.08	0.09	0.29	0.07	- 0.03
2003 p	- 0.22	- 0.47	- 0.52	- 0.36	- 0.28	0.02	- 0.04	0.06	- 0.04	- 0.10
Profit for the financial year before tax										
1997	0.42	0.40	0.28	0.51	0.25	0.75	0.33	0.65	0.29	0.18
1998	0.61	1.06	1.35	0.74	0.26	0.70	0.72	0.57	0.31	0.22
1999	0.35	0.38	0.23	0.74	0.24	0.60	0.16	0.48	0.24	0.25
2000	0.29	0.29	0.21	0.47	0.19	0.55	0.36	0.40	0.09	0.30
2001	0.20	0.18	0.18	0.18	0.11	0.38	0.13	0.35	0.13	0.20
2002	0.15	0.04	- 0.12	0.41	0.08	0.35	0.14	0.46	0.14	0.23
2003 p	0.03	- 0.25	- 0.48	0.22	- 0.14	0.49	0.02	0.52	0.09	0.22
Profit for the financial year after tax										
1997	0.21	0.27	0.21	0.33	0.13	0.26	0.15	0.25	0.17	0.15
1998	0.32	0.59	0.66	0.51	0.14	0.26	0.58	0.22	0.18	0.19
1999	0.20	0.28	0.20	0.45	0.13	0.24	0.11	0.21	0.13	0.22
2000	0.19	0.26	0.24	0.30	0.10	0.25	0.24	0.19	0.04	0.28
2001	0.15	0.16	0.21	0.05	0.10	0.21	0.08	0.21	0.09	0.18
2002	0.10	0.00	- 0.13	0.30	0.05	0.20	0.16	0.31	0.11	0.21
2003 p	- 0.05	- 0.27	- 0.44	0.11	- 0.17	0.18	0.08	0.26	0.07	0.21

For footnotes, see p 31.

Deutsche Bundesbank

Credit institutions' profit and loss accounts

Financial year	Interest business			Non-interest business			General administrative spending			Partial operating result (col 1 plus col 4 less col 7)
	Net interest received (col 2 less col 3)	Interest received (total) 1	Interest paid	Net commissions received (col 5 less col 6)	Commissions received	Commissions paid	Total (col 8 plus col 9)	Staff costs	Total other administrative spending 2	
	1	2	3	4	5	6	7	8	9	
	DM billion									
1996	140.8	518.3	377.5	29.2	33.3	4.1	110.0	64.4	45.6	60.0
1997	144.6	554.5	409.9	34.1	39.1	5.0	116.9	67.1	49.8	61.8
1998	147.5	602.9	455.3	37.0	43.6	6.6	125.2	70.1	55.1	59.3
1999	152.2	631.5	479.3	43.9	52.3	8.4	137.3	75.2	62.1	58.9
	€ billion									
1999	77.8	322.9	245.0	22.5	26.8	4.3	70.2	38.4	31.8	30.1
2000	76.9	369.9	293.1	28.1	33.8	5.7	77.7	42.0	35.7	27.3
2001	79.2	382.4	303.2	25.3	31.2	5.9	81.0	43.0	38.0	23.5
2002	85.6	344.5	258.9	24.3	30.2	5.9	78.3	41.6	36.7	31.6
2003 P	81.8	308.8	227.0	24.4	30.6	6.3	77.3	41.6	35.7	28.8
	Year-on-year change in % 5									
1997	2.8	7.0	8.5	16.9	17.5	21.4	6.4	4.3	9.4	3.1
1998	2.2	8.8	11.2	8.5	11.7	33.0	7.2	4.6	10.8	- 3.9
1999	3.0	4.7	5.2	18.7	19.9	26.4	9.6	7.2	12.8	- 1.1
2000	- 1.2	14.6	19.6	25.1	26.3	32.5	10.6	9.3	12.3	- 9.2
2001	3.0	3.4	3.5	- 9.8	- 7.6	3.3	4.3	2.5	6.6	- 13.8
2002	8.0	- 9.9	- 14.6	- 4.0	- 3.2	0.0	- 3.3	- 3.4	- 3.3	34.2
2003 P	- 4.4	- 10.4	- 12.3	0.4	1.7	7.2	- 1.2	0.1	- 2.6	- 8.9
	Percentage of the average balance sheet total									
1996	1.65	6.07	4.42	0.34	0.39	0.05	1.29	0.75	0.53	0.70
1997	1.50	5.76	4.26	0.35	0.41	0.05	1.21	0.70	0.52	0.64
1998	1.37	5.59	4.22	0.34	0.40	0.06	1.16	0.65	0.51	0.55
1999	1.28	5.33	4.05	0.37	0.44	0.07	1.16	0.63	0.52	0.50
2000	1.14	5.51	4.36	0.42	0.50	0.08	1.16	0.63	0.53	0.41
2001	1.12	5.39	4.28	0.36	0.44	0.08	1.14	0.61	0.54	0.33
2002	1.20	4.83	3.63	0.34	0.42	0.08	1.10	0.58	0.52	0.44
2003 P	1.16	4.39	3.23	0.35	0.44	0.09	1.10	0.59	0.51	0.41

1 Interest received plus current income and profits transferred under profit pooling and profit transfer agreements. — 2 Including depreciation of and adjustments for tangible and intangible assets, but excluding

depreciation of and adjustments for assets leased ("broad" definition). — 3 Up to end-1998, volume of business; from 1999, balance sheet total. — 4 Excluding the volume of business/balance

Net profit or net loss on financial operations	Net other operating income or charges	Net income or net charges from the valuation of assets (other than tangible or financial fixed assets)	Operating result (col 10 to col 13)	Net other and extra-ordinary income or charges	Profit for the financial year before tax (col 14 plus col 15)	Taxes on income and earnings	Profit or loss (-) for the financial year after tax (col 16 less col 17)	Memo item Balance sheet total 3,4	Financial year
11	12	13	14	15	16	17	18	19	
DM billion									
4.1	1.4	- 22.1	43.5	- 4.3	39.2	20.3	18.9	8,545.9	1996
5.3	2.2	- 25.1	44.2	- 4.0	40.2	19.8	20.4	9,625.1	1997
7.1	5.2	- 27.2	44.4	21.5	65.9	31.1	34.7	10,778.2	1998
7.0	4.8	- 22.5	48.1	- 6.3	41.8	17.6	24.2	11,845.3	1999
€ billion									
3.6	2.4	- 11.5	24.6	- 3.2	21.4	9.0	12.4	6,056.4	1999
6.4	2.0	- 15.9	19.9	- 0.6	19.3	6.7	12.6	6,716.3	2000
5.4	3.5	- 19.6	12.8	1.2	14.1	3.7	10.4	7,090.8	2001
3.0	3.7	- 31.2	7.0	3.9	10.9	3.9	7.1	7,129.1	2002
6.4	3.8	- 21.8	17.4	- 15.5	1.9	5.5	- 3.7	7,028.0	2003 p
Year-on-year change in % 5									
24.3	58.2	- 13.6	1.7	6.9	2.7	- 2.5	8.3	12.6	1997
34.0	148.6	- 8.3	0.9	.	64.2	- 58.0	70.1	12.1	1998
1.7	- 7.7	17.1	8.3	.	- 36.5	- 43.6	- 30.2	9.9	1999
79.8	16.4	- 38.0	- 19.1	81.4	- 9.6	- 24.9	1.5	10.9	2000
- 16.7	73.0	23.5	- 35.6	.	- 27.3	- 45.6	- 17.5	5.6	2001
- 45.1	4.4	- 59.1	- 45.4	220.2	- 22.2	4.9	- 31.8	0.5	2002
118.5	3.6	30.3	147.2	.	- 84.5	43.7	.	- 1.4	2003 p
Percentage of the average balance sheet total									
0.05	0.02	- 0.26	0.51	- 0.05	0.46	0.24	0.22	.	1996
0.06	0.02	- 0.26	0.46	- 0.04	0.42	0.21	0.21	.	1997
0.07	0.05	- 0.25	0.41	0.20	0.61	0.29	0.32	.	1998
0.06	0.04	- 0.19	0.41	- 0.05	0.35	0.15	0.20	.	1999
0.10	0.03	- 0.24	0.30	- 0.01	0.29	0.10	0.19	.	2000
0.08	0.05	- 0.28	0.18	0.02	0.20	0.05	0.15	.	2001
0.04	0.05	- 0.44	0.10	0.06	0.15	0.05	0.10	.	2002
0.09	0.05	- 0.31	0.25	- 0.22	0.03	0.08	- 0.05	.	2003 p

sheet total of the foreign branches of savings banks. Statistical increase in the volume of business due to the inclusion of the foreign

branches: in 1998, mortgage banks + DM1.3 billion. — 5 Statistical changes have been eliminated.

Credit institutions' profit and loss accounts *

Financial year	Number of reporting institutions	Interest business			Non-interest business			General administrative spending			Partial operating result (col 2 plus col 5 less col 8)
		Net interest received (col 3 less col 4)	Interest received (total) 1	Interest paid	Net commissions received (col 6 less col 7)	Commissions received	Commissions paid	Total (col 9 plus col 10)	Staff costs	Total other administrative spending 2	
	1	2	3	4	5	6	7	8	9	10	11
All categories of banks											
1999	2,897	DM million 152,209	631,467	479,258	43,930	52,338	8,408	137,284	75,174	62,109	58,855
		€ million									
1999	2,897	77,823	322,864	245,041	22,461	26,760	4,299	70,192	38,436	31,756	30,092
2000	2,636	76,894	369,946	293,052	28,095	33,793	5,698	77,673	41,997	35,676	27,316
2001	2,423	79,229	382,414	303,185	25,349	31,236	5,887	81,045	43,031	38,014	23,533
2002	2,268	85,568	344,472	258,904	24,327	30,212	5,885	78,324	41,578	36,746	31,571
2003 P	2,128	81,760	308,793	227,033	24,354	30,643	6,289	77,278	41,581	35,697	28,836
Commercial banks											
1999	224	DM million 50,410	176,093	125,684	24,681	28,469	3,788	60,361	30,943	29,418	14,729
		€ million									
1999	224	25,774	90,035	64,261	12,619	14,556	1,937	30,862	15,821	15,041	7,531
2000	224	25,731	117,211	91,480	16,822	19,617	2,795	36,806	18,562	18,244	5,747
2001	213	27,230	120,978	93,748	15,227	18,588	3,361	38,909	19,155	19,754	3,548
2002	206	30,850	101,741	70,891	13,894	17,145	3,251	35,897	17,414	18,483	8,847
2003 P	193	26,341	85,993	59,652	13,249	16,611	3,362	34,449	17,023	17,426	5,141
Big banks											
1999	4	DM million 28,068	118,111	90,042	15,467	17,346	1,880	36,480	19,654	16,826	7,055
		€ million									
1999	4	14,351	60,389	46,038	7,908	8,869	961	18,652	10,049	8,603	3,607
2000	4	14,174	79,073	64,899	10,205	11,251	1,046	22,770	12,182	10,588	1,609
2001	4	14,727	81,187	66,460	9,454	11,134	1,680	24,505	12,688	11,817	- 324
2002	4	17,615	65,553	47,938	8,481	10,073	1,592	21,768	11,107	10,661	4,328
2003 P	4	13,035	52,461	39,426	8,223	10,191	1,968	20,992	10,957	10,035	266
Regional banks and other commercial banks											
1999	192	DM million 22,046	55,804	33,758	9,122	10,964	1,842	23,380	11,127	12,253	7,788
		€ million									
1999	192	11,272	28,532	17,260	4,664	5,606	942	11,954	5,689	6,265	3,982
2000	193	11,377	36,799	25,422	6,550	8,291	1,741	13,696	6,296	7,400	4,231
2001	188	12,341	38,240	25,899	5,701	7,376	1,675	14,248	6,399	7,849	3,794
2002	183	13,060	35,015	21,955	5,317	6,969	1,652	13,954	6,229	7,725	4,423
2003 P	170	13,134	32,665	19,531	4,884	6,271	1,387	13,277	5,989	7,288	4,741
Branches of foreign banks											
1999	28	DM million 295	2,179	1,883	92	158	66	501	162	338	- 113
		€ million									
1999	28	151	1,114	963	47	81	34	256	83	173	- 58
2000	27	180	1,339	1,159	67	75	8	340	84	256	- 93
2001	21	162	1,551	1,389	72	78	6	156	68	88	78
2002	19	175	1,173	998	96	103	7	175	78	97	96
2003 P	19	172	867	695	142	149	7	180	77	103	134
Landesbanken											
1999	13	DM million 16,411	140,200	123,788	2,812	4,755	1,942	11,588	5,912	5,676	7,636
		€ million									
1999	13	8,391	71,683	63,292	1,438	2,431	993	5,925	3,023	2,902	3,904
2000	13	8,386	84,761	76,375	1,943	3,185	1,242	6,479	3,364	3,115	3,850
2001	13	9,519	87,500	77,981	1,745	2,831	1,086	7,255	3,613	3,642	4,009
2002	14	9,743	76,744	67,001	1,794	2,963	1,169	7,210	3,579	3,631	4,327
2003 P	13	10,260	69,740	59,480	1,748	3,016	1,268	6,898	3,378	3,520	5,110

For footnotes, see pp 38ff.

Deutsche Bundesbank

Net profit or net loss on financial operations	Net other operating income or charges	Net income or net charges from the valuation of assets (other than tangible or financial fixed assets)	Operating result (col 11 to col 14)	Net other and extraordinary income or charges ³	Profit for the financial year before tax (col 15 plus col 16)	Taxes on income and earnings ⁴	Profit or loss (-) for the financial year after tax (col 17 less col 18)	Withdrawals from or transfers to (-) reserves and participation rights capital ⁵	Balance sheet profit or loss (-) (col 19 plus col 20)	Memo item Average annual balance sheet total ^{6,7}	Financial year
12	13	14	15	16	17	18	19	20	21	22	
All categories of banks											
DM million											
7,016	4,788	-22,514	48,145	- 6,319	41,825	17,579	24,246	- 8,263	15,983	11,845,257	1999
€ million											
3,587	2,448	- 11,511	24,616	- 3,231	21,385	8,988	12,397	- 4,225	8,172	6,056,385	1999
6,449	2,046	- 15,886	19,925	- 601	19,324	6,747	12,577	- 3,975	8,602	6,716,341	2000
5,370	3,540	- 19,616	12,827	1,225	14,052	3,672	10,380	- 3,797	6,583	7,090,826	2001
2,950	3,693	- 31,217	6,997	3,923	10,920	3,850	7,070	- 2,267	4,803	7,129,090	2002
6,446	3,825	- 21,754	17,353	- 15,503	1,850	5,533	- 3,683	7,237	3,554	7,027,988	2003 p
Commercial banks											
DM million											
5,169	1,463	- 8,105	13,257	162	13,419	3,704	9,715	- 2,345	7,370	3,523,421	1999
€ million											
2,643	748	- 4,144	6,778	83	6,861	1,894	4,967	- 1,199	3,768	1,801,497	1999
5,371	868	- 4,012	7,974	- 1,563	6,411	695	5,716	- 1,147	4,569	2,201,783	2000
4,719	1,245	- 6,166	3,346	905	4,251	446	3,805	- 2,040	1,765	2,362,423	2001
2,144	1,515	- 9,034	3,472	- 2,563	909	869	40	769	809	2,309,650	2002
5,355	1,635	- 7,338	4,793	- 10,476	- 5,683	300	- 5,983	5,660	- 323	2,251,587	2003 p
Big banks											
DM million											
4,207	- 634	- 5,824	4,804	863	5,666	685	4,981	- 1,177	3,804	2,437,024	1999
€ million											
2,151	- 324	- 2,978	2,456	441	2,897	350	2,547	- 602	1,945	1,246,031	1999
4,761	- 327	- 2,352	3,691	- 510	3,181	- 443	3,624	- 1,325	2,299	1,508,019	2000
4,882	195	- 3,900	853	2,098	2,951	- 438	3,389	- 1,154	2,235	1,653,158	2001
2,074	- 225	- 6,119	58	- 1,989	- 1,931	96	- 2,027	2,889	862	1,601,526	2002
4,901	233	- 4,751	649	- 7,964	- 7,315	- 490	- 6,825	7,698	873	1,533,976	2003 p
Regional banks and other commercial banks											
DM million											
704	2,050	- 2,282	8,259	- 700	7,559	2,944	4,616	- 1,158	3,458	1,024,243	1999
€ million											
360	1,048	- 1,167	4,223	- 358	3,865	1,505	2,360	- 592	1,768	523,687	1999
442	1,151	- 1,651	4,173	- 1,052	3,121	1,125	1,996	186	2,182	659,720	2000
- 192	1,035	- 2,231	2,406	- 1,197	1,209	840	369	- 883	- 514	672,803	2001
59	1,719	- 2,844	3,357	- 568	2,789	735	2,054	- 2,120	- 66	676,254	2002
451	1,384	- 2,560	4,016	- 2,510	1,506	755	751	- 2,036	- 1,285	689,268	2003 p
Branches of foreign banks											
DM million											
258	47	2	194	0	194	76	117	- 10	108	62,154	1999
€ million											
132	24	1	99	0	99	39	60	- 5	55	31,779	1999
168	44	- 9	110	- 1	109	13	96	- 8	88	34,044	2000
29	15	- 35	87	4	91	44	47	- 3	44	36,462	2001
11	21	- 71	57	- 6	51	38	13	0	13	31,870	2002
3	18	- 27	128	- 2	126	35	91	- 2	89	28,343	2003 p
Landesbanken											
DM million											
751	1,181	- 2,945	6,622	- 278	6,345	2,807	3,538	- 1,872	1,666	2,656,093	1999
€ million											
384	604	- 1,506	3,386	- 142	3,244	1,435	1,809	- 957	852	1,358,039	1999
680	573	- 1,756	3,347	- 504	2,843	1,371	1,472	- 629	843	1,506,853	2000
573	859	- 3,181	2,260	- 423	1,837	296	1,541	- 637	904	1,599,330	2001
644	677	- 7,746	- 2,098	3,400	1,302	399	903	- 129	774	1,644,026	2002
345	639	- 3,754	2,340	- 4,573	- 2,233	482	- 2,715	3,619	904	1,639,615	2003 p

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

Financial year	Number of reporting institutions	Interest business			Non-interest business			General administrative spending			Partial operating result (col 2 plus col 5 less col 8)
		Net interest received (col 3 less col 4)	Interest received (total) 1	Interest paid	Net commissions received (col 6 less col 7)	Commissions received	Commissions paid	Total (col 9 plus col 10)	Staff costs	Total other administrative spending 2	
	1	2	3	4	5	6	7	8	9	10	11
Saving banks											
1999	578	DM million 43,543	100,193	56,651	9,069	9,521	452	35,228	21,092	14,137	17,383
		€ million									
1999	578	22,263	51,228	28,965	4,637	4,868	231	18,012	10,784	7,228	8,888
2000	561	21,526	52,774	31,248	5,052	5,355	303	18,335	10,993	7,342	8,243
2001	536	21,606	54,522	32,916	4,743	5,019	276	18,688	11,076	7,612	7,661
2002	519	23,234	53,932	30,698	4,784	5,065	281	19,022	11,324	7,698	8,996
2003 P	489	23,540	51,014	27,474	5,180	5,494	314	19,346	11,726	7,620	9,374
Regional institutions of credit cooperations											
1999	4	DM million 2,582	17,618	15,036	773	1,389	616	2,394	1,101	1,293	960
		€ million									
1999	4	1,320	9,008	7,688	395	710	315	1,224	563	661	491
2000	3	1,821	11,800	9,979	499	979	480	1,323	621	702	997
2001	2	1,480	11,769	10,289	354	647	293	1,316	614	702	518
2002	2	1,414	8,865	7,451	303	565	262	1,135	540	595	582
2003 P	2	936	6,972	6,036	343	629	286	1,103	523	580	176
Credit cooperatives											
1999	2,032	DM million 25,555	57,366	31,812	6,351	7,002	651	23,623	13,812	9,810	8,283
		€ million									
1999	2,032	13,066	29,331	16,265	3,247	3,580	333	12,078	7,062	5,016	4,235
2000	1,791	12,887	29,920	17,033	3,601	3,988	387	12,547	7,252	5,295	3,941
2001	1,619	12,855	30,783	17,928	3,107	3,460	353	12,592	7,352	5,240	3,370
2002	1,488	13,648	29,958	16,310	3,124	3,491	367	12,615	7,442	5,173	4,157
2003 P	1,392	13,994	28,512	14,518	3,400	3,802	402	12,902	7,615	5,287	4,492
Mortgage banks											
1999	32	DM million 8,087	93,676	85,589	- 176	327	503	2,372	1,262	1,111	5,539
		€ million									
1999	32	4,135	47,896	43,761	- 90	167	257	1,213	645	568	2,832
2000	31	3,995	51,095	47,100	- 47	187	234	1,337	689	648	2,611
2001	27	4,005	53,012	49,007	- 75	182	257	1,402	694	708	2,528
2002	25	3,695	49,868	46,173	- 55	208	263	1,347	664	683	2,293
2003 P	25	3,795	44,657	40,862	- 58	256	314	1,405	663	742	2,332
Special purpose banks											
1999	14	DM million 5,621	46,320	40,699	421	876	456	1,717	1,052	665	4,324
		€ million									
1999	14	2,874	23,683	20,809	215	448	233	878	538	340	2,211
2000	13	2,548	22,385	19,837	225	482	257	846	516	330	1,927
2001	13	2,534	23,850	21,316	248	509	261	883	527	356	1,899
2002	14	2,984	23,364	20,380	483	775	292	1,098	615	483	2,369
2003 P	14	2,894	21,905	19,011	492	835	343	1,175	653	522	2,211
Memo item: Banks majority-owned by foreign banks 7											
1999	60	DM million 5,197	13,004	7,808	2,548	3,123	575	5,457	2,625	2,832	2,288
		€ million									
1999	60	2,657	6,649	3,992	1,303	1,597	294	2,790	1,342	1,448	1,170
2000	55	2,517	7,105	4,588	1,262	2,049	787	2,840	1,381	1,459	939
2001	51	3,019	11,676	8,657	1,426	2,233	807	3,216	1,474	1,742	1,229
2002	49	3,430	15,964	12,534	1,186	1,929	743	3,381	1,486	1,895	1,235
2003 P	45	3,521	14,921	11,400	1,425	1,818	393	3,323	1,442	1,881	1,623

* Excluding building and loan associations, institutions in liquidation and institutions with a truncated financial year. — 1 Interest received plus current income and profits transferred under profit pooling and profit transfer agreements. — 2 Including depreciation of and adjust-

ments for tangible and intangible assets, but excluding depreciation of and adjustments for assets leased ("broad" definition). — 3 Excess of charges over income: -. — 4 In part, including taxes paid by legally dependent building and loan associations affiliated to Landesbanken. — 5 Including

Net profit or net loss on financial operations	Net other operating income or charges	Net income or net charges from the valuation of assets (other than tangible or financial fixed assets)	Operating result (col 11 to col 14)	Net other and extraordinary income or charges ³	Profit for the financial year before tax (col 15 plus col 16)	Taxes on income and earnings ⁴	Profit or loss (-) for the financial year after tax (col 17 less col 18)	Withdrawals from or transfers to (-) reserves and participation rights capital ⁵	Balance sheet profit or loss (-) (col 19 plus col 20)	Memo item: Average annual balance sheet total ⁶	Financial year
12	13	14	15	16	17	18	19	20	21	22	
Saving banks											
DM million											
462	514	-3,049	15,310	-4,739	10,571	6,311	4,260	-1,707	2,552	1,753,404	1999
€ million											
236	263	-1,559	7,828	-2,423	5,405	3,227	2,178	-873	1,305	896,501	1999
150	-109	-4,229	4,055	977	5,032	2,770	2,262	-976	1,286	922,381	2000
-11	408	-4,980	3,078	571	3,649	1,633	2,016	-829	1,187	948,723	2001
-43	615	-6,927	2,641	786	3,427	1,471	1,956	-676	1,280	975,490	2002
220	268	-5,247	4,615	190	4,805	3,047	1,758	-604	1,154	974,186	2003 p
Regional institutions of credit cooperations											
DM million											
501	88	-714	835	-155	681	209	471	-201	270	428,417	1999
€ million											
256	45	-365	427	-79	348	107	241	-103	138	219,046	1999
219	17	-1,108	125	710	835	265	570	-465	105	234,249	2000
132	138	-772	16	286	302	115	187	-108	79	239,709	2001
234	209	-905	120	189	309	-27	336	-259	77	213,520	2002
370	98	-514	130	-81	49	-123	172	-93	79	203,899	2003 p
Credit cooperatives											
DM million											
96	1,162	-4,002	5,539	-628	4,911	2,736	2,175	-399	1,776	1,024,894	1999
€ million											
49	594	-2,046	2,832	-321	2,511	1,399	1,112	-204	908	524,020	1999
23	325	-2,445	1,844	250	2,094	1,096	998	85	1,083	525,687	2000
-41	495	-2,671	1,153	735	1,888	772	1,116	-182	934	534,337	2001
-28	503	-3,687	945	1,572	2,517	801	1,716	-768	948	548,026	2002
138	1,031	-3,106	2,555	340	2,895	1,478	1,417	-451	966	553,146	2003 p
Mortgage banks											
DM million											
0	176	-1,563	4,152	-487	3,665	1,584	2,081	-68	2,013	1,552,201	1999
€ million											
0	90	-799	2,123	-249	1,874	810	1,064	-35	1,029	793,628	1999
1	305	-1,681	1,236	-462	774	463	311	188	499	880,137	2000
-1	273	-1,121	1,679	-495	1,184	324	860	680	1,540	924,683	2001
5	138	-1,843	593	692	1,285	247	1,038	-331	707	929,571	2002
2	-26	-1,110	1,198	-368	830	255	575	15	590	877,381	2003 p
Special purpose banks											
DM million											
37	203	-2,136	2,429	-196	2,234	227	2,007	-1,670	336	906,828	1999
€ million											
19	104	-1,092	1,242	-100	1,142	116	1,026	-854	172	463,654	1999
5	67	-655	1,344	-9	1,335	87	1,248	-1,031	217	445,251	2000
-1	122	-725	1,295	-354	941	86	855	-681	174	481,621	2001
-6	36	-1,075	1,324	-153	1,171	90	1,081	-873	208	508,807	2002
16	180	-685	1,722	-535	1,187	94	1,093	-909	184	528,174	2003 p
Memo item: Banks majority-owned by foreign banks ⁷											
DM million											
-23	579	-972	1,872	-853	1,019	632	387	542	929	253,890	1999
€ million											
-12	296	-497	957	-436	521	323	198	277	475	129,812	1999
-116	454	-324	953	21	974	251	723	229	952	126,022	2000
-143	327	-422	991	-266	725	349	376	134	510	168,517	2001
108	561	-632	1,272	-18	1,254	449	805	-310	495	284,168	2002
287	292	-796	1,406	-837	569	276	293	390	683	291,782	2003 p

profit or loss brought forward and withdrawals from or transfers to the fund for general banking risks. — ⁶ Excluding the balance sheet total of the foreign branches of savings banks. — ⁷ Separate presentation of the (legally

independent) credit institutions majority-owned by foreign banks and included in the categories "Regional banks and other commercial banks" and "Mortgage banks".

Credit institutions' charge and income items

Financial year	Number of reporting institutions	Charges					General administrative spending					
		Total	Interest paid	Commissions paid	Net loss on financial operations	Gross loss on transactions in goods and subsidiary transactions	Total	Staff costs			Other administrative spending ¹	
								Total	Wages and salaries	Social security costs and costs relating to pensions and other benefits		
		DM million										
1995	3,571	527,936	365,373	3,308	207	-	95,834	62,814	48,713	14,101	5,702	33,020
1996	3,458	553,979	377,496	4,115	383	-	100,398	64,434	50,018	14,416	5,549	35,964
1997	3,359	597,592	409,914	4,960	625	-	106,781	67,097	52,182	14,915	5,563	39,684
1998	3,167	666,066	455,339	6,593	289	-	114,367	70,123	53,679	16,444	6,524	44,244
1999	2,897	696,747	479,258	8,408	1,048	-	126,395	75,174	58,217	16,957	6,902	51,221
		€ million										
1999	2,897	356,241	245,041	4,299	536	-	64,625	38,436	29,766	8,670	3,529	26,189
2000	2,636	412,264	293,052	5,698	370	-	71,853	41,997	32,772	9,225	3,843	29,856
2001	2,423	430,361	303,185	5,887	831	-	75,237	43,031	33,766	9,265	3,899	32,206
2002	2,268	400,045	258,904	5,885	884	-	72,472	41,578	32,514	9,064	3,489	30,894
2003 p	2,128	364,771	227,033	6,289	362	-	71,893	41,581	32,078	9,503	3,950	30,312

¹ Spending item does not include depreciation of and adjustments for tangible and intangible assets, shown net of depreciation of assets

leased ("narrow" definition). All other tables are based on a broad definition of "other administrative spending". — ² In part, including

Financial year	Income									
	Total	Interest received			Current income				Profits transferred under profit pooling and profit transfer agreements	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 ¹	from shares in affiliated enterprises		
		DM million								
1995	547,389	486,795	409,177	77,618	10,865	4,628	2,255	3,982	1,265	30,394
1996	572,862	503,250	424,031	79,219	13,081	6,150	2,155	4,776	1,998	33,339
1997	617,995	535,553	452,798	82,755	16,737	8,301	2,900	5,536	2,184	39,056
1998	700,804	578,663	488,258	90,405	22,551	10,627	3,628	8,296	1,640	43,603
1999	720,993	604,647	505,191	99,456	24,546	12,969	2,789	8,788	2,275	52,338
		€ million								
1999	368,638	309,151	258,300	50,851	12,550	6,631	1,426	4,493	1,163	26,760
2000	424,841	351,570	290,904	60,666	16,994	7,951	2,219	6,824	1,382	33,793
2001	440,741	363,138	298,110	65,028	17,379	9,849	2,169	5,361	1,897	31,236
2002	407,115	323,949	266,031	57,918	17,446	7,226	1,835	8,385	3,077	30,212
2003 p	361,088	294,273	243,607	50,666	10,997	6,525	1,220	3,252	3,523	30,643

¹ Including amounts paid up on cooperative society shares.

Deutsche Bundesbank

Value adjustments in respect of tangible and intangible assets		Other operating charges	Value adjustments in respect of loans and advances, and provisions for contingent liabilities and for commitments	Value adjustments in respect of participating interests, shares in affiliated enterprises and transferable securities held as financial fixed assets	Charges incurred through loss transfers	Transfers to special reserves	Extraordinary charges	Taxes on income and earnings ²	Other taxes	Profits transferred under profit pooling and profit transfer agreements	Financial year
Total	of which Assets leased										
DM million											
9,707	382	4,750	23,421	521	949	171	983	19,111	2,198	1,403	1995
10,073	439	5,294	25,061	571	2,105	388	2,921	20,347	2,838	1,989	1996
10,564	478	6,022	28,655	596	909	609	4,258	19,838	2,016	1,845	1997
11,328	494	6,362	30,059	545	1,294	358	6,395	31,148	243	1,746	1998
11,680	792	6,122	30,339	1,078	1,013	8,479	3,237	17,579	376	1,735	1999
€ million											
5,972	405	3,130	15,512	551	518	4,335	1,655	8,988	192	887	1999
6,243	423	4,280	17,902	1,747	751	59	2,271	6,747	179	1,112	2000
5,975	167	4,237	22,327	1,827	2,785	113	2,221	3,672	215	1,849	2001
5,995	143	4,288	34,213	3,412	4,550	64	2,102	3,850	185	3,241	2002
5,510	125	5,405	23,352	7,482	2,860	63	5,192	5,533	168	3,629	2003 ^p

taxes paid by legally dependent building and loan associations affiliated to Landesbanken.

Net profit on financial operations	Gross profit on transactions in goods and subsidiary transactions	Value re-adjustments in respect of loans and advances, and provisions for contingent liabilities and for commitments	Value re-adjustments in respect of participating interests, shares in affiliated enterprises and transferable securities held as financial fixed assets	Other operating income		Income from the release of special reserves	Extraordinary income	Income from loss transfers	Financial year
				Total	of which from leasing business				
DM million									
4,602	570	2,878	851	8,184	1,594	413	455	117	1995
4,513	548	2,993	1,174	9,461	1,668	342	972	1,191	1996
5,931	507	3,564	2,264	10,246	1,841	822	820	311	1997
7,368	457	2,895	15,740	11,826	988	298	15,087	676	1998
8,064	432	7,825	6,083	11,645	1,021	319	2,607	213	1999
€ million									
4,123	221	4,001	3,110	5,954	522	163	1,333	109	1999
6,819	201	2,016	2,329	6,727	536	1,840	1,025	145	2000
6,201	183	2,711	5,787	7,976	247	1,502	2,378	353	2001
3,834	170	2,996	12,040	8,139	243	889	3,586	777	2002
6,808	164	1,598	2,184	9,359	220	451	993	95	2003 ^p

