

# Investor Relations *Release*

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## **BayernLB has a core capital ratio of 8.8 percent in the toughest stress test scenario**

- Strong capital base now and in the future
- 9 percent core capital ratio without mark-downs on German government bonds
- Reliable partner for customers
- The Bank welcomes publication of the stress test

**Munich** – BayernLB reports a comfortable and strong core capital ratio of 8.8 percent even in the toughest stress scenario tested by the Committee of European Banking Supervisors (CEBS). This scenario also incorporates purely theoretical mark-downs on the exposure to the Federal Republic of Germany. Without taking into account of a potential default by the Federal Republic, moreover, BayernLB's core capital ratio stands at 9 percent.

These results place the Bank in a good position among the 14 major German banks tested in terms of capital base and crisis resistance.

Given these results, BayernLB considers itself to be very amply capitalised now and in the future. According to the Board of Management, the results of the stress test show that the Free State of Bavaria acted with foresight when it recapitalised the Bank, equipping BayernLB even for stormy times by providing it with very solid risk buffers. In addition, the results of the stress test indicate that the systematic restructuring and resizing of BayernLB is clearly bearing fruit. In this way, BayernLB is sending a clear signal to its customers, that they can build on a strong partner.

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BayernLB's core capital ratio is robust and of high quality, and would also absorb much higher discounts (haircuts) even in a harsher-still stress test scenario.

BayernLB's exposure to the sovereign debt of Portugal, Ireland, Italy, Greece and Spain is on a manageable scale. The Bank disclosed the exact amounts in its annual accounts for 2009 and Q1 report for 2010, in accordance with transparent reporting. The exposure has continued to fall steadily since then. In addition to subjecting its country exposures to the EU stress test, it has also stressed those in the bank book using an additional simulation. There was no noteworthy impact on the core capital ratio in this theoretical scenario either.

BayernLB generally welcomes the publication of the stress test as a clear signal of transparency with a distinct statement on capital ratios and the strength of European banks.

Note: Further details on the results of the CEBS stress test can be downloaded from [www.bayernlb.de](http://www.bayernlb.de) under "Investor Relations".

#### *About BayernLB:*

*BayernLB is the leading Bavarian commercial bank for large and middle-market corporate customers in the Free State of Bavaria, in Germany and in selected international markets, and also for retail customers. BayernLB reports in accordance with IFRS. The regulatory core capital amounted to EUR 14.7 billion as at 31 March 2010, with the core capital ratio at 10.6 percent.*

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