



Stefan Ermisch, CFO

Investor Relations Conference Call “Foundations laid for the future”

 Finanzgruppe Bayern

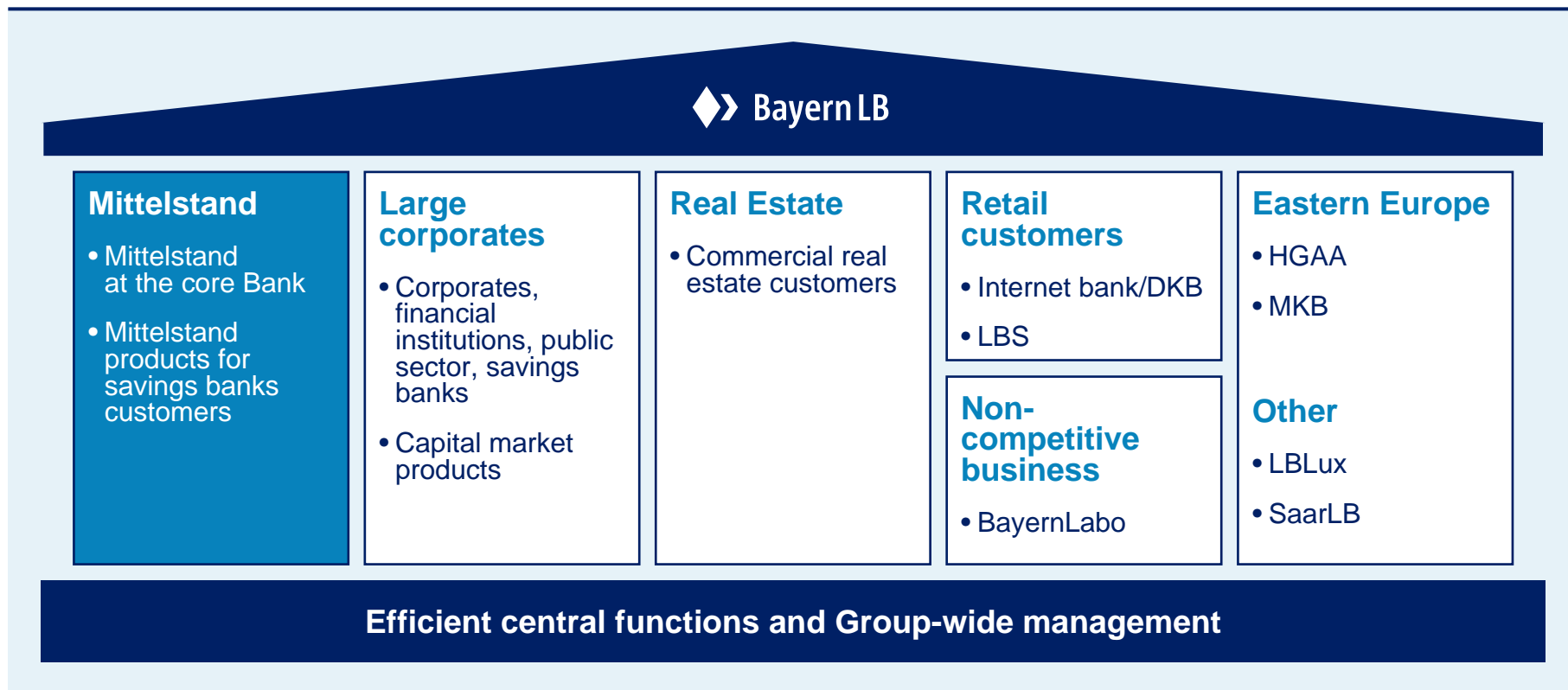
 Bayern LB

25 March 2009

Summary: Major changes to the BayernLB business model

- ✓ **Focusing on clearly defined customer groups, regions and products**
- ✓ **Making more use of extensive product expertise through cross-selling**
- ✓ **Significantly downsizing the Bank and improving efficiency**
- ✓ **Sustainably reducing risks**
- ✓ **Significantly increasing Group-wide management**

The future BayernLB Group – pillars of a more tightly-focused business model



Expansion of Mittelstand to a strategic pillar of BayernLB

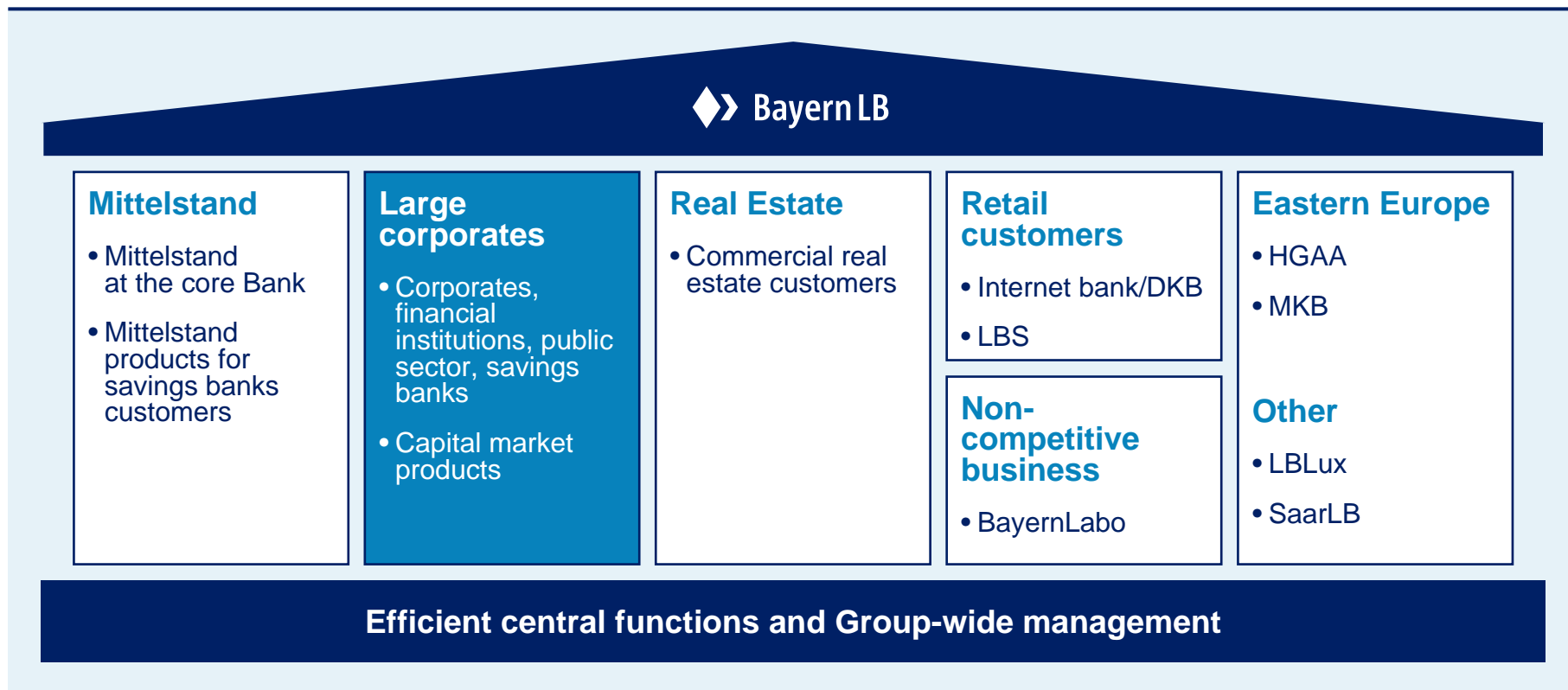
Vision of the focused business model

- Bundle Mittelstand activities into one business area
- Become market leader in Bavaria for Mittelstand companies together with the Bavarian savings banks
- Step up cooperation with the savings banks, particularly through increased sales of BayernLB's financial products by the savings banks
- Expand the German Mittelstand business - after successful penetration of the key Bavarian market
- Build up subsidy expertise in the financing sector

Major changes to the status quo

- Active, expert support of the Mittelstand in exporting to new markets abroad
- Visible presence of the Bank in promising markets (e.g. energy efficiency, water supply, sustainable mobility, sustainable energy production)

The future BayernLB Group – pillars of a more tightly-focused business model



Positioning of BayernLB as a specialist bank for large corporates, focusing on Munich, London and New York

Vision of the focused business model

- Corporate customers in Germany (sales > EUR 1bn)
- Selected European and North American customers in the construction, chemicals, technology, oil and gas and utilities sectors
- Increased project financing for German and European companies in the infrastructure, energy and renewable energy sectors
- Tighter focusing of activities with the public sector in Germany and with institutional customers in Germany and Europe

Major changes to the status quo

- Role of niche sectors – specialisation in sectors with proven expertise
- Reduction in lending business with financial institutions
- Cutting back on international presence by closing offices in Asia, Milan and Montreal, significantly resizing the New York and London offices
- Expansion of customer business with high-yield capital market products
- Withdrawal from acquisition financing with financial investors and structurally secured corporate finance

Significant increase in business with the savings banks

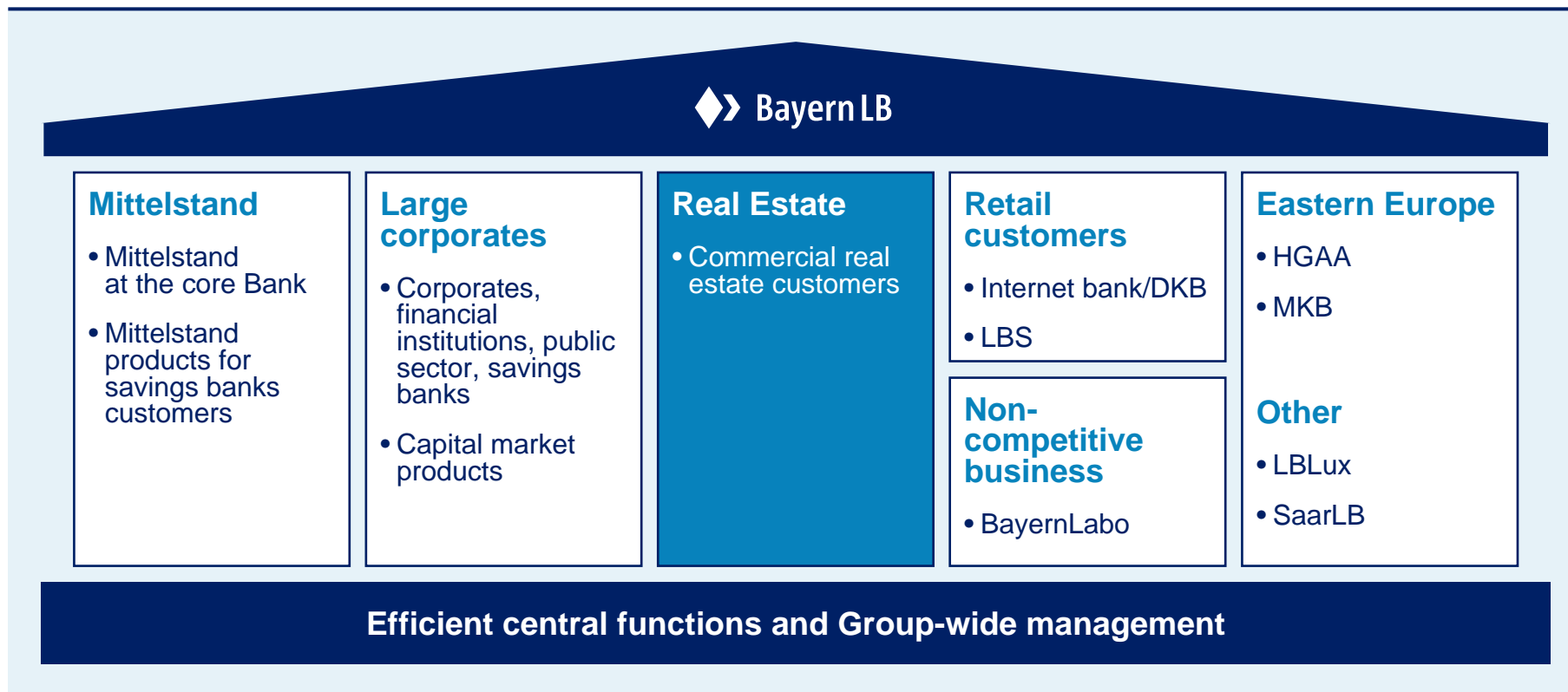
Cooperation with savings banks remains an integral part of our business model

- Focus on savings banks, particularly as important sales partners, but also as end-customers
- Increase in cooperation with a customer-oriented range of products
- Focus on earnings

Joint initiatives with the Bavarian savings banks

- Integrating planning processes more closely
- Installing a central registry at the Association of Bavarian Savings Banks
- Revising the current incentive model with the savings banks
- Stepping up joint market activities and pushing forward with the Mittelstand business

The future BayernLB Group – pillars of a more tightly-focused business model



Positioning the real estate pillar as a Group-wide centre of competence at BayernLB

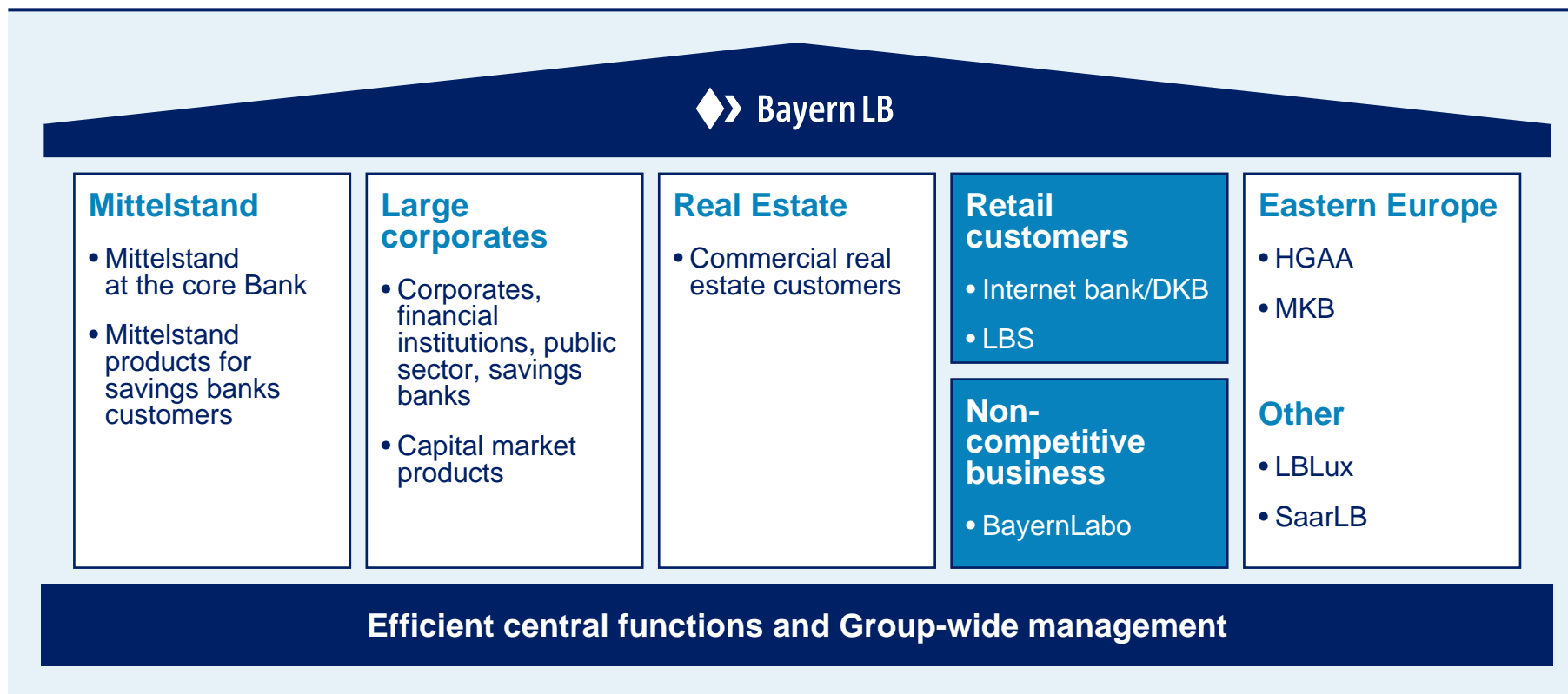
Vision of the focused business model

- Group-wide real estate centre of competence within the core bank
- Commercial financing and significant expansion of services related to real estate
- Residential property developers and construction companies in Germany
- Focus on Germany as BayernLB's most important real estate market in Europe

Major changes to the status quo

- Significant reduction in European transactions
- Discontinuation of international business outside of Europe; support for German customers in other non-European countries in exceptional cases

The future BayernLB Group – pillars of a more tightly-focused business model



DKB to focus on internet banking, infrastructure and selected commercial customers in the future

Vision of the focused business model

- Establish DKB as "Your bank on the web" for retail customers – the goal is to greatly increase the number of DKB cash accounts in the upcoming years
- DKB as a specialist bank for commercial customer business, with in-depth sector expertise
- Customers from the infrastructure sector (especially in Eastern Germany)

Major changes to the status quo

- Using expertise in the housing company, municipal, energy, agriculture and tourism sectors
- Reducing DKB's securities portfolios and non-strategic participations

Maintain and extend market leader position of LBS in the Bavarian building savings business

Vision of the focused business model

- Market leader in the building savings business in Bavaria
- Use of broad regional presence and consulting expertise of savings banks and the LBS field sales, as well as LBS' brand value
- Expansion of building saving loan business by stepping up cooperation with Bavarian savings banks and tapping the broad customer potential

Major changes to the status quo

- Push forward sales of pension products for residential property
- Expand the field trading representatives network
- Leverage synergies with LBS fellow subsidiaries

Expansion and optimisation of BayernLabo as a development bank for the Free State of Bavaria

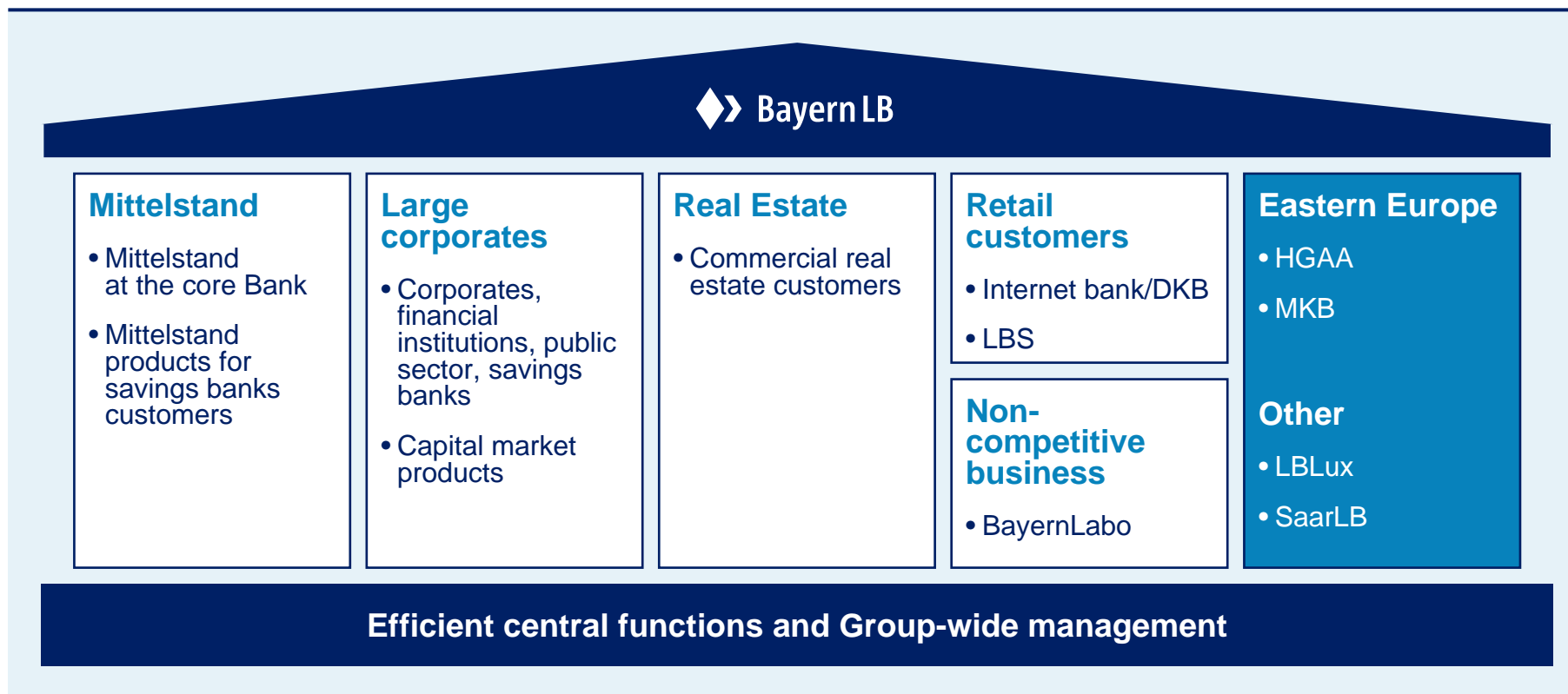
Vision of the focused business model

- Fulfil public mandate as a development bank for the Free State of Bavaria in non-competitive business
- Expand the state and municipal loans business in Bavaria

Major changes to the status quo

- Active use of opportunities in the state and municipals business resulting from economic stimulus packages issued in light of the current economic crisis

The future BayernLB Group – pillars of a more tightly-focused business model



All major participations are subject to restructuring

Hypo Group Alpe Adria and MKB Bank

- The South Eastern European business is an integral part of the BayernLB Group
- Identifying future focus regions and sectors
- Focusing business volumes and increasing efficiency
- The goal is performance in line with capital market requirements

LBLux, SaarLB and LB(Swiss)

- Part of the restructuring programme
- Focus on core competencies

Creation of an internal restructuring unit

Internal restructuring unit planned to bundle the Bank's expertise for cutting back non-core activities

- Bundling of non-strategic portfolios which BayernLB wants to dispose of
- Monitoring of Group-wide cutbacks in non-core activities
- Targeted reduction in risk assets

Future steps/outlook

- ✓ **BayernLB has already made good progress in actively shaping its future**
- ✓ **Unlimited support from the Board of Administration**
- ✓ **Constructive dialogue with the European Commission**
 - Mid-April: Presentation of the restructuring concept
 - Mid-June: Submission of the restructuring plan for final approval

Aims at a glance

