

BayernLB Group at a glance

Performance

EUR million	1. 1.– 31. 12. 2005	1. 1.– 31. 12. 2004	Change in %
Net interest income	1,968	2,030	-3.1
Net commission income	361	340	6.4
Administrative expenses	-1,444*	-1,208	19.5
Net result from financial transactions	40	126	-68.5
Operating result	1,363	950	43.5
Cost-income-ratio	51.0%**	44.4%	14.9
Return on equity	15.4%	9.5%	62.1

Balance sheet figures

EUR million	31. 12. 2005	31. 12. 2004	Change in %
Total assets	340,854	333,102	2.3
Credit volume	236,475	241,952	-2.3
Total deposits	196,194	197,410	-0.6
Securitised liabilities	111,429	103,833	7.3
Equity disclosed	16,766	16,671	0.6

Derivatives transactions

EUR million	31. 12. 2005	31. 12. 2004	Change in %
Nominal volume	1,154,027	1,017,131	13.5
Credit risk equivalent (after netting)	4,489	3,841	16.9

Key banking regulatory data under the German Banking Act (balance sheet figures)

EUR million	31. 12. 2005	31. 12. 2004	Change in %
Own funds	15,945	15,957	-0.1
Core capital ratio	7.7%	8.3%	-7.2
Own funds ratio (Group level)	11.1%	12.5%	-11.2

Number of employees

	31. 12. 2005	31. 12. 2004	Change in %
BayernLB	5,039	5,047	-0.2
Group	9,754	8,940	9.1

* Includes one-off expenditure on projects necessitated by statutory requirements (e. g. Basel II, IFRS) and initial consolidation of the subgroup DKB

** Without one-off expenditure on projects necessitated by statutory requirements (e. g. Basel II, IFRS)

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BayernLB Brief profile

Facts and figures 2005

Finanzgruppe Bayern



Hard work pays off

BayernLB's annual result for 2005 confirms that the Bank is on the right track. The BayernLB Group posted a significant rise in operating profit to EUR 1,363 million, thus eclipsing its good previous-year figure of EUR 950 million. With a return on equity of over 15 percent, the profitability target set was achieved.

Largely stable gross earnings together with a discernible improvement in the risk position, effected by focusing on the "risk-adjusted return" objective and management tool, contributed to this result. It was necessary to release some of the large risk provisions accumulated in previous years in credit business. There was also a significant decrease in writing down impaired valuations in the participations portfolio. The rise in administrative costs was due to the initial consolidation of the DKB subsidiaries and the costs of major projects for implementing statutory and supervisory requirements such as IAS/IFRS and Basel II. Thanks mainly to their successful retail orientation, the Group's strategic subsidiaries also generated a substantial contribution once again in 2005.

Thanks to its new business model, BayernLB was well prepared for the withdrawal of the state maintenance and guarantee obligations on 19 July 2005. This was also confirmed by the rating agencies: Standard & Poor's upgraded BayernLB's rating from A – to A, Fitch Ratings awarded A + and Moody's Aa2, creating an excellent basis for further strengthening BayernLB's market position. The Bank's goal remains to obtain a rating of at least A + / A1 from all three rating agencies.

For more information on BayernLB's figures, please refer to our Annual Report and Accounts or our Interim Report under www.bayernlb.de. Our web pages will also provide you with information on BayernLB's extensive range of services.

Success rooted in tradition

Modern-day BayernLB has its roots in Bavaria's distant past.

It was King Ludwig II of Bavaria who in 1884 signed a law instituting the royal "Landeskultur-Rentenanstalt", thereby laying the foundation for Bayerische Landesbank in its current incarnation. The founding of the "Bayerische Gemeindebank" as the central institution to the Bavarian savings banks in 1914 constituted the second important milestone in the Bank's history.

BayernLB was formed in 1972 from the merger of Landesbodenkreditanstalt and Bayerische Gemeindebank. Today, with total assets of EUR 340.9 billion at its disposal and 9,750 employees around the globe, BayernLB counts as one of Germany's leading banks and as a renowned provider of financial services worldwide. BayernLB is headquartered in Munich, with its activities focused on the core market of Bavaria and bordering regions. BayernLB is also present in selected financial centres throughout the world. BayernLB's legal status is that of a "corporation established under public law". It is owned (indirectly via BayernLB Holding AG) by the Free State of Bavaria and the Association of Bavarian Savings Banks, each with a 50 percent stake.

A strong team

BayernLB has positioned itself as a bank that focuses on core regions and collaborates closely with the Bavarian savings banks and other partners of the Sparkassen-Finanzgruppe. Bavaria is its home market and its business operations are focused on selected centres in Germany and growth markets in bordering European countries. Other core regions include international business and financial centres as well as emerging markets in Eastern Europe and Asia.

BayernLB has supplemented its global presence with partnerships with major international banks, enabling it to offer its customers, the Bavarian savings banks and their customers an extensive range of products and services.

Performance based on professionalism

Nowadays, BayernLB is a global operator serving a multiplicity of sovereigns, financial institutions, large and medium-sized enterprises and real estate customers. BayernLB can offer its customers top-quality advice and support, and a wide range of innovative financing solutions. In addition, BayernLB functions as the principal bank to the Free State of Bavaria and has thus been instrumental to the success of the Bavarian economy.

Thanks to its Home Loan Division (LBS Bayern), BayernLB is also the market leader in building savings business in Bavaria. Through BayernLabo, it is actively involved in the promotion of residential construction and urban development.

Vision of the future

BayernLB's close association with the Free State of Bavaria and its export-oriented economy constitutes the solid foundation on which the Bank is based. Equally, it forms the backdrop for a host of international activities. BayernLB advises and serves its customers and the customers of the savings banks, facilitating their access to the international markets via its own foreign entities and partner banks. BayernLB is now strongly positioned not only in Western Europe and North America but also in Central and Eastern Europe as well as Asia, and is therefore ideally placed to move into the most promising markets of the future.

BayernLB's Business Areas and Support Operations

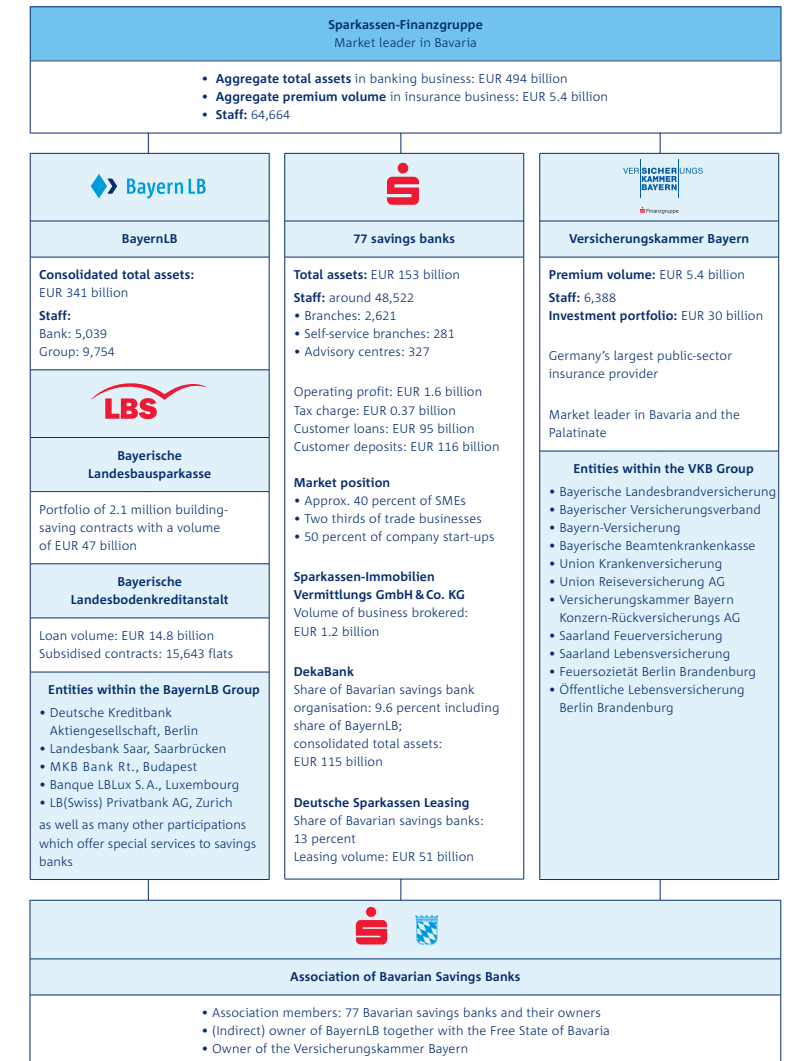
Corporate Center	Corporates	Financial Institutions & Sovereigns	Real Estate	Financial Markets	LBS	BayernLabo
	Savings Banks and Bavarian Market					
	Risk Office					
	Corporate Services					

Close-knit network within the Group

The Group's strategic participations form an integral part of BayernLB's business model. They are independent companies from the customer's perspective but form a close-knit network which includes the parent company BayernLB. As such they can offer a broad product range whilst focusing simultaneously on their own core competencies.

- Deutsche Kreditbank AG, Berlin, is BayernLB's Internet-based retail bank and has special expertise with respect to BayernLB-Group's housing sector activities.
- BayernLB coordinates closely with Landesbank Saar in targeting customers of mutual interest in the Saarland and in neighbouring areas in France with high-growth potential. Furthermore, selected BayernLB products are jointly distributed.
- MKB Bank Rt., Budapest, is integral to BayernLB's strategy for Eastern Europe and constitutes a bridgehead for tapping into promising emerging markets in Central and Eastern Europe. Together with DKB, it represents the main retail component within the Group.
- Banque LBLux S.A., Luxembourg, acts as service provider for the parent company in the financial centre of Luxembourg. Additionally, Banque LBLux S.A. is responsible for the "Corporates" and "Real Estate" Business Areas of the BayernLB Group in the Benelux region.
- In its role as competence centre for international private banking in the financial centre of Switzerland, the core activities of LB(Swiss) Privatbank AG, Zurich, are focused on HNW private and corporate customers, mainly from the Sparkassen-Finanzverbund.

Sparkassen-Finanzgruppe Bayern



The 77 Bavarian savings banks, the Versicherungskammer Bayern (Bavarian public-sector insurance company), the Home Loan Division (LBS) and BayernLB are market leaders in Bavaria and make up the Sparkassen-Finanzgruppe Bayern. BayernLB works with the Sparkassen-Finanzgruppe Bayern to provide national and international financial services to business and private individuals in Bavaria.