

BayernLB Group at a glance

Performance

EUR million	1.1.–	1.1.–	Change in %
	31.12.2006	31.12.2005	
Net interest income	1,906	1,968	-3.1
Net commission income	418	361	15.6
Administrative expenses	-1,556 ¹	-1,444 ¹	7.8
Net result from financial transactions	149	40	275.2
Operating result	1,375	1,363	0.9
Cost-income ratio	52.3% ²	51.0% ²	2.5
Return on equity	17.9% ³	15.4%	53.9

Balance sheet figures

EUR million	31.12.2006	31.12.2005	Change in %
Total assets	353,218	340,854	3.6
Credit volume	234,350	236,475	-0.9
Total deposits	204,958	196,194	4.5
Securitised liabilities	112,896	111,429	1.3
Equity disclosed	18,515	16,766	10.4

Derivatives transactions

EUR million	31.12.2006	31.12.2005	Change in %
Nominal volume	1,423,690	1,154,027	23.4
Credit risk equivalent (after netting)	4,289	4,489	-4.5

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

EUR million	31.12.2006	31.12.2005	Change in %
Own funds	17,522	15,945	9.9
Core capital ratio	7.7%	7.7%	0.0
Own funds ratio (Group level)	10.7%	11.1%	-3.6

Number of employees

	31.12.2006	31.12.2005	Change in %
BayernLB	5,149	5,039	2.2
Group	10,080	9,754	3.3

¹ Includes one-off expenditure on projects necessitated by statutory requirements (e.g. Basel II, IFRS)
² Without one-off expenditure on projects necessitated by statutory requirements (e.g. Basel II, IFRS)
³ Without positive special factor (23.7 percent)



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Hard work pays off

The year 2006 was another successful one for BayernLB. The Group posted a solid operating result of EUR 1.4 billion, thus stabilising at the high level achieved after the sharp increase in 2005. Return on equity amounting to approximately 18 percent was the best ever achieved. Net commission income and trading income in 2006 both well exceeded the figures for 2005.

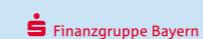
These figures confirm the wisdom of the decision taken in 2002 to undertake the realignment of BayernLB. The Bank further strengthened its core business with corporates, real estate customers, financial institutions, savings banks and the public sector. The Group's key strategic objectives were to expand operations in Central and Eastern Europe and further diversify the Bank's retail activities.

The excellent current ratings for long-term, unguaranteed liabilities awarded to BayernLB by leading rating agencies Standard & Poor's (A), Moody's (Aa2) and Fitch Ratings (A+) have confirmed that BayernLB has a solid, viable business model and is well strategically positioned.

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.

BayernLB Brief Profile

Facts and Figures 2006



Customised solutions – made in Bavaria

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 as it exists today. 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 353 billion at its disposal and 10,080 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 neighbouring regions. BayernLB is also present in selected financial centres throughout the world. The Bank's legal status is that of an "institution 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 is a bank that focuses on core regions and collaborates closely with the Bavarian savings banks and other partners in the Sparkassen-Finanzgruppe. The new business model has given BayernLB a clear profile as a regionally based bank with a global network and extensive experience in global financial markets.

As a wholesale bank, BayernLB cannot retain a branch network region-wide but its partnership with the Bavarian savings banks enables it to maintain a local presence. This means customers benefit from BayernLB's expertise via their local savings banks.

Services and expertise

BayernLB is also a commercial bank operating on a global scale and supports a large number of sovereign and municipal customers, financial institutions, mid-sized and large corporates as well as real estate customers. BayernLB offers 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 is thus instrumental to the success of the Bavarian economy.

Thanks to its Home Loan Division (LBS Bayern), BayernLB is also the market leader in building saving business in Bavaria. And together with BayernLabo it is active in the promotion of residential housing and municipal construction – mainly in the areas of new construction, renovation, purchasing of residential housing and infrastructure measures.

A global presence

BayernLB's close association with the Free State of Bavaria and its export-oriented economy is an integral part of the Bank's corporate identity. This also forms the backdrop for a host of international activities. BayernLB advises and serves its customers and the customers of the savings banks in their activities worldwide, facilitating their access to the international markets via its own 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. In the People's Republic of China, BayernLB operates the German Centre Shanghai as a special offering for German companies.







As a result of MKB Bank's purchase in early 2006 of a majority stake in the Bulgarian Unionbank (now MKB Unionbank) and acquisition of the Romanian Romexterra Bank in 2006, BayernLB is already well-positioned in the new EU member countries.

Close-knit network within Group

The Group's strategic participations form an integral part of BayernLB's business model. They are independent players on the market focusing on retail business. These companies enjoy the benefits of a large international group through close cooperation with each other and with BayernLB as the parent company. Thus, they are able to offer customers a large range of products while simultaneously concentrating on their own institutional strengths.

- Deutsche Kreditbank AG, Berlin operates throughout Germany as a direct bank for retail customers, concentrating on selected target groups in the public-sector and corporates segments.
- Landesbank Saar, Saarbrücken is a regional credit bank with national and international business relationships. SaarLB is the largest credit institution in Saarland and is actively involved in syndicated business with the Saarland savings banks.
- MKB Bank Nyrt, Budapest is Hungary's third-largest bank, operating in all areas of corporate and retail customer business. It serves as a bridgehead for the BayernLB Group in Central and Eastern Europe.
- Banque LBLux S.A., Luxembourg is an internationally focused European bank which takes advantage of Luxembourg's favourable environment as a financial centre. The bank is mainly active in corporate banking in the Benelux region and in international private banking.
- LB(Swiss) Privatbank AG, Zurich acts as a centre of competence for global private banking activities in the financial centre of Switzerland. The bank's core activities comprise asset management, investment advisory services and fund business for HNWI and corporate customers of the savings banks.

Sparkassen-Finanzgruppe Bayern

Sparkassen-Finanzgruppe Market leader in Bavaria		
<ul style="list-style-type: none"> • Aggregate total assets in banking business: EUR 500 billion • Aggregate regulatory capital for supervisory purposes: EUR 19 billion • Aggregate premium volume in insurance business: EUR 5.5 billion • Staff: 64,000 		
		
BayernLB	77 savings banks	Versicherungskammer Bayern
Consolidated total assets: EUR 353 billion Staff: Bank: 5,149 Group: 10,080	Total assets: EUR 156 billion Staff: around 47,764 • Branches: 2,606 • Self-service branches: 287 • Advisory centres: 343 Operating profit: EUR 1.6 billion Tax charge: EUR 0.32 billion Customer loans: EUR 95 billion Customer deposits: EUR 119 billion	Premium volume: EUR 5.5 billion Staff: 6,368 Investment portfolio: EUR 31.7 billion Germany's largest public-sector insurance provider Market leader in Bavaria and the Palatinate
	Market position • Approx. 40 percent of SMEs • Two thirds of trade businesses • 50 percent of company start-ups	Entities within the VKB Group • Bayerische Landesbrandversicherung • Bayerischer Versicherungsverband • Bayern-Versicherung • Bayerische Beamtenkrankenkasse • Union Krankenversicherung • Union Reiseversicherung AG • Versicherungskammer Bayern Konzern-Rückversicherungs AG • Saarland Feuerversicherung • Saarland Lebensversicherung • Feuersozietät Berlin Brandenburg • Öffentliche Lebensversicherung Berlin Brandenburg
Bayerische Landesbausparkasse	Sparkassen-Immobilien Vermittlungs GmbH & Co. KG Volume of business brokered: EUR 1.1 billion	
Portfolio of 2.0 million building-saving contracts with a volume of EUR 47 billion	DekaBank Share of Bavarian savings bank organisation: 9.6% including share of BayernLB; consolidated total assets: EUR 105 billion	
Bayerische Landesbodenkreditanstalt	Deutsche Sparkassen Leasing Share of Bavarian savings banks: 13% Leasing volume: EUR 54 billion	
Loan volume: EUR 15.1 billion Subsidised contracts: 14,213 flats	as well as many other participations which offer special services to savings banks	
Entities within the BayernLB Group • Deutsche Kreditbank AG, Berlin • Landesbank Saar, Saarbrücken • MKB Bank Nyrt, Budapest • Banque LBLux S. A., Luxembourg • LB(Swiss) Privatbank AG, Zurich		
	 	
Association of Bavarian Savings Banks		
<ul style="list-style-type: none"> • Association members: 77 Bavarian savings banks and their owners • (Indirect) owner of BayernLB together with the Free State of Bavaria • Owner of the Versicherungskammer Bayern 		

As at 31 December 2006

The Sparkassen-Finanzgruppe Bayern now consists of 75 Bavarian savings banks, Versicherungskammer Bayern, Bayerische Landesbausparkasse (LBS) and BayernLB, and they are the market leaders in Bavaria. Together with its partners in the Sparkassen-Finanzgruppe Bayern, BayernLB provides national and international financial services to businesses and private individuals in Bavaria.