

BayernLB Group at a glance

Performance

EUR million	1. 1.– 31. 12. 2007	1. 1.– 31. 12. 2006	Change in %
Net interest income	2,170	1,820	19.2
Risk provisions for credit business	-115	-182	-36.8
Net commission income	380	404	-5.9
Result from fair value measurement	-238	177	—
Result from hedge accounting	27	-3	—
Result from financial investments	-336	482	—
Administrative expenses	-1,765	-1,466	20.4
Other result	133	100	32.3
Earnings before taxes (operating result)	255	1,332	-80.8
Cost-income ratio	71.4%	58.7%	21.7
Return on equity	0.8%	16.4%	-95.0

Balance sheet figures

EUR million	31. 12. 2007	31. 12. 2006	Change in %
Total assets	415,639	344,369	20.7
Business volume	510,065	450,251	13.3
Credit volume	267,510	225,409	18.7
Total deposits	186,063	156,706	18.7
Securitised liabilities	122,895	107,142	14.7
Subordinated capital	12,453	8,618	44.5
Equity	12,893	12,559	2.7

Key banking regulatory data under the German Banking Act¹

EUR million	31. 12. 2007	31. 12. 2006	Change in %
Core capital	11,923	10,695	11.5
Own funds	21,471	17,522	22.5
Risk positions	188,888	163,849	15.3
Core capital ratio	7.4%	7.7%	-3.9
Own funds ratio (Group level)	11.4%	10.7%	6.5

Employees

	31. 12. 2007	31. 12. 2006	Change in %
Number of employees	19,226	11,006	74.7

Ratings (as at 25 March 2008)

	Long-term	Short-term	Pfandbriefe ²
Fitch Ratings	A+	F1+	AAA
Moody's Investors Service	Aa2	Prime-1	Aaa
Standard & Poor's	A	A-1	AAA

¹ Figures as at 31 December 2007 based on the Solvency Ordinance; figures as at 31 December 2006 based on Principle 1

² Applies to public-sector Pfandbriefe and mortgage bonds

2007 accounts prepared for the first time under IFRS

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Commitment and expertise

The year 2007 was an eventful and challenging one for BayernLB. The global financial markets crisis influenced the second half of the year in particular and had a negative impact on the Bank's earnings situation.

Notwithstanding these difficulties, BayernLB reported a consolidated pre-tax profit of EUR 255 million, a large portion of which was due to customer operations. The Bank's client-serving business areas and the Group's strategic bank subsidiaries both performed successfully.

Business with large German and international corporations, financial institutions, public-sector and real estate customers, and structured financing is and will remain a successful key part of BayernLB's operations.

BayernLB Group's strategic focus is on further developing DKB's internet-based retail business and the activities of Hypo Group Alpe Adria and MKB Bank Zrt in Eastern and South Eastern Europe. Another objective of BayernLB is to strengthen business with Bavarian and German SME customers, an attractive and rapidly growing market segment.

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 strategically well 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.

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 415.6 billion at its disposal and 19,226 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. It 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. Its 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 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, through BayernLabo, is actively involved in the promotion of residential construction and urban development, mainly in the area 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-driven 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 international markets. In the most promising markets in Eastern and South Eastern Europe and in Asia, BayernLB has a number of own entities, subsidiaries and partner banks serving as contacts for its own customers and those of the savings banks. The successful German Centre in Shanghai and the new German Centre in Delhi.Guargaon, India, which is due to open at the end of 2008, will round off this network.






By acquiring Hypo Alpe-Adria-Bank International AG, located in Klagenfurt, Austria, in 2007, BayernLB Group has considerably expanded its range of products and services in the South Eastern European region. With its entities in Slovenia, Croatia, Serbia, Bosnia and Herzegovina, Montenegro, Macedonia, Hungary, Bulgaria, Ukraine, Italy and Austria, it ideally complements BayernLB Group’s presence in Eastern Europe and offers promising growth potential for BayernLB in Eastern and South Eastern Europe.

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.

- 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.
- Deutsche Kreditbank AG, Berlin (DKB) operates throughout Germany as an internet-based direct bank for retail customers, concentrating on selected target groups in the public-sector and corporates segments.
- Hypo Group Alpe Adria (HGAA), Klagenfurt operates in Austria and Italy, and in the growth markets of South Eastern Europe, offering a broad range of banking and leasing products and related services to more than 1.1 million customers.
- 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.
- MKB Bank Zrt, Budapest is Hungary’s third-largest bank, operating in all areas of corporate and retail customer business. With its subsidiaries MKB Romexterra and MKB Unionbank it serves as a bridgehead for BayernLB Group providing access to the Romanian and Bulgarian markets.
- Landesbank Saar, Saarbrücken (SaarLB) is a Franco-German SME bank. SaarLB is the largest credit institution in Saarland and is actively involved in syndicated transactions with the Saarland savings banks.

Sparkassen-Finanzgruppe Bayern

Sparkassen-Finanzgruppe Market leader in Bavaria		
<ul style="list-style-type: none"> • Aggregate total assets (bank business): EUR 576 billion • Aggregate regulatory capital for supervisory purposes (excl. BayernLB): EUR 13.6 billion • Aggregate premium volume (insurance business): EUR 5.7 billion • Staff: 73,000 		
		
BayernLB	75 savings banks	Versicherungskammer Bayern
Consolidated total assets: EUR 416 billion Staff: Bank: 5,170 Group: 19,226	Total assets: EUR 160 billion Staff: approx. 47,197 <ul style="list-style-type: none"> • Branches: 2,579 • Self-service branches: 307 • Advisory centres: 360 Tax charge: EUR 0.23 billion Customer loans: EUR 94 billion Customer deposits: EUR 124 billion	Premium volume: EUR 5.7 billion Staff: 6,479 Investment portfolio: EUR 33 billion Germany’s largest public-sector insurance provider Market leader in Bavaria and the Palatinate
		
Bayerische Landesbausparkasse	Market shares <ul style="list-style-type: none"> • Approx. 40 percent of SMEs • Two thirds of trade businesses • 50 percent of company start-ups 	Entities within the Versicherungskammer Bayern Group <ul style="list-style-type: none"> • Composite insurers • Life insurers • Health insurers • Re-insurers
Portfolio of 2.0 million building-saving contracts with a volume of EUR 48.6 billion	Sparkassen-Immobilien Vermittlungs GmbH & Co. KG Volume of business brokered: EUR 1.15 billion	
Bayerische Landesbodenkreditanstalt	DekaBank Share of Bavarian savings bank organisation: 9.6% including share of BayernLB; consolidated total assets: EUR 106 billion	
Loan volume: EUR 16.1 billion Subsidised contracts: 13,575 flats	Landesbank Berlin Share of Bavarian savings banks: 11.0%	
BayernLB Group companies include <ul style="list-style-type: none"> • Deutsche Kreditbank AG, Berlin • Landesbank Saar, Saarbrücken • MKB Bank Zrt, Budapest • Banque LBLux S.A., Luxembourg • LB(Swiss) Privatbank AG, Zurich • Hypo Group Alpe Adria, Austria as well as many other participations which offer special services to savings banks	Deutsche Leasing Share of Bavarian savings banks: 12.4% Leasing volume: EUR 57 billion	
		
Sparkassenverband Bayern		
<ul style="list-style-type: none"> • Association members: 75 Bavarian savings banks and their owners • (Indirect) owner of BayernLB together with the Free State of Bavaria • Owner of the Versicherungskammer Bayern 		

As per 31 December 2007

The Sparkassen-Finanzgruppe Bayern consists of the 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.