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BAYERNLB | GROUP FINANCIAL REPORT

FIRST QUARTER OF 2011

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Note:

This Group financial report as at 31 March 2011 has been prepared with great care. The information is presented voluntarily for our customers and the public. The report does not contain all the information and data required under IAS 34 (Interim Financial Reporting) nor does it fully comply with the disclosure and valuation standards of IFRS. The results have not been audited or reviewed for correctness.

Foreword

Ladies and Gentlemen,

BayernLB has kicked off financial year 2011 by continuing its series of satisfactory quarterly results. In the first three months of the current financial year, the BayernLB Group generated higher-than-forecast earnings before taxes of EUR 149 million. Compared to the Q1 2010 figure of EUR 498 million, which was considerably inflated by a strong tailwind from the capital markets and the resulting increase in valuations, the Bank has thus posted normalised and good quality results. Earnings before taxes for the quarter were generated solely from activities with corporate, retail and real estate customers, as well as the savings banks and the public sector, which the new BayernLB has defined as its core business. The Hungarian bank levy, which was recognised through profit or loss in January for the full year, weighed on earnings to the tune of EUR 50 million. In addition, BayernLB took a EUR 20 million pro rata charge for the German bank levy, applicable from 2011, in the first quarter.

As a result of the continuing reduction of non-core activities, BayernLB cut its total assets as at 31 March 2011 to EUR 303.3 billion. Year on year that equates to a decline of EUR 44.5 billion and thus almost 13 percent. In the wake of the reduction, the core capital ratio rose 0.5 percentage points since the beginning of the year to a very solid 11.7 percent.

The steadily rising profitability of the new BayernLB's defined core business areas confirms again that the Bank is on the right track with its business model as a financier of the German economy. The German economy is mainly characterised by Mittelstand companies and is heavily focused on exports. Contrary to those in other countries, German companies rely heavily on bank loans for financing, while foreign companies traditionally finance themselves to a greater extent through the capital markets. This special role of bank lending makes it especially important that the German economy be supported by a strong and capable banking system. Although Mittelstand companies have recently ventured more actively onto the capital markets, the significance of bank lending in Germany is unlikely to change in the foreseeable future. The German economy will therefore continue to need strong banks going forward which act as a reliable partner to companies and provide them with loans and comprehensive financial services, also in their international activities. A glance at statistics from the German Bundesbank clearly illustrates that the Landesbanks play a fundamental role, providing more than one-fifth of all lending to German companies. At the same time, the number of strong banks focusing on large Mittelstand firms in Germany is declining. In addition, BayernLB has increasingly opened up access for its customers to the capital markets for fixed and variable income instruments in recent years.

BayernLB therefore sees good financial prospects for its long-term business approach and focus on German real estate customers, large corporates and the Mittelstand, which may be served in partnership with the savings banks depending on the company's size. It sees itself in this respect as a reflection of the German economy, which is very successful on a global scale.

With regard to the ongoing state aid proceedings with the European Commission, BayernLB remains confident that a basic agreement will be reached before the summer break, providing the Bank with the requisite planning certainty for its continued restructuring. In the first quarter and also in recent weeks, intensive and constructive talks have taken place with the responsible offices, together with the Bank's owners, in accordance with a fixed schedule agreed with the EU Commission.

The new BayernLB will therefore pursue its strategy as a corporate financier with a clear customer focus, a solid risk profile and tight cost management going forward. The current quarterly figures once again prove that BayernLB has successfully completed the necessary turnaround and that it is making good progress even without a tailwind from the capital markets. These results were only made possible by the Bank's customers, business partners and dedicated employees, to whom we offer our most sincere thanks for their support and trust.

Following the satisfactory first quarter of 2011, BayernLB still expects positive results for full year 2011 as well.

Sincerely,

Gerd Haeusler,
CEO

Dr. Edgar Zoller,
Deputy CEO

Jan-Christian Dreesen,
Member of the Board
of Management

Marcus Kramer,
Member of the Board
of Management

Stephan Winkelmeier,
Member of the Board
of Management

Nils Niermann,
Member of the Board
of Management

BayernLB Group – the first quarter of 2011 at a glance

Income statement (IFRS)

EUR million	1 Jan – 31 Mar 2011	1 Jan – 31 Mar 2010	Change in percent
Net interest income	479	480	–0.3
Risk provisions for the credit business	–49	–37	32.4
Net commission income	58	50	15.1
Gains or losses on fair value measurement	60	391	–84.7
Gains or losses on financial investments	–45	10	–
Administrative expenses	–363	–368	–1.6
Expenses for bank levies	–70	–	–
Gains or losses on restructuring	–2	–5	–55.9
Earnings before taxes	**149**	**498**	–70.1

Balance sheet (IFRS)

EUR billion	31 Mar 2011	31 Dec 2010	Change in percent
Total assets	303.3	316.4	–4.1
Credit volume	223.2	231.2	–3.5
Equity and subordinated capital	21.0	21.6	–2.8

Banking supervisory ratios under the German Banking Act (KWG)

	31 Mar 2011	31 Dec 2010	Change in percent/pp
Core capital (EUR billion)	13.7	13.9	–1.4
Own funds (EUR billion)	18.8	19.2	–1.8
Risk positions under the solvency ordinance (EUR billion)	117.1	123.9	–5.5
Core capital ratio	11.7%	11.2%	0.5 pp[1]
Total capital ratio	16.1%	15.5%	0.6 pp[1]

Employees

	31 Mar 2011	31 Dec 2010	Change in percent
Number of employees	10,714	10,853	–1.3

Current ratings

	Long-term	Short-term	Pfandbriefs[2]
Fitch Ratings	A+	F1+	AAA
Moody's Investors Service	A1	Prime-1	Aaa

1 Percentage points
2 Applies to public-sector Pfandbriefs and mortgage Pfandbriefs

Business performance in the first quarter of 2011

Earnings

EUR million	1 Jan – 31 Mar 2011	1 Jan – 31 Mar 2010	Change in percent
Net interest income	479	480	–0.3
Risk provisions for the credit business	–49	–37	32.4
Net interest income after risk provisions	**430**	**444**	**–3.0**
Net commission income	58	50	15.1
Gains or losses on fair value measurement	60	391	–84.7
Gains or losses on hedge accounting	36	–10	–
Gains or losses on financial investments	–45	10	–
Income from interests in companies valued at equity	8	–1	–
Administrative expenses	–363	–368	–1.6
Expenses for bank levies	–70	–	–
Other income and expenses	37	–12	–
Gains or losses on restructuring	–2	–5	–55.9
Earnings before taxes	**149**	**498**	**–70.1**

Rounding differences may occur in the tables.

The BayernLB Group posted satisfactory earnings before taxes of EUR 149 million in the first quarter of 2011. While the unusually high earnings in the year-before period were unusually high due to the positive performance of capital markets, which was reflected in the very high results from gains or losses on fair value measurement, the first quarter of 2011 was marked by stabilisation and expansion of sustainable sources of earnings from customer-related business.

The Hungarian bank levy, which was recognised through profit or loss in January 2011 for the full year, weighed on earnings to the tune of EUR 50 million. Proper pro rata recognition would have resulted in around EUR 38 million more in earnings before taxes, thus amounting to around EUR 187 million. The German bank levy charged for the first time weighed on results with a further EUR 20 million.

Adjusted for the contribution to the year-before period's earnings of Landesbank Saar (SaarLB), which was deconsolidated on 30 June 2010, net interest income rose 6.4 percent to EUR 479 million[1]. The main contribution here came from Deutsche Kreditbank AG (DKB), whose strong retail funding led to a considerable improvement in net interest income.

Risk provisions for the credit business totalled EUR –49 million (Q1 2010: EUR –37 million). It must be taken into account here that due to the value adjustment period for the preceding annual financial statements, credit risk provisions in the first quarter are usually below the pro rata amount for the full year.

1 As SaarLB was of negligible importance for comprehensive income, the BayernLB Group's income statement has not been adjusted separately.

As a result of a significant drop in commission expenses at DKB, net commission income surged by a good 15 percent to EUR 58 million. BayernLB took advantage of its good liquidity situation and on 29 March 2011 it offered to buy back the bond guaranteed by SoFFin (the German Financial Market Stabilisation Fund) from its holders. This will further reduce commission expenses in 2011 by saving the fees that would otherwise have to be paid to SoFFin.

Gains or losses on fair value measurement (including gains or losses on hedge accounting) of EUR 96 million was in line with forecasts. The unusually high figure for the first quarter of 2010 was primarily market-driven and impacted by one-off items which were partly offset in the course of the year. In addition, changes in the valuation of cross currency swaps totalling EUR −85 million had a particularly dampening effect in Q1 2011. With the start of the financial market crisis, it became more difficult to acquire US dollars and British pounds directly, so refinancing was increasingly conducted using cross currency swaps. Although currency risk is covered by the swaps, valuing them results in higher volatility, depending on the present demand for the currency and liquidity on the market. Cross currency swaps and the volatility associated with them should continue to be reduced as foreign currency positions in the Restructuring Unit are wound down further and access to real foreign currency liabilities improves. Customer-driven trading transactions accounted for EUR 45 million, which was slightly less than the pro rata figure for the previous-year period.

Changes in the valuation of the “Umbrella” guarantee agreement with the Free State of Bavaria are reflected in the negative gains or losses on financial investments of EUR −45 million (Q1 2010: EUR 10 million). The aim of the umbrella is to offset losses and valuation changes in the ABS portfolio, whereby for measurement reasons, earnings are reported in different periods and interdependencies with gains or losses on fair value measurement arise.

Administrative expenses of EUR −363 million were in line with forecasts (Q1 2010: EUR −368 million). High priority was given to pushing ahead with the “Hercules” restructuring project and tight cost management.

The other income and expenses item represents the net amount of other income and expenses. Income and expenses from the Group’s real estate activities are reported here, among other things. Other income and expenses in Q1 2011 totalled EUR 37 million (Q1 2010: EUR −12 million).

Compared to the year-before period, the German and Hungarian bank levies weighed on earnings to the tune of EUR 70 million. The structure of the Hungarian bank levy requires that the full amount of EUR 50 million be recognised through profit or loss at the beginning of the year. A charge of EUR 20 million was taken for the German bank levy in the first quarter of 2011.

The cost-income ratio amounted to 54.2 percent. The previous year’s figure of 41.0 percent was positively impacted by the high results from gains or losses on fair value measurement. Return on equity was 6.3 percent (Q1 2010: 16.5 percent).

Banking supervisory capital and ratios

The equity base of the BayernLB Group remains solid. The core capital ratio increased to 11.7 percent as at 31 March 2011 (as at 31 December 2010: 11.2 percent), the own funds ratio was 16.1 percent (Q1 2010: 15.5 percent). Credit risk positions were reduced by a further 5.5 percent to EUR 117.1 billion in the first quarter of 2011. Own funds amounted to EUR 18.8 billion, core capital to EUR 13.7 billion (as at 31 December 2010: EUR 19.2 billion and EUR 13.9 billion respectively).

Net assets and financial position

Assets

EUR million	31 Mar 2011	31 Dec 2010	Change in percent
Cash reserves	1,611	2,609	−38.2
Loans and advances to banks	57,090	61,688	−7.5
Loans and advances to customers	152,765	155,414	−1.7
Risk provisions	−2,873	−2,979	−3.6
Portfolio hedge adjustment assets	579	798	−27.4
Assets held for trading	38,104	40,924	−6.9
Positive fair values from derivative financial instruments (hedge accounting)	3,254	4,062	−19.9
Financial investments including interests in companies valued at equity	45,926	47,350	−3.0
Investment property	2,766	2,773	−0.3
Property, plant and equipment	697	693	0.6
Intangible assets	217	208	4.3
Tax assets	1,732	1,787	−3.1
Other assets	1,404	1,028	36.6
Total assets	**303,271**	**316,354**	**−4.1**

Liabilities

EUR million	31 Mar 2011	31 Dec 2010	Change in percent
Liabilities to banks	79,029	83,171	−5.0
Liabilities to customers	90,635	91,734	−1.2
Securitised liabilities	78,555	79,468	−1.1
Liabilities held for trading	23,980	30,918	−22.4
Negative fair values from derivative financial instruments (hedge accounting)	2,041	2,498	−18.3
Provisions	3,984	4,002	−0.5
Tax liabilities	1,842	1,850	−0.4
Other liabilities	2,163	1,074	> 100.0
Subordinated capital	6,907	7,727	−10.6
Equity	14,135	13,911	1.6
Total liabilities	**303,271**	**316,354**	**−4.1**

Rounding differences may occur in the tables.

Total assets were reduced by 4.1 percent to EUR 303.3 billion in the first three months of 2011. Once again interbank business, assets and liabilities held for trading and financial investments were cut. Exposure to the German economy increased further. Loans to domestic customers climbed 0.5 percent to EUR 110.0 billion, while loans to foreign customers fell by 7.0 percent to EUR 42.8 billion in the same period.

As at 31 March 2011, exposure to the national governments of eurozone countries currently facing financial difficulties amounted to around EUR 637 million in total, broken down as follows: Greece: EUR 121 million, Ireland: EUR 18 million, Italy: EUR 498 million, Portugal: EUR 0 million, Spain: EUR 0 million.

Core and non-core business of the BayernLB Group

Project Hercules defined core and non-core businesses. The latter were earmarked for winding down to release liquidity and capital, and this process is being actively driven forward. Non-core activities have been pooled in the Restructuring Unit segment and also include selected loan portfolios managed by the Restructuring Unit (RU), but retained by the business segments for reasons of efficiency.

Earnings before taxes generated completely from core business activities

1 Jan – 31 Mar 2011	Core business (EUR million)	Percent	Non-core business (EUR million)
Total earnings	410	72.9	152
Risk provisions	–14	28.0	–35
Administrative expenses	–229	63.2	–133
Earnings before taxes	**167**	**112.3**	**–18**
Risk assets (end of reporting period)	68,499	71.3	27,612

Segment reporting

The segment report is based on the monthly internal management report to the Board of Management and reflects the BayernLB Group's six segments. The structure of the four business segments: Corporates & Markets; Mittelstand & Retail Customers; Real Estate, Public Sector & Savings Banks; and Eastern Europe in 2010 was altered in 2011 to reflect the stronger focus on customers. The business segments are now referred to as Corporates, Mittelstand & Retail Customers[2]; Markets; Real Estate & Savings Banks/Association; and Eastern Europe. They continue to include BayernLB's operating business areas, the legally dependent institutions Bayerische Landesbodenkreditanstalt (BayernLabo) and Bayerische Landesbausparkasse (LBS Bayern) and consolidated subsidiaries. In addition to these there are two additional segments: Restructuring Unit, and Central Areas & Others.

The Corporates, Mittelstand & Retail Customers segment generated earnings before taxes of EUR 141 million, beating last year's figure of EUR 134 million. Return on equity was up slightly at 9.2 percent (Q1 2010: 9.1 percent) and the cost-income ratio improved again to 44.1 percent (Q1 2010: 46.9 percent).

Earnings before taxes in the Corporates division were well above forecast at EUR 87 million (forecast: EUR 47 million). Earnings were generated almost entirely from core business activities. Return on equity remained largely unchanged on the previous year at 13.4 percent (Q1 2010: 13.9 percent), the CIR of 36.5 percent was in line with forecasts.

Among other activities, Corporates acts as a lead manager for its customers in syndicated loans and plays a leading role in placing corporate bonds and Schuldschein note loans on the market in cooperation with the Markets Business Area. For example, in the first quarter of 2011, BayernLB acted as Joint Lead Manager for Volkswagen AG on a EUR 1.25 billion corporate bond issue. This was the opening issue on the bond market in 2011.

2 Until 30 April 2011, the segment was referred to as Corporates & Retail Customers.

Earnings before risk provisions in the Mittelstand Division were EUR 25 million in the first quarter of 2011 (Q1 2010: EUR 22 million). At the beginning of the year, the division's growth strategy also impacted administrative expenses, which were slightly higher than the previous year at EUR 19 million (Q1 2010: EUR 18 million). This translates into a CIR of 76.3 percent (Q1 2010: 79.6 percent) and return on equity of –2.9 percent (Q1 2010: –0.8 percent). Business performance was very good. The pleasing surge in new customers and dynamic growth in new business opportunities indicate a positive, stronger performance over the year. Illustrative of this is BayernLB's participation in financing a EUR 60 million Letter of Credit facility for Südkabel GmbH, Mannheim, which ensures for the company the financing of the largest single contract in its history.

Deutsche Kreditbank is an integral part of the BayernLB Group strategy for the retail market, boasting 2.2 million customers, and also makes a sizeable contribution to Mittelstand business, complementing the activities of BayernLB itself. DKB's results predominantly benefited from its business model – a strict concentration on retail customers, infrastructure and corporate customers. Earnings before taxes of the DKB sub-group improved considerably and totalled EUR 40 million (Q1 2010: EUR 26 million).

In the Markets segment, income from financial institutions and institutional customers as well as customer-induced business from serving corporates, Mittelstand, savings banks and real estate customers exceeded forecasts with an earnings contribution of around EUR 73 million. However, the segment posted negative earnings before taxes of EUR –98 million overall at the end of the reporting period (Q1 2010: EUR +220 million) resulting in particular from changes in the valuation of the cross currency swaps mentioned above. In addition to earnings components reported in the segment from direct business, Markets also generated higher-than-forecast earnings from customer-related business, which, with the exception of financial institutions and institutional customers, was completely transferred to the other customer segments and reported there.

The Real Estate & Savings Banks/Association segment closed the quarter with earnings before taxes of EUR 113 million (Q1 2010: EUR 62 million). Return on equity was 29.0 percent (Q1 2010: 19.1 percent), the CIR was 40.1 percent (Q1 2010: 52.4 percent). Net commission income rose roughly 80 percent. Administrative expenses also performed well, declining by 3 percent, largely as a result of the successful implementation of restructuring measures. Business performance was in line with forecasts, although in the Public Sector Division, new business growth has already triggered an increase in the forecasts for the full year. The Real Estate Division also achieved its earnings targets, despite increased competition and corresponding pressure on margins.

As part of BayernLB, LBS Bayern belongs to the Sparkassen-Finanzgruppe and plans to remain the undisputed market leader on the Bavarian building savings market again this year. In 2010, market share expanded to over 40 percent in terms of number of contracts and loan volume. Despite the negative effect of strong new business on net commission income, earnings before taxes climbed to EUR 17.1 million (Q1 2010: EUR 13.8 million).

In the Eastern Europe segment, earnings before taxes of EUR –33 million were significantly down on the previous year period (Q1 2010: EUR 0 million). The slump in earnings is directly attributable to the high national bank levy (the annual charge of EUR 50 million was included in full in the results for the first quarter).

The Restructuring Unit (RU) segment posted earnings before taxes of EUR 45 million (Q1 2010: EUR 177 million). As part of the restructuring measures, 13 percent of the risk assets defined as non-core business in the RU have been reduced since the end of 2010.

Segment reporting as at 31 March 2011

EUR million	Corporates, Mittelstand & Retail Customers	Real Estate & Savings Banks/Association	Markets	Eastern Europe	Restructuring Unit	Central Areas & Others	Consolidation	Group
Net interest income	220	121	47	78	33	24	–44	479
Risk provisions for the credit business	–43	2	9	–21	0	3	0	–49
Net commission income	30	13	–4	15	5	–2	0	58
Gains or losses on fair value measurement	51	39	–101	9	63	9	–10	60
Gains or losses on hedge accounting	17	–1	11	1	7	3	–2	36
Gains or losses on financial investments	2	3	–4	0	–45	0	0	–45
Income from interests in companies valued at equity	0	0	0	0	1	0	8	8
Administrative expenses	–146	–73	–51	–64	–16	–14	0	–363
Expenses for bank levies	–2	0	0	–50	0	–18	0	–70
Other income and expenses	12	9	–6	0	–1	23	0	37
Gains or losses on restructuring	–2	0	0	0	0	0	0	–2
Earnings before taxes	**141**	**113**	**–98**	**–33**	**45**	**29**	**–48**	**149**
Return on equity (RoE) (%)	9.2	29.0	–18.1	9.3	5.3	–	–	6.3[1]
Cost-income ratio (CIR) (%)	44.1	40.1	–94.4	62.3	15.2	–	–	54.2

1 BayernLabo's earnings and share in Group equity are not included in the return on equity (in percent) at Group level.

Segment reporting as at 31 March 2010

EUR million	Corporates, Mittelstand & Retail Customers	Real Estate & Savings Banks/Association	Markets	Eastern Europe	Restructuring Unit	Central Areas & Others	Consolidation	Group
Net interest income	210	120	19	89	48	46	−52	480
Risk provisions for the credit business	−34	−5	14	−46	41	−6	0	−37
Net commission income	22	7	−10	21	9	1	0	50
Gains or losses on fair value measurement	50	10	222	−1	122	−45	32	391
Gains or losses on hedge accounting	0	0	−9	0	0	−1	0	−10
Gains or losses on financial investments	15	0	1	9	−26	1	9	10
Income from interests in companies valued at equity	0	0	0	0	0	0	−1	−1
Administrative expenses	−137	−75	−38	−70	−17	−32	0	−368
Expenses for bank levies	0	0	0	0	0	0	0	0
Other income and expenses	11	4	21	−3	0	−50	4	−12
Gains or losses on restructuring	−3	−1	0	0	0	−2	0	−5
Earnings before taxes	**134**	**62**	**220**	**0**	**177**	**−88**	**−7**	**498**
Return on equity (RoE) (%)	9.1	19.1	52.5	0.5	19.0	–	–	16.5[1]
Cost-income ratio (CIR) (%)	46.9	52.4	15.5	65.3	9.6	–	–	41.0

1 BayernLabo's earnings and share in Group equity are not included in the return on equity (in percent) at Group level.

Outlook

From an economic point of view, 2011 has got off to a better-than-expected start. Despite increasing risks, the upturn in Germany will continue. Against this backdrop, BayernLB expects ongoing positive impetus from customer-related business in the euro zone. The situation on the Eastern and South Eastern European markets nevertheless remains challenging.

With regard to the ongoing state aid proceedings, BayernLB is confident that a basic agreement will be reached with the European Commission before the summer break in 2011.

BayernLB continues to expect positive earnings for full year 2011; however, they are expected to remain below the very good results of financial year 2010.

Committees of BayernLB

Board of Administration

Georg Fahrenschon
Chairman
State Minister
Bavarian State Ministry of Finance
Munich

Alexander Mettenheimer
First Deputy Chairman
Former banker
Munich

Walter Strohmaier
Second Deputy Chairman
Chairman of the Board of Directors
Sparkasse Niederbayern-Mitte
Straubing

Dr. Michael Bauer
Deputy Secretary
Bavarian State Ministry of Finance
Munich

Professor Dr. Georg Crezelius
Professor
University of Bamberg
Bamberg

Dr. Dr. Axel Diekmann
Shareholder of
Verlagsgruppe Passau GmbH
Passau

Joachim Herrmann
State Minister
Bavarian State Ministry of the Interior
Munich

Diethard Irrgang
Chairman of the General Staff Council
BayernLB
Munich

Dr. Klaus von Lindeiner-Wildau
Member of the Executive Board (retired)
Wacker Chemie GmbH
Independent Consultant
Munich

Hans Schaidinger
Lord Mayor
Regensburg

Martin Zeil
State Minister
Bavarian State Ministry of Economic Affairs,
Infrastructure, Transport and Technology
Munich

Board of Management (including allocation of responsibilities from 1 May 2011)

Gerd Haeusler
Chief Executive Officer
Corporate Center

Dr. Edgar Zoller
Deputy Chief Executive Officer
Real Estate & Savings Banks/
Association
Bayerische Landesbodenkreditanstalt[1]
Bayerische Landesbausparkasse[1]

Jan-Christian Dreesen
Corporates, Mittelstand &
Retail Customers

1 Institutions of the Bank

Marcus Kramer
Chief Risk Officer
Group Compliance
Restructuring Unit

Stephan Winkelmeier
Chief Financial Officer
Operations

Nils Niermann
Markets
Group IT

Stefan Ermisch
until 30 April 2011
Deputy Chief Executive Officer

Segment definitions

Corporates, Mittelstand and Retail Customers segment

Within the Corporates, Mittelstand & Retail Customers segment, the Corporates division serves large corporate customers and multinational corporations in Germany and the core regions of Europe and North America. The Mittelstand Division supports companies throughout Germany with sales of EUR 50 million to EUR 1 billion. The segment also includes Deutsche Kreditbank AG (DKB) and Banque LBLux S.A., which are principally active in retail and private banking.

Markets segment

The Markets segment offers capital market and treasury products for the large corporates, Mittelstand, savings banks and real estate customer groups as well as banks, insurance companies and other institutional customers. The latter-named customer relationships are directly allocated to this segment. In addition to pooling all trading and issuing activities, Asset Liability Management (ALM) at BayernLB and the consolidated subsidiary BayernInvest are also allocated to this segment.

Real Estate & Savings Banks/Association segment

The Real Estate & Savings Banks/Association segment comprises the Real Estate division and the Savings Banks/Association division. The segment also pools the development bank Bayerische Landesbodenkreditanstalt (BayernLabo), the Bayerische Landesbausparkasse (LBS Bayern) and the consolidated subsidiary Real I.S. AG.

Eastern Europe Segment

The Eastern Europe segment consists of the Hungarian subsidiary, the MKB sub-group.

Restructuring Unit segment

The Restructuring Unit (RU) segment ringfences selected portfolios (non-core activities) from the operating activities of the business segments. In addition, it contains ABSs, including the related hedging instruments. The consolidated units Giro Balanced Funding Corporation, Giro Lion Funding Limited, and KGAL GmbH & Co. KG, are also allocated to this segment.

Central Areas & Others segment

The Central Areas & Others segment comprises the earnings contributions from the central areas Corporate Center, Financial Office, IT & Operations, and Risk Office. The segment also includes transactions whose earnings contributions cannot be allocated to either a business area or a central area. The consolidated subsidiaries BayernLB Capital LLC I, and GBW AG sub-group are also allocated to this segment.

The Consolidation column shows consolidation entries not allocated to any segment.

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