



BayernLB Group earnings in Q1 2011 "Higher than forecast and satisfactory"

**Telephone conference
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 **Finanzgruppe**

 **Bayern LB**

First quarter of 2011: Satisfactory results

- Pre-tax earnings of EUR 149 million exceed forecasts and are therefore satisfactory
- Earnings result exclusively from core business
- Net commission income up, net interest income stable
- EUR 70 million charge due to bank levies in Hungary and Germany
- Core capital ratio increased further to 11.7 percent
- Full-year outlook unchanged – positive earnings expected

Income statement key figures 1 Jan - 31 Mar 2011:

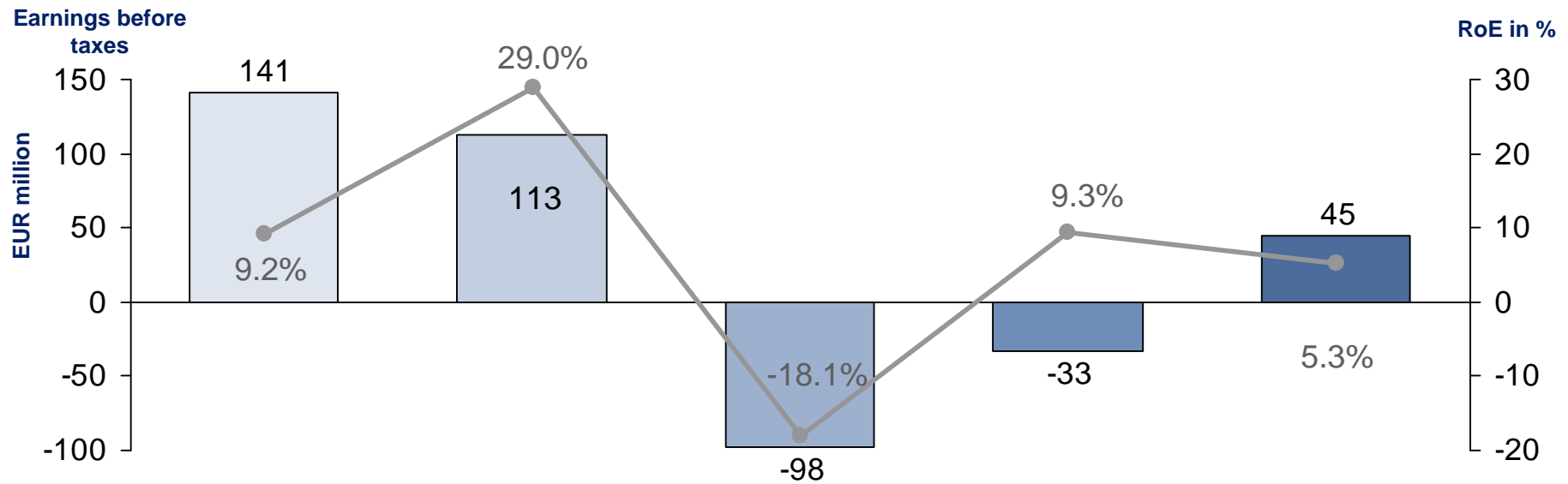
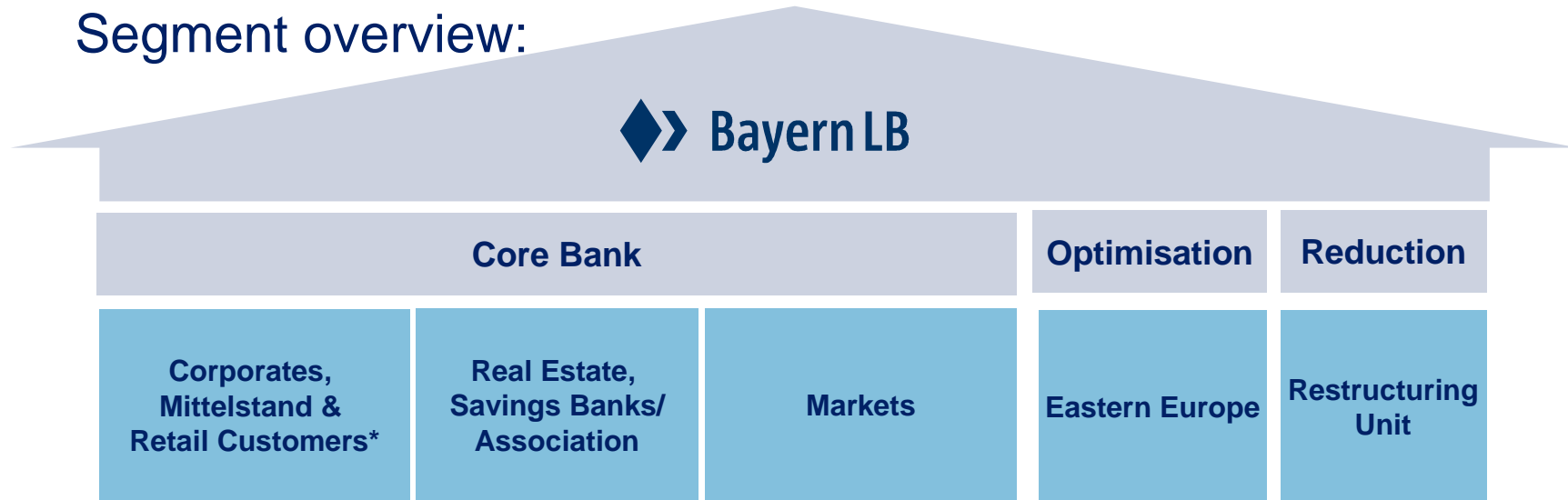
Earnings back to normal

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*	96	381	-74.8
Gains or losses on financial investments**	-37	9	
Other income and expenses	37	-12	
Administrative expenses	-363	-368	-1.6
Expenses for bank levies	-70	0	
Restructuring expenses	-2	-5	-55.9
Earnings before taxes	149	498	-70.1

* Including gains or losses on hedge accounting ** Including income from interests in companies valued at equity

Core business on course – Special case: Markets

Segment overview:



* Since 1 May 2011, previously called Corporates & Retail Customers

Balance sheet overview as at 31 March 2011

Total assets fall further

EUR billion	31 Mar 2011	31 Dec 2010	Change in percent
Loans and advances to banks	57.1	61.7	-7.5
Loans and advances to customers	152.8	155.4	-1.7
Assets held for trading	38.1	40.9	-6.9
Financial investments	45.8	47.2	-3.0
Total assets	303.3	316.4	-4.1
Liabilities to banks	79.0	83.2	-5.0
Liabilities to customers	90.6	91.7	-1.2
Securitised liabilities	78.6	79.5	-1.1
Liabilities held for trading	24.0	30.9	-22.4
Equity and subordinated capital	21.0	21.6	-2.8

Key figures as at 31 March 2011

Core capital ratio rises again

	31 Mar 2011	31 Dec 2010	Change in percent
Total assets (EUR billion)	303.3	316.4	-4.1
Own funds under KWG (EUR billion)	18.8	19.2	-1.8
Core capital under KWG (EUR billion)	13.7	13.9	-1.4
Own funds ratio	16.1 %	15.5 %	0.6 pp
Core capital ratio	11.7 %	11.2 %	0.5 pp
Return on equity (RoE)	6.3 %	6.7 %	-0.4 pp
Cost-income ratio (CIR)	54.2 %	44.3 %	9.9 pp
Number of employees	10,714	10,853	-1.3

Conclusion and outlook for 2011:

Strategy of acting as "financier to companies" is paying off

- BayernLB's Q1 2011 results mark a return to normal (without a tailwind from capital markets)
- Growing profitability in core business underlines the new BayernLB's successful course as financier to German companies
- Strategy of achieving appropriate and sustainable earnings through a clear focus on customers, a solid risk profile and tight cost management will be continued
- Outlook for full-year 2011 unchanged:
Earnings expected to be positive but still below the very good figures for financial year 2010.