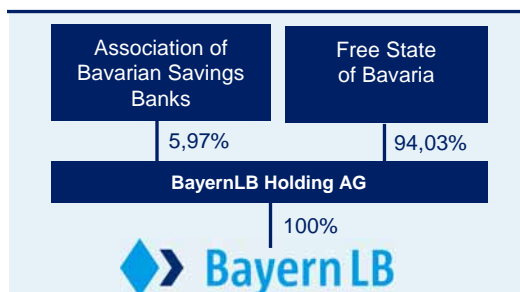


The guarantee mechanisms of BayernLB



Ownership structure



- Founded in 1972 with the merger of Landesbodenkreditanstalt and Bayerische Gemeindebank
- Serving as an „institution established under public law“ and as principal bank to the Free State of Bavaria

Sparkassen-Finanzgruppe in Bavaria



BayernLB's membership in the guarantee system

- BayernLB is a member of the deposit guarantee reserves of the Landesbanks/ central giro institutions under the umbrella of the Sparkassen-Finanzgruppe guarantee system
- These reserves are recognized by the German supervisory authorities as an insurance for financial institutions as set out under Sec 12 of the EAEG (German deposit guarantee law).
- The purpose of the reserves is to protect the member banks by guaranteeing their liquidity and solvency. Thus is the event of a crisis, the funds of the member institutions will remain protected, thereby securing as well the deposits of their creditors – **in particular savings, term and demand deposits and securitized claims** (such as bearer bonds and certificates) – **regardless of amount.**

The guarantee system of the Sparkassen-Finanzgruppe

This comprises::

- **The deposit guarantee reserves of the seven Landesbanks/ central giro institutions**
- **Eleven guarantee funds of the 438 regional savings banks and giro associations**
- **The guarantee funds of the ten Landesbausparkassen**



All of this funds are part of a **cross-guarantee system**. In this way, the reserves one fund can be drawn upon to help secure another member fund. Thanks to this system, the total volume of all the guarantee funds can be exhausted to insure member institutions, should an emergency situation render this necessary. **The cross-guarantee provides the customers of the Sparkassen-Finanzgruppe with a maximum of security.** Under the system, which was founded in the 1970's, there has never been a customer of the member bank who has lost, or had to be reimbursed for any loss pertaining to, their deposits. Nor has a member bank ever fallen into arrears on its payment obligations or become insolvent.

Principal of non-retroactivity upon change of ownership

Protection against retroactivity for BayernLB creditors in the event of a change of ownership

- In compliance with Sec 19 of the statutes governing the deposit guarantee reserves of the Landesbanks and central giro institutions, BayernLB's customer deposits/bonds will remain protected if they were set up prior to, or within one month following , the announcement that BayernLB is withdrawing its membership in the DSGV (German Savings Banks Associations).
- Exception: Payments due to the customer under an agreement prolonged by the customer following such announcement or not cancelled or revoked by the customer by the next possible date.

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