



Stefan Ermisch, CFO

Investor Relations Conference Call Annual Results FY 2008

 Finanzgruppe Bayern

 Bayern LB

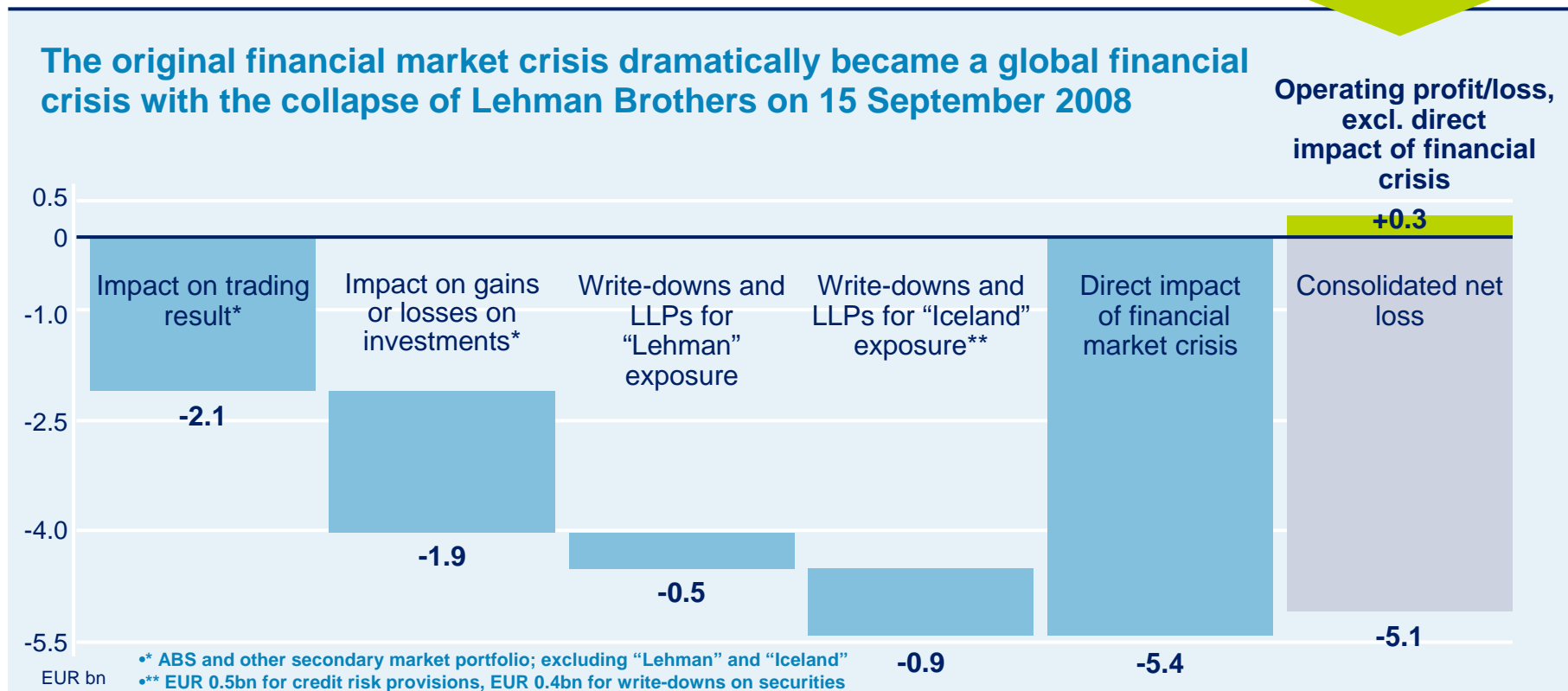
25 March 2009

Summary of 2008 results

BayernLB Group

- ✓ **Our forecast from November 2008 of an operating loss of around EUR 5bn has been confirmed. There have been no surprises regarding earnings or capital requirements since last November**
- ✓ **Direct, negative impact of the financial crisis in the form of write-downs and loan loss provisions of around EUR 5.4bn**
- ✓ **Despite difficult operating conditions, operating profit adjusted for these effects was around EUR 0.3bn**

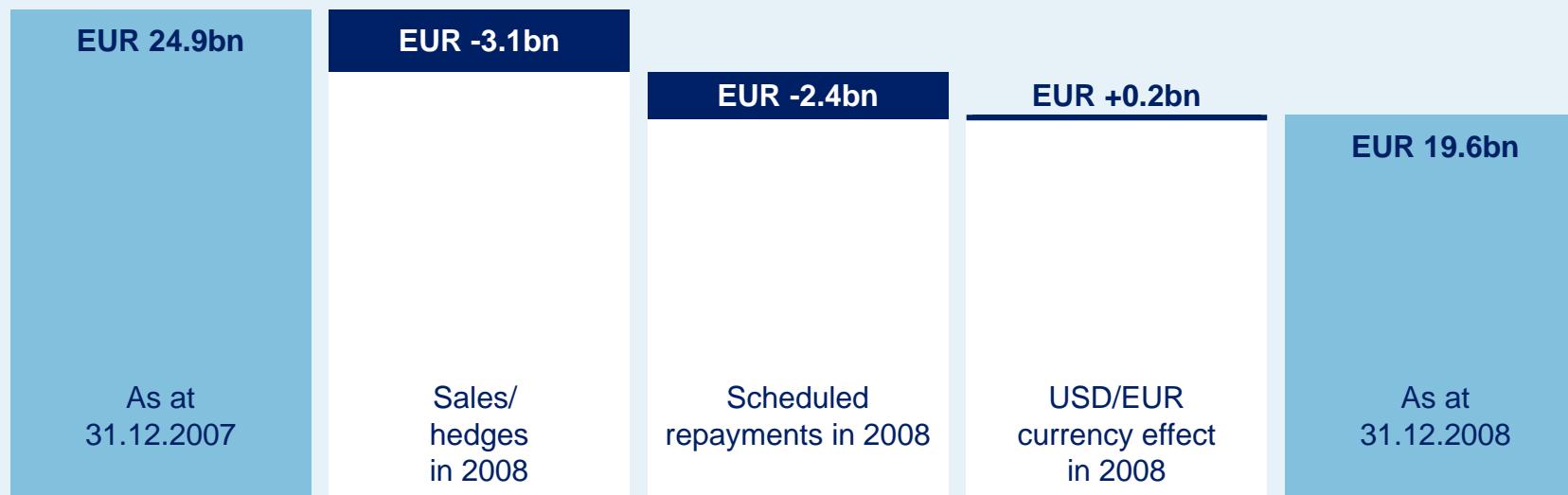
The financial crisis had a massive, direct impact on earnings in 2008



Reduction of BayernLB's ABS securities portfolios pushed forward

BayernLB

As at 31 December 2008, BayernLB's ABS portfolio was already around 22% lower than the volume at the end of 2007



The ABS portfolio is being ringfenced

BayernLB is largely shielded from default risks in the ABS portfolio by the Free State of Bavaria's risk umbrella

- Conclusion of a credit default swap (CDS) with the Free State of Bavaria on 19 December 2008 to ring-fence BayernLB's ABS portfolio. The portfolio remains in BayernLB's balance sheet.
- Full hedging up to an upper default limit of EUR 6bn. BayernLB bears a first loss of EUR 1.2bn that has already been booked to the income statement.
- The umbrella agreement with the Free State of Bavaria led to an increase in reserves under equity of around EUR 1.6bn in 2008.
- No impact on the income statement in 2008.

Positive impact of reclassification on equity

BayernLB Group

The reclassification of securities to loans and receivables became possible with changes to IAS 39 and IFRS 7

- The BayernLB Group also took the opportunity to reclassify securities from the ABS and secondary market portfolio as loans and receivables retrospectively as at 1 July 2008. Effects from this:
- Revaluation reserve:
EUR +3.0bn
- Negative impact on income statement:
EUR 0.2bn, as portfolio provisions must be made for the securities now disclosed under loans and receivables.

2008 earnings in the wake of the financial crisis

BayernLB Group

| (in EUR m) | 2008 | 2007 | Change in EUR m | Change in percent |
|--------------------------------|--------|--------|--------------------|----------------------|
| Net interest income | 2,670 | 2,189 | 481 | 21.9 |
| Credit risk provisions | -1,656 | -115 | -1,541 | > 100.0 |
| Net commission income | 584 | 380 | 204 | 53.6 |
| Net trading income/loss | -2,274 | -230 | -2,044 | > 100.0 |
| Gains or losses on investments | -1,924 | -336 | -1,588 | > 100.0 |
| Administrative expenses* | -2,620 | -1,765 | -855 | 48.4 |
| Other income | 141 | 136 | 5 | 2.9 |
| Operating profit/loss | -5,079 | 259 | -5,338 | |
| Restructuring expenses | -87 | -4 | -83 | > 100.0 |
| Income taxes | -191 | -80 | -111 | > 100.0 |
| Minority interests | 274 | -83 | 357 | |
| Consolidated net income | -5,084 | 92 | -5,176 | |

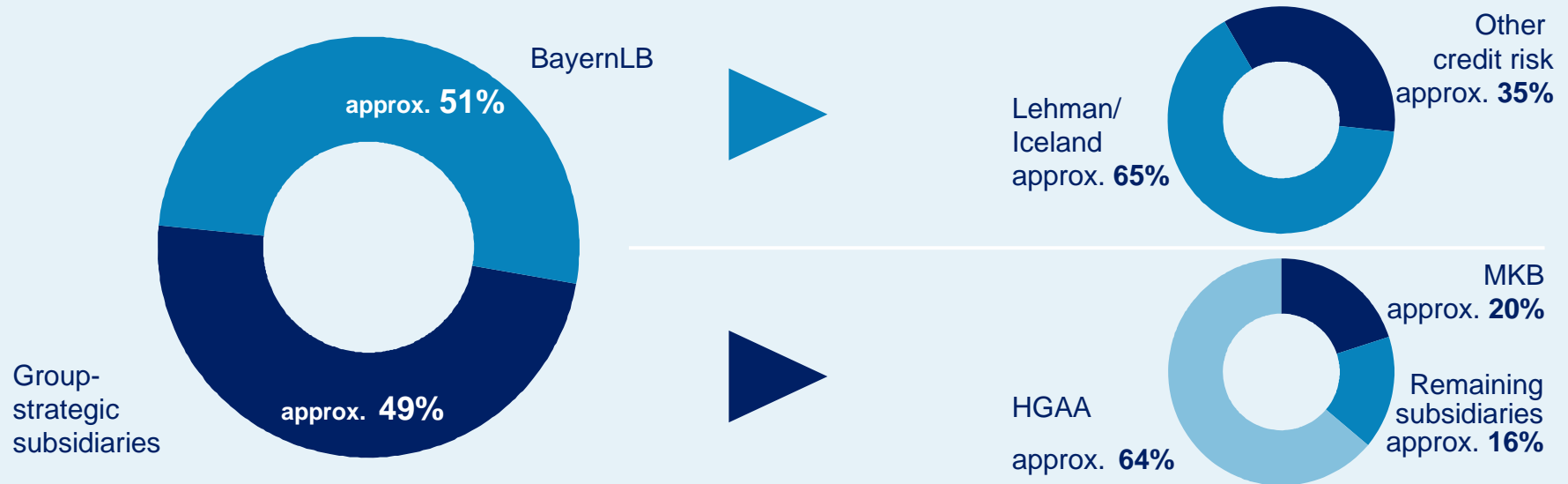
* After adjustment for the effects of the consolidation of HGAA/Real I.S. and the increased allocations to the cross-guarantee funds, administrative expenses are overall stable (+0.7%).

Note: The 2008 consolidated financial statements have not yet been certified.

Credit risk provisions hit by the financial crisis

BayernLB Group

Nearly two-thirds of the credit risk provisions concern the special Lehman and Iceland “cases” and the increased expenses at HGAA due to portfolio adjustments.



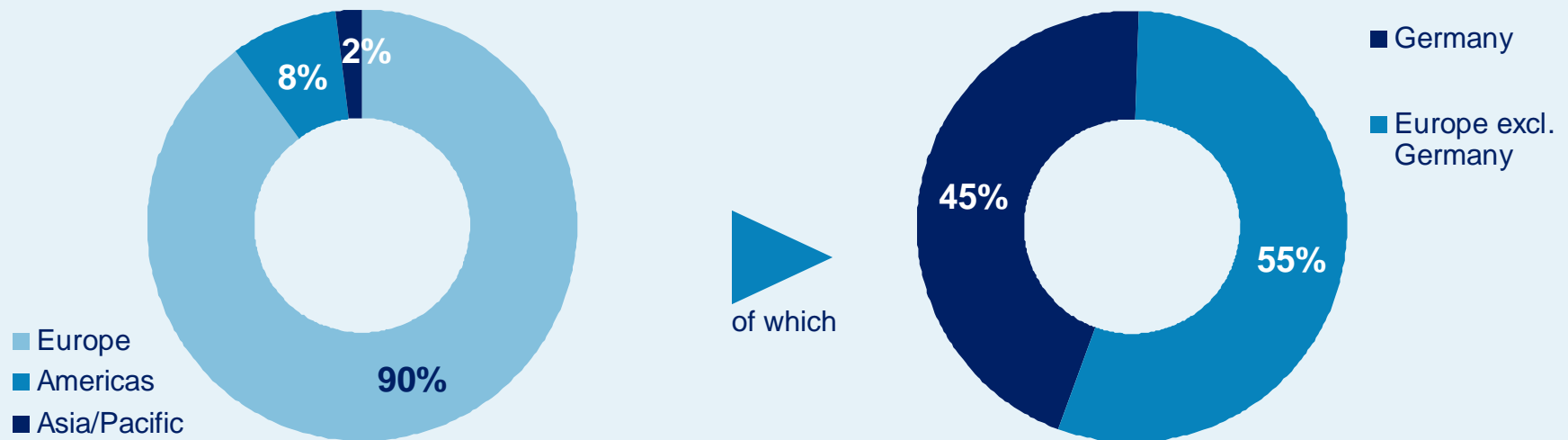
Cost-cutting measures taking effect

Administrative expenses rose mainly due to consolidation effects.

| Group | | BayernLB | |
|-------------------|---|---|--------------------|
| Reported increase | Adjusted for HGAA and Real I.S. consolidation effect and increased allocations to cross-guarantee funds | Total administrative expenses in the Bank adjusted for increased allocations to cross-guarantee funds | Personnel expenses |
| +48.4% | +0.7% | -4.0% | -6.9% |

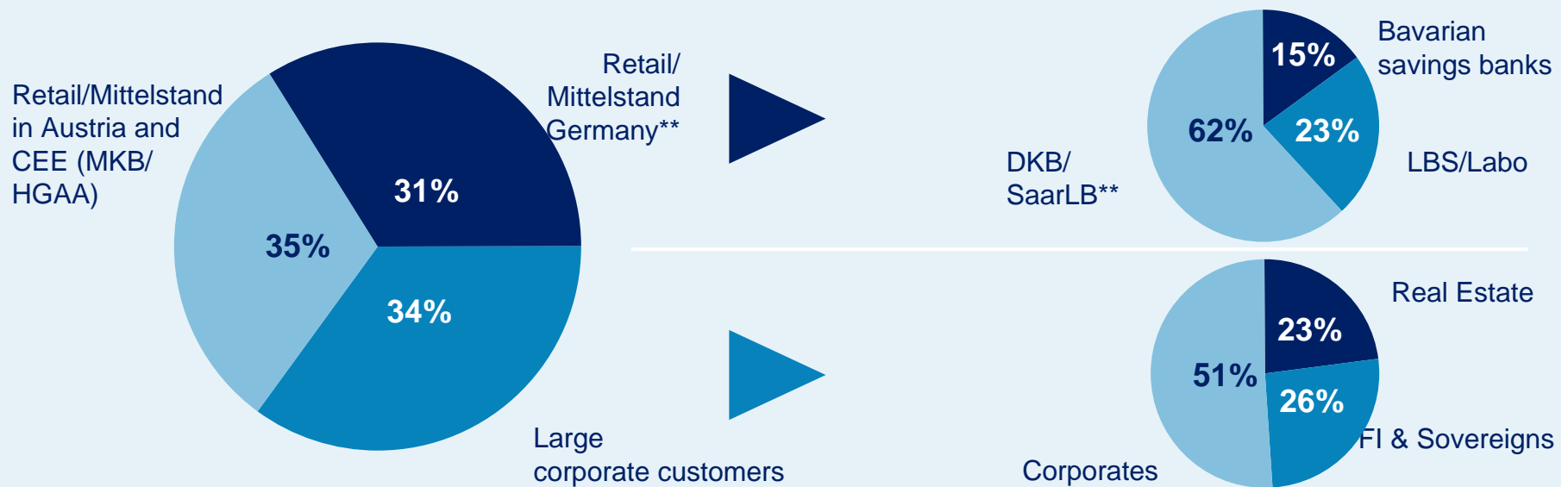
90 percent of gross income is generated in Europe BayernLB Group

90% of gross income from net interest and net commission income is already generated in Europe, almost half of which in Germany.



Broad-based geographically with diverse activities BayernLB Group

The BayernLB Group is broadly based both in terms of its business and its geographical presence. Group operating income* in %:



* Calculations excl. FM/CIP BAs, the SOs and other/consolidation ** plus Banque LBLux and LB(Swiss)

2008 segment results: return on equity (RoE in percent)

The customer business areas performed well in general; the subsidiaries were affected by the financial crisis and risk provisions; the financial crisis was immediately evident in FM* and CIP**.

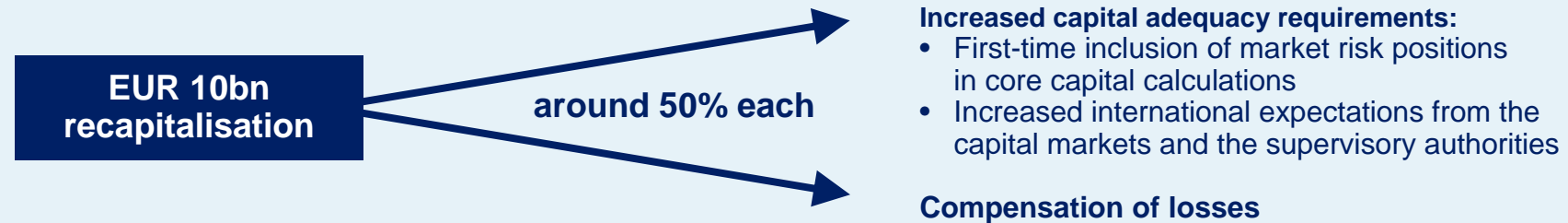
RoE (%)



* Financial Markets ** Credit Investment Portfolio

Strong capital adequacy through recapitalisation

Around 50% of the EUR 10bn recapitalisation package is being used to meet increased capital adequacy requirements.



A core equity ratio of 8% must be maintained long-term.

| Equity ratios | based on annual financial statements 2008 and capital injected to 30.03.2009: | |
|---------------|---|------------------------|
| | 31.12.2008: | 9.2% core equity ratio |
| | 8.0% core equity ratio | 12.3% own funds ratio |

Balance sheet overview as at 31.12.2008

BayernLB Group

| (in EUR bn) | 31.12.2008 | 31.12.2007 | Change in EUR bn | Change in % |
|---------------------------------|---------------|---------------|---------------------|----------------|
| Loans and advances to banks | 89.6 | 68.3 | 21.3 | 31.2 |
| Loans and advances to customers | 202.6 | 175.6 | 27.0 | 15.4 |
| Assets held for trading | 47.3 | 84.8 | -37.5 | -44.2 |
| Investments | 62.5 | 67.7 | -5.2 | -7.7 |
| Total assets | 421.7 | 415.6 | 6.1 | 1.5 |
| Liabilities to banks | 142.5 | 93.4 | 49.1 | 52.6 |
| Liabilities to customers | 91.3 | 92.6 | -1.3 | -1.4 |
| Securitised liabilities | 117.5 | 122.9 | -5.4 | -4.4 |
| Liabilities held for trading | 34.1 | 68.6 | -34.5 | -50.3 |
| Equity and subordinated capital | 23.1 | 25.3 | -2.2 | -8.9 |
| Core capital (under KWG)* | 18.1 | 11.9 | 6.2 | 52.1 |
| Own funds (under KWG)* | 26.4 | 21.5 | 4.9 | 22.8 |
| Employees | 20,285 | 19,226 | 1,059 | 5.5 |

* Based on balance sheet figures; 2008 taking account of capital increases in Q1 2009
 Note: The 2008 consolidated financial statements are not yet certified.

A good start to 2009

BayernLB Group

- ✓ **All Group entities posted positive results for the first two months of 2009.**
- ✓ **Tangible improvement in the Group's operating profit expected**
- ✓ **However, in view of the financial pressures of the restructuring (expected provisions) and the negative impact of the global financial crisis which cannot be foreseen, a forecast for the full year is currently not possible.**
- ✓ **In light of the situation, it will be a major challenge for BayernLB to move back into the black in the 2009 financial year.**