# Group Interim Report
# First half of 2014

*Facts. Figures.*

BayernLB

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The translation of consolidated interim financial statements – comprising the condensed statement of comprehensive income (including income statement), the balance sheet, statement of changes in equity, condensed statement of cash flows and selected explanatory notes – and the interim group management report of the Bayerische Landesbank as well as the auditor's review report is for convenience only; the German versions prevail.

# BayernLB Group – the first half of 2014 at a glance

# BayernLB Group – the first half of 2014 at a glance

## Income statement (IFRS)

| EUR million | 1 Jan – 30 Jun 2014 | 1 Jan – 30 Jun 2013 | Change in %/pp |
|---|---|---|---|
| Net interest income | 831 | 831 | – |
| Risk provisions in the credit business | 45 | –40 | – |
| **Net interest income after risk provisions** | **876** | **791** | **10.7** |
| Net commission income | 116 | 104 | 10.7 |
| Gains or losses on fair value measurement | 140 | 166 | –16.0 |
| Gains or losses on hedge accounting | –13 | –38 | –64.8 |
| Gains or losses on financial investments | –92 | 276 | – |
| Income from interests in companies measured at equity | 0 | 4 | – |
| Administrative expenses | –537 | –579 | –7.3 |
| Expenses for bank levies | –2 | –5 | –57.4 |
| Other income and expenses | 53 | 100 | –46.9 |
| Gains or losses on restructuring | –12 | –7 | 87.6 |
| **Profit before taxes** | **527** | **813** | **–35.1** |
| Income taxes | –64 | –135 | –52.7 |
| **Gains or losses on continuing operations** | **463** | **678** | **–31.6** |
| Gains or losses on discontinued operations | –311 | –94 | >100.0 |
| **Profit after taxes** | **153** | **584** | **–73.9** |
| Cost/income ratio (CIR) | 51.9% | 40.1% | +11.8 pp[1] |
| Return on equity (RoE) | 7.1% | 10.8% | –3.7 pp[1] |

## Quarterly comparison

The table below compares performance in the first and second quarters of 2014:

| EUR million | Q2 2014 | Q1 2014 | Change in % |
|---|---|---|---|
| Net interest income | 450 | 381 | 17.9 |
| Risk provisions in the credit business | 17 | 28 | –40.9 |
| **Net interest income after risk provisions** | **466** | **409** | **13.9** |
| Net commission income | 62 | 53 | 17.0 |
| Gains or losses on fair value measurement | 87 | 53 | 65.6 |
| Gains or losses on hedge accounting | –11 | –2 | >100.0 |
| Gains or losses on financial investments | –52 | –40 | 27.8 |
| Income from interests in companies measured at equity | 0 | 0 | – |
| Administrative expenses | –256 | –281 | –8.9 |
| Expenses for bank levies | 0 | –2 | – |
| Other income and expenses | 32 | 21 | 51.3 |
| Gains or losses on restructuring | –9 | –3 | >100.0 |
| **Profit before taxes** | **320** | **207** | **54.4** |
| Income taxes | –53 | –11 | >100.0 |
| **Gains or losses on continuing operations** | **267** | **196** | **35.9** |
| Gains or losses on discontinued operations | –303 | –7 | >100.0 |
| **Profit after taxes** | **–36** | **189** | **–** |

*Rounding differences may occur in the tables.*

## Balance sheet (IFRS)

| EUR million | 30 Jun 2014 | 31 Dec 2013 | Change in % |
|---|---|---|---|
| Total assets | 251,724 | 255,476 | −1.5 |
| Business volume | 294,464 | 298,400 | −1.3 |
| Credit volume | 190,591 | 193,573 | −1.5 |
| Total deposits | 153,569 | 157,374 | −2.4 |
| Securitised liabilities | 49,613 | 52,964 | −6.3 |
| Subordinated capital | 4,923 | 4,984 | −1.2 |
| Equity | 14,916 | 14,879 | 0.3 |

## Banking supervisory capital and ratios under CRR/CRD IV (31 Dec 2013 under the German Banking Act (KWG))

| EUR billion | 30 Jun 2014 | 31 Dec 2013 |
|---|---|---|
| Hard core capital (CET 1 capital) | 12.4 | – |
| Core capital | 12.4 | 13.8 |
| Own funds | 14.0 | 17.0 |
| Risk positions | 86.0 | 87.6 |
| Hard core capital ratio (CET 1 ratio) | 14.4% | – |
| Total capital ratio | 16.3% | 19.4% |

## Employees

| | 30 Jun 2014 | 31 Dec 2013 | Change in % |
|---|---|---|---|
| Number of employees | 7,968 | 8,568 | −7.0 |

## Current ratings

| | Long-term | Short-term | Pfandbriefs[2] |
|---|---|---|---|
| Fitch Ratings | A+ | F1+ | AAA |
| Moody's Investors Service | A3 | Prime-2 | Aaa |

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

# Selected business highlights in H1 2014

# Side by side

One of BayernLB's promises to its customers is proximity. It's true. We want to be close to our customers. Geographically, banking-wise – even emotionally. Which means placing value on such things as reliability, trust and openness. It also means a commitment to long-standing and sustainable customer relationships.

EUR 1.75bn

Credit Suisse (Guernsey Branch)
1.000%
**Joint Lead Manager**
March 2019

EUR 500m

Münchener Hypothekenbank
1.500%
**Joint Lead Manager**
June 2024

EUR 1bn

Crédit Agricole S.A.
3.125%
**Joint Lead Manager**
February 2026

**EUR 840.3m / USD 361.4m**

Turkiye Garanti Bankasi A. S., Turkey
**Mandated Lead Arranger & Facility Agent**
Dual tranche dual currency term loan facility
2014

**EUR 200m**

Flughafen Düsseldorf GmbH
Schuldscheindarlehen
April 2021 / 2024 / 2026 / 2034
**Sole Lead Arranger**

**EUR 1.5bn**

State of Lower Saxony
2.125%
**Joint Lead Manager**
January 2024

**EUR 1.25bn**

Telefónica S.A.
2.242%
**Joint Lead Manager**
May 2022

**EUR 1.5bn**

BMW Finance N. V.
EUR 750m, 1.625%
maturity date due July 2019
EUR 750m, 2.625%
maturity date due January 2024
**Joint Bookrunner**

**Plafond loans**

- SK Günzburg-Krumbach
  **EUR 5m loan**
  Forwarding sector
- SK Neu-Ulm-Illertissen
  **EUR 5m general credit limit**
  Energy sector
- SK Memmingen-Lindau-Mindelheim
  **EUR 3.9m loan**
  Automotive supplier sector

**EUR 100m**

Sodiaal International SA
Schuldscheindarlehen
2019 / 2020 / 2021
**Sole Lead Arranger**
2014

Our customers like this attitude. To show the close and trusting rapport we have with them, in fact, here's just a few of the deals we closed in the first half of 2014. Many are the result of solid business relationships built up over years and even decades. We like this attitude, too. Side by side with our customers. What could make for a stronger team?

EUR 368m

S-Kreditbasket KLASSIK

**Arranger & Administrator**
of the annual nation-wide
savings banks' loans
basket transaction

EUR 24.7m

AXA Real Estate
An AXA Investment Managers Company

7-year financing
of a Munich office complex
for an Italian real estate fund
managed by AXA Real Estate
Investment Managers SGR
2014

EUR 38.6m

Groß & Partner · ma'ro Opernquartier Frankfurt · Peakside Capital

**Groß & Partner / Peakside Capita JV**
Syndicated financing led by Taunus Spk.
ma'ro Opernquartier Frankfurt
2014

EUR 3bn

HEIDELBERGCEMENT

HeidelbergCement AG
Heidelberg
**Bookrunner & Mandated Lead Arranger**
Syndicated loan
2014

EUR 2bn

ProSiebenSat.1 Media AG

ProSiebenSat.1 Media AG
Munich
**Coordinating Bookrunner &**
**Mandated Lead Arranger**
Syndicated loan
2014

EUR 850m

SENVION
wind energy solutions

Senvion SE
Hamburg
**Bookrunner,**
**Mandated Lead Arranger &**
**Securitisation Agent**
Syndicated loan
2014

USD 203m

firstwind. Clean energy, made here.®
Vestas

First Wind Route 66
USA
**Mandated Lead Arranger**
Wind project
2014

EUR 1bn

Compagnie de Financement Foncier
Crédit Foncier Group

Compagnie de Financement Foncier
1.125%
**Joint Lead Manager**
March 2019

Baywobau® · investa Immobiliengruppe

**Baywobau Bauträger GmbH & Co. Zechstraße KG**
**(Baywobau / Investa JV)**
Syndicated financing led by the KSK M-STA-EBE
Wohnwerk II Project in Munich
2014

InfraRed Capital Partners

GBP 56.225m

**InfraRed**
**Capital Partners**

5-year
financing of the
Eastgate Shopping Centre
Basildon, UK
2014

# Board of Management

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# Foreword

*Ladies and gentlemen,*
*Dear customers and business partners,*

The BayernLB Group performed well in the first half of 2014, posting profit before taxes of EUR 527 million. The figure for the year before was EUR 813 million, but this was boosted by the EUR 351 million raised from the sale of real estate subsidiary GBW AG. Adjusted for this one-off factor, our pre-tax profit rose by EUR 65 million or 14 percent.

Despite the low interest rate environment and stiff competition, BayernLB posted a solid first-half performance in its core business with large corporates and Mittelstand companies, real estate customers, savings banks, and retail customers via our direct banking subsidiary DKB. Altogether, DKB contributed EUR 358 million to our pre-tax profit. Net commission income increased by EUR 12 million to EUR 116 million and net interest income was stable at EUR 831 million. We also benefited from a net release of risk provisions, mainly in the Non-Core Unit.

As well as making progress in the operating business with customers, we also succeeded in reducing our cost base. Administrative expenses fell by 7.3 percent year-on-year to EUR 537 million. In January 2014, we began the process of scaling back around 440 full-time jobs by mutual consent. We are confident most of the reductions in headcount will have been implemented or contractually agreed by the end of 2014.

An important milestone for BayernLB was the sale of Hungarian subsidiary MKB in July of this year. The transaction is expected to close by the end of September 2014. MKB was the last major subsidiary BayernLB must part with as a condition laid down by the EU Commission. The deadline for the disposal was the end of 2015, but we achieved this ahead of schedule. The MKB sale is a huge relief for us as it means we can close a difficult and costly chapter for BayernLB and focus on the future. The sale of MKB will also free up a significant amount of capital which had been used to cover risks. As a result, the transaction will cut the Bank's hard core capital ratio (CET 1) by a mere 0.3 percentage points. BayernLB's CET 1 ratio is still a very solid 14.4 percent as at 30 June 2014. This capital base gives us the ability to stand by our customers as a reliable and strongly capitalised partner. We are also optimistic about the outcome of the European Central Bank's (ECB) asset quality review and subsequent bank stress test in the fourth quarter.

Taking centre stage once again in the second half of the year will be low interest rates, tough competition, particularly in business with Mittelstand customers, and numerous geopolitical risks. Despite this testing environment, we expect the core business to produce a significant profit. As we indicated in the 2013 annual report, the deconsolidation of MKB will, however, weigh heavily on our 2014 consolidated profit under IFRS. Halfway through 2014, we have already had to charge EUR 311 million against earnings in accordance with IFRS 5. As we expected, when the transaction is completed, we will have to recognise in the income statement a deconsolidation loss of up to EUR 500 million and, as already announced, write off about EUR 270 million in receivables. Consequently, we anticipate the Group will report a net loss for the full year despite making an operating profit.

In the months to come, we will take a very disciplined approach in all business sectors to achieving profitable growth in the customer business and systematically driving forward our programme to cut costs and boost efficiency. Other priorities on our management agenda are to revamp our customer-driven capital market business and invest in expanding our product range for our customers. A visible sign of our ambitious goals is the appointment of Ralf Woitschig as the new member of BayernLB's Board of Management overseeing capital markets. We are very pleased to welcome Mr Woitschig to our team in the second half of the year.

We would like to warmly thank our customers and business partners for the trust they have placed in our expertise. And last but not least, a big thank you must go to all the staff at our Bank for their outstanding work and great dedication.

Sincerely,

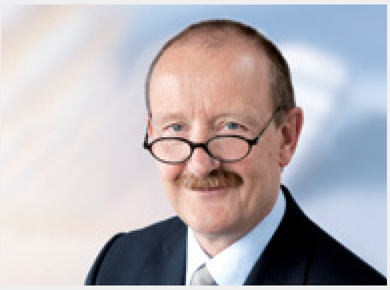
Dr Johannes-Jörg Riegler,
CEO

# Board of Management

Responsibilities as from 1 April 2014

**Dr Johannes-Jörg Riegler**
CEO

**Corporate Center**
**Markets**
**Deutsche Kreditbank Aktiengesellschaft**



**Dr Edgar Zoller**
Deputy CEO

**Real Estate & Savings Banks/Association**
**Bayerische Landesbodenkreditanstalt**
**Human Resources**

**Marcus Kramer**
Member of the Board of Management, CRO

**Risk Office**
**Restructuring Unit**
**Group Compliance**
**MKB Bank Zrt.**
**Banque LBLux S.A.**

**Michael Bücker**
Member of the Board of Management

**Corporates, Mittelstand & Financial Institutions**

**Dr Markus Wiegelmann**
Member of the Board of Management, CFO, COO

**Financial Office**
**Operating Office**

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# Overview of the BayernLB Group

## Key changes in the scope of consolidation and investment portfolio

The sales that were contractually agreed in 2013 of the interests in Landesbank Saar, Saarbrücken (SaarLB) and subsidiary NEXTEBANK S.A., Bucharest (NEXTEBANK), held by MKB Bank Zrt., Budapest (MKB), were completed in the first half of 2014. The sale of SaarLB closed on 3 April 2014. NEXTEBANK was sold on 30 April 2014. Further details are provided in the notes and information on the sale of MKB in the sections events after the reporting period and report on expected developments and opportunities.

Please refer to the Group management report and financial statements for 2013 for information on BayernLB's business model and strategy and also its internal Group management system.

# Report on the economic position

## Macroeconomic environment

Boosted by an unusually mild winter, the German economy began 2014 in a very buoyant condition.[1] By spring the pace of growth had eased somewhat, but overall output in the first half of the year was markedly higher than in the second half of 2013. The situation also continued to improve on the labour market even though the rate of job creation had slowed as unemployment fell.[2] Despite higher wage settlements, inflation remained low, giving succour to households' real purchasing power.[3] Private consumption was the primary driver of domestic demand in the first half of the year. Persistently low interest rates also played a role here by acting as a strong incentive for capital spending and, in light of Germany's status as a safe haven, stimulating demand for real estate and production in construction. Despite the worsening geopolitical uncertainty, capital expenditure began to pick up momentum again. No positive contribution to growth came from exports in the first half of 2014: imports jumped, while lower demand, especially from outside the EU, reined in exports.

Risks to the German economy from foreign trade stem primarily from an escalation in the plethora of political and military conflicts in important regions outside the eurozone. However, the possibility of the European debt crisis taking a turn for the worse once again has receded further. In particular, supporting action by the ECB in the shape of an extensive securities purchasing programme (quantitative easing, QE), also encompassing public debt instruments, in response to the risk of deflation has lessened the likelihood of fresh financial market turmoil in the wake of the critical ruling by the German Constitutional Court on the ECB's Outright Monetary Transactions (OMT) programme. But the underlying structural problems in a host of euro countries and the currency union as a whole are still unresolved. In particular public and private-sector debt levels are too high in many countries. This is also apparent from the negotiations for greater flexibility in the fiscal rules, which should further limit the pace of reform and governments' efforts to balance the books in key member states.

Financial markets were bullish in the first half of the year. Monetary policy remained ultra loose, keeping interest rates low and lifting equity and property prices further. The ECB, for example, cut the cost of borrowing again in June and set a negative interest rate on deposits for the first time. Additional liquidity measures have been put in place to stimulate the still weak lending especially to small and medium-sized companies. Against this backdrop, the blue-chip DAX index hit a new all-time high of 10,051 points in the middle of June, though it was not able to remain above the 10,000-point mark through mid July.[4] Overall the DAX rose by 2.9 percent in the first half of the year.

1 *Bundesbank monthly report for June 2014.*
2 *Federal Employment Agency monthly report for June 2014.*
3 *Federal Statistical Office press release no. 248 dated 11 July 2014.*
4 *See Thomson Reuters Datastream: "DAXINDX".*

On the bond market, German Bunds surged in the first half of 2014. After the surprise downturn in the US economy in the first quarter, the emerging markets crisis and the tumultuous situation in the Ukraine, this trend continued into the second quarter when markets bet on further ECB easing.[5] Bonds of peripheral eurozone countries appeared unfazed by these exceptional factors, and their spreads narrowed further. After steadily recovering to nearly USD 1.40, the euro lost some ground over the course of the first half, falling below USD 1.37.[6]

### Course of business

The BayernLB Group performed well, ending the first half of 2014 with profit before taxes of EUR 527 million (H1 2013: EUR 813 million). The high figure from the previous year was boosted mainly by proceeds of EUR 351 million from the sale of GBW AG, Munich (GBW). Adjusted for these sales proceeds, profit before taxes was EUR 65 million or 14 percent more than the year-before period.

The core business again performed well overall and posted profit before taxes of EUR 358 million. In the previous year, income from the partial buy-back of a USD hybrid bond and other earnings components from the Central Areas & Others segment contributed to the high figure of EUR 420 million.

The planned sale of the stake in MKB Bank Zrt. Budapest (MKB) resulted in its classification as a discontinued operation in accordance with IFRS 5. As a result, a loss on discontinued operations of EUR 311 million was recognised.

Under the 2013 cost-cutting programme, BayernLB began the process of shedding around 440 jobs by mutual consent in January 2014. Given current progress, BayernLB is confident that most of the job losses will have been implemented or contractually agreed by the end of 2014.

As at 30 June 2014, total assets amounted to EUR 251.7 billion, 1.5 percent lower than at the end of 2013. The lending business once again had a major impact on the financial position of the Bank's assets.

The financial situation was solid throughout the reporting year, and sufficient liquidity was on hand at all times. The BayernLB Group's business position overall is therefore still stable.

As from 1 January 2014, supervisory capital is to be calculated in accordance with the Capital Requirements Regulation (CRR)/Capital Requirements Directive IV (CRD IV). The BayernLB Group's capital base remains very solid under the new, stricter standards. Hard core capital (Common Equity Tier 1 – CET 1) stood at 14.4 percent as at 30 June 2014.

5 *See Bloomberg Markets 2014: "Germany Generic Govt 10Y Yield", http://www.bloomberg.com/quote/GDBR10:IND.*
6 *See ECB 2014: "US dollar (USD)", http://www.ecb.europa.eu/stats/exchange/eurofxref/html/eurofxref-graph-usd.en.html.*

## Results of operations

Negotiations for the sale of the stake in MKB resulted in its classification as a discontinued operation in accordance with IFRS 5. As a result, MKB's profit after taxes and other measurement effects are reported under the gains or losses on discontinued operations item. MKB's income and expenses are therefore no longer recognised under the individual items of the consolidated income statement from continuing operations. The previous year's figures were adjusted accordingly.

Further information on each item can be found in the notes.

Net interest income was unchanged on the previous year at EUR 831 million despite an overall fall in business volumes (H1 2013: EUR 831 million).

Net releases of risk provisions in the credit business at BayernLB and Banque LBLux S.A., Luxembourg (LBLux) resulted in a gain of EUR 45 million (H1 2013: loss of EUR 40 million). DKB's risk provisions remained almost unchanged at EUR –67 million (H1 2013: EUR –68 million). Risk provisioning was significantly less than forecast overall and, based on experience, can be expected to increase in the second half of the year.

Net commission income rose EUR 12 million to EUR 116 million, primarily due to higher commission income in the credit business.

Gains or losses on fair value measurement stood at EUR 140 million (H1 2013: EUR 166 million). In the first half of 2013 the measurement of and current income from cross-currency swaps and the measurement of own credit spreads produced a loss of EUR 38 million, but the same effects resulted in a gain of EUR 20 million in the current year. Compared to previous periods, the volatility of these items has significantly decreased. Besides the customer margin of EUR 47 million (H1 2013: EUR 70 million), a large contribution to the positive overall result came from impairment reversals in the ABS portfolio of EUR 70 million (H1 2013: EUR 67 million). Fair value adjustments resulted in a charge of EUR –37 million. In the previous year, performance was boosted by reversals of EUR 46 million.

The EUR 368 million fall in gains or losses on financial investments to EUR –92 million was largely due to the deconsolidation gain of EUR 351 million recognised in the previous year from the sale of GBW. The valuation of the Umbrella guarantee agreement led to a negative item of EUR –100 million (H1 2013: EUR –124 million) which was offset to a degree by EUR 70 million in gains or losses on fair value measurement. The aim of the Umbrella is to offset losses and valuation swings in the ABS portfolio, where for measurement reasons, earnings are reported in different periods and interdependencies with the gains or losses on fair value measurement arise.

Administrative expenses contracted by 7.3 percent to EUR 537 million. IT costs fell and the cost-cutting programme initiated at the end of 2013 began to bear more fruit. However, costs from audit and consultancy services, notably in connection with the ECB's comprehensive assessment, rose.

Other income and expenses covers both the activities of the real estate subsidiaries and the gains or losses from buying back own issues and amounted to EUR 53 million in the first half of 2014 (H1 2013: EUR 100 million). The previous year's higher figure was mainly due to gains recorded on the early partial buy-back of the USD hybrid bond.

Expenses for bank levies stood at EUR 2 million (H1 2013: EUR 5 million) and was fully attributable to DKB in 2014.

Gains or losses on restructuring came to EUR –12 million, of which EUR –8 million related to BayernLB, mainly due to an interest rate-related adjustment in a provision established as at 31 December 2013 as a result of the cost-cutting programme.

Immediately prior to classifiying MKB's assets as held for sale, impairments had to be calculated in accordance with the applicable IFRS. A comparison of the expected sales proceeds to MKB's net assets resulted in an impairment charge of EUR 251 million on property, plant and equipment, real estate and intangible assets, which was recognised along with MKB's earnings for the period under gains or losses on discontinued operations. Including MKB's earnings for the period, the Group reported a loss on discontinued operations of EUR 311 million (H1 2013: loss of EUR 94 million). The report on expected developments and opportunities gives details on the expected impact of the sale of MKB in the second half of the year.

As economic capital was almost unchanged, the BayernLB Group's lower profit before taxes resulted correspondingly in a lower return on equity (RoE)[7] of 7.1 percent in the first half of 2014 (H1 2013: 10.8 percent). The cost/income ratio (CIR)[8] was 51.9 percent compared to the previous year's figure of 40.1 percent. Although administrative expenses were cut back in 2014, total income was lower on the previous year, primarily due to the large gain from the sale of GBW that year.

### Core and non-core business of the BayernLB Group

Since BayernLB began its realignment in 2009, non-core activities due for winding down have been reported separately from forward-looking core business. When the Group restructured its segments on 1 January 2013, the Non-Core Unit was set up to manage under one segment all non-core activities due to be discontinued or sold off.

The Group generated profit before taxes of EUR 527 million, with most of it, EUR 358 million (H1 2013: EUR 420 million), from core business. Both the core and non-core businesses were boosted by net releases of risk provisions. The core business performed well despite market and competitive pressures. Non-recurring items had a large impact on the non-core business's positive performance.

7 *Profit before taxes/average reported equity.*

8 *CIR = administrative expenses/(net interest income + net commission income + gains or losses on fair value measurement + gains or losses on hedge accounting + gains or losses on financial investments + income from interests in companies measured at equity + other income and expenses).*

| 1 Jan – 30 Jun 2014 | **Core business (incl. pro-rated consolidation) (EUR million)** | **Share (in percent)** | **Non-core business (incl. pro-rated consolidation) (EUR million)** |
|---|---|---|---|
| Total income before consolidation | 974 | | 115 |
| Consolidation | –80 | | 25 |
| **Total income after consolidation** | **894** | **86.5** | **140** |
| Risk provisions[1] | –55 | | 100 |
| Administrative expenses[1] | –470 | 87.6 | –67 |
| Expenses for bank levies[1] | –2 | 100.0 | 0 |
| Gains or losses on restructuring[1] | –8 | 68.2 | –4 |
| **Profit before taxes after consolidation** | **358** | **68.0** | **169** |
| Risk positions[1] | 68,630 | 84.0 | 13,103 |

*1 Positions excluding consolidation.*

## Segments

The segment report is based on the monthly internal management reports to the Board of Management and reflects the BayernLB Group's six segments. The core business is divided as at 30 June 2014 into the operating segments Corporates, Mittelstand & Financial Institutions, Real Estate & Savings Banks/Association, DKB, and Markets, including the legally dependent institution Bayerische Landesbodenkreditanstalt (BayernLabo) and their associated subsidiaries; the Central Areas & Others segment is also included. The Non-Core Unit comprises the Restructuring Unit containing portfolios with non-core characteristics, the subsidiary LBLux, and other non-core activities. Due to MKB's reclassification under IFRS 5, its impact on earnings is recognised under gains or losses on discontinued operations and therefore is no longer a component of the Non-Core Unit in the segment reporting; the previous year's figures have been adjusted where necessary.

The contributions of the individual segments to profit before taxes of EUR 527 million (H1 2013: EUR 813 million) are shown below:

| EUR million | **1 Jan – 30 Jun 2014** | **1 Jan – 30 Jun 2013** |
|---|---|---|
| Corporates, Mittelstand & Financial Institutions | 129 | 159 |
| Real Estate & Savings Banks/Association | 154 | 110 |
| DKB | 68 | 80 |
| Markets | –38 | 16 |
| Central Areas & Others | 125 | 178 |
| Non-Core Unit | 143 | 398 |
| Consolidation | –55 | –128 |

**Corporates, Mittelstand & Financial Institutions segment**

- Customer business continues to perform well
- Gross earnings on par with previous year
- Subdued demand for currency and interest rate hedging transactions

In the first half of financial year 2014, the Corporates, Mittelstand & Financial Institutions segment produced profit before taxes of EUR 129 million (H1 2013: EUR 159 million). Although demand for credit was still subdued, interest rates low and competitive pressure high, net interest income was stable and net commission income rose. Demand for interest rate and currency hedging instruments in the first half fell on the back of consistently low and mostly non-volatile interest rates. Earnings were maintained at the previous year's level overall. Cost-cutting of administrative expenses started to take effect and pushed costs below the same period of the previous year. Risk provisions were in line with expectations (releases had a major impact on the previous year), contributing to lower year-on-year profit before taxes. Very good performers included export & trade finance, leasing, securitisations and asset finance. The segment therefore further consolidated its position as a lender to large German corporates and Mittelstand companies in addition to international companies with a connection to Germany and achieved good profitability from customer business once more, bucking the market trend.

**Real Estate & Savings Banks/Association segment**

- Good performance and marked improvement in earnings in the Real Estate division
- Savings Banks & Association closes a stable period with higher total income
- Fall in net interest income and rise in administrative expenses weigh on BayernLabo's profitability

The segment turned in profit before taxes of EUR 154 million (H1 2013: EUR 110 million), significantly above the same period of the previous year.

The Real Estate division generated profit before taxes of EUR 100 million (H1 2013: EUR 56 million), a significant contribution to the jump in the bottom line. Better margins and higher commission income from new business coupled with a net release of risk provisions of EUR 30 million helped lift earnings. Administrative expenses were lower than in the same period of the previous year.

Savings Banks & Association reported higher profit before taxes of EUR 20 million (H1 2013: EUR 14 million). It benefited yet again from a constructive and close collaboration with the savings banks and public sector, resulting in a significant improvement in net interest income. This stemmed mainly from the financial markets customer business, for example, through sales of Schuldschein note loans to the savings banks. Administrative expenses edged up as a result of an increase in charges from other segments.

BayernLabo posted profit before taxes of EUR 28 million (H1 2013: EUR 35 million). A drop in net interest income because of low interest rates took its toll on total income once again. Administrative expenses increased as a result of non-recurring costs from the roll out of new software.

Consolidated subsidiary Real I.S. AG also contributed EUR 5 million (H1 2013: EUR 2 million) to segment earnings.

### DKB segment

- Net interest income up on the year-before period despite persistently low interest rates
- Administrative expenses and risk provisions essentially unchanged on the previous-year period
- Customer deposits reach EUR 46.8 billion

DKB closed the first half of 2014 with profit before taxes of EUR 68 million (H1 2013: EUR 80 million). The decrease on the previous-year period was mainly the result of income from securities sales which boosted earnings in the first half of 2013 and costs incurred for the sale of the interest in Stadtwerke Cottbus in April 2014. Administrative expenses were pushed up by another increase in customer numbers and additional regulatory costs. On the other hand, good portfolio quality resulted in lower risk provisions, and the customer business was expanded further, performing well in all areas. For example, lending volumes rose slightly over the reporting period to EUR 57.9 billion despite stiff competition for customers with good credit ratings and early and higher repayments. Customer deposits, an integral component of funding, grew in all customer groups to EUR 46.8 billion. The customer business, especially the retail segment, which now serves nearly 3 million people, performed well despite the macroeconomic environment and tough competition.

### Markets segment

- Weak customer demand for Markets' products due to market conditions
- Credit value adjustments for counterparties weigh on earnings
- Cost saving measures cut administrative expenses

Profit before taxes from the Markets segment in the first half of 2014 fell to EUR –38 million (H1 2013: EUR 16 million). Under BayernLB's business model, earnings from Markets' products sold by the customer segments are reported under those segments. The main factors for the lower earnings were a single credit value adjustment in the amount of EUR –34 million in the first half of 2014, weaker demand for financial instruments due to market conditions which weighed on net interest income and high one-off earnings in the previous-year period from the release of a specific loan loss provision. Cost saving measures cut administrative expenses. Risk provisions fell due to the dissolution of the valuation reserve for bid-ask spreads. Earnings from Markets' products sold in the customer business areas fell slightly year-on-year, with the Real Estate & Savings Banks/Association arm slightly up and Corporates, Mittelstand & Financial Institutions down.

### Central Areas & Others segment

The Central Areas & Others segment comprises the central areas and those business transactions executed in the overall interests of the Bank or Group which are not allocated to the individual operating segments. Profit before taxes in the first half of 2014 fell to EUR 125 million (H1 2013: EUR 178 million). The decline largely reflects a one-time gain in the previous year from the partial buyback of a USD hybrid bond.

### Non-Core Unit segment

- Further rapid progress made in winding down the securities and loan portfolios in the Restructuring Unit (RU), increase in profit before taxes driven in particular by risk provisions
- Hungarian banking subsidiary MKB classified in accordance with IFRS 5 as a discontinued operation, impact on earnings no longer recognised in the Non-Core Unit
- LBLux's profit before taxes lifted by the non-recurring impact from sales and closures

From the start of 2013 all non-core activities have been pooled in the Non-Core Unit segment. Profit before taxes of EUR 143 million (H1 2013: EUR 398 million) was significantly below the previous year period, which was boosted by a the deconsolidation gain from the sale of GBW AG.

The Restructuring Unit's earnings soared in the first half of 2014 to EUR 51 million (H1 2013: EUR 27 million), thanks mainly, as in the previous year, to releases of risk provisions. In contrast, total income, especially net interest income, fell as expected as portfolios were wound down. Administrative expenses also shrank in comparison to the year before.

Since 1 January 2013, as a result of the EU ruling, the division has also been handling the German and foreign portfolios to be wound down from the Real Estate, Corporates, and Structured Finance divisions as well as credit business with municipal governments outside Bavaria. Thanks to scheduled and early repayments and sales, the volume of all portfolios including non-core securities portfolios was cut once more by EUR 2.5 billion to EUR 19.8 billion. This resulted in risk-weighted assets falling by EUR 1.4 billion, freeing up a corresponding amount of capital. LBLux's business activities in the first half of 2014 were marked primarily by exit activities such as the closing of private banking and preparations to transfer the corporate banking portfolio and the resulting non-recurring items. Profit before taxes amounted to EUR 128 million (H1 2013: EUR 18 million).

Since 1 January 2013, the Other NCU sub-segment has comprised the non-core activities of DKB, additional non-core investments not assigned to the divisions referred to above and business transactions in non-core business executed in the overall interests of the Bank or Group. The loss before taxes of EUR 36 million (H1 2013: profit of EUR 353 million) was far less than the previous-year period, which was inflated by the deconsolidation gain from the sale of GBW AG.

## Financial position

The BayernLB Group's total assets fell by a further 1.5 percent to EUR 251.7 billion.

MKB's assets and liabilities are each collectively allocated to an item and reported on the assets side under non-current assets or disposal groups classified as held for sale and on the liabilities side under liabilities of disposal groups. The previous year's figures were not adjusted.

Credit volume, defined as the total of loans and advances to banks and customers and contingent liabilities from guarantees and indemnity agreements, fell by 1.5 percent to EUR 190.6 billion. This was due to the aforementioned reclassification of MKB's assets.

Loans and advances to banks totalled EUR 46.3 billion on the reporting date, a year-on-year increase of 6.4 percent.

Hypo Alpe Adria Bank International AG (HAA) has not repaid several outstanding loans from BayernLB totalling around EUR 2.35 billion, citing the Austrian Equity Capital Substitution Act. In December 2012 BayernLB therefore petitioned Munich District Court for repayment of these receivables. In its countersuit HAA has now demanded repayment of the interest and principal paid to BayernLB. After obtaining a legal opinion the court issued a preliminary ruling in oral hearings on 30 June 2014.

Loans and advances to customers stood at EUR 132.5 billion, 4.0 percent below the end-year figure for 2013. This figure, however remained almost constant if MKB's reclassified assets and liabilities are counted. The sharp fall in risk provisions in the credit business of 33.8 percent to EUR 1.8 billion also should be seen in the context of the reclassification of MKB under IFRS 5.

Non-current assets or disposal groups classified as held for sale, which rose sharply to EUR 6.2 billion, contains mainly assets from MKB (H1 2013: EUR 2.1 billion).

Liabilities to banks fell by 4.6 percent to EUR 67.9 billion on the reporting date.

Liabilities to customers as at 31 December 2013 included liabilities from MKB in the amount of EUR 4.0 billion. The reported fall of 0.6 percent to EUR 85.7 billion was due to the reclassification of these liabilities on 30 June 2014. DKB increased customer deposits once again.

In line with the targeted downsizing of business, funding needs, which are met in part by securitised liabilities, decreased. Securitised liabilities shrank by 6.3 percent to EUR 49.6 billion between the end of 2013 and 30 June 2014, mainly as a result of maturing issues.

The liabilities of disposal groups of EUR 5.1 billion (H1 2013: EUR 1.4 billion) relates mainly to MKB's liabilities.

Subordinated capital stood virtually unchanged at EUR 4.9 billion (H1 2013: EUR 5.0 billion).

Total equity also remained stable at EUR 14.9 billion.

Further information on each item can be found in the notes.

## Banking supervisory ratios for the BayernLB Group

Since 1 January 2014, capital has been calculated for banking supervisory purposes on the basis of CRR/CRD IV. One consequence for the BayernLB Group has been a shift from the aggregation-based German GAAP rules (HGB) to calculating capital based on the IFRS consolidated financial statements. On the whole, the first-time application of CRR/CRD IV has led to lower capital ratios as a result of a decrease in eligible capital combined with an increase in risk positions. Direct comparisons between the figures as at 31 December 2013 and 30 June 2014 are not possible.

Hard core capital (CET 1) amounted to EUR 12.4 billion as at 30 June 2014. Given risk positions of EUR 86.0 billion, the CET 1 ratio was a very solid 14.4 percent. Total own funds as at 30 June 2014 amounted to EUR 14.0 billion, and the total capital ratio was 16.3 percent. Due to HAA's failure to repay its loans, approximately EUR 1.1 billion has been deducted from capital as from 1 April 2014 (of which EUR 0.6 billion in CET1). Under the German Banking Act (KWG) the figures as at 31 December 2013 are: core capital EUR 13.8 billion, risk positions EUR 87.6 billion, core capital ratio 15.8 percent, own funds EUR 17.0 billion and own funds ratio 19.4 percent.

## General overview of financial performance

The BayernLB Group's financial position and financial performance was stable overall in the first half of 2014 despite the still challenging environment. The risk report contains additional information on the financial position.

# Events after the reporting period

The following events of major significance to the BayernLB Group occurred after 30 June 2014:

On 1 July 2014, LBLux's Corporate Banking portfolio was transferred to BayernLB's Restructuring Unit division to be completely wound down.

After signing a framework agreement on the sale of the interest in MKB on 22 July 2014, a sales agreement was concluded on 1 August 2014. The sale is expected to close by the end of September 2014 at the latest.

The special law for the resolution of HAA, which was passed by Austria's National Council on 8 July 2014, took effect on 1 August 2014. In respect of BayernLB's loan receivables and contractual approval rights, the special law stipulates essentially that BayernLB's claims against HAA in the amount of about EUR 800 million are void when the ordinance issued by the Austrian Financial Market Authority (FMA) in accordance with section 6, para. 7 of this law takes effect. Kärntner Landesholding's legal liability to cover this debt is also cancelled. In a case currently pending before Munich District Court, BayernLB has filed suit for payment of the remainder of its receivables in the amount of about EUR 1.5 billion. Under the FMA ordinance, this amount would be compulsorily deferred until 30 June 2019. BayernLB's contractual approval rights relating to the establishment of an HAA run-off unit can no longer be exercised.

Based on a legal opinion from Austrian constitutional lawyer Prof. Heinz Mayer and an examination by BayernLB's legal advisors, the special law contravenes German and Austrian constitutional law and European Union law. Munich District Court may disapply Austrian law if in its opinion it is incompatible with EU law or German constitutional law.

More information on the subject of HAA can be found in the note on loans and advances to banks in the report on economic position and the explanation in the report on expected developments and opportunities.

On 28 July 2014, BayernLB's Supervisory Board appointed Ralf Woitschig to be a member of the Board of Management. Mr Woitschig will be in charge of the Markets segment and will take up his responsibilities as soon as practicable.

No other events of major significance occurred after 30 June 2014.

# Risk report

The information provided in the risk report of the Group interim report relates mainly to the changes in the first half of 2014. The risk report in the 2013 consolidated financial statements gives a detailed description both of the principles, methods, procedures and organisational structures of the risk management used within the BayernLB Group and of the internal control and risk management system for ensuring the accounts have been properly prepared and are reliable.

Rounding differences may occur in the tables.

## Key developments in the first half of 2014

- Risk profile remained stable
- Core business expanded in line with strategy
- Progress in winding down non-core business
- Risk-bearing capacity maintained at all times
- Liquidity levels were comfortable

The BayernLB Group's risk profile was stable overall in the first half of 2014.

This was mainly due to its compliance with strategic requirements, prudent risk management of new business and the further winding down of risk positions in the non-core portfolio.

Gross credit volume fell by a total of EUR 2.6 billion to EUR 282.5 billion. As before, this was largely due to the run-off of non-core business, although the rate, despite being above target, slowed.

The largest decrease in volume took place at LBLux. The biggest reductions occurred in the Countries/Public-Sector/Non-Profit Institutions and Foreign Corporates sub-portfolios.

In contrast, business at DKB grew. On a regional basis, Germany's share of the portfolio was unchanged from the year-before period at 73.9 percent.

In respect of core business, portfolio quality also remained largely stable. The investment grade share was high overall at 76.5 percent (31 December 2013: 77.1 percent) and non-performing loan ratio was a very low 1.1 percent. Mainly on account of HAA, the NPL ratio in the non-core business rose to 3.9 percent in total, from 3.1 percent as at 31 December 2013.

The amount of economic capital required decreased due to the lower business volume in the BayernLB Group.

Risk-bearing capacity was maintained throughout the first half of 2014 as the provision of risk capital was solid. The BayernLB Group continued to enjoy comfortable levels of liquidity.

## Risk-bearing capacity

Risk-bearing capacity is monitored using the Internal Capital Adequacy Assessment Process (ICAAP) at BayernLB level, the subsidiaries DKB, MKB and LBLux, and at BayernLB Group level. The aim of ICAAP is to ensure that there is sufficient economic capital for the risks assumed or planned.

For risk management, BayernLB follows a liquidation-based approach in ICAAP that is designed to protect senior creditors. This is computed using internal targets for the accuracy of risk measurement, which correspond to a confidence level of 99.95 percent. The method for calculating risk-bearing capacity is assessed and refined on a regular basis to ensure it takes adequate account of external factors and internal strategic targets.

### Risk capital requirements

| EUR million | 30 Jun 2014 | 31 Dec 2013 |
|---|---|---|
| Credit risk and country risk (counterparty risk) | 2,591 | 2,249 |
| Market risk | 1,303 | 1,697 |
| Operational risk | 462 | 533 |
| Investment risk | 155 | 144 |
| **Total** | **4,511** | **4,623** |

Overall risk capital requirements fell in accordance with the BayernLB Group's strategic standards. The requirement fell markedly in respect of market risk, outweighing the increase in credit and country risk.

The higher risk capital requirements for investment risk were entirely due to the implementation of CRR/CRD IV.

The BayernLB Group holds sufficient available economic capital (EUR 16.4 billion) to cover risk capital requirements. The BayernLB Group had adequate risk-bearing capacity throughout the first half of the year.

The possibility of a severe economic downturn (ICAAP stress scenario) arising is calculated in a stress scenario. The risk capital requirement for the individual risk types in this case totals EUR 10.9 billion. The BayernLB Group is adequately capitalised also for this scenario.

## Management of the individual risk types in the Group

### Credit risk

In accordance with its business model as a corporates and real estate lender and partner to the savings banks with a regional focus on Bavaria and Germany, the largest risk for the BayernLB Group in terms of amount is credit risk.

At the end of the first half of 2014 no significant changes had been made in the instruments and methods for measuring, controlling and monitoring credit risks from those described in the risk report in the 2013 consolidated financial statements.

The following account uses both the management approach, which is based on the figures used for internal reporting, and the balance sheet approach, which is based on balance sheet figures and focuses on the value of the financial assets shown in the balance sheet.

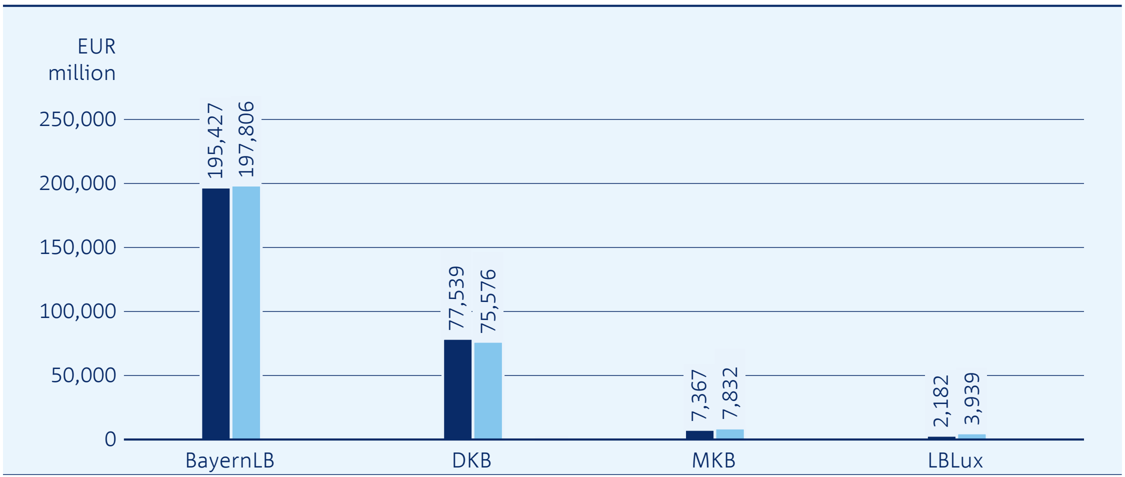
For the purposes of internal risk management and risk reporting to the Board of Management and the Risk Committee of the Supervisory Board, credit volume is defined differently in certain respects than it is for balance sheet purposes (e.g. only irrevocable credit commitments are included). Similarly, the materiality thresholds for including subsidiaries in the MaRisk risk inventory for internal risk management may differ from those used to determine the scope of consolidation. The figures under the management approach may therefore differ from those under the balance sheet approach.

#### Portfolio overview in accordance with IFRS 7.34 (a) (management approach)

Gross credit risk volume includes the gross volume of credit transactions (drawdowns plus unutilised commitments) and the risk-weighted amounts of trading transactions (market values and the credit equivalent amount from derivatives transactions).

Compared to 31 December 2013, the BayernLB Group's gross credit risk fell by EUR 2.6 billion or 0.9 percent to EUR 282.5 billion, in line with its winddown strategy. As expected, the winddown was carried out at a slower rate than the previous year. Since the new business model was implemented in 2009, gross credit volumes have been cut by a total of EUR 88.1 billion or 23.8 percent.

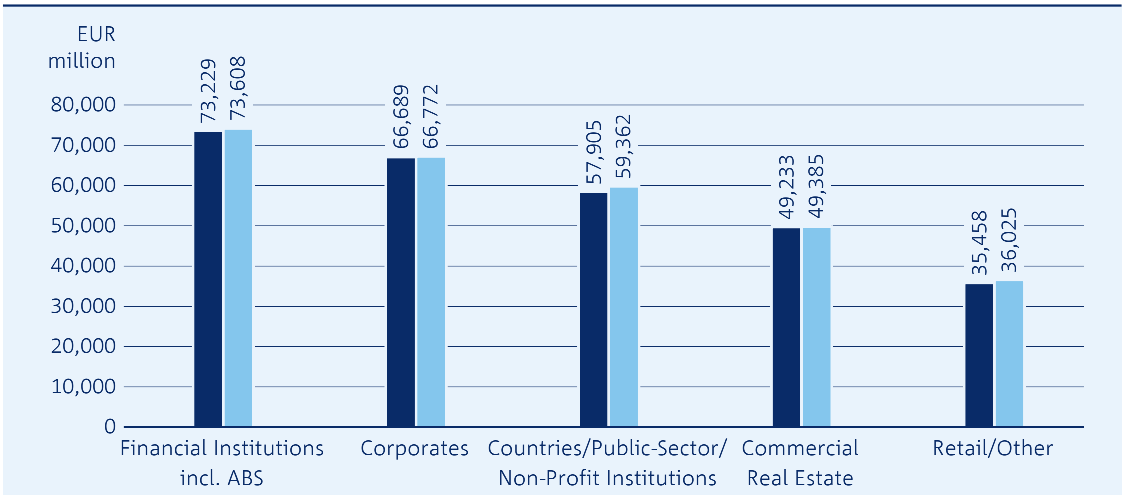
**Gross credit volume by unit**




■ 30 Jun 2014 Total: EUR 282,515 million
■ 31 Dec 2013 Total: EUR 285,153 million

Credit volume in the BayernLB Group is broken down in the following tables by sub-portfolio, rating category, region and size.

**Gross credit volume by sub-portfolio**




■ 30 Jun 2014 Total: EUR 282,515 million
■ 31 Dec 2013 Total: EUR 285,153 million

**Gross and net credit volume by sub-portfolio**

| EUR million | Gross 30 Jun 2014 | Gross 31 Dec 2013 | Gross Change (in %) | Net 30 Jun 2014 | Net 31 Dec 2013 | Net Change (in %) |
|---|---|---|---|---|---|---|
| Financial Institutions incl. ABS | 73,229 | 73,608 | −0.5 | 64,914 | 62,324 | 4.2 |
| Corporates | 66,689 | 66,772 | −0.1 | 51,210 | 51,476 | −0.5 |
| Countries/Public-Sector/ Non-Profit Institutions | 57,905 | 59,362 | −2.5 | 55,338 | 56,775 | −2.5 |
| Commercial Real Estate | 49,233 | 49,385 | −0.3 | 14,413 | 13,535 | 6.5 |
| Retail/Other | 35,458 | 36,025 | −1.6 | 17,914 | 17,143 | 4.5 |
| • *of which Retail* | *34,727* | *35,202* | *−1.4* | *17,286* | *16,833* | *2.7* |
| **Total** | **282,515** | **285,153** | **−0.9** | **203,789** | **201,253** | **1.3** |

Net credit volume is calculated by deducting the value of collateral, outplaced business and risk-free transactions (including transactions for account of a third party).

The increase in net credit volume over 31 December 2013 in the amount of EUR 2.5 billion or 1.3 percent to EUR 203.8 billion was due in part to changes in collateral weighting for commercial real estate within the Group.

### *Financial Institutions sub-portfolio*

Having been one of the main areas for winding down in 2013, gross credit volumes in the Financial Institutions sub-portfolio remained stable in the first half of 2014.

The largest changes in volumes took place at LBLux and DKB. The drop in volumes at LBLux of EUR 735 million was largely offset by the growth at DKB.

The biggest contraction in the Financial Institutions sub-portfolio was banks, with a fall of EUR 1.1 billion or 2.7 percent. Most related to grandfathered business with Landesbanks and to LBLux borrowers. On the other side of the coin, gross credit volumes to savings banks grew again, by EUR 574 million or 2.4 percent in accordance with strategy. Business with the insurance sector was stable, falling slightly by EUR 108 million or 2.4 percent. For information on the ABS portfolio, please refer to the detailed portfolio overview further on in the risk report. The investment grade share remained high, accounting for 87.3 percent.

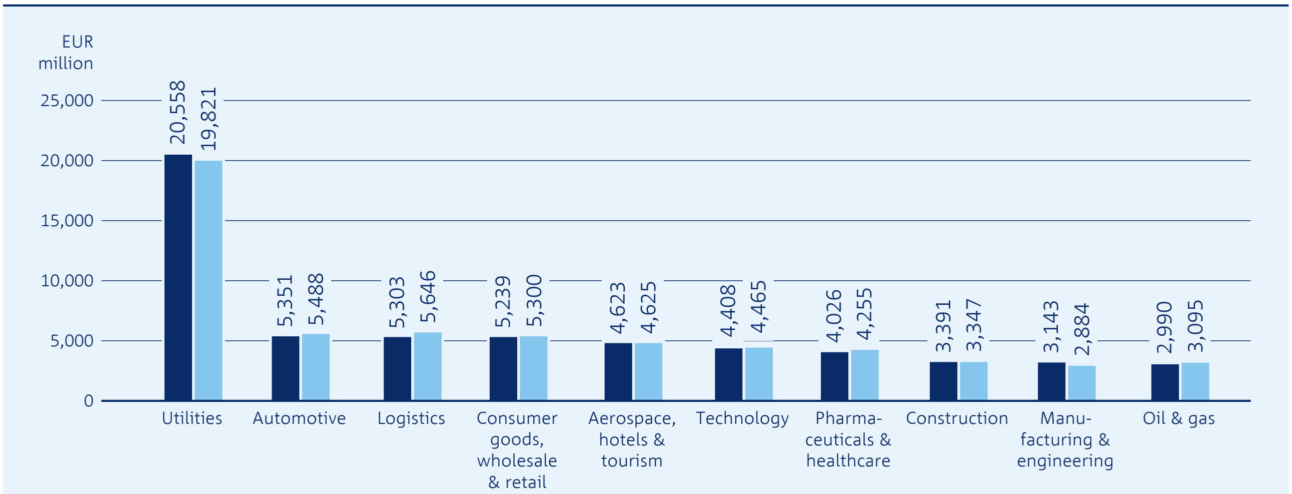
### *Corporates sub-portfolio*

The Corporates sub-portfolio was largely unchanged overall, falling EUR 83 million or 0.1 percent.

The move to wind down business abroad in line with strategy (EUR 950 million or 4.3 percent) was continued and focused on the logistics sector. The biggest declines took place in the Netherlands, Luxembourg, Hungary and Russia.

The successful winddown of the foreign portfolio was almost completely offset by new business with German target customers, so that the gross credit volume fell only marginally. The German share rose overall by 1.4 percentage points to 68.5 percent compared with 31 December 2013. Investment grade fell slightly by 1.6 percentage points to 65.8 percent (31 December 2013: 67.4 percent). There was also a small drop in the net credit volume of EUR 266 million or 0.5 percent.

**The ten largest sectors within the Corporates sub-portfolio**




■ 30 Jun 2014 (Top 10) Total: EUR 59,032 million
■ 31 Dec 2013 (Top 10) Total: EUR 58,926 million

Utilities, still the largest sector by far, enjoyed the biggest increases in volumes among the sectors in the first half, rising by EUR 737 million or 3.7 percent, largely as a result of renewable energy funding. Most renewable energy funding by the BayernLB Group is provided to small German businesses in the core solar power and wind power segments.

As planned, volume growth in Utilities took place almost exclusively in Germany. The portfolio's granularity also improved as funding was for small-scale new business. The proportion of customers with a gross credit volume of less than EUR 50 million rose to 75.5 percent (31 December 2013: 73.8 percent). DKB now accounts for 57.0 percent of the entire gross credit volume in the utilities sector.

An increase in gross credit volume also took place in the manufacturing & engineering target sector. New business in this sector was conducted predominantly in Germany.

### *Countries/Public-Sector/Non-Profit Institutions sub-portfolio*

The Countries/Public-Sector/Non-Profit Institutions sub-portfolio was the focus of winding down in the first half of 2014, dropping by EUR 1.5 billion or 2.5 percent. The bulk of the decrease came from a reduction in exposures to German municipalities and state governments. But this was tempered by a slight increase in foreign exposure, particularly in the US and the United Kingdom, mostly as a result of new business related to liquidity management. Gross credit volumes in Algeria, the Czech Republic and the United Arab Emirates were, however, completely eliminated. In Romania, the gross credit volume was almost completely reduced by the sale of NEXTEBANK (EUR 100 million or 99.3 percent).

### *Commercial Real Estate sub-portfolio*

The gross credit volume in the Commercial Real Estate sub-portfolio remained almost constant, falling slightly by EUR 152 million or 0.3 percent to EUR 49.2 billion.

Most of the winddown was in the non-core portfolio of the BayernLB Group and related almost completely to the foreign portfolio, particularly exposures in France, Luxembourg and Hungary.

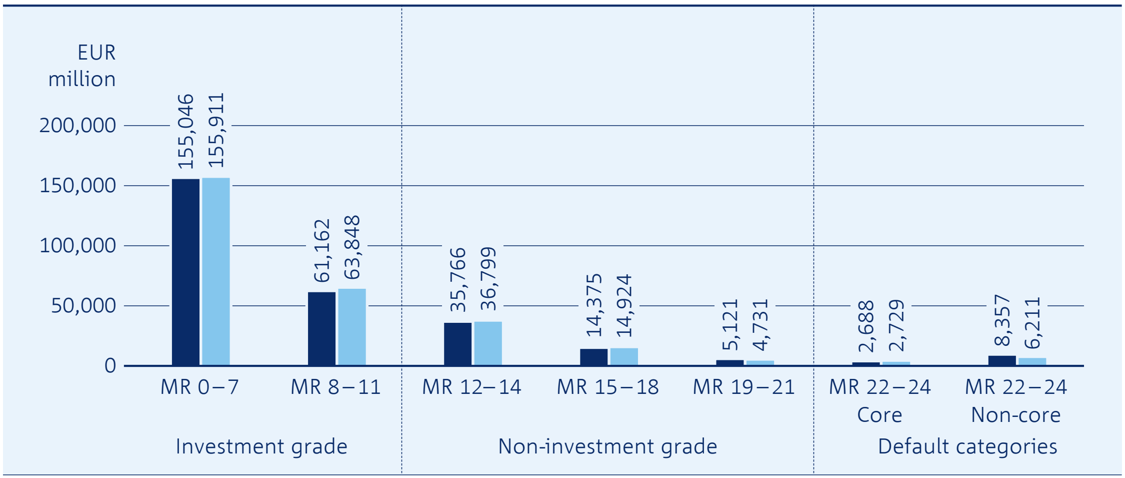
The run-off was almost completely offset by DKB's slight growth in volumes and by new business in BayernLB's core business. The German share remained high overall, accounting for 81.2 percent (31 December 2013: 81.0 percent). The Commercial Real Estate sub-portfolio now has the largest German share after the Retail/Other sub-portfolio. The investment grade share rose again from 68.6 to 69.8 percent.

The sub-portfolio is highly granular as 60.9 percent of it relates to customers with a gross credit volume lower than EUR 50 million, mainly in customer relationships with DKB. DKB accounts for 46.7 percent of the whole portfolio.

### *Retail/Other sub-portfolio*

The gross credit volume in the Retail/Other sub-portfolio fell by EUR 567 million or 1.6 percent to EUR 35.4 billion. The main reason for the slight drop was the reduction in the retail business at BayernLB in line with strategy and the planned winding down at LBLux. DKB's portfolio remained stable in the first half of 2014.

**Gross credit volume by rating category and sub-portfolio**




| **30 Jun 2014** **Rating categories** EUR million | **MR 0–7** | **MR 8–11** | **MR 12–14** | **MR 15–18** | **MR 19–21** | **MR 22–24** | **(of which non-core)** | **Total** |
|---|---|---|---|---|---|---|---|---|
| Financial Institutions incl. ABS | 59,681 | 4,253 | 1,388 | 1,299 | 755 | 5,854 | *5,595* | 73,229 |
| Corporates | 17,096 | 26,814 | 13,873 | 6,281 | 1,017 | 1,608 | *914* | 66,689 |
| Countries/Public-Sector/ Non-Profit Institutions | 53,740 | 1,004 | 2,604 | 512 | 41 | 4 | *1* | 57,905 |
| Commercial Real Estate | 18,242 | 16,104 | 6,724 | 3,996 | 1,911 | 2,256 | *1,225* | 49,233 |
| Retail/Other* | 6,286 | 12,987 | 11,178 | 2,286 | 1,398 | 1,323 | *622* | 35,458 |
| **Total** | **155,046** | **61,162** | **35,766** | **14,375** | **5,121** | **11,045** | ***8,357*** | **282,515** |

| **31 Dec 2013** **Rating categories** EUR million | **MR 0–7** | **MR 8–11** | **MR 12–14** | **MR 15–18** | **MR 19–21** | **MR 22–24** | **(of which non-core)** | **Total** |
|---|---|---|---|---|---|---|---|---|
| Financial Institutions incl. ABS | 60,058 | 4,684 | 3,426 | 1,480 | 690 | 3,270 | *3,009* | 73,608 |
| Corporates | 16,833 | 28,193 | 13,198 | 6,097 | 839 | 1,613 | *1,020* | 66,772 |
| Countries/Public-Sector/ Non-Profit Institutions | 55,277 | 1,785 | 2,072 | 185 | 37 | 5 | *1* | 59,362 |
| Commercial Real Estate | 17,532 | 16,343 | 6,529 | 4,667 | 1,722 | 2,594 | *1,504* | 49,385 |
| Retail/Other* | 6,211 | 12,844 | 11,575 | 2,494 | 1,443 | 1,457 | *677* | 36,025 |
| **Total** | **155,911** | **63,848** | **36,799** | **14,924** | **4,731** | **8,940** | ***6,211*** | **285,153** |

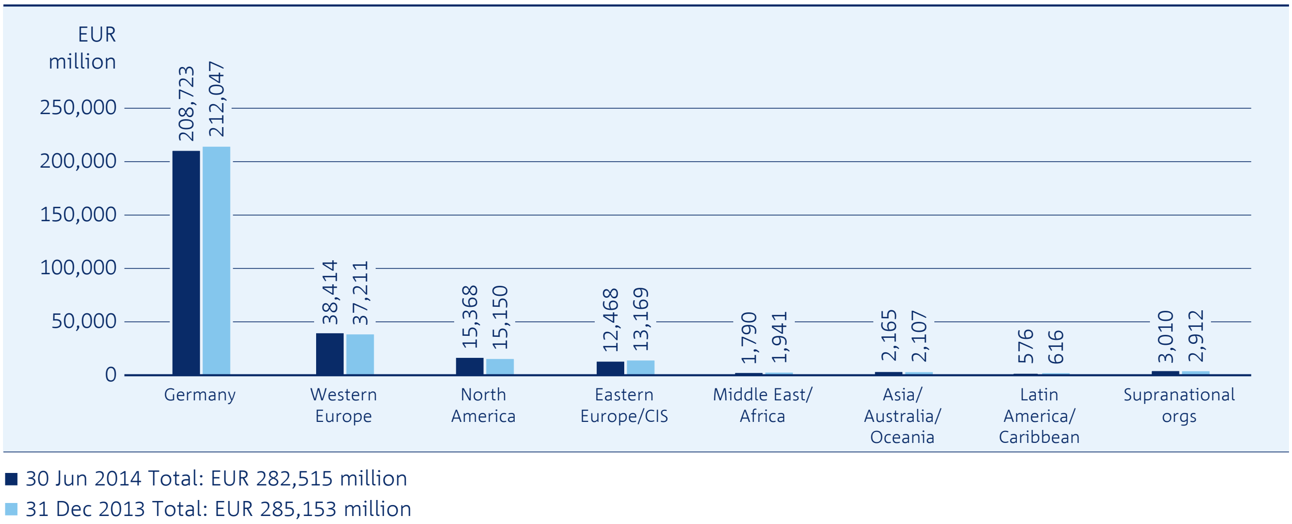
** Of which Retail accounted for EUR 35.2 billion of gross credit volume as at 31 December 2013 (30 June 2014: EUR 34.7 billion).*

The investment grade share fell slightly to 76.5 percent (31 December 2013: 77.1 percent). This was due in part to cuts in volumes and country downgrades in Eastern Europe.

The gross credit volumes in rating categories MR 0–7 and MR 8–11 shrank mainly as a result of the 1.6 percent overall reduction in the volumes in the Countries/Public-Sector/Non-Profit Institutions and Banks sub-portfolio. The fall in rating categories MR 12–14 was mainly due to the migration of HAA to rating categories MR 22–24.

The non-performing loan ratio (NPL ratio) rose from 3.1 percent to 3.9 percent in the first half of 2014. The NPL ratio in the core business remained at only 1.1 percent; in the non-core business it rose, mainly as a result of the HAA reclassification, to 24.6 percent (31 December 2013: 16.5 percent).

**Gross credit volume by region**




In line with the Business and Risk Strategy, German customers accounted for most of the gross credit volume of the BayernLB Group, their share being 73.9 percent (31 December 2013: 74.4 percent). Exposure abroad is focused on the Western Europe region. This region's share of the whole credit portfolio rose slightly from 13.0 percent at the end of 2013 to currently 13.6 percent.

Loan exposures to southern European countries, however, continued to fall (see following table). The biggest contraction in volumes by far – 41.7 percent – was in Italy.

**Gross credit volume in selected EMU countries**

| | Spain | | Italy | | Portugal | | Ireland | | Greece | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| EUR million | Jun 14 | Dec 13 | Jun 14 | Dec 13 | Jun 14 | Dec 13 | Jun 14 | Dec 13 | Jun 14 | Dec 13 | Jun 14 | Dec 13 |
| Countries/ Public Sector | 209 | 209 | 112 | 462 | 43 | 43 | 37 | 36 | 0 | 0 | 400 | 750 |
| Banks/Savings Banks/Insurance Companies | 759 | 904 | 414 | 1,267 | 20 | 56 | 32 | 35 | 0 | 5 | 1,225 | 2,267 |
| Corporates, Real Estate, ABS, Other | 1,910 | 1,936 | 1,294 | 1,392 | 209 | 349 | 304 | 308 | 80 | 76 | 3,797 | 4,061 |
| **Total** | **2,878** | **3,050** | **1,819** | **3,122** | **272** | **448** | **373** | **379** | **80** | **81** | **5,422** | **7,079** |

In the Eastern Europe and CIS regions, the gross credit volume fell by a total of EUR 701 million or 5.3 percent. In addition to selling Romanian-based NEXTEBANK from the MKB Group, BayernLB has also reacted to current events in Ukraine and Russia. Since the political and economic ties between Russia and the West have come under significant strain in the wake of the annexation of the Crimean Peninsula and ongoing fighting in eastern Ukraine, BayernLB has been pursuing a defensive business strategy in these countries.

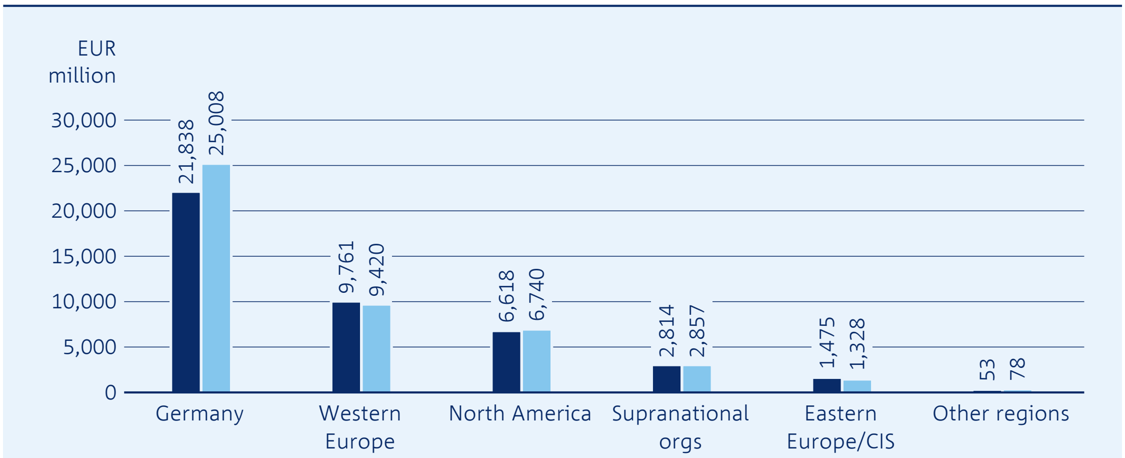
Gross credit volumes to Russian customers are currently EUR 1.9 billion (of which EUR 602 million has ECA backing), mostly to state-owned companies in the key oil and gas industries and to banks. Since 31 December 2013, the gross credit volume has fallen by EUR 161 million or 7.7 percent. The credit volume of the BayernLB Group in Ukraine is very low at EUR 4 million (31 December 2013: EUR 4 million), with 96.2 percent of this in the form of short-term exposures to banks.

The largest country in the foreign portfolio of the BayernLB Group is still the US, with a volume of EUR 14.6 billion (31 December 2013: EUR 14.5 billion).

BayernLB's business activities in the other regions, particularly new business, are limited to export and trade financing on behalf of German corporate and Mittelstand customers and to maintaining the necessary relationships with correspondent banks. Given this background, credit exposure to the Middle East/Africa, Asia/Australia/Oceania and Latin America/Caribbean regions is low.

The following table shows gross issuer risk by region.

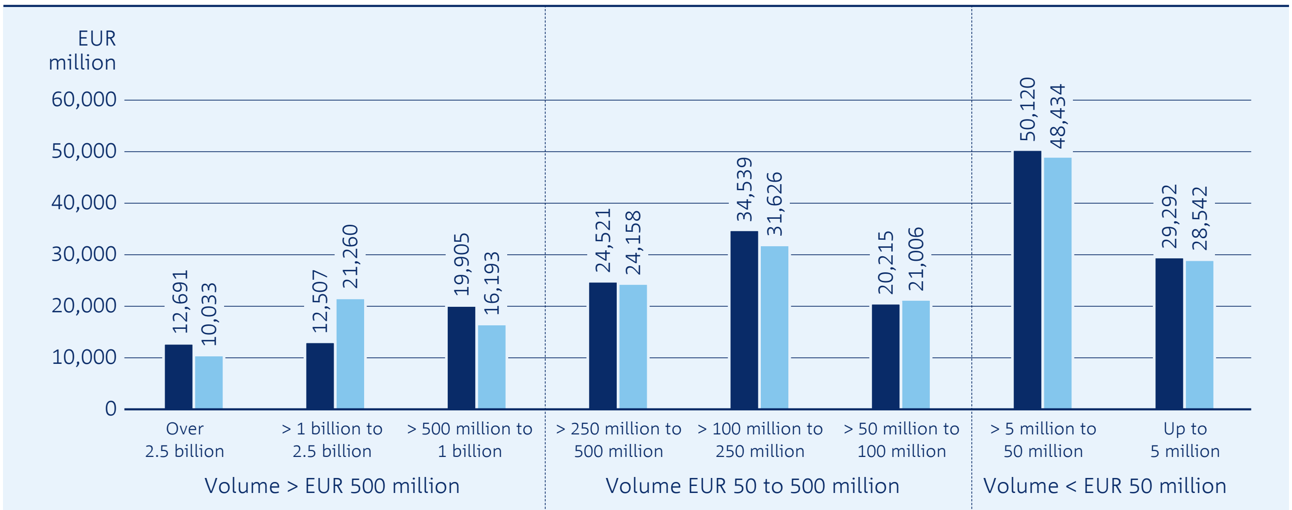
**Gross issuer risk by region**




■ 30 Jun 2014 Total: EUR 42,559 million
■ 31 Dec 2013 Total: EUR 45,431 million

At the half-way point in 2014, gross issuer risk as a share of gross credit volume amounted to EUR 42.6 billion or 15 percent. BayernLB accounted for 88.2 percent, or almost all, of the gross issuer risk, with the bulk of this relating to sovereigns/the public sector and banks. Gross issuer risk fell by a total of EUR 2.9 billion or 6.3 percent to EUR 42.6 billion. The bulk of the decrease occurred among German and Italian banks and German state governments. The EUR 1.2 billion cut in Italy was largely offset by higher volumes in France and Scandinavia. Particularly as a result of lower volumes in investment grade, the investment grade share of gross issuer risk fell marginally to 87.1 percent (31 December 2013: 87.8 percent).

**Net credit volume by size**




■ 30 Jun 2014 Total: EUR 203,789 million
■ 31 Dec 2013 Total: EUR 201,253 million

The increase in net credit volume with customers with a net credit volume over EUR 2.5 billion was mainly due to liquidity management investments. These are exclusively loans and advances to Landesbanks, almost all of which are covered by state guarantees, and investment grade public entities.

In line with strategy, exposures of EUR 1 to 2.5 billion fell by 42 percent, so most are now in the EUR 500 million to EUR 1 billion category.

The net credit volume with customers from EUR 5 to 50 million rose by EUR 1.7 billion (3.5 percent) to EUR 50.1 billion. The increase in net credit volume was largely the result of a change in collateral weighting within the Group.

The most granular part of the portfolio – exposures with net credit volumes below EUR 5 million – rose slightly overall to 14.4 percent (31 December 2013: 14.2 percent).

In summary, portfolio structure and quality remains stable, taking account of compliance with EU conditions.

### Portfolio overview in accordance with IFRS 7.36 (a) (balance sheet approach)

Based on data from the IFRS consolidated financial statements, the table below shows the BayernLB Group's maximum credit risk under IFRS 7.36 (a) in conjunction with IFRS 7.B9. The gross carrying amounts are reduced by the offsetting amounts calculated in accordance with IAS 32 and impairment losses calculated in accordance with IAS 39. Credit risks included under non-current assets or disposal groups classified as held for sale are allocated to the relevant items in the following tables (for individual amounts see the details in note 27).

**Maximum credit risk**

| EUR million | 30 Jun 2014 | 31 Dec 2013 |
|---|---|---|
| **Cash reserves** | **2,546** | **3,190** |
| • Loans and receivables | 2,125 | 2,719 |
| • Available for sale | 421 | 472 |
| **Loans and advances to banks** | **45,853** | **42,962** |
| • Loans and receivables | 45,840 | 42,946 |
| • Fair value option | 13 | 16 |
| **Loans and advances to customers** | **135,681** | **137,817** |
| • Loans and receivables | 134,931 | 137,054 |
| • Available for sale | 19 | 25 |
| • Fair value option | 731 | 738 |
| **Assets held for trading*** | **22,967** | **25,171** |
| • Held for trading | 22,967 | 25,171 |
| **Positive fair values from derivative financial instruments** | **3,297** | **2,889** |
| • Held for trading | 3,297 | 2,889 |
| **Financial investments*** | **37,289** | **39,246** |
| • Available for sale | 23,334 | 22,622 |
| • Fair value option | 11 | 1,256 |
| • Loans and receivables | 13,944 | 15,369 |
| **Contingent liabilities** | **11,870** | **12,153** |
| **Irrevocable credit commitments** | **22,364** | **22,255** |
| **Total** | **281,865** | **285,683** |

** Not including equity instruments*

**Financial assets that are neither past due nor impaired**

| | Maximum credit risk | | | | | | |
|---|---|---|---|---|---|---|---|
| | Rating categories | | | | | | |
| **30 Jun 2014**<br>in % | 0–7 | 8–11 | 12–17 | 18–21 | Default categories | Unrated | Total |
| **Cash reserves** | **0.7** | **0.0** | **0.2** | **–** | **–** | **0.0** | **0.9** |
| • Loans and receivables | 0.7 | 0.0 | 0.0 | – | – | 0.0 | 0.8 |
| • Available for sale | – | – | 0.1 | – | – | 0.0 | 0.1 |
| **Loans and advances to banks** | **13.1** | **1.8** | **0.4** | **0.0** | **0.0** | **0.0** | **15.3** |
| • Loans and receivables | 13.1 | 1.8 | 0.4 | 0.0 | 0.0 | 0.0 | 15.3 |
| • Fair value option | 0.0 | – | – | – | – | – | 0.0 |
| **Loans and advances to customers** | **19.5** | **12.6** | **10.1** | **2.0** | **0.1** | **2.5** | **46.7** |
| • Loans and receivables | 19.3 | 12.6 | 10.1 | 2.0 | 0.1 | 2.5 | 46.5 |
| • Fair value option | 0.3 | – | – | – | – | – | 0.3 |
| **Assets held for trading** | **6.2** | **1.4** | **0.3** | **0.1** | **0.1** | **0.1** | **8.1** |
| • Held for trading | 6.2 | 1.4 | 0.3 | 0.1 | 0.1 | 0.1 | 8.1 |
| **Positive fair values from derivative financial instruments** | **1.1** | **0.1** | **–** | **–** | **–** | **–** | **1.2** |
| • Held for trading | 1.1 | 0.1 | – | – | – | – | 1.2 |
| **Financial investments** | **11.6** | **0.2** | **0.5** | **0.1** | **0.0** | **0.0** | **12.5** |
| • Available for sale | 7.4 | 0.1 | 0.4 | – | 0.0 | 0.0 | 7.8 |
| • Fair value option | – | 0.0 | – | – | – | – | 0.0 |
| • Loans and receivables | 4.2 | 0.2 | 0.1 | 0.1 | 0.0 | 0.0 | 4.6 |
| **Contingent liabilities** | **2.0** | **1.2** | **1.0** | **0.1** | **0.0** | **0.0** | **4.2** |
| **Irrevocable credit commitments** | **3.9** | **2.5** | **1.4** | **0.1** | **0.0** | **0.0** | **7.9** |
| **Total** | **58.0** | **19.8** | **13.8** | **2.4** | **0.1** | **2.7** | **96.8** |

| | Maximum credit risk | | | | | | |
|---|---|---|---|---|---|---|---|
| | Rating categories | | | | | | |
| **31 Dec 2013**<br>in % | 0–7 | 8–11 | 12–17 | 18–21 | Default categories | Unrated | Total |
| **Cash reserves** | **0.9** | **0.0** | **0.2** | **0.0** | **–** | **0.0** | **1.1** |
| • Loans and receivables | 0.9 | 0.0 | 0.1 | 0.0 | – | 0.0 | 1.0 |
| • Available for sale | – | – | 0.2 | – | – | 0.0 | 0.2 |
| **Loans and advances to banks** | **10.8** | **2.7** | **1.4** | **0.0** | **0.0** | **0.0** | **14.9** |
| • Loans and receivables | 10.8 | 2.7 | 1.4 | 0.0 | 0.0 | 0.0 | 14.9 |
| • Fair value option | 0.0 | – | – | – | – | – | 0.0 |
| **Loans and advances to customers** | **19.6** | **13.0** | **9.6** | **1.8** | **0.1** | **2.5** | **46.7** |
| • Loans and receivables | 19.3 | 13.0 | 9.6 | 1.8 | 0.1 | 2.5 | 46.4 |
| • Fair value option | 0.3 | – | – | – | – | – | 0.3 |
| **Assets held for trading** | **7.2** | **1.2** | **0.3** | **0.1** | **0.1** | **0.0** | **8.8** |
| • Held for trading | 7.2 | 1.2 | 0.3 | 0.1 | 0.1 | 0.0 | 8.8 |
| **Positive fair values from derivative financial instruments** | **1.0** | **0.0** | **–** | **–** | **–** | **–** | **1.0** |
| • Held for trading | 1.0 | 0.0 | – | – | – | – | 1.0 |
| **Financial investments** | **11.9** | **0.4** | **0.6** | **0.1** | **0.1** | **0.0** | **13.0** |
| • Available for sale | 6.8 | 0.2 | 0.4 | – | 0.1 | 0.0 | 7.5 |
| • Fair value option | 0.4 | 0.0 | – | 0.0 | – | – | 0.4 |
| • Loans and receivables | 4.6 | 0.2 | 0.2 | 0.1 | 0.0 | 0.0 | 5.1 |
| **Contingent liabilities** | **2.0** | **1.2** | **1.0** | **0.0** | **0.0** | **0.0** | **4.2** |
| **Irrevocable credit commitments** | **3.2** | **3.3** | **1.2** | **0.1** | **0.0** | **0.0** | **7.8** |
| **Total** | **56.4** | **21.7** | **14.3** | **2.2** | **0.3** | **2.6** | **97.6** |

**Financial assets that are past due but not impaired***

| 30 Jun 2014<br>EUR million | Maximum credit risk<br>Time past due<br>≤ 30 days | > 30 days to 3 months | > 3 months to 1 year | > 1 year | Total | Fair value collateral |
|---|---|---|---|---|---|---|
| **Cash reserves** | **–** | **–** | **–** | **–** | **–** | **–** |
| **Loans and advances to banks** | **322** | **–** | **2,061** | **42** | **2,425** | **–** |
| • Loans and receivables | 322 | – | 2,061 | 42 | 2,425 | – |
| **Loans and advances to customers** | **318** | **221** | **137** | **128** | **805** | **371** |
| • Loans and receivables | 318 | 221 | 137 | 128 | 805 | 371 |
| **Assets held for trading** | **0** | **0** | **0** | **0** | **0** | **–** |
| • Held for trading | 0 | 0 | 0 | 0 | 0 | – |
| **Positive fair values from derivative financial instruments** | **–** | **–** | **–** | **–** | **–** | **–** |
| **Financial investments** | **–** | **–** | **–** | **–** | **–** | **–** |
| **Contingent liabilities** | **1** | **0** | **0** | **1** | **2** | **1** |
| **Irrevocable credit commitments** | **5** | **4** | **2** | **0** | **12** | **10** |
| **Total** | **646** | **225** | **2,201** | **172** | **3,244** | **383** |
| **Fair value collateral** | **163** | **83** | **61** | **76** | **383** | |

| 31 Dec 2013<br>EUR million | Maximum credit risk<br>Time past due<br>≤ 30 days | > 30 days to 3 months | > 3 months to 1 year | > 1 year | Total | Fair value collateral |
|---|---|---|---|---|---|---|
| **Cash reserves** | **–** | **–** | **–** | **–** | **–** | **–** |
| **Loans and advances to banks** | **8** | **0** | **10** | **16** | **34** | **–** |
| • Loans and receivables | 8 | 0 | 10 | 16 | 34 | – |
| **Loans and advances to customers** | **535** | **195** | **174** | **163** | **1,067** | **417** |
| • Loans and receivables | 535 | 195 | 174 | 163 | 1,067 | 417 |
| **Assets held for trading** | **0** | **0** | **0** | **0** | **0** | **–** |
| • Held for trading | 0 | 0 | 0 | 0 | 0 | – |
| **Positive fair values from derivative financial instruments** | **–** | **–** | **–** | **–** | **–** | **–** |
| **Financial investments** | **–** | **–** | **–** | **–** | **–** | **–** |
| **Contingent liabilities** | **6** | **0** | **2** | **1** | **9** | **6** |
| **Irrevocable credit commitments** | **14** | **4** | **1** | **1** | **20** | **14** |
| **Total** | **563** | **200** | **187** | **181** | **1,130** | **437** |
| **Fair value collateral** | **205** | **54** | **75** | **103** | **437** | |

* *The portfolio reflects the creation of portfolio loan loss provisions: "not impaired" in this context means "no specific loan loss provisions made".*

The significant increase in the maximum credit risk figure under loans and advances to banks is due to HAA.

**Financial assets that are impaired**

| | Maximum credit risk | | Fair value collateral | |
|---|---|---|---|---|
| EUR million | 30 Jun 2014 | 31 Dec 2013 | 30 Jun 2014 | 31 Dec 2013 |
| **Cash reserves** | – | – | – | – |
| **Loans and advances to banks** | **242** | **232** | – | – |
| • Loans and receivables | 242 | 232 | – | – |
| **Loans and advances to customers** | **3,190** | **3,331** | **2,061** | **2,252** |
| • Loans and receivables | 3,172 | 3,306 | 2,042 | 2,227 |
| • Available for sale | 19 | 25 | 19 | 24 |
| **Assets held for trading** | **33** | – | – | – |
| • Held for trading | 33 | – | – | – |
| **Positive fair values from derivative financial instruments** | – | – | – | – |
| **Financial investments** | **2,165** | **2,005** | – | – |
| • Available for sale | 1,316 | 1,142 | – | – |
| • Loans and receivables | 850 | 863 | – | – |
| **Contingent liabilities** | **54** | **74** | **0** | **0** |
| **Irrevocable credit commitments** | **47** | **83** | **0** | **0** |
| **Total** | **5,733** | **5,724** | **2,061** | **2,252** |

## Portfolios with elevated risk profiles (Financial Stability Board recommendations)

The Financial Stability Board, which was established by the supervisory authorities and governments of countries in which the world's leading financial centres are located, issued recommendations in 2008 on the disclosure of information on portfolios with elevated risk profiles. The greater transparency is intended to strengthen trust among financial market participants. Portfolios with elevated risk profiles as defined by the Financial Stability Board are the asset-backed securities (ABS) portfolio, the leveraged finance portfolio and the exposure to US monolines.

### *ABS portfolios*

The securitised transactions portfolio has two components: transactions structured exclusively by BayernLB for customers, and investments by BayernLB in asset-backed securities (ABSs).

### *Asset-backed securities*

In the first half of 2014, the nominal volume of asset-backed securities held by the BayernLB Group fell to EUR 6.5 billion (31 December 2013: EUR 7.1 billion) as a result of repayments and sales. The remaining three asset-backed securities held by LBLux were among these sales. The portfolio to be wound down now relates exclusively to BayernLB.

The asset-backed securities are hedged by the guarantee agreement with the Free State of Bavaria described below. The agreement was concluded between the Free State of Bavaria as the protection seller and BayernLB as the protection buyer on 19 December 2008. The guarantee covers actual losses in the ABS portfolio above a first loss of EUR 1.2 billion borne by BayernLB. The guarantee is limited to EUR 4.8 billion.

The ABS portfolio hedge covers losses incurred from insolvency, non-payment of capital and interest, capital writedowns and any sales before maturity. Besides hedging BayernLB's ABS portfolio, the guarantee agreement with the Free State of Bavaria also makes a material contribution to reducing BayernLB's capital charge for the ABS portfolio and minimising the impact on the income statement from the ongoing marking to market of the ABS portfolio.

BayernLB's first-loss amount of EUR 1.200 billion was exceeded for the first time in May 2014. Up to 30 June 2014, losses totalling EUR 1.255 billion (31 December 2013: EUR 1.136 billion) had occurred. Almost all realised losses were in the RMBS and CDO asset classes due to turmoil on the US mortgage and real estate markets (in respect of RMBSs) and the large number of credit events at European and US financial institutions (in respect of CDOs).

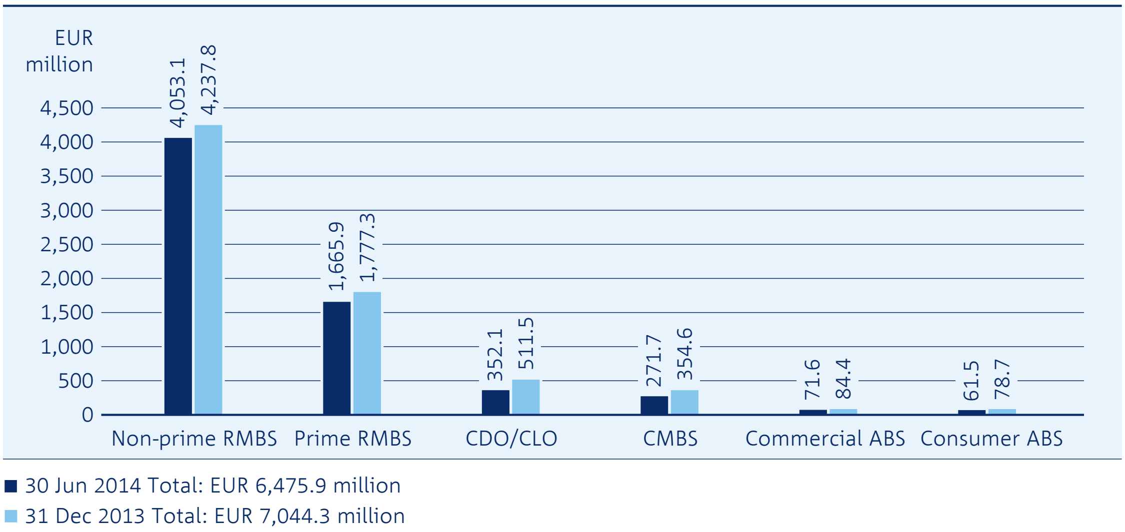
The losses for BayernLB currently projected by external portfolio advisers appointed by BayernLB under the guarantee agreement are easily within the guarantee limits over the full remaining term of the portfolio in all scenarios.

In its ongoing assessment of the credit quality of an asset-backed security, BayernLB focuses largely on the value and expected change in value of the underlying pool of securitised receivables and the suitability of the credit enhancement elements available. In addition, the impact of structural factors and influence of the parties involved at individual transaction level are factored in. The forecasts are made for the remaining terms of each asset-backed security using cash-flow models. The assumptions used in the models are checked continuously for suitability by BayernLB and its portfolio advisors.

In the current market environment, BayernLB relies on market prices, where available, to measure the value of asset-backed securities on the balance sheet. Otherwise it uses indicative prices obtained from market data providers, counterparties, brokers and the portfolio advisors. Prices from different sources are adjusted for statistical outliers and the average then taken. If a security has a wide range of prices compared with similar securities, it is assessed separately and implausible prices are eliminated. After this quality assurance check, the price of the security for valuation purposes is calculated using an averaging procedure.

The following information on the composition of the portfolio relates to BayernLB's EUR 6.5 billion portfolio of asset-backed securities covered by the guarantee agreement with the Free State of Bavaria.

**ABS portfolio by asset class (nominal volumes)**

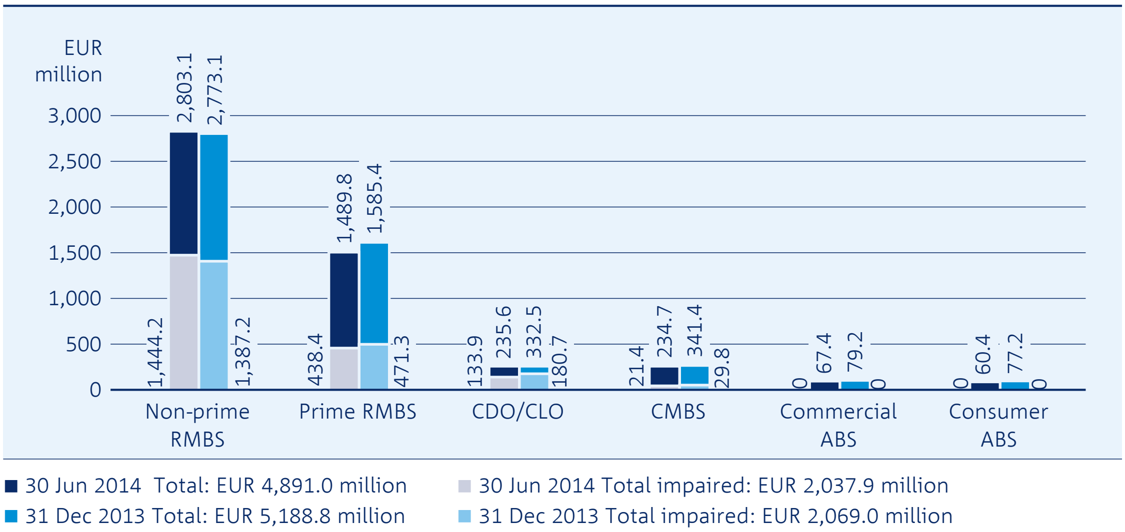



Based on ratings assigned by Standard & Poor's and Moody's, 33.4 percent of the portfolio was investment grade (rating categories AAA to BBB) (31 December 2013: 30.7 percent) and 64.0 percent was sub-investment grade (rating categories BB and below) (31 December 2013: 61.3 percent). Asset-backed securities without an external rating account for 2.6 percent of the portfolio (31 December 2013: 8 percent).

The improvement in rating quality since 31 December 2013 was largely due to the large-volume repayments and sales of sub-investment grade or unrated securities in the CDO/CLO and CMBS asset classes.

79 percent of sub-investment grade asset-backed securities are US RMBS transactions which were downgraded when the US mortgage and real estate markets came unhinged. The original rating of these securities at issue was AAA; the rating migration of these securities mainly occurred between 2007 and 2009. The remaining sub-investment grade asset-backed securities are distributed among the CDO/CLO, CMBS and RMBS asset classes. These asset-backed securities were downgraded from their original ratings between AAA and A largely due to their exposure to the European peripheral countries and the mezzanine nature of the transaction structures. The resulting default risk is taken into account in the portfolio loss projections of the Bank and its advisors.

**ABS portfolio by asset class (IFRS carrying amounts and impairments)**




### *Customer transactions*

The nominal volume of transactions structured for customers rose to a total of EUR 2.2 billion in the first half of 2014 (31 December 2013: EUR 2.1 billion).

The main focus of the portfolio, accounting for EUR 2.0 billion (31 December 2013: EUR 1.9 million), is on transactions structured for BayernLB's core customers, which grew further. Trade, leasing receivables and accounts receivables from core customers are financed via the Corelux S.A. ABCP programme, which exists solely for this purpose.

The share of transactions not on behalf of core customers is being gradually reduced. Due to currency effects, the share rose to EUR 253 million (31 December 2013: EUR 249 million). These transactions not on behalf of core customers are being managed in the Restructuring Unit under close observation with the aim of cutting them back quickly using individual strategies in a way that minimises losses.

### *Monolines*

The exposure of the BayernLB Group to monolines – insurers that specialise, among other things, in hedging structured securities – was reduced in the first half of 2014 to a nominal volume of EUR 372 million (31 December 2013: EUR 418 million) and is related exclusively to BayernLB's indirect credit exposures.

The reduction in the reporting period is largely due to scheduled repayments of asset-backed securities guaranteed by monolines.

With regard to its indirect credit exposure, the monolines are not direct borrowers but serve as guarantors. BayernLB always based its credit decision in these cases primarily on the credit standing of the actual borrower or issuer or on the financing structure. The monoline's guarantee was viewed at the time the transaction was concluded only as an additional hedging instrument.

The volume of ABSs that are not expected to be repaid by the actual borrowers or issuers but which are guaranteed by monolines fell to EUR 165 million (31 December 2013: EUR 197 million), mainly due to repayments.

*Leveraged finance*

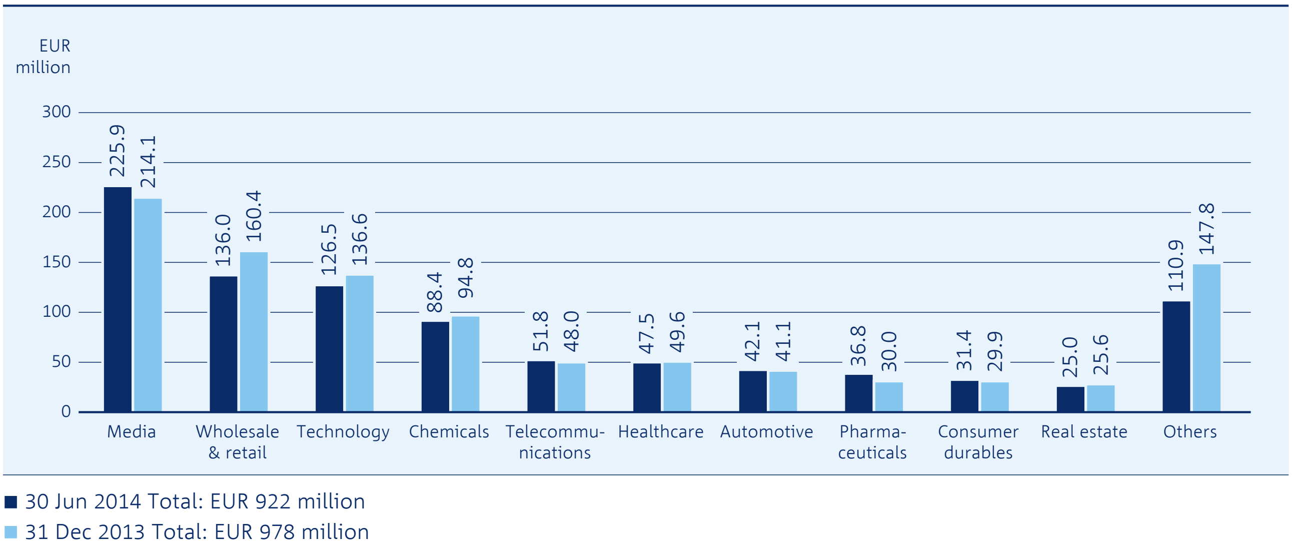
Leveraged finance transactions generally have comparatively high debt ratios, are serviced from the operating cash flows of the financed entity, and thus have relatively long terms (normally more than five years). This definition therefore covers not only corporate acquisition financing, but also other forms of financing with these features.

The volume of leveraged financing in the BayernLB Group as at 30 June 2014 fell by 6 percent to EUR 922 million (31 December 2013: EUR 978 million) and is mostly attributable to BayernLB.

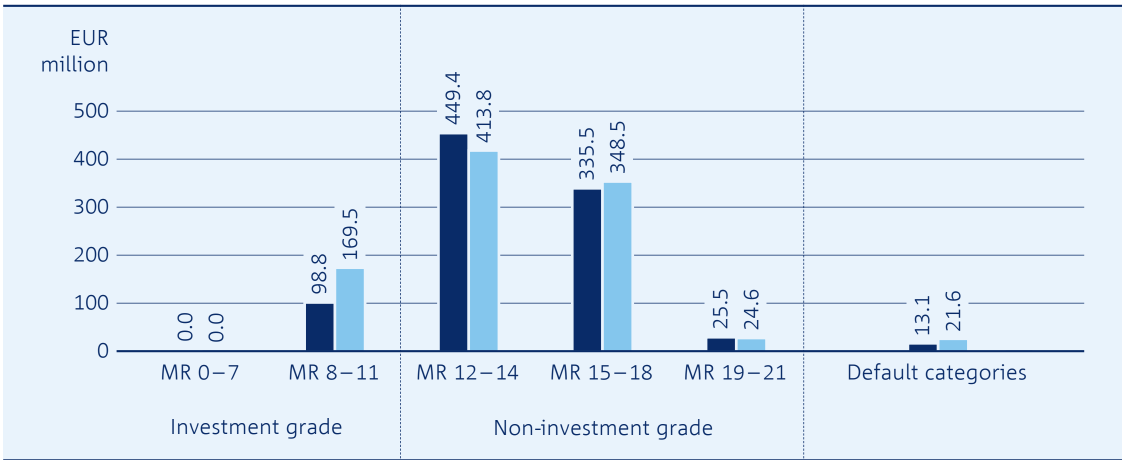
The credit volume is now split only between Germany (93 percent) and Western Europe (7 percent). The Western Europe portfolio is scheduled for winding down and will shrink as loans gradually mature.

The charts below give a breakdown of the BayernLB Group's leveraged finance transactions by sector and rating category.

**Gross credit volume by sector**



**Gross credit volume by rating category**




■ 30 Jun 2014 Total: EUR 922 million
■ 31 Dec 2013 Total: EUR 978 million

The quality of the leveraged finance portfolio was stable overall in the first half of 2014. The share of the portfolio in master rating categories 0–14 stood at 59.4 percent (31 December 2013: 59.6 percent), the risk provision set aside for problem loans accounted for 1.3 percent (31 December 2013: 0.75 percent).

### Investment risk

BayernLB does not aim to expand business activities by acquiring stakes in companies. The existing investment portfolio will be gradually adapted to meet the requirements of the realigned business model. The goal is to hold core investments that support the Bank's business activities. DKB is an integral component of the core portfolio. The key changes in the scope of consolidation and investment portfolio in the first half of 2014 are discussed in more detail in the section overview of the BayernLB Group.

### Market risk

In the BayernLB Group, several tools are used to monitor and limit market risks, including value-at-risk (VaR), risk sensitivity and stress tests, all of which form part of the mix in the assessment of risk capacity to various degrees.

For operational management and monitoring, the VaR calculation for market risk uses a correlated measurement procedure based on a one-day holding period and a confidence level of 99 percent. In addition to historical simulation, which is the main method used at BayernLB, the subsidiaries also use methods such as the scenario matrix (LBLux) and variance-covariance (MKB).

The methods used for measuring market risk are regularly assessed for the quality of their forecasting. In the backtesting process, the risk forecast is compared with actual outcomes (gains or losses). As at 30 June 2014, based on the Basel traffic light approach, the forecasting quality of the procedure for measuring market risk at BayernLB, DKB and LBLux was good. At MKB, an add-on factor for risk-bearing capacity was defined because the forecasting quality of the backtesting for currency risk as at 30 June 2014 was satisfactory.

For the interest rate risk in the investment book, an interest rate shock scenario of +/–200 basis points is calculated at both Bank and Group level. As at the reporting date, the calculated change in present value relative to liable capital at both BayernLB and the BayernLB Group was well below the 20 percent limit set in BaFin's criterion for "institutions with elevated interest rate risk".

In the Group, the main factors affecting total VaR are general and specific interest rate risks. Currency, equity, volatility and commodity risks play a secondary role in total market risk. Within the Group, BayernLB and DKB have the largest share of market risks.

**VaR contribution by risk type (99 percent confidence level)**

| | | | 1 Jan 2014 to 30 Jun 2014 | | |
|---|---|---|---|---|---|
| EUR million | **30 Jun 2014** | **31 Dec 2013** | **Average** | **Maximum** | **Minimum** |
| General interest rate VaR | 48.4 | 68.0 | 64.3 | 73.4 | 48.4 |
| Specific interest rate VaR (credit spreads)* | 10.3 | 11.6 | 10.4 | 12.2 | 8.9 |
| Currency VaR | 3.5 | 6.7 | 5.6 | 10.2 | 2.2 |
| Equities VaR | 3.8 | 2.9 | 3.7 | 4.1 | 2.9 |
| Commodities VaR | 0.8 | 0.9 | 1.2 | 2.2 | 0.8 |
| Volatility VaR | 0.4 | 0.5 | 0.9 | 1.7 | 0.4 |
| **Total VaR** | **56.4** | **73.9** | **71.0** | **79.0** | **56.4** |

* *After eliminating intra-Group positions upon consolidation; in addition to the specific interest rate VaR calculations, premiums for credit rating risk from money market transactions and OTC derivatives at BayernLB are also taken into account when calculating the risk capital requirement.*

General interest rate VaR has fallen since 31 December 2013. This was due to the sharp fall in interest rate volatility and a reduction in long positions within the Group (through the sale of securities of German states held in the equity portfolio and own issues of fixed-income instruments at DKB etc.). The specific interest rate risk is, however, virtually unchanged.

### Liquidity risk

Liquidity overviews are drawn up each day across all currencies and separately for the major currencies to manage and monitor liquidity risk on a consistent basis across the Group. This involves calculating the short and medium-term liquidity surplus by subtracting in each maturity band the cumulative liquidity gaps from the realisable liquidity counterbalancing capacity. A suitable limit system takes proper account of the key variables here.

In addition, time-to-wall figures are calculated for stress scenarios, limited and monitored. These show the length of time during which the liquidity surplus becomes negative for the first time.

The methods applied across the Group to limit and manage liquidity risk are being constantly checked and refined, helping to optimise liquidity management. For example, in the first half of 2014, the management scenario methodology was revised.

For further details on the measurement, management and monitoring of liquidity risk, please refer to the relevant sections of the risk report as at 31 December 2013.

The following tables show the outcomes of the management scenario for the BayernLB Group and give an overview of the liquidity situation as at 30 June 2014 compared with 31 December 2013:

**Liquidity situation**

| **30 Jun 2014**<br>**Cumulative figures** in EUR million | **up to 1 month** | **up to 3 months** | **up to 1 year** | **up to 5 years** |
|---|---|---|---|---|
| **Liquidity surplus** | **28,174** | **27,066** | **15,890** | **5,993** |
| • arising from | | | | |
| – liquidity counterbalancing capacity | 42,285 | 44,858 | 35,842 | 9,782 |
| • less | | | | |
| – liquidity gap* | 14,111 | 17,792 | 19,953 | 3,789 |
| **Liquidity surplus (incl. funding capacity and minimum deposits)** | **28,244** | **30,670** | **28,750** | **46,603** |
| • funding capacity and minimum deposits | 70 | 3,604 | 12,860 | 40,610 |

** As part of the changes in methodology, the liquidity gap is not split with regard to commitments and guarantees.*

| **31 Dec 2013**<br>**Cumulative figures** in EUR million | **up to 1 month** | **up to 3 months** | **up to 1 year** | **up to 5 years** |
|---|---|---|---|---|
| **Liquidity surplus (incl. funding capacity and minimum deposits)** | **22,867** | **27,678** | **31,317** | **45,176** |
| • arising from | | | | |
| – liquidity counterbalancing capacity | 42,374 | 45,542 | 48,702 | 18,259 |
| • less | | | | |
| – liquidity gap (ex. commitments and guarantees) | 15,069 | 12,480 | 10,560 | −30,257 |
| – liquidity gap from commitments and guarantees | 4,438 | 5,384 | 6,825 | 3,341 |

The liquidity position at the BayernLB Group was comfortable at all times during the period under review.

To improve transparency and liquidity risk management, funding capacity was removed from the liquidity surplus as part of the revisions to the methodology used in the management scenario in the first half of 2014. This is now taken into account when limiting liquidity risks. The liquidity gaps in the first five years have decreased by up to EUR 33 billion due to the removal of unsecured components (bonds and minimum customer deposit levels). In addition, the removal of secured funding capacity will reduce liquidity counterbalancing capacity in the same period by up to EUR 14 billion. The impact of these adjustments to methodology are therefore responsible for the changes in maturities exceeding three months in the figures for the liquidity situation. For the purposes of transparency, funding capacity as at 30 June 2014 was presented separately in the tables.

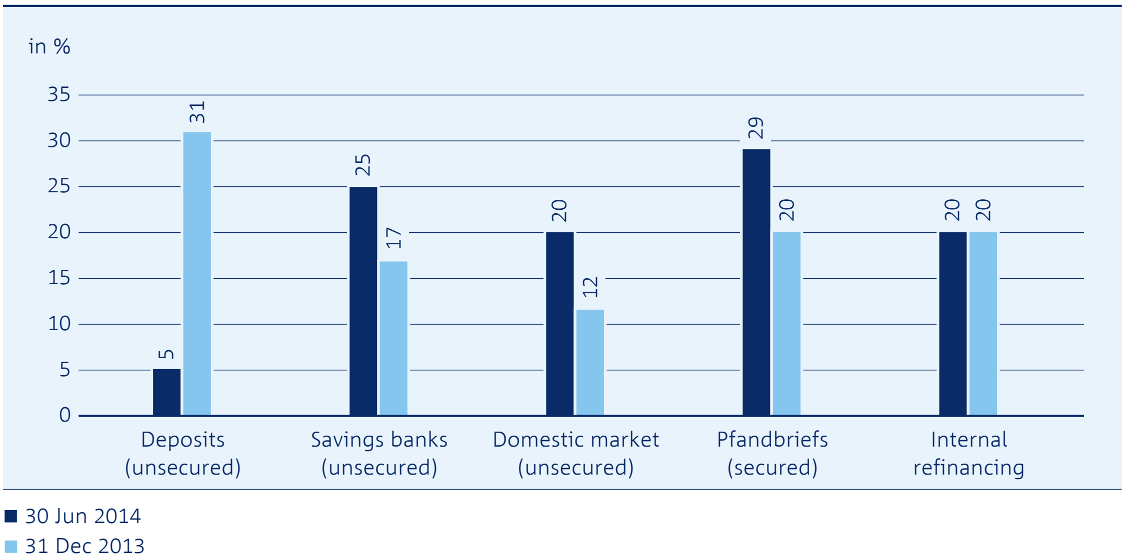
The Liquidity Ordinance ratio (which must always exceed 1.0) was 1.83 at BayernLB on 30 June 2014, having varied between 1.73 and 2.10 over the first half of 2014. The range for full-year 2013 was 1.70 to 2.07.

As from the end of the first quarter, the month-end figures for the liquidity coverage ratio (LCR) positions and the end-quarter figures for the net stable funding ratio (NSFR) components under CRR/CRD IV are now reported for the BayernLB Group in accordance with regulatory rules.

The other regulatory changes relating to liquidity risk are constantly monitored in order to implement them according to plan in close cooperation with all units affected. The main changes come from CRR/CRD IV in connection with the introduction of the EBA's technical standards. This ensures reporting requirements can be properly met and liquidity can be efficiently managed in the future.

The BayernLB Group's funding structure was as follows as at 30 June 2014:

**Refinancing structure**



The chart presents secured and unsecured issues in terms of sales in 2014, while deposits and interbank funds are shown in terms of growth in 2014.

Despite the sale of LBLux's private banking business, deposits were slightly higher as at 30 June 2014.

Up to 60 percent of funding needs for 2014 had been met by 30 June 2014. The strategic focus is still on maintaining and broadening the funding mix.

In the coming years, liquidity management and monitoring will continue to revolve around the refinancing options available and focus on ensuring liquidity reserves are always adequate, even in stress situations.

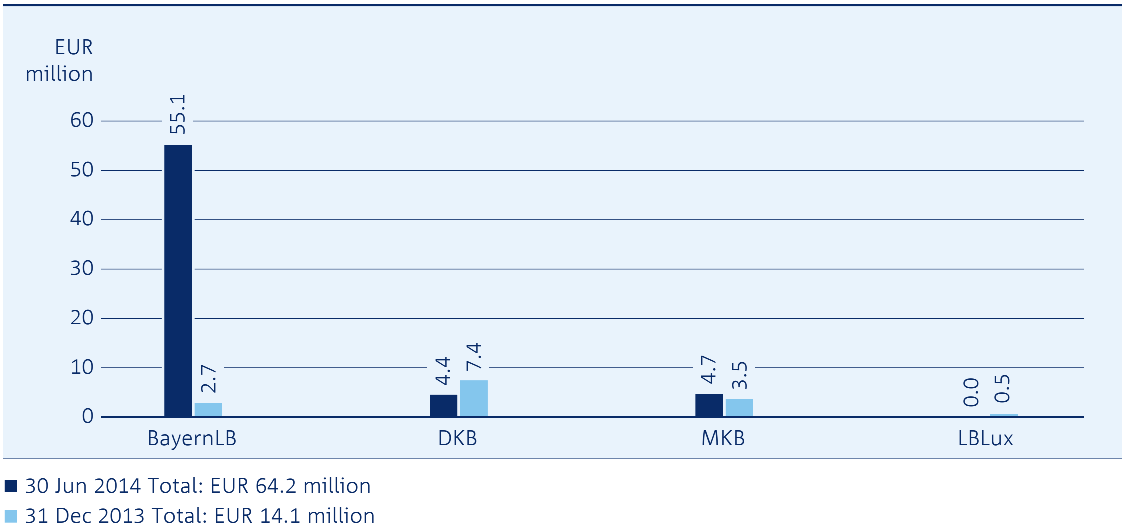
In view of the stable domestic investor base and its subsidiary DKB, BayernLB considers that, based on its long-term wholesale business and high levels of retail deposits, it is well placed to meet rising regulatory requirements.

### Operational risk

For operational risk BayernLB uses the standardised approach (STA) set out in CRR/CRD IV to calculate the capital requirements under CRR/CRD IV (Pillar I) and the risk capital requirement under the risk-bearing capacity assessment (ICAAP, Pillar II). OpRisk capital requirements for the BayernLB Group were EUR 462 million as at 30 June 2014.

The graph below shows the trend in OpRisk losses recorded at the main units of the BayernLB Group in the first half of 2014 compared to financial year 2013.

**Losses by Group unit**




The marked increase in losses at BayernLB was due mainly to the subsequent recording of a loss incurred from software produced in house. This gave rise to a one-off writedown in 2013. There was no impact on the income statement for financial year 2014.

## Summary

The overall stable risk trend at the BayernLB Group was marked by the move to focus on core business and wind down non-core business in line with strategy.

The BayernLB Group had adequate risk-bearing capacity as at 30 June 2014. The stress scenarios run also confirm that adequate capital is held.

The BayernLB Group has comfortable levels of liquidity. Risk provisions took appropriate account of known risks. The regulatory solvency requirements were met. Own funds available to cover risks amounted to EUR 13.9 billion. For more details please see “Banking supervisory ratios for the BayernLB Group” in the general section of the management report.

The risk management and controlling system at the BayernLB Group has appropriate processes to ensure compliance with regulatory requirements and manage risks from an economic viewpoint.

# Report on expected developments and opportunities

## Economic environment

The upturn in Germany is set to continue in the second half of 2014 as the main factors driving the domestic demand-based economic revival (continuing job creation, rising wages, low interest rates and low inflation) are still intact. Although demand from the eurozone is likely to increase slightly as the economies of the crisis-stricken countries slowly recover, threats to the German economy from the global economic environment have grown due to escalating conflicts in key regions, particularly the Middle East and Ukraine. Partly as a result, the strong momentum at the start of the year will probably not be replicated. On the bond market, Bunds and Treasuries are likely to decouple further. While deflationary risks in the eurozone have prompted the ECB to loosen monetary policy, the Fed is already holding out the prospect of a first hike in its key rate. Only the resulting negative impact of this move on the US market argues in favour of continued strong upside moves for Bund yields. On equity markets, the medium-term rally should continue although with more volatility and without the big price increases of the year-before period. The euro will probably depreciate further by the end of the year as interest rates in the eurozone will remain low for the foreseeable future and the first rate hike in the US (probably in 2015) draws near.

## The BayernLB Group's future performance

For key forecasts, opportunities and other statements on the expected economic performance for financial year 2014, please refer to the 2013 Group management report. The planned sale of MKB will result in important changes to the earnings forecast. As detailed in the 2013 Group management report, the sale of MKB will produce a deconsolidation loss which will probably be recognised in the balance sheet in the third or fourth quarter of 2014 depending on the closing date. This loss is expected to be in the region of EUR 400–500 million. The Group will also have to write off receivables of about EUR 270 million relating to intragroup funding to MKB. As the extraordinary charge cannot be offset by the core business, the Group is expected to report a loss for full-year 2014. With the sale of MKB, BayernLB has completed the last major disposal required by the EU state aid ruling ahead of schedule. Not only will the Group cease to incur any future charges in this respect, the sale is also a significant contribution to the goal of reducing total assets.

In its legal dispute with HAA before Munich District Court, BayernLB continues to believe the court will rule in its favour and dismiss the counter claim, a ruling that can be handed down in favour of BayernLB regardless of the special law enacted by Austria. BayernLB intends to file a constitutional suit against the special law to the Austrian Constitutional Court with the aim of having it declared null and void. It will also lodge a complaint with the European Commission. Furthermore, the Bank believes other creditors affected by the special law will resort to taking this legal action.

The BayernLB Group is one of 24 German banks to undergo the three-step comprehensive assessment by the ECB as at the reporting date of 31 December 2013. The Supervisory Risk Assessment (the first step) in the second half of 2013 looked at balance sheets and key risks. This was followed by the second step, the Asset Quality Review, in the first half of 2014. BayernLB is currently undergoing the stress test, the third and last step of the comprehensive assessment, for which it is well prepared. The ECB will publish the final results in October 2014.

In light of the fact that its capital base is very solid and core business is performing well, BayernLB is confident that it will be able to repay the state aid as directed by the European Commission.

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# Statement of comprehensive income

## Income statement

| EUR million | Notes | | 1 Jan – 30 Jun 2014 | 1 Jan – 30 Jun 2013[1] |
|---|---|---|---|---|
| • Interest income | | 3,707 | | 3,882 |
| • Interest expenses | | –2,877 | | –3,050 |
| Net interest income | (5) | | 831 | 831 |
| Risk provisions in the credit business | (6) | | 45 | –40 |
| Net interest income after risk provisions | | | 876 | 791 |
| • Commission income | | 315 | | 290 |
| • Commission expenses | | –200 | | –185 |
| Net commission income | (7) | | 116 | 104 |
| Gains or losses on fair value measurement | (8) | | 140 | 166[2] |
| Gains or losses on hedge accounting | (9) | | –13 | –38 |
| Gains or losses on financial investments | (10) | | –92 | 276 |
| Income from interests in companies measured at equity | | | – | 4 |
| Administrative expenses | (11) | | –537 | –579 |
| Expenses for bank levies | (12) | | –2 | –5 |
| Other income and expenses | (13) | | 53 | 100 |
| Gains or losses on restructuring | (14) | | –12 | –7 |
| **Profit before taxes** | | | **527** | **813** |
| Income taxes | | | –64 | –135 |
| **Gains or losses on continuing operations** | | | **463** | **678** |
| Gains or losses on discontinued operations | (15) | | –311 | –94 |
| **Profit after taxes** | | | **153** | **584** |
| Profit attributable to non-controlling interests | | | 2 | –8 |
| **Consolidated profit** | | | **155** | **576** |

*Rounding differences may occur in the tables.*
*1 Adjusted as per IFRS 5.*
*2 Adjusted as per IAS 8.42 (see note 2).*

## Statement of comprehensive income (condensed)

| EUR million | Notes | 1 Jan – 30 Jun 2014 | 1 Jan – 30 Jun 2013 |
|---|---|---|---|
| **Profit after taxes as per the income statement** | | **153** | **584**[1] |
| **Components of other comprehensive income temporarily not recognised in profit or loss** | | | |
| • Changes in the revaluation surplus | (38) | 151 | –50 |
| – change not including deferred taxes | | 189 | –33 |
| – change in deferred taxes | | –39 | –17 |
| • Currency-related changes | (38) | –8 | –4 |
| – change not including deferred taxes | | –8 | –4 |
| – change in deferred taxes | | – | – |
| **Components of other comprehensive income permanently not recognised in profit or loss** | | | |
| • Changes due to remeasurement of defined benefit plans | (38) | –233 | 81[2] |
| – change not including deferred taxes | | –239 | 22[2] |
| – change in deferred taxes | | 5 | 59[2] |
| **Other comprehensive income after taxes** | | **–91** | **27** |
| **Total reported comprehensive income recognised and not recognised in profit or loss** | | **62** | **611** |
| • attributable: | | | |
| – to BayernLB shareholders | | 61 | 604 |
| – to non-controlling interests | | – | 7 |
| • Total comprehensive income attributable to BayernLB shareholders: | | | |
| – from continuing operations | | 397 | 701 |
| – from discontinued operations | | –335 | –96 |

*Rounding differences may occur in the tables.*

*1 This includes adjustments as per IAS 8.42 (see note 2).*

*2 Figures adjusted due to the impact of the non-recognition of collective wage agreement-based increases (EUR 103 million) and deferred tax assets (EUR 47 million) described in note 2 of the annual report as at 31 December 2013.*

# Balance sheet

## Assets

| EUR million | Notes | 30 Jun 2014 | 31 Dec 2013 |
|---|---|---|---|
| Cash reserves | (16) | 1,973 | 3,160 |
| Loans and advances to banks | (17) | 46,257 | 43,470 |
| Loans and advances to customers | (18) | 132,480 | 137,965 |
| Risk provisions | (19) | –1,767 | –2,668 |
| Portfolio hedge adjustment assets | | 1,715 | 1,687 |
| Assets held for trading | (20) | 23,041 | 25,337[1] |
| Positive fair values from derivative financial instruments (hedge accounting) | (21) | 3,297 | 2,889 |
| Financial investments | (22) | 37,099 | 39,720 |
| Interests in companies measured at equity | (23) | 1 | 26 |
| Investment property | (24) | 52 | 99 |
| Property, plant and equipment | (25) | 363 | 619 |
| Intangible assets | (26) | 99 | 154 |
| Current tax assets | | 68 | 76 |
| Deferred tax assets | | 161 | 209 |
| Non-current assets or disposal groups classified as held for sale[2] | (27) | 6,163 | 2,065 |
| Other assets | (28) | 723 | 668 |
| **Total assets** | | **251,724** | **255,476** |

*Rounding differences may occur in the tables.*

*1 Adjusted as per IAS 8.22 (see note 2).*

*2 Including discontinued operations.*

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## Liabilities

| EUR million | Notes | 30 Jun 2014 | 31 Dec 2013 |
|---|---|---|---|
| Liabilities to banks | (29) | 67,894 | 71,191 |
| Liabilities to customers | (30) | 85,675 | 86,183 |
| Securitised liabilities | (31) | 49,613 | 52,964 |
| Liabilities held for trading | (32) | 16,511 | 16,672[1] |
| Negative fair values from derivative financial instruments (hedge accounting) | (33) | 2,812 | 2,846 |
| Provisions | (34) | 3,641 | 3,503 |
| Current tax liabilities | | 181 | 265 |
| Deferred tax liabilities | | 92 | 29 |
| Liabilities of disposal groups[2] | (35) | 5,108 | 1,438 |
| Other liabilities | (36) | 358 | 522 |
| Subordinated capital | (37) | 4,923 | 4,984 |
| Equity | (38) | 14,916 | 14,879 |
| • Equity excluding non-controlling interests | | 14,903 | 14,849 |
| – Subscribed capital | | 6,846 | 6,846 |
| – Compound instruments (equity component) | | 145 | 145 |
| – Capital surplus | | 3,893 | 3,893 |
| – Retained earnings | | 3,853 | 4,094 |
| – Revaluation surplus | | 115 | –37 |
| – Foreign currency translation reserve | | –103 | –92 |
| – Consolidated profit | | 155 | – |
| • Non-controlling interests | | 14 | 30 |
| **Total liabilities** | | **251,724** | **255,476** |

*Rounding differences may occur in the tables.*
*1 Adjusted as per IAS 8.22 (see note 2).*
*2 Including discontinued operations.*

# Statement of changes in equity

| EUR million | Parent | | | | | | | | | Non-controlling interests | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Subscribed capital | Specific-purpose capital | Compound instruments (equity component) | Capital surplus | Retained earnings | Revaluation surplus | Currency translation reserve | Consolidated profit | **Equity before non-controlling interests** | | **Consolidated equity** |
| **As at 1 Jan 2013** | **6,556** | **612** | **182** | **4,036** | **3,511** | **–34** | **–61** | **–** | **14,801** | **102** | **14,903** |
| Changes in the revaluation surplus | | | | | | –50 | | | –50 | | –50 |
| Currency-related changes | | | | | | | –3 | | –3 | | –4 |
| Changes due to remeasurement of defined benefit plans[1] | | | | | 81 | | | | 81 | | 81 |
| *Other comprehensive income* | | | | | *81* | *–50* | *–3* | | *28* | | *28* |
| Consolidated profit[2] | | | | | 1 | | | 575 | 576 | 8 | 584 |
| *Total comprehensive income* | | | | | *82* | *–50* | *–3* | *575* | *604* | *8* | *612* |
| Transactions with owners | | | | | | | | | – | | – |
| Capital increase/ capital decrease | | | –4 | 35 | | | | | 31 | | 31 |
| Changes in the scope of consolidation and other | 315 | –612 | | 297 | 15 | | | | 15 | –67 | –52 |
| **As at 30 Jun 2013** | **6,872** | **–** | **178** | **4,367** | **3,608** | **–83** | **–65** | **575** | **15,452** | **42** | **15,494** |

*Rounding differences may occur in the tables.*
*Details on equity can be found in note 38.*
*1 The impact of the adjustments to the previous year's figures is presented in the statement of comprehensive income.*
*2 This includes adjustments as per IAS 8.42 (see note 2).*

| | Parent | | | | | | | | | Non-controlling interests | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| EUR million | Subscribed capital | Specific-purpose capital | Compound instruments (equity component) | Capital surplus | Retained earnings | Revaluation surplus | Currency translation reserve | Consolidated profit | **Equity before non-controlling interests** | | **Consolidated equity** |
| **As at 1 Jan 2014** | **6,846** | **–** | **145** | **3,893** | **4,094** | **–37** | **–92** | **–** | **14,849** | **30** | **14,879** |
| Changes in the revaluation surplus | | | | | | 151 | | | 151 | | 151 |
| Currency-related changes | | | | | | | –11 | | –11 | 3 | –8 |
| Changes due to remeasurement of defined benefit plans | | | | | –234 | | | | –234 | | –233 |
| *Other comprehensive income* | | | | | *–234* | *151* | *–11* | | *–94* | *3* | *–91* |
| Consolidated profit | | | | | | | | 155 | 155 | –2 | 153 |
| *Total comprehensive income* | | | | | *–234* | *151* | *–11* | *155* | *61* | *–* | *62* |
| Transactions with owners | | | | | | | | | – | | – |
| Capital increase/ capital decrease | | | | | | | | | – | | – |
| Changes in the scope of consolidation and other | | | | | –8 | | | | –8 | –16 | –24 |
| **As at 30 Jun 2014** | **6,846** | **–** | **145** | **3,893** | **3,853** | **115** | **–103** | **155** | **14,903** | **14** | **14,916** |

*Rounding differences may occur in the tables.*
*Details on equity can be found in note 38.*

# Cash flow statement (condensed)

| EUR million | 1 Jan – 30 Jun 2014 | 1 Jan – 30 Jun 2013[1] |
|---|---|---|
| **Cash and cash equivalents at end of previous period** | **3,160** | **2,583** |
| +/– cash flow from operating activities | –506 | 1,663 |
| +/– cash flow from investing activities | 114 | 82 |
| +/– cash flow from financing activities | –69 | –1,188 |
| +/– exchange-rate, scope of consolidation and measurement-related changes in cash and cash equivalents | –726 | 349 |
| **Cash and cash equivalents at end of period** | **1,973** | **3,489** |

*Rounding differences may occur in the tables.*

*1 Adjusted as per IAS 8.42 (see note 2).*

**of which cash flow from discontinued operations**

| EUR million | 1 Jan – 30 Jun 2014 | 1 Jan – 30 Jun 2013 |
|---|---|---|
| **Cash and cash equivalents at the end of previous period** | **672** | **1,416** |
| +/– cash flow from operating activities | –392 | –416 |
| +/– cash flow from investing activities | –13 | –10 |
| +/– cash flow from financing activities | 274 | 126 |
| +/– exchange-rate, scope of consolidation and measurement-related changes in cash and cash equivalents | 31 | –148 |
| **Total cash flow** | **–99** | **–449** |

*Rounding differences may occur in the tables.*

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## Notes to the interim financial statements

The interim financial statements of BayernLB Group as at 30 June 2014 have been prepared in accordance with Commission Regulation 1606/2002 (IAS Regulation) of the European Parliament and of the European Council of 19 July 2002 (including all amendments) on the application of international financial reporting standards, as well as the supplementary provisions applicable under section 315a para. 1 of the German Commercial Code (HGB). The interim financial statements comply with the requirements of IAS 34.

Unless otherwise stated, all amounts are given in EUR million and rounded up or down. Tables may contain rounding differences. Plus or minus symbols are not inserted in front of figures except where they are needed for clarity.

## Accounting policies

### (1) Principles

With the exception of the changes referred to below, the accounting policies used for the interim financial statements as at 30 June 2014 were essentially the same as those used for the 2013 consolidated financial statements. Information provided in these interim financial statements is to be read in conjunction with the information in the published and audited consolidated financial statements as at 31 December 2013.

Income tax expenses for the interim financial statements are calculated on the basis of the expected income tax ratio for the full year.

In financial year 2014 the following amended or newly issued standards that the European Commission has incorporated into European law are to be applied for the first time:

- **IFRS 10, IFRS 11, IFRS 12, IAS 27 and IAS 28**
  The new standards IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosure of Interests in Other Entities" deal with the preparation and presentation of consolidated financial statements, the definition and treatment of joint arrangements, and the disclosure of the nature, the risks and the financial impact of interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. Due to the publication of these standards, the standards IAS 27 "Separate Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" were amended accordingly; the standard IAS 31 "Interests in Joint Ventures" and the interpretations SIC-12 "Consolidation – Special Purpose Entities" and SIC-13 "Jointly Controlled Entities – Non-Monetary Contributions by Venturers" were replaced by the new standards. The amendments to standards IFRS 10, 11 and 12 contain clarifications on certain transitional guidance and provide relief in the initial application of these standards. The implementation of the new and amended standards had no impact on the interim financial statements of the BayernLB Group as at 30 June 2014. The disclosure requirements under IFRS 12 will be applied for the first time to the consolidated financial statements for financial year 2014.

- **IAS 32**
  The amendment to IAS 32 "Financial Instruments: Presentation" relating to the offsetting of financial assets and financial liabilities further clarified the requirements on offsetting by providing additional guidance. For the BayernLB Group, the amendments, which must be applied retrospectively, had no material impact on the interim financial statements as at 30 June 2014.
- **IAS 36**
  The amendments to IAS 36 "Impairment of Assets" contain minor amendments to the information required in the notes if the recoverable amount of an impaired non-financial asset is determined on the basis of fair value less costs of disposal. There was no impact on the interim financial statements of the BayernLB Group as at 30 June 2014.
- **IAS 39**
  The amendments to IAS 39 "Financial Instruments: Recognition and Measurement" permit derivatives to remain designated as hedging instruments in a continuing hedging relationship despite novation if the contract is transferred to a central counterparty because of legal or regulatory requirements and the contractual provisions are modified only to the extent required by the novation. The changes had no impact on the interim financial statements of the BayernLB Group as at 30 June 2014.

Amended or new standards and interpretations not yet incorporated into European law were not applied to these interim financial statements. The same applies to interpretation IFRIC 21 "Levies", which has already been incorporated into European law, but will not become compulsory for the BayernLB Group until financial year 2015.

## (2) Changes on the previous year

### Changes under IAS 8.14 et seq.

From financial year 2014, the BayernLB Group has allocated directly to individual transactions both counterparty risk and its own default risk in respect of OTC derivatives in order to ensure consistent reporting. This change in accounting policy reduced assets held for trading and liabilities held for trading by EUR 125 million as at 31 December 2013.

### Changes under IAS 8.32 et seq.

In the reporting period BayernLB made changes to estimates of measurement parameters for calculating liabilities under IAS 19 and refined measurement methods. The changes in measurement produced a charge of EUR 262 million, reducing retained earnings by EUR 249 million. Of this amount, the decrease in the discount rate for pension obligations accounted for EUR –226 million, the increase in future medical costs accounted for EUR –17 million and the refinement of measurement methods accounted for EUR –6 million. The lower discount rates for restructuring liabilities and liabilities from jubilee benefits had an impact on gains or losses on restructuring of EUR 12 million and an impact on administrative expenses of EUR 1 million. Due to an adjustment in the discount rates, pension obligations rose by EUR 226 million, restructuring liabilities by EUR 12 million and liabilities from jubilee benefits by EUR 1 million. The increase in estimated future medical costs increased pension obligations by EUR 17 million. The refinement of measurement methodology increased pension obligations by EUR 6 million. The changes in estimates and refinement of measurement methodology will also have an impact on future periods which currently cannot be reliably estimated.

### Changes under IAS 8.41 et seq.

The following adjustments, which were also described in the consolidated financial statements as at 31 December 2013, were made to the first half of 2013:

When accounting for zero coupon swaps in economic hedges, fair value was inaccurately measured at a foreign branch. As a result, in the first half of 2013, gains or losses on fair value measurement was understated by EUR 1 million. The corresponding adjustments are recognised in the statement of comprehensive income including the income statement, the statement of changes in equity, cash flow statement and the notes including segment reporting.

Adjustments were also made as follows:

In the cash flow statement for the first half of 2013, the amounts allocated to cash flow from operating activities, to cash flow from investing activities and to exchange-rate, scope of consolidation and measurement-related changes in cash and cash equivalents were partially inaccurate. Consequently, cash flow from operating activities was understated by EUR 898 million and therefore cash flow from investing activities overstated by the same amount. In addition, the amount of EUR 8 million was allocated to cash flow from operating activities instead of the item exchange-rate, scope of consolidation and measurement-related changes in cash and cash equivalents. The corresponding adjustments have been recognised in the cash flow statement.

A holding assigned to the fair value option measurement category was reported in the available-for-sale category in the note on financial investments and also the note on financial instrument measurement categories in the amount of EUR 119 million. The comparative figures as at 31 December 2013 were adjusted accordingly.

## (3) Scope of consolidation

Besides the parent company, the group of companies consolidated within BayernLB comprises 23 subsidiaries (31 December 2013: 26), which are consolidated in accordance with IFRS 10. The first-time application of the new standards IFRS 10 and IFRS 11 did not result in any initial consolidations or deconsolidations.

Three joint ventures (31 December 2013: three) and two associates (31 December 2013: four) are measured in accordance with the equity method.

### Changes in the consolidated Deutsche Kreditbank Aktiengesellschaft sub-group

The DKB sub-group sold its interest totalling 74.9 percent in Stadtwerke Cottbus GmbH, Cottbus in a structured tender. The sale was split into three tranches (A, B and C) under the terms of a share sale and transfer agreement dated 27 March 2014.

Control of Stadtwerke Cottbus GmbH was ended with the sale of tranche A on 28 April 2014 (25.05 percent of the shares). The remaining stakes of 24.925 percent each (tranches B and C) will be sold by exercising reciprocal call and put options. All earnings will be reported by the buyer as from financial year 2014.

Stadtwerke Cottbus GmbH was deconsolidated with effect from 30 April 2014. Assets of EUR 151 million and liabilities of EUR 110 million were derecognised as a result of the deconsolidation. A deconsolidation loss of EUR 13 million was recognised in the amount of about EUR –17 million under gains or losses on financial investments and in the amount of about EUR 3 million under income taxes. The income statement of the BayernLB Group includes a loss of EUR 0.2 million from Stadtwerke Cottbus GmbH for the period January to April 2014.

### Changes in the consolidated MKB Bank Zrt. sub-group

The fully consolidated subsidiary NEXTEBANK S.A. (formerly MKB Romexterra Bank S.A.), Targu Mures, whose assets and liabilities have, since 2011, been shown separately in the balance sheet under “non-current assets or disposal groups classified as held for sale” and “liabilities of disposal groups” was sold on 30 April 2014. The sale price was EUR 1 million. Assets of EUR 206 million and liabilities of EUR 164 million were derecognised as a result of the deconsolidation. The deconsolidation loss was EUR 9 million. The income statement of the BayernLB Group includes a loss of EUR 3 million from NEXTEBANK S.A. for the period January to April 2014. As MKB Bank Zrt., Budapest (sub-group) has since 30 June 2014 met the criteria for classification under IFRS 5 as a discontinued operation (see note 27), its impact on earnings is recognised under gains or losses on discontinued operations.

The associate Giro Elszámolásforgalmi Zrt., Budapest, which had been measured at equity, was sold on 17 April 2014. The sale resulted in a deconsolidation gain of EUR 2 million.

Exter-Immo Zrt., Budapest, which had been fully consolidated, and the associate Pannonhalmi Apátsági Pincészet Kft., Pannonhalma, which had been measured at equity, were deconsolidated on 30 June 2014 as they ceased to meet materiality criteria. This produced no material impact.

### Determining the scope of consolidation

BayernLB’s scope of consolidation is determined by materiality criteria. Due to their secondary importance individually and as a group in relation to the financial position and financial performance of operations of the Group, 153 companies (31 December 2013: 138) were neither consolidated nor measured at equity. The impact on the balance sheet from the contractual relationships between Group companies and these non-consolidated companies is reported in the interim financial statements.

## Segment reporting

### (4) Notes to the segment report

The segment report reflects the business structure of the BayernLB Group. A total of six segments are shown comprising the operating business areas plus Central Areas & Others and the Non-Core Unit segment. The earnings of the consolidated subsidiaries and units are also allocated to the segment to which they have been assigned.

To better align with today's customer and market requirements, the structure of the Corporates & Mittelstand, Real Estate & Savings Banks/Association and Markets business segments, which was defined after the EU ruling in 2012 and effective through the first half of 2013, was further refined. The changes in the segment structure became effective on 1 October 2013, retroactive to 1 January 2013. As a result, the Financial Institutions division including its business relationships with banks, insurers and other institutional customers was transferred from the Markets business area to Corporates, Mittelstand & Financial Institutions; individual business relationships such as business with non-profit foundations were assigned to the Savings Banks & Association division. In addition, the subsidised loan business was also taken out of Corporates & Mittelstand and assigned to the Savings Banks & Association division. The business segments are now: Corporates, Mittelstand & Financial Institutions (Corporates & Mittelstand up to 30 September 2013), Real Estate & Savings Banks/Association, Deutsche Kreditbank (DKB) and Markets. In addition, there are the Central Areas & Others and the Non-Core Unit segments.

Figures from the comparison period have been adjusted to take account of the new segment structure.

Segment reporting is based on IFRS 8 and therefore on the monthly management reports submitted to the Board of Management, which serves as the chief operating decision maker as defined in IFRS 8.7. The management reports – and therefore the segmentation – are based on the accounting policies used in the consolidated financial statements under IFRS. Segment reporting does not therefore need to be reconciled with the IFRS accounting policies used in the consolidated financial statements. The earnings contributions reported under the segments are generated largely from financial services. Net interest income is shown as a net figure comprising interest income and interest expenses. The additional information about products and services required under IFRS 8.32 and on non-current assets by geographical region required under IFRS 8.33 (b) is not available and the costs of providing the information would be excessive.

The information on the Non-Core Unit segment in this reporting period no longer includes MKB Bank Zrt., Budapest (MKB) (sub-group) as it was classified as a discontinued operation on 30 June 2014. For details on MKB's performance, please refer to note 15; as at 30 June 2014 MKB had risk positions of EUR 4,828 million, average economic capital of EUR 501 million and an average number of employees of 2,336. The quantitative information on segments was adjusted accordingly for the comparison period. The additional disclosures “risk positions” and “average economic capital” were not restated as the costs of providing the information would have been too high.

## Segment reporting as at 30 June 2014

| EUR million | Corporates, Mittelstand & Financial Institutions | Real Estate & Savings Banks/Association | DKB | Markets | Central Areas & Others | Non-Core Unit | Consolidation | Group |
|---|---|---|---|---|---|---|---|---|
| Net interest income | 194 | 141 | 299 | 24 | 127 | 111 | −65 | **831** |
| Risk provisions in the credit business | −39 | 31 | −57 | 15 | −4 | 100 | – | **45** |
| Net commission income | 79 | 36 | −17 | – | −1 | 18 | – | **116** |
| Gains or losses on fair value measurement | 25 | 28 | 9 | 23 | −9 | 80 | −18 | **140** |
| Gains or losses on hedge accounting | – | 2 | – | −17 | −1 | 1 | 1 | **−13** |
| Gains or losses on financial investments | – | – | −15 | 3 | 8 | −113 | 25 | **−92** |
| Income from interests in companies measured at equity | – | – | – | – | – | – | – | **–** |
| Administrative expenses | −130 | −97 | −161 | −75 | −8 | −67 | – | **−537** |
| Expenses for bank levies | – | – | −2 | – | – | – | – | **−2** |
| Other income and expenses | – | 14 | 12 | −11 | 19 | 17 | 1 | **53** |
| Gains or losses on restructuring | – | – | – | – | −8 | −4 | – | **−12** |
| Profit before taxes | 129 | 154 | 68 | −38 | 125 | 143 | −55 | **527** |
| Risk positions | 22,720 | 8,500 | 25,711 | 9,945 | 1,754 | 13,103 | – | **81,732** |
| Average economic capital/ reported equity | 2,323 | 830 | 2,981 | 944 | 533 | 1,917 | 5,333 | **14,862** |
| Return on equity (RoE) (%) | 11.1 | 37.1 | 4.6 | −8.1 | – | 15.0 | – | **7.1** |
| Cost/income ratio (CIR) (%) | 43.5 | 43.9 | 55.8 | 341.3 | – | 58.3 | – | **51.9** |
| Average number of employees (FTE) | 517 | 630 | 1,698 | 434 | 1,707 | 296 | – | **5,282** |

**Segment reporting as at 30 June 2013[1]**

| EUR million | Corporates, Mittelstand & Financial Institutions | Real Estate & Savings Banks/Association | DKB | Markets | Central Areas & Others | Non-Core Unit | Consolidation | Group |
|---|---|---|---|---|---|---|---|---|
| Net interest income | 189 | 124 | 294 | 94 | 169 | 79 | – 118 | **831** |
| Risk provisions in the credit business | – 6 | 6 | – 64 | – | – 2 | 25 | – | **– 40** |
| Net commission income | 69 | 34 | – 12 | – 1 | – 2 | 16 | – | **104** |
| Gains or losses on fair value measurement | 44 | 31 | 10 | 22[2] | – 9 | 79 | – 10 | **166** |
| Gains or losses on hedge accounting | – | 4 | – 24 | 1 | 1 | 1 | – 20 | **– 38** |
| Gains or losses on financial investments | 3 | – | 31 | 10 | – | 233 | – | **276** |
| Income from interests in companies measured at equity | – | – | – | – | – | – | 4 | **4** |
| Administrative expenses | – 139 | – 99 | – 153 | – 87 | – 9 | – 92 | – | **– 579** |
| Expenses for bank levies | – | – | – 3 | – | – 2 | – | – | **– 5** |
| Other income and expenses | – 1 | 10 | 2 | – 22 | 33 | 63 | 16 | **100** |
| Gains or losses on restructuring | – | – | – | – | – | – 7 | – | **– 7** |
| Profit before taxes | 159 | 110 | 80 | 16 | 178 | 398 | – 128 | **813** |
| Risk positions | 23,358 | 8,139 | 27,177 | 7,933 | 3,774 | 23,918 | – | **94,298** |
| Average economic capital/ reported equity | 2,087 | 821 | 3,004 | 1,239 | 531[2] | 2,726 | 4,624 | **15,033** |
| Return on equity (RoE) (%) | 15.3 | 26.7 | 5.3 | 2.6 | – | 29.2 | – | **10.8** |
| Cost/income ratio (CIR) (%) | 45.8 | 48.9 | 51.1 | 84.2 | – | 19.4 | – | **40.1** |
| Average number of employees (FTE) | 509 | 649 | 1,703 | 434 | 1,748 | 316 | – | **5,360** |

*1 The new segment structure affected Corporates, Mittelstand & Financial Institutions, Real Estate & Savings Banks/Association, and Markets. The following items were not affected: gains or losses on hedge accounting, gains or losses on financial investments, income from interests in companies measured at equity, expenses for bank levies, other income and expenses and gains or losses on restructuring. The other line items were affected in individual segments.*

*2 Adjusted as per IAS 8.42 (see note 2).*

For the purposes of internal management, economic capital is allocated to the segments on the basis of risk positions assumed in accordance with the German Solvency Ordinance (Solvabilitätsverordnung (SolvV)). In the Consolidation column, economic capital is reconciled with reported equity.

The risk positions include the figures on the reporting date for risk assets, market risk positions and operational risk. Since 31 December 2013, the reported return on equity has been calculated at segment level by dividing profit before taxes by economic capital actually allocated; the cost/income ratio is the ratio of administrative expenses to the sum of net interest income, net commission income, gains or losses on fair value measurement, gains or losses on hedge accounting, gains or losses on financial investments, income from interests in companies measured at equity, and other income and expenses. Under the formula previously used for calculating return on equity, profit before taxes less expenses for bank levies and gains or losses on restructuring was divided by economic capital. For the segments, economic capital was derived from the higher of economic capital actually allocated or budgeted equity. After the new segment structure was implemented, for simplicity's sake for the comparison period, actual allocated economic capital was used. The cost/income ratio was the ratio of administrative expenses to the sum of net interest income, net commission income, gains or losses on fair value measurement, gains or losses on hedge accounting, and other income and expenses.

### Notes on delimitation of segments

The Corporates, Mittelstand & Financial Institutions segment serves large German companies and international companies with a connection to Germany and also German Mittelstand customers primarily in the states of Bavaria and North Rhine-Westphalia. These include in particular DAX and MDAX-listed companies and family-owned or operated businesses which conduct international business from their German home market. BayernLB's business relationships with banks, insurers and other institutional customers are also assigned to this segment. In addition, the Corporates, Mittelstand & Financial Institutions segment conducts the syndicated business on behalf of the Bavarian savings banks and their customers. The following core activities are located in this segment: traditional loan financing (including working capital, capex and trade financing), leasing finance and global project and export financing for customers operating worldwide with a focus on the infrastructure, energy and renewable energy sectors. Other areas include acting as lead manager for its customers in syndicated loans and playing a leading role in placing corporate bonds and Schuldschein note loans on the market in cooperation with the Markets business area.

The Real Estate & Savings Banks/Association segment incorporates the commercial and residential real estate business, the savings banks and the public sector. The legally dependent institution Bayerische Landesbodenkreditanstalt (BayernLabo) and the subsidiary Real I.S. AG Gesellschaft für Immobilien Assetmanagement, Munich (Real I.S.) are also assigned to this segment.

The Real Estate division focuses on long-term commercial real estate financing in Bavaria and Germany and business with residential construction companies and residential property developers. BayernLB offers commercial real estate customers a comprehensive range of services related to real estate financing.

The Savings Banks & Association division now forms the central hub for collaboration with savings banks and public-sector customers in Germany. Its activities include BayernLB's business with savings banks in Germany, particularly Bavaria, and the state-subsidised business. As both customers and sales partners, the savings banks are a fundamental part of BayernLB's business model. The division also serves state and municipal customers and public-law entities in Germany which BayernLB, as a partner, provides with a wide range of products and tailor-made solutions.

BayernLabo is responsible for the non-competitive residential construction and urban development business under public mandate on behalf of BayernLB. It also provides financing for local authorities in Bavaria.

As a member of the Sparkassen-Finanzgruppe, Real I.S. is BayernLB's real estate asset manager and fund service provider.

The core business of the subsidiary Deutsche Kreditbank Aktiengesellschaft, Berlin (DKB) (subgroup) is allocated to the DKB segment. DKB is well positioned in retail banking as "Your bank on the web". Besides internet banking, DKB's business activities include the promising infrastructure and corporate customers markets. It specialises here in sectors with long-term growth potential such as renewable energy, healthcare, and education and research. DKB also focuses on the target markets of residential construction and agriculture.

The Markets segment comprises the business area bearing the same name and BayernInvest Kapitalanlagegesellschaft mbH, Munich, a consolidated asset manager. The Markets business area combines all trading and issuing activities as well as asset and liability management. The Markets segment also provides a range of capital market and Treasury products that are cross-sold to BayernLB's corporates, Mittelstand, savings banks and real estate customers. Market and default risks are hedged and solvency assured at all times through risk and liquidity management.

The Central Areas & Others segment incorporates the earnings contributions from the central areas Corporate Center, Financial Office, Operating Office and Risk Office. These are primarily from the interests in companies assigned to it and expenditure for refinancing and managing these interests. Refinancing costs for the Group's subsidiaries are also allocated to this segment. Transactions whose earnings contributions are generated from core business but cannot be allocated to either a business area or a central area are reported under this segment too. The consolidated subsidiary BayernLB Capital LLC I, Wilmington is also allocated to this segment.

All non-core activities have been transferred to the Non-Core Unit segment. It contains the Restructuring Unit, the subsidiary Banque LBLux S.A., Luxembourg (LBLux) and the non-organisational Other NCU division. MKB was part of the Non-Core Unit segment until it was classified as a discontinued operation on 30 June 2014.

In the Restructuring Unit, selected portfolios are segregated from the operating activities of the business segments. It also contains asset-backed securities affected by the financial market crisis in 2008, their hedging instruments and a portfolio that includes a number of individual securities positions with problems.

The holding in LBLux combines the business activities in the financial centre of Luxembourg and the Benelux region. It is focused on Mittelstand customers in the Benelux region and international high net worth customers, and also operates as a custodian bank. Under an agreement signed in December 2013, a portion of LBLux's private banking business was disposed of in May 2014. On 1 July 2014, the corporate banking portfolio that was left as at 30 June 2014 was transferred to BayernLB.

The holding in Landesbank Saar, Saarbrücken (SaarLB) was reported in the non-organisational Other NCU division until its sale in April 2014. Also reported here are DKB's non-core activities, loans (including refinancing) to Hypo Alpe-Adria-Bank International AG, Klagenfurt and to the subsidiaries MKB and LBLux, and the silent partner contribution at SaarLB.

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

Earnings from typical banking operations after risk provisions (net interest income, net commission income, gains or losses on fair value measurement, gains or losses on hedge accounting, gains or losses on financial investments, and income from interests in companies measured at equity) totalled EUR 1,025 million (30 June 2013: EUR 1,304 million[1]), of which EUR 63 million (30 June 2013: EUR 108 million) relates to Europe excluding Germany and EUR 309 million (30 June 2013: EUR 324 million[1]) to America.

*1 Adjusted as per IAS 8.42 (see note 2).*

## Notes to the statement of comprehensive income

### (5) Net interest income

| EUR million | 1 Jan – 30 Jun 2014 | 1 Jan – 30 Jun 2013 |
|---|---|---|
| **Interest income** | **3,707** | **3,882** |
| • From lending and money market transactions | 2,415 | 2,576 |
| • From bonds, notes and other fixed-income securities | 253 | 253 |
| • Current income from equities and other non-fixed income securities | 2 | 2 |
| • Current income from interests in non-consolidated subsidiaries, joint ventures, associates and other interests | 11 | 6 |
| • Current income from profit-pooling and profit transfer agreements | 2 | 1 |
| • Current income from other financial investments | 8 | 7 |
| • From hedge accounting derivatives | 505 | 554 |
| • From derivatives in economic hedges | 514 | 482 |
| **Interest expenses** | **2,877** | **3,050** |
| • For liabilities to banks and customers | 1,217 | 1,334 |
| • For securitised liabilities | 357 | 421 |
| • For subordinated capital | 103 | 121 |
| • For hedge accounting derivatives | 696 | 754 |
| • For derivatives in economic hedges | 441 | 376 |
| • Other interest expenses | 62 | 45 |
| **Total** | **831** | **831** |

### 6) Risk provisions in the credit business

| EUR million | 1 Jan – 30 Jun 2014 | 1 Jan – 30 Jun 2013 |
|---|---|---|
| Additions | 269 | 197 |
| Direct writedowns | 13 | 11 |
| Releases | 253 | 147 |
| Recoveries on written down receivables | 45 | 16 |
| Other gains or losses on risk provisions | 28 | 5 |
| **Total** | **–45** | **40** |

The amounts include on-balance sheet and off-balance sheet credit transactions.

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## (7) Net commission income

| EUR million | 1 Jan – 30 Jun 2014 | 1 Jan – 30 Jun 2013 |
|---|---|---|
| Securities business | 27 | 30 |
| Broker fees | –9 | –9 |
| Lending business | 93 | 75 |
| Payments | –15 | –14 |
| Foreign commercial operations | 2 | 1 |
| Trust transactions | 9 | 9 |
| Miscellaneous | 9 | 12 |
| **Total** | **116** | **104** |

## (8) Gains or losses on fair value measurement

| EUR million | 1 Jan – 30 Jun 2014 | 1 Jan – 30 Jun 2013 |
|---|---|---|
| **Net trading income** | **93** | **198** |
| • Interest-related transactions | 30 | 76[1] |
| • Equity-related and index-related transactions and transactions with other risks | 2 | 1 |
| • Currency-related transactions | 10 | 19 |
| • Credit derivatives | 59 | 59 |
| • Other financial transactions | 16 | 19 |
| • Refinancing of trading portfolios | –13 | –4 |
| • Trading-related commission | –11 | –11 |
| • Fair value adjustments | – | 39[2] |
| **Fair value gains or losses from the fair value option** | **47** | **–32** |
| **Total** | **140** | **166** |

*1 Adjusted as per IAS 8.22 and IAS 8.42 (see note 2).*
*2 Adjusted as per IAS 8.22 (see note 2).*

## (9) Gains or losses on hedge accounting

| EUR million | 1 Jan – 30 Jun 2014 | 1 Jan – 30 Jun 2013 |
|---|---|---|
| **Gains or losses on micro fair value hedges** | **–14** | **–14** |
| • Measurement of underlying transactions | –361 | 152 |
| • Measurement of hedging instruments | 347 | –166 |
| **Gains or losses on portfolio fair value hedges** | **–** | **–24** |
| • Measurement of underlying transactions | 266 | –211 |
| • Amortisation of the portfolio hedge adjustment | –239 | –246 |
| • Measurement of hedging instruments | –27 | 433 |
| **Total** | **–13** | **–38** |

### (10) Gains or losses on financial investments

| EUR million | 1 Jan – 30 Jun 2014 | 1 Jan – 30 Jun 2013 |
|---|---|---|
| **Gains or losses on financial investments in the loans and receivables category** | **57** | **99** |
| • Gains or losses on sales | 18 | 30 |
| • Income from impairment reversals | 49 | 79 |
| • Expenses from impairments | 10 | 10 |
| **Gains or losses on financial investments in the available-for-sale category** | **–132** | **–173** |
| • Gains or losses on sales | –16 | –96 |
| • Income from impairment reversals | 146 | 286 |
| • Expenses from impairments | 262 | 363 |
| **Gains or losses on deconsolidation** | **–17** | **351** |
| **Total** | **–92** | **276** |

### (11) Administrative expenses

| EUR million | 1 Jan – 30 Jun 2014 | 1 Jan – 30 Jun 2013 |
|---|---|---|
| **Staff costs** | **255** | **290** |
| • Salaries and wages | 199 | 240 |
| • Social security contributions | 26 | 26 |
| • Expenses for pensions and other employee benefits | 30 | 24 |
| **Other administrative expenses** | **262** | **271** |
| **Amortisation and depreciation of property, plant and equipment and intangible assets (not including goodwill)** | **20** | **18** |
| **Total** | **537** | **579** |

### (12) Expenses for bank levies

| EUR million | 1 Jan – 30 Jun 2014 | 1 Jan – 30 Jun 2013 |
|---|---|---|
| Expenses for bank levies | 2 | 5 |
| **Total** | **2** | **5** |

Expenses for bank levies includes the German bank levy.

## (13) Other income and expenses

| EUR million | 1 Jan – 30 Jun 2014 | 1 Jan – 30 Jun 2013 |
|---|---|---|
| Other income | 166 | 289 |
| Other expenses | 113 | 188 |
| **Total** | **53** | **100** |

## (14) Gains or losses on restructuring

| EUR million | 1 Jan – 30 Jun 2014 | 1 Jan – 30 Jun 2013 |
|---|---|---|
| Expenses for restructuring measures | 12 | 7 |
| **Total** | **–12** | **–7** |

## (15) Gains or losses on discontinued operations

| EUR million | 1 Jan – 30 Jun 2014 | 1 Jan – 30 Jun 2013 |
|---|---|---|
| Net interest income | 89 | 124 |
| Risk provisions in the credit business | 42 | 94 |
| Net commission income | 36 | 38 |
| Gains or losses on fair value measurement | 12 | 14 |
| Gains or losses on financial investments | 12 | 2 |
| Income from interests in companies measured at equity | –1 | – |
| Administrative expenses | 78 | 107 |
| Expenses for bank levies | 44 | 46 |
| Other income and expenses | –43 | –24 |
| **Profit before taxes** | **–60** | **–92** |
| Income taxes | – | 2 |
| Gains or losses on measurement (at fair value less costs of disposal) or from disposal | –251 | – |
| **Total** | **–311** | **–94** |

## Notes to the balance sheet

### (16) Cash reserves

| EUR million | 30 Jun 2014 | 31 Dec 2013 |
|---|---|---|
| Cash | 21 | 82 |
| Deposits with central banks | 1,953 | 2,607 |
| Debt instruments issued by public entities and bills of exchange eligible for refinancing with central banks | – | 472 |
| **Total** | **1,973** | **3,160** |

### (17) Loans and advances to banks

| EUR million | 30 Jun 2014 | 31 Dec 2013 |
|---|---|---|
| Loans and advances to domestic banks | 29,456 | 26,374 |
| Loans and advances to foreign banks | 16,801 | 17,095 |
| **Total** | **46,257** | **43,470** |

### (18) Loans and advances to customers

| EUR million | 30 Jun 2014 | 31 Dec 2013 |
|---|---|---|
| Loans and advances to domestic customers | 109,235 | 110,699 |
| Loans and advances to foreign customers | 23,244 | 27,265 |
| **Total** | **132,480** | **137,965** |

### (19) Risk provisions

| EUR million | 30 Jun 2014 | 31 Dec 2013 |
|---|---|---|
| Specific loan loss provisions | 1,512 | 2,451 |
| Portfolio provisions | 255 | 218 |
| **Total** | **1,767** | **2,668** |

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### Changes in specific loan loss provisions

| EUR million | Loans and advances to banks | | Loans and advances to customers | | Total | |
|---|---|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| **As at 1 Jan** | **522** | **535** | **1,929** | **2,048** | **2,451** | **2,583** |
| **Changes recognised in income statement** | **–1** | **–** | **44** | **135** | **44** | **135** |
| • Additions | – | – | 270 | 347 | **270** | **347** |
| • Releases | 1 | – | 201 | 177 | **202** | **177** |
| • Unwinding | – | – | 24 | 35 | **24** | **35** |
| **Changes not recognised in income statement** | **–2** | **–** | **–980** | **–254** | **–983** | **–254** |
| • Currency-related changes | – | – | –10 | –10 | **–10** | **–10** |
| • Changes in the scope of consolidation | – | – | –7 | – | **–7** | **–** |
| • Utilisation | 2 | – | 130 | 233 | **133** | **233** |
| • Transfers/other changes | – | – | –833 | –11 | **–833** | **–11** |
| **As at 30 Jun** | **519** | **535** | **993** | **1,929** | **1,512** | **2,464** |

### Changes in portfolio provisions

| EUR million | Loans and advances to banks | | Loans and advances to customers | | Total | |
|---|---|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| **As at 1 Jan** | **22** | **32** | **196** | **215** | **218** | **247** |
| **Changes recognised in income statement** | **–2** | **–6** | **2** | **–5** | **–** | **–11** |
| • Additions | 3 | – | 85 | 28 | **87** | **28** |
| • Releases | 4 | 6 | 83 | 33 | **87** | **40** |
| **Changes not recognised in income statement** | **–** | **–** | **37** | **–21** | **37** | **–21** |
| • Utilisation | – | – | 18 | 21 | **18** | **21** |
| • Transfers/other changes | – | – | 56 | – | **56** | **–** |
| **As at 30 Jun** | **20** | **25** | **235** | **189** | **255** | **214** |

Risk provisions for contingent liabilities and other commitments are shown as provisions for risks in the credit business (see note 34).

## (20) Assets held for trading

| EUR million | 30 Jun 2014 | 31 Dec 2013 |
|---|---|---|
| Bonds, notes and other fixed-income securities | 3,091 | 4,807 |
| Equities and other non-fixed income securities | 338 | 291 |
| Receivables held for trading | 1,294 | 1,118 |
| Positive fair values from derivative financial instruments (not hedge accounting) | 18,318 | 19,121[1] |
| **Total** | **23,041** | **25,337** |

*1 Adjusted as per IAS 8.22 (see note 2).*

Assets held for trading includes the fair value of the guarantee agreement with the Free State of Bavaria ("Umbrella") in the amount of EUR 409 million (31 December 2013: EUR 634 million).

## (21) Positive fair values from derivative financial instruments (hedge accounting)

| EUR million | 30 Jun 2014 | 31 Dec 2013 |
|---|---|---|
| Positive fair values from micro fair value hedges | 3,296 | 2,889 |
| Positive fair values from portfolio fair value hedges | 1 | – |
| **Total** | **3,297** | **2,889** |

## (22) Financial investments

| EUR million | 30 Jun 2014 | 31 Dec 2013 |
|---|---|---|
| **Financial investments in the fair value option category** | **116** | **1,389** |
| • Bonds, notes and other fixed-income securities | 11 | 1,256 |
| • Equities and other non-fixed income securities | – | 14 |
| • Interests in non-consolidated subsidiaries, joint ventures, associates and other interests | 105 | 119[1] |
| **Financial investments in the loans and receivables category** | **13,944** | **15,332** |
| • Bonds, notes and other fixed-income securities | 13,944 | 15,332 |
| **Financial investments in the available-for-sale category** | **23,039** | **22,999** |
| • Bonds, notes and other fixed-income securities | 22,391 | 22,332 |
| • Equities and other non-fixed income securities | 188 | 180 |
| • Interests in non-consolidated subsidiaries, joint ventures, associates and other interests | 320 | 352[1] |
| • Other financial investments | 140 | 135 |
| **Total** | **37,099** | **39,720** |

*1 Adjusted as per IAS 8.42 (see note 2).*

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## (23) Interests in companies measured at equity

| EUR million | 30 Jun 2014 | 31 Dec 2013 |
|---|---|---|
| Joint ventures | – | 15 |
| Associates | 1 | 11 |
| **Total** | **1** | **26** |

## (24) Investment property

| EUR million | 30 Jun 2014 | 31 Dec 2013 |
|---|---|---|
| Land and buildings for rental | 52 | 99 |
| **Total** | **52** | **99** |

## (25) Property, plant and equipment

| EUR million | 30 Jun 2014 | 31 Dec 2013 |
|---|---|---|
| Owner-occupied property | 342 | 543 |
| Furniture and office equipment | 21 | 75 |
| **Total** | **363** | **619** |

## (26) Intangible assets

| EUR million | 30 Jun 2014 | 31 Dec 2013 |
|---|---|---|
| Intangible assets produced in house | 64 | 57 |
| Other intangible assets | 34 | 97 |
| **Total** | **99** | **154** |

## (27) Non-current assets or disposal groups classified as held for sale

| EUR million | 30 Jun 2014 | 31 Dec 2013 |
|---|---|---|
| Cash reserves | 573 | 30 |
| Loans and advances to banks | 115 | 14 |
| Loans and advances to customers | 5,097 | 1,825 |
| Risk provisions | 920 | 144 |
| Assets held for trading | 264 | – |
| Financial investments | 947 | 327 |
| Interests in companies measured at equity | 18 | – |
| Deferred tax assets | 1 | – |
| Other assets | 69 | 12 |
| **Total** | **6,163** | **2,065** |

One of the conditions of the EU Commission’s ruling in BayernLB’s state aid proceedings was the sale of KGAL GmbH & Co. KG, Grünwald. The interests held for sale in the short term were therefore classified as held for sale on 30 June 2013. Due to factors outside BayernLB’s control, the sale could not be completed by 30 June 2014. The conditions for classification under IFRS 5 are still fulfilled. Cumulative expenses of EUR 6 million are recognised in the revaluation surplus.

The interests in Landesbank Saar, Saarbrücken that were held for sale in the previous year were disposed of in April 2014.

In the course of the process to sell BayernLB’s stake in Banque LBLux S.A., the part of the private customer business that had been held for sale since December 2013 was transferred to the Luxembourg-based private bank Banque de Luxembourg in the first half of 2014. To avoid incurring any economic disadvantage, the corporate banking portfolio, which was also classified as held for sale in December 2013, was not sold but transferred to BayernLB for winding down on 1 July 2014. The reclassification of the portfolio in the first half of 2014 did not result in impairment. Furthermore, Banque LBLux’s subsidiary LB-RE S.A., Luxembourg was classified as held for sale on 30 June 2014, as it is due to be sold over the coming year. The classification as held for sale did not result in impairment. Cumulative income of EUR 6 million is recognised in the revaluation surplus.

In February 2014, it was decided to sell liquidity facilities and swaps which together form a disposal group. Based on current negotiations, the sale is expected to take place in financial year 2014. The conditions for classification under IFRS 5 are therefore met. The classification as held for sale did not result in impairment.

Another condition of the EU Commission’s ruling in BayernLB’s state aid proceedings is the sale of the Hungarian subsidiary MKB Bank Zrt., Budapest (MKB). The sales process was therefore initiated, and a sale is expected within a year. The criteria for classifying the MKB sub-group as a disposal group classified as held for sale were met on 30 June 2014. As this component represents a major geographical area of operations, the criteria for discontinued operations have been met. The classification as held for sale resulted in an impairment of EUR 251 million. The revaluation surplus contains cumulative income of EUR 7 million. The foreign currency translation reserve contains cumulative expenses of EUR 103 million.

Performance from discontinued operations is reported separately under the item gains or losses on discontinued operations (see note 15). The quantitative disclosures in the statement of comprehensive income were adjusted accordingly for the comparison period. No adjustment was made in the presentation of the changes in the balance sheet item. In the reporting period, the amounts as at the time of classification were reclassified to the items “non-current assets or disposal groups classified as held for sale” and “liabilities of disposal groups”.

The assets reported under discontinued operations comprise:

| EUR million | 30 Jun 2014 | 31 Dec 2013 |
|---|---|---|
| Cash reserves | 573 | – |
| Loans and advances to banks | 115 | – |
| Loans and advances to customers | 4,889 | – |
| Risk provisions | 838 | – |
| Assets held for trading | 109 | – |
| Financial investments | 913 | – |
| Interests in companies measured at equity | 18 | – |
| Deferred tax assets | 1 | – |
| Other assets | 69 | – |
| **Total** | **5,848** | **–** |

The fully consolidated subsidiary NEXTEBANK S.A. (formerly MKB Romexterra Bank S.A.), Targu Mures – which forms part of the MKB sub-group (MKB) and was previously classified as a disposal group – was sold in April 2014.

## (28) Other assets

| EUR million | 30 Jun 2014 | 31 Dec 2013 |
|---|---|---|
| Claims from reinsurance | 210 | 208 |
| Precious metals | 167 | 58 |
| Emissions certificates | 158 | 132 |
| Pre-paid expenses | 13 | 14 |
| Property as inventory | – | 10 |
| Other assets | 175 | 246 |
| **Total** | **723** | **668** |

## (29) Liabilities to banks

| EUR million | 30 Jun 2014 | 31 Dec 2013 |
|---|---|---|
| Liabilities to domestic banks | 57,003 | 59,978 |
| Liabilities to foreign banks | 10,891 | 11,213 |
| **Total** | **67,894** | **71,191** |

## (30) Liabilities to customers

| EUR million | 30 Jun 2014 | 31 Dec 2013 |
|---|---|---|
| Liabilities to domestic customers | 78,098 | 76,528 |
| Liabilities to foreign customers | 7,577 | 9,655 |
| **Total** | **85,675** | **86,183** |

## (31) Securitised liabilities

| EUR million | 30 Jun 2014 | 31 Dec 2013 |
|---|---|---|
| **Bonds and notes issued** | **49,346** | **52,424** |
| • Mortgage-backed Pfandbriefs | 5,961 | 5,070 |
| • Public Pfandbriefs | 12,829 | 14,605 |
| • Other bonds | 30,556 | 32,749 |
| **Other securitised liabilities** | **267** | **540** |
| **Total** | **49,613** | **52,964** |

The reporting period saw the issue of debt instruments (including money market securities) in the amount of EUR 7,669 million. Repurchases amounted to EUR 1,868 million and redemptions to EUR 8,415 million.

## (32) Liabilities held for trading

| EUR million | 30 Jun 2014 | 31 Dec 2013 |
|---|---|---|
| Trading portfolio liabilities | 723 | 258 |
| Negative fair values from derivative financial instruments (not hedge accounting) | 15,788 | 16,414[1] |
| Fair value adjustments | – | –[1] |
| **Total** | **16,511** | **16,672** |

*1 Adjusted as per IAS 8.22 (see note 2).*

## (33) Negative fair values from derivative financial instruments (hedge accounting)

| EUR million | 30 Jun 2014 | 31 Dec 2013 |
|---|---|---|
| Negative fair values from micro fair value hedges | 1,114 | 1,004 |
| Negative fair values from portfolio fair value hedges | 1,698 | 1,843 |
| **Total** | **2,812** | **2,846** |

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## (34) Provisions

| EUR million | 30 Jun 2014 | 31 Dec 2013 |
|---|---|---|
| **Provisions for pensions and similar obligations** | **3,003** | **2,741** |
| **Other provisions** | **638** | **762** |
| • Provisions in the credit business | 67 | 98 |
| • Restructuring provisions | 343 | 354 |
| • Miscellaneous provisions | 228 | 310 |
| **Total** | **3,641** | **3,503** |

## (35) Liabilities of disposal groups

| EUR million | 30 Jun 2014 | 31 Dec 2013 |
|---|---|---|
| Liabilities to banks | 589 | 14 |
| Liabilities to customers | 3,732 | 1,421 |
| Securitised liabilities | 621 | – |
| Liabilities held for trading | 26 | – |
| Provisions | 34 | 2 |
| Current tax liabilities | 1 | – |
| Deferred tax liabilities | 1 | – |
| Other liabilities | 104 | 1 |
| **Total** | **5,108** | **1,438** |

All liabilities of disposal groups as at 30 June 2014 arose from discontinued operations (see note 27).

## (36) Other liabilities

| EUR million | 30 Jun 2014 | 31 Dec 2013 |
|---|---|---|
| Accruals | 212 | 301 |
| Deferred income | 20 | 36 |
| Other liabilities | 127 | 185 |
| **Total** | **358** | **522** |

### (37) Subordinated capital

| EUR million | 30 Jun 2014 | 31 Dec 2013 |
|---|---|---|
| Subordinated liabilities | 4,491 | 4,465 |
| Profit participation certificates (debt component) | 346 | 334 |
| Dated silent partner contributions (debt component) | 23 | 121 |
| Hybrid capital | 62 | 64 |
| **Total** | **4,923** | **4,984** |

### (38) Equity

| EUR million | 30 Jun 2014 | 31 Dec 2013 |
|---|---|---|
| **Equity excluding non-controlling interests** | **14,903** | **14,849** |
| • Subscribed capital | 6,846 | 6,846 |
| – statutory nominal capital | 2,800 | 2,800 |
| – capital contribution | 612 | 612 |
| – perpetual silent partner contributions | 3,434 | 3,434 |
| • Compound instruments | 145 | 145 |
| – profit participation certificates (equity component) | 133 | 133 |
| – dated silent partner contributions (equity component) | 12 | 12 |
| • Capital surplus | 3,893 | 3,893 |
| • Retained earnings | 3,853 | 4,094 |
| – statutory reserve | 1,268 | 1,268 |
| – other retained earnings | 2,586 | 2,827 |
| • Revaluation surplus | 115 | –37 |
| • Foreign currency translation reserve | –103 | –92 |
| • Consolidated profit | 155 | – |
| **Non-controlling interests** | **14** | **30** |
| **Total** | **14,916** | **14,879** |

As they are compound financial instruments, dated silent partner contributions, including those that are callable by the lender, and profit participation certificates, must be divided into their equity and debt components (split accounting). The equity component, being a residual claim for the purposes of IAS 32.11, is equivalent to the net present value of expected future distributions. As no half-yearly distributions are made, the amount of the equity component – with the exception of repurchases and resales in the first half of 2014 – corresponds to the value as at 31 December 2013. For a detailed description of the accounting methodology, see note 25 of the 2013 annual report.

## Notes to financial instruments

### (39) Fair value of financial instruments

| EUR million | Fair value<br>30 Jun 2014 | Carrying amount<br>30 Jun 2014 | Fair value<br>31 Dec 2013 | Carrying amount<br>31 Dec 2013 |
|---|---|---|---|---|
| **Assets** | | | | |
| • Cash reserves | 1,973 | 1,973 | 3,160 | 3,160 |
| • Loans and advances to banks[1] | 45,900 | 46,257 | 43,544 | 43,470 |
| • Loans and advances to customers[1] | 138,248 | 132,480 | 140,667 | 137,965 |
| • Assets held for trading | 23,041 | 23,041 | 25,337[2] | 25,337[2] |
| • Positive fair values from derivative financial instruments (hedge accounting) | 3,297 | 3,297 | 2,889 | 2,889 |
| • Financial investments | 37,405 | 37,099 | 39,829 | 39,720 |
| • Non-current assets or disposal groups classified as held for sale | 6,134 | 6,075 | 2,035 | 2,053 |
| **Liabilities** | | | | |
| • Liabilities to banks | 69,342 | 67,894 | 72,055 | 71,191 |
| • Liabilities to customers | 87,400 | 85,675 | 87,540 | 86,183 |
| • Securitised liabilities | 50,174 | 49,613 | 53,402 | 52,964 |
| • Liabilities held for trading | 16,511 | 16,511 | 16,672[2] | 16,672[2] |
| • Negative fair values from derivative financial instruments (hedge accounting) | 2,812 | 2,812 | 2,846 | 2,846 |
| • Liabilities of disposal groups | 4,851 | 4,968 | 1,435 | 1,435 |
| • Subordinated capital | 4,882 | 4,923 | 4,846 | 4,984 |

1 *Carrying value before deducting risk provisions for loans and advances to banks in the amount of EUR 539 million (31 December 2013: EUR 543 million) and loans and advances to customers in the amount of EUR 1,229 million (31 December 2013: EUR 2,125 million).*
2 *Adjusted as per IAS 8.22 (see note 2).*

## (40) Financial instrument measurement categories

| EUR million | 30 Jun 2014 | 31 Dec 2013 |
|---|---|---|
| **Liabilities** | | |
| • Financial assets at fair value through profit or loss | 24,164 | 27,480 |
| – held-for-trading financial assets | 23,305 | 25,337 |
| assets held for trading | 23,041 | 25,337[2] |
| non-current assets or disposal groups classified as held for sale | 264 | – |
| – fair value option | 859 | 2,143 |
| loans and advances to banks | 13 | 16 |
| loans and advances to customers | 731 | 705 |
| financial investments | 116 | 1,389[3] |
| non-current assets or disposal groups classified as held for sale | – | 33 |
| • Loans and receivables | 198,335 | 200,439 |
| – cash reserves | 1,973 | 2,689 |
| – loans and advances to banks[1] | 46,244 | 43,454 |
| – loans and advances to customers[1] | 131,730 | 137,235 |
| – financial investments | 13,944 | 15,332 |
| – non-current assets or disposal groups classified as held for sale | 4,444 | 1,730 |
| • Available-for-sale financial assets | 24,426 | 23,785 |
| – cash reserves | – | 472 |
| – loans and advances to customers | 19 | 25 |
| – financial investments | 23,039 | 22,999[3] |
| – non-current assets or disposal groups classified as held for sale | 1,367 | 290 |
| • Positive fair values from derivative financial instruments (hedge accounting) | 3,297 | 2,889 |
| **Liabilities** | | |
| • Financial liabilities at fair value through profit or loss | 25,703 | 25,781 |
| – held-for-trading financial liabilities | 16,536 | 16,672 |
| liabilities held for trading | 16,511 | 16,672[2] |
| liabilities of disposal groups | 26 | – |
| – fair value option | 9,166 | 9,109 |
| liabilities to banks | 516 | 600 |
| liabilities to customers | 3,607 | 3,695 |
| securitised liabilities | 4,785 | 4,782 |
| liabilities of disposal groups | 226 | – |
| subordinated capital | 32 | 31 |
| • Financial liabilities measured at amortised cost | 203,881 | 207,648 |
| – liabilities to banks | 67,378 | 70,591 |
| – liabilities to customers | 82,068 | 82,488 |
| – securitised liabilities | 44,828 | 48,182 |
| – liabilities of disposal groups | 4,717 | 1,435 |
| – subordinated capital | 4,890 | 4,952 |
| • Negative fair values from derivative financial instruments (hedge accounting) | 2,812 | 2,846 |

*1 Not including deduction of risk provisions.*
*2 Adjusted as per IAS 8.22 (see note 2).*
*3 Adjusted as per IAS 8.42 (see note 2).*

## (41) Reclassification of financial assets

Pursuant to the amendments by the International Accounting Standards Board to IAS 39 and IFRS 7 – Reclassification of Financial Assets – and to EU Commission Regulation 1004/2008, certain available-for-sale and held-for-trading securities were reclassified by BayernLB as loans and receivables as at 1 July 2008. There were no further reclassifications during the reporting period.

The fair values and the carrying amounts of the reclassified securities at the end of the reporting period in accordance with IAS 39 in conjunction with IFRS 7.12A (b), shown by category, were:

| EUR million | Fair value 30 Jun 2014 | Carrying amount 30 Jun 2014 | Fair value 31 Dec 2013 | Carrying amount 31 Dec 2013 |
|---|---|---|---|---|
| Available-for-sale securities reclassified as loans and receivables | 14,250 | 13,944 | 15,431 | 15,321 |
| Held-for-trading securities reclassified as loans and receivables | – | – | 45 | 47 |
| **Total** | **14,250** | **13,944** | **15,476** | **15,369** |

As at the reporting date the nominal volume of the reclassified securities was EUR 14,734 million (31 December 2013: EUR 16,271 million).

In the following table, in accordance with IAS 39 in conjunction with IFRS 7.12A, the changes in value, whether recognised or not in profit or loss, as well as current income, are shown “without reclassification” as compared with the corresponding “with reclassification” values. All earnings effects and current earnings components are included.

| EUR million | Without reclassification[1] 1 Jan – 30 Jun 2014 | With reclassification[2] 1 Jan – 30 Jun 2014 | Without reclassification[1] 1 Jan – 30 Jun 2013 | With reclassification[2] 1 Jan – 30 Jun 2013 |
|---|---|---|---|---|
| **Reclassification from the available-for-sale category** | | | | |
| • Net interest income | 79 | 80 | 92 | 93 |
| • Gains or losses on hedge accounting | –17 | –17 | –34 | –34 |
| • Gains or losses on financial investments | 86 | 57 | 103 | 99 |
| • Change in the revaluation surplus | 189 | 30 | 259 | 57 |
| **Total** | **338** | **150** | **420** | **214** |
| **Reclassification from the held-for-trading category** | | | | |
| • Gains or losses on fair value measurement | 4 | – | 2 | – |
| **Total** | **4** | **–** | **2** | **–** |

*1 Before being classified into a different category.*
*2 After being classified into a different category.*

## (42) Fair value hierarchy of financial instruments

The fair value hierarchy divides the inputs used to measure the fair value of financial instruments into three levels:

- Unadjusted quoted prices for identical financial instruments in active markets that the BayernLB Group can access at the measurement date (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable either directly or indirectly, i.e. quoted prices for similar financial instruments in active markets, quoted prices in markets that are not active, other observable inputs that are not quoted prices, and market-corroborated inputs (Level 2)
- Unobservable inputs (Level 3)

### Financial instruments measured at fair value

In the overviews below, financial instruments are shown according to whether the fair value is measured using: prices quoted on active markets (Level 1); methods whose key inputs can be directly or indirectly observed (Level 2); unobservable market data (Level 3).

| | Level 1 | | Level 2 | | Level 3 | | Total | |
|---|---|---|---|---|---|---|---|---|
| EUR million | 30 Jun 2014 | 31 Dec 2013 | 30 Jun 2014 | 31 Dec 2013 | 30 Jun 2014 | 31 Dec 2013 | 30 Jun 2014 | 31 Dec 2013 |
| **Assets** | | | | | | | | |
| • Cash reserves | – | 472 | – | – | – | – | **–** | **472** |
| • Loans and advances to banks | – | – | 13 | 16 | – | – | **13** | **16** |
| • Loans and advances to customers | – | – | 750 | 730 | – | – | **750** | **730** |
| • Assets held for trading | 623 | 1,688 | 21,494 | 22,499[1] | 924 | 1,150 | **23,041** | **25,337** |
| • Positive fair values from derivative financial instruments (hedge accounting) | – | – | 3,297 | 2,889 | – | – | **3,297** | **2,889** |
| • Financial investments | 5,715 | 6,081 | 15,594 | 15,114 | 1,846 | 3,193 | **23,155** | **24,388** |
| • Non-current assets or disposal groups classified as held for sale | 932 | 110 | 663 | 78 | 37 | 135 | **1,632** | **323** |
| **Total** | **7,270** | **8,350** | **41,809** | **41,326** | **2,808** | **4,478** | **51,887** | **54,154** |
| **Liabilities** | | | | | | | | |
| • Liabilities to banks | – | – | 516 | 600 | – | – | **516** | **600** |
| • Liabilities to customers | – | – | 3,607 | 3,695 | – | – | **3,607** | **3,695** |
| • Securitised liabilities | 74 | 29 | 4,711 | 4,753 | – | – | **4,785** | **4,782** |
| • Liabilities held for trading | 243 | 231 | 16,156 | 16,204[1] | 112 | 236 | **16,511** | **16,672** |
| • Negative fair values from derivative financial instruments (hedge accounting) | – | – | 2,812 | 2,846 | – | – | **2,812** | **2,846** |
| • Liabilities of disposal groups | 1 | – | 250 | – | – | – | **251** | **–** |
| • Subordinated capital | – | – | 32 | 31 | – | – | **32** | **31** |
| **Total** | **318** | **260** | **28,086** | **28,131** | **112** | **236** | **28,515** | **28,628** |

*1 Adjusted as per IAS 8.22 (see note 2).*

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**Fair values calculated on the basis of unobservable market data (Level 3) by risk type**

| | Interest rate risks | | Equity and other price risks | | Credit risks | | Total | |
|---|---|---|---|---|---|---|---|---|
| EUR million | 30 Jun 2014 | 31 Dec 2013 | 30 Jun 2014 | 31 Dec 2013 | 30 Jun 2014 | 31 Dec 2013 | 30 Jun 2014 | 31 Dec 2013 |
| **Assets** | | | | | | | | |
| • Assets held for trading | 514 | 514 | – | – | 409 | 636 | **924** | **1,150** |
| • Financial investments | 1,386 | 2,706 | 461 | 488 | – | – | **1,846** | **3,193** |
| • Non-current assets or disposal groups classified as held for sale | – | – | 37 | 135 | – | – | **37** | **135** |
| **Total** | **1,900** | **3,220** | **498** | **622** | **409** | **636** | **2,808** | **4,478** |
| **Liabilities** | | | | | | | | |
| • Liabilities held for trading | – | – | – | – | 112 | 236 | **112** | **236** |
| **Total** | **–** | **–** | **–** | **–** | **112** | **236** | **112** | **236** |

**Reclassifications between Levels 1 and 2**

| | Reclassifications | | | |
|---|---|---|---|---|
| | to Level 1 from Level 2 | | to Level 2 from Level 1 | |
| EUR million | 1 Jan–30 Jun 2014 | 1 Jan–30 Jun 2013 | 1 Jan–30 Jun 2014 | 1 Jan–30 Jun 2013 |
| **Assets** | | | | |
| • Assets held for trading | 73 | – | 131 | – |
| • Financial investments | 627 | 411 | 375 | – |
| **Total** | **700** | **411** | **506** | **–** |
| **Liabilities** | | | | |
| • Securitised liabilities | – | 168 | – | 24 |
| • Liabilities held for trading | – | – | 12 | 2 |
| **Total** | **–** | **168** | **12** | **26** |

In the reporting period, financial instruments were reclassified between Level 1 and Level 2, as they will be measured again/will no longer be measured using prices quoted on active markets. The amounts reclassified were calculated on the basis of the fair value at the end of the reporting period.

### Changes in fair value calculated on the basis of unobservable market data (Level 3) – assets

| EUR million | Assets held for trading | | Financial investments | | Non-current assets or disposal groups classified as held for sale | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| **As at 1 Jan** | **1,150** | **1,037** | **3,193** | **3,757** | **135** | **11** | **4,478** | **4,805** |
| Currency-related changes | – | 14 | 25 | 19 | – | – | **25** | **33** |
| Changes in the scope of consolidation | – | – | –13 | – | – | –7 | **–13** | **–7** |
| Income and expenses recognised in the income statement | –215 | 481 | 83 | 202 | 37 | – | **–95** | **683** |
| Changes in the revaluation surplus | – | – | 22 | –11 | –37 | – | **–15** | **–11** |
| Purchases | – | – | 1 | 10 | – | – | **1** | **10** |
| Sales | – | – | 1 | 7 | 122 | 2 | **124** | **9** |
| Settlements | 11 | 3 | 1,433 | 606 | – | – | **1,444** | **609** |
| Transfers/other changes | – | – | –30 | – | 26 | – | **–5** | **–** |
| **As at 30 Jun** | **924** | **1,528** | **1,846** | **3,364** | **37** | **3** | **2,808** | **4,895** |
| Income and expenses recognised in the income statement during the period for financial instruments held at 30 June | –215 | 481 | 105 | 129 | – | – | **–110** | **610** |

### Changes in fair value calculated on the basis of unobservable market data (Level 3) – liabilities

| EUR million | Liabilities held for trading | | Total | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| **As at 1 Jan** | **236** | **359** | **236** | **359** |
| Currency-related changes | 2 | 2 | **2** | **2** |
| Income and expenses recognised in the income statement | –127 | –70 | **–127** | **–70** |
| Settlements | – | 8 | **–** | **8** |
| **As at 30 Jun** | **112** | **283** | **112** | **283** |
| Income and expenses recognised in the income statement during the period for financial instruments held at 30 June | –40 | –60 | **–40** | **–60** |

The income and expenses recognised in the income statement are shown under the gains or losses on fair value measurement item if they are not measurement gains or losses from hedge accounting (recognised in gains or losses on hedge accounting) or impairments of financial investments in the available-for-sale category (recognised in gains or losses on financial investments). Changes in the revaluation surplus are a component of other comprehensive income.

The models used to calculate fair value must conform with accepted financial valuation methods and take account of all factors market participants would consider reasonable when setting a price. Within the BayernLB Group, the models used, including any major changes, are reported to the Board of Management for approval mainly by Group Risk Control and Group Strategy in the form of a separate application or as part of their regular reporting. All calculated fair values are subject to internal controls and are independently checked or validated by risk-control units and the units with responsibility for equity interests in keeping with the dual control principle. The procedures used for this are contained in the guidelines approved by the Board of Management for the BayernLB Group. Fair values are reported on a regular basis to the management of the divisions concerned and to the Board of Management.

The market value of the guarantee agreement with the Free State of Bavaria recognised as a credit derivative (Umbrella) is calculated using a measurement model based mainly on the measurement of the individual underlying asset-backed securities according to their category on the balance sheet. This means that the measurement of the credit derivative and measurement of the underlying securities through the income statement can be synchronised as closely as possible. In order to show the impact of economic changes, a sensitivity analysis of key inputs in the measurement model is conducted taking account of both the guarantee agreement and the underlying asset-backed securities. As at 30 June 2014, the sensitivity to changes in key factors was

- for a ten-basis-point upward (downward) shift in the euro yield curve: EUR +2.2 million (EUR –2.2 million) (31 December 2013: EUR +2.4 million (EUR –2.4 million))
- for a one-year extension (reduction) in the expected term of the guarantee agreement: EUR –37.0 million (EUR +42.0 million) (31 December 2013: EUR –33.2 million (EUR +38.0 million))

A financial instrument with an embedded derivative structure is allocated to Level 3 of the fair value hierarchy. This financial instrument is in an economic hedge with an associated hedging derivative. As at 30 June 2014, the sensitivity of this hedge package to changes in key factors was

- for a ten-basis-point upward (downward) shift in the euro yield curve: EUR –0.1 million (EUR +0.1 million) (31 December 2013: EUR –0.1 million (EUR +0.1 million))
- for a ten-basis-point upward (downward) movement in the measurement spread: EUR –2.4 million (EUR +2.4 million) (31 December 2013: EUR –3.0 million (EUR +3.0 million))

As at 30 June 2014, the key sensitivity of equity interests whose fair value is calculated using the German income method (Ertragswertverfahren) to changes in key factors was

- for a 25-basis-point upward (downward) movement in the base interest rate: EUR –8.3 million (EUR +8.8 million) (31 December 2013: EUR –9.9 million (EUR +6.1 million))
- for a 25-basis-point upward (downward) movement in the market risk premium: EUR –5.6 million (EUR +5.8 million) (31 December 2013: EUR –7.7 million (EUR +3.7 million))

The underlying base interest rate moved within a range of 2.25–3.0 percent (31 December 2013: 2.5–3.0 percent); the underlying market risk premium moved within a range of 5.75–6.25 percent (31 December 2013: 5.75–6.25 percent).

### (43) Financial instruments designated at fair value through profit or loss

The maximum default risk for loans and receivables in the fair value option category was EUR 743 million on the reporting date (31 December 2013: EUR 754 million). Rating-related changes in the fair value of these financial assets in the reporting period amounted to EUR –1 million (30 June 2013: EUR 1 million), and EUR 7 million (30 June 2013: EUR 7 million) since designation.

For financial liabilities under the fair value option, credit-rating driven fair value changes in the reporting period amounted to EUR 10 million (30 June 2013: EUR –23 million), and –24 million (30 June 2013: EUR –1 million) since designation. The difference between the carrying amount of the financial liabilities and the redemption amount at maturity was EUR 604 million on the reporting date (31 December 2013: EUR 485 million).

The change in fair value caused by changes in ratings was calculated by taking the difference between the fair value based on the credit spreads at the end of the reporting period and the fair value based on the credit spreads at the beginning of the reporting period.

### (44) Derivatives transactions

The table below shows interest rate and foreign currency-related derivatives and other forward transactions and credit derivatives not yet settled as at the end of the reporting period. Most were concluded to hedge fluctuations in interest rates, exchange rates and market prices or were trades for the account of customers.

| | **Nominal value** | | **Positive fair value** | | **Negative fair value** | |
|---|---|---|---|---|---|---|
| EUR million | **30 Jun 2014** | **31 Dec 2013** | **30 Jun 2014** | **31 Dec 2013** | **30 Jun 2014** | **31 Dec 2013** |
| Interest rate risks | 897,167 | 812,601 | 23,986 | 20,575[1] | 22,739 | 19,402[1] |
| Currency risks | 99,245 | 102,342 | 1,808 | 2,247 | 1,531 | 1,748 |
| Equity and other price risks | 7,695 | 7,710 | 331 | 277 | 181 | 220 |
| Credit derivative risks | 6,686 | 7,906 | 414 | 644 | 116 | 245 |
| **Total** | **1,010,792** | **930,559** | **26,539** | **23,743** | **24,567** | **21,615** |
| of which: Derivatives for trading purposes | 883,939 | 825,038 | 22,216 | 19,754[1] | 21,273 | 18,542[1] |

*1 Adjusted as per IAS 8.22 (see note 2).*

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## Supplementary information

### (45) Trust transactions

| EUR million | 30 Jun 2014 | 31 Dec 2013 |
|---|---|---|
| **Assets held in trust** | **8,509** | **8,513** |
| • Loans and advances to banks | 63 | 71 |
| • Loans and advances to customers | 5,128 | 5,260 |
| • Other assets | 3,318 | 3,182 |
| **Liabilities held in trust** | **8,509** | **8,513** |
| • Liabilities to banks | 13 | 14 |
| • Liabilities to customers | 5,178 | 5,317 |
| • Other liabilities | 3,318 | 3,182 |

### (46) Contingent assets, contingent liabilities and other commitments

| EUR million | 30 Jun 2014 | 31 Dec 2013 |
|---|---|---|
| **Contingent liabilities** | **11,854** | **12,139** |
| • Liabilities from guarantees and indemnity agreements | 11,854 | 12,139 |
| **Other commitments** | **22,376** | **22,272** |
| • Placement and underwriting commitments | 29 | 34 |
| • Irrevocable credit commitments | 22,347 | 22,239 |
| **Total** | **34,231** | **34,411** |

As at the reporting date there were also contingent assets from legal disputes where the Bank considers as probable an inflow of economic benefits that cannot be reliably estimated at present.

## (47) Administrative bodies of BayernLB

### Supervisory Board

**Michael Schneider**
Chairman
Former Chairman of the
Management Board of LfA
Germering

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

**Dr Hubert Faltermeier**
since 9 May 2014
Chief District Administrator
Kelheim

**Dr Ute Geipel-Faber**
since 30 May 2014
Managing Director
Invesco Real Estate GmbH
Munich

**Ralf Haase**
Chairman of the General Staff Council
BayernLB
Munich

**Dr Ulrich Klein**
Under Secretary
Bavarian State Ministry of Finance,
Regional Development and Regional Identity
Munich

**Jakob Kreidl**
until 3 March 2014
Former Chief District Administrator
Fischbachau

**Wolfgang Lazik**
Deputy Secretary
Bavarian State Ministry of Finance,
Regional Development and Regional Identity
Munich

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

**Professor Dr Christian Rödl**
Managing Partner
Rödl & Partner GbR
Nuremberg

**Professor Dr Bernd Rudolph**
Professor Emeritus at the
Ludwig-Maximilians-Universität München
Faculty of Business Administration
Munich

**Dr Hans Schleicher**
Deputy Secretary
Bavarian State Ministry for Economic Affairs
and the Media, Energy and Technology
Munich

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## Board of Management (including allocation of responsibilities as from 1 April 2014)

**Dr Johannes-Jörg Riegler**
since 1 March 2014
CEO since 1 April 2014
Markets
Corporate Center
Deutsche Kreditbank Aktiengesellschaft

**Dr Edgar Zoller**
Deputy CEO
Real Estate & Savings Banks/Association
Bayerische Landesbodenkreditanstalt[1]
Human Resources

**Marcus Kramer**
CRO
Risk Office
Restructuring Unit
Group Compliance
Banque LBLux S.A.
MKB Bank Zrt.

**Michael Bücker**
Corporates, Mittelstand & Financial Institutions

**Dr Markus Wiegelmann**
CFO
COO
Financial Office
Operating Office

**Gerd Haeusler**
until 31 March 2014
CEO until 31 March 2014

**Stephan Winkelmeier**
until 31 March 2014

*1 Dependent institution of the Bank.*

### (48) Related party disclosures

The BayernLB Group maintains business relationships with related parties. These include the Free State of Bavaria and, as from 25 June 2013, the Association of Bavarian Savings Banks, Munich (SVB), whose indirect stakes in BayernLB are 75 percent and 25 percent respectively, non-consolidated subsidiaries, joint ventures and associates. The members of BayernLB's Board of Management and Supervisory Board[1] and their close family members, and companies controlled by these parties or jointly controlled where these parties are members of their management bodies are also deemed related parties.

With the exception of the guarantee agreement with the Free State of Bavaria (Umbrella), business with related parties was transacted in the course of ordinary activities at standard market conditions.

#### Relationships with the Free State of Bavaria

| EUR million | 30 Jun 2014 | 31 Dec 2013 |
|---|---|---|
| Loans and advances | 5,374 | 5,073 |
| Assets held for trading | 663 | 690 |
| Financial investments | 149 | 169 |
| Liabilities | 89 | 133 |
| Liabilities held for trading | 12 | 12 |
| Liabilities held in trust | 4,758 | 4,883 |
| Contingent liabilities | 3 | 3 |
| Other commitments | 965 | 965 |

The following were material relationships with companies controlled by the Free State of Bavaria, or over which it exercises joint control or has significant influence:

| EUR million | 30 Jun 2014 | 31 Dec 2013 |
|---|---|---|
| Loans and advances to banks | 36 | 37 |
| Loans and advances to customers | 391 | 418 |
| Risk provisions | – | 1 |
| Assets held for trading | 195 | 96 |
| Liabilities to banks | 3,151 | 3,100 |
| Liabilities to customers | 93 | 71 |
| Securitised liabilities | 153 | 222 |
| Liabilities held for trading | 13 | 12 |
| Assets held in trust | 401 | 404 |

*1 Members of the Board of Administration up to 30 June 2013.*

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### Relationships with the Association of Bavarian Savings Banks

| EUR million | 30 Jun 2014 | 31 Dec 2013 |
|---|---|---|
| Loans and advances | 4 | 14 |
| Assets held for trading | 1 | 2 |
| Liabilities | 24 | 25 |
| Liabilities held for trading | 2 | 3 |

The following were material relationships with companies controlled by the SVB, or over which it exercises joint control:

| EUR million | 30 Jun 2014 | 31 Dec 2013 |
|---|---|---|
| Loans and advances to banks | 150 | 300 |
| Liabilities to banks | 2,265 | 2,462 |
| Securitised liabilities | 207 | 176 |

### Relationships with investees

| EUR million | 30 Jun 2014 | 31 Dec 2013 |
|---|---|---|
| Loans and advances to banks | – | 723 |
| Loans and advances to customers | 489 | 572 |
| Risk provisions | 7 | 20 |
| Assets held for trading | 1 | 81 |
| Financial investments | 84 | 1,741 |
| Non-current assets or disposal groups classified as held for sale | 123 | – |
| Other assets | 7 | 8 |
| Liabilities to banks | – | 515 |
| Liabilities to customers | 232 | 237 |
| Securitised liabilities | 2 | – |
| Liabilities held for trading | – | 13 |
| Negative fair values from derivative financial instruments (hedge accounting) | – | 33 |
| Provisions | 4 | 4 |
| Liabilities of disposal groups | 9 | 33 |
| Other liabilities | 4 | 7 |
| Subordinated capital | – | 12 |
| Contingent liabilities | 10 | 14 |
| Other commitments | 25 | 50 |

In the reporting period, an expense of EUR 7 million (30 June 2013: EUR 7 million) was recognised for non-recoverable or doubtful receivables.

# Responsibility statement by the Board of Management

To the best of our knowledge, and in accordance with the applicable principles for interim financial reporting, the consolidated interim financial statements give a true and fair view of the financial performance and financial position of the Group in accordance with the proper accounting standards, and the Group interim management report contains a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Munich, 19 August 2014

Bayerische Landesbank
The Board of Management

| | | |
|---|---|---|
| Dr Johannes-Jörg Riegler | Dr Edgar Zoller | Marcus Kramer |
| Michael Bücker | Dr Markus Wiegelmann | |

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# Review Report

To Bayerische Landesbank, Munich

We have reviewed the condensed consolidated interim financial statements – comprising the condensed statement of comprehensive income (including income statement), the balance sheet, the statement of changes in equity, the condensed statement of cash flows and selected explanatory notes – and the Group interim management report of the Bayerische Landesbank for the period from 1 January 2014 to 30 June 2014 which are part of the half-year financial report pursuant to section 37w para. 2 WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the Group interim management report in accordance with the requirements of the German Securities Trading Act applicable to group interim management reports is the responsibility of the company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the Group interim management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and of the Group interim management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the Group interim management report has not been prepared, in all material respects, in accordance with the requirements of the German Securities Trading Act applicable to group interim management reports. A review is limited primarily to inquiries of company personnel and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU or that the Group interim management report has not been prepared, in all material respects, in accordance with the requirements of the German Securities Trading Act applicable to group interim management reports.

Munich, 19 August 2014

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

(Löffler)
German public auditor
Wirtschaftsprüfer

(Apweiler)
German public auditor
Wirtschaftsprüfer

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