Interim Report 2012.

Baden-Württemberg
L-Finance N.V.

A subsidiary of Landesbank Baden-Württemberg

First six months' report 2012.

Legal form
Baden-Württemberg L-Finance N.V. was established on 12 April 1988. On 1 January 1999 it became a full subsidiary of Landesbank Baden-Württemberg.

The authorised capital of the Company is EUR 100,000. Of the authorised share capital EUR 50,000 is issued and fully paid up. The share premium is EUR 50,000.

Activities
Since its incorporation the Company has been active as a finance company. In accordance with the Dutch regulations for finance companies, at least 95 % of the proceeds of its bond issues are on-lent to the parent company. As a finance Company it had issued mainly larger volume bonds in a range of currencies which were listed and traded on various stock exchanges.

The Company will discontinue its refinance activity after the redemption of the zero bond in July 2012.

Overview
In the year under review the Company undertook no new transactions. All outstanding issues are guaranteed by the parent company and rated informal Aaa, AAA by Moody's and Fitch/IBCA respectively.

At the end of June 2012 the Company managed 1 bond.

This six months' report is prepared in line with and according to the accounting policies as described in the Company's Annual Report for 2011.

Total assets
During the first 6 months there were no loans to be repaid. The only outstanding loan is a Zero loan, which will mature in July 2012. The increase of EUR 19 mn is the result of the compound interest.

The increase under liabilities is also a result of the compound interest on the outstanding Zero bond.

The balance sheet of the Company increased with EUR 18 bn or 3.8 % to EUR 516 mn (2011: EUR 497 mn).

Capital
During this financial year the shareholder decided to distribute a dividend of EUR 700 mn out of the profit of the year 2011. The capital position of the Company decreased in 2012 to EUR 5,0 mn (2011: EUR 5,2 mn). In order to cover all liabilities the parent company has issued a Letter of Comfort in favour of the Company in 2001, this was amended in 2012.

Earnings
The increase of net interest combined with the decrease of the sundry bond expenses and the general and administrative expenses, the net profit increased with EUR 87 thousand to EUR 468 thousand compared with the same period in 2011.

Currency risk
The Company operates only in EUR and therefore does not carry any currency risk.

Interest rate risk
The Company runs an interest risk on the short-term deposits with a maximum tenor of 3 months.

The interest margin between the outstanding loan and bond is fixed and also the contractual period is identical.

Credit risk
Our loan given to the parent company is pledged to the guarantor for our outstanding bond. The outstanding bond is guaranteed by the parent company and is rated informal Aaa, AAA by Moody's and Fitch/IBCA respectively.

Under the LBBW act, the State of Baden-Württemberg is liable without any restriction for the obligation of the guarantor. The creditors may, however, require performance from the State of Baden-Württemberg only if they have not been satisfied out of the guarantor's assets. This Guarantee Obligation (»Gewährträgerhaftung«) extends to the guarantor's obligation under the Guarantee.

It is the Management's opinion that no provision for risks is necessary.

Directors' statement
Statements by the Board of Directors ex article 5.24c (2c) of the Financial Supervision Act.

To our knowledge:

1. The financial six months' report gives a true and fair view of the assets, liabilities, financial position and profit and loss account of the issuing institution; and

2. The six months' report gives a true and fair view regarding the position of the balance sheet date, the state of affairs during the six months 2011 of the issuing institution whose information is disclosed in this financial report, and the principal risk confronting the issuing institution are disclosed.

Hoofddorp, July 27, 2012

C.A. Rosekrans M.U. Reiser

Balance sheet. Not audited.

(Expressed in EUR)

Assets.

Fixed assets	June 30, 2012	December 31, 2011
Tangible fixed assets		
Office equipment	970	1 176
Current assets		
Short-term loans to group Company	509 673 458	490 252 375
Other assets	17 347	90 934
Cash at bank and in hand	6 086 934	6 927 640
Balance	515 777 739	497 270 949
Total assets	**515 778 709**	**497 272 125**

Shareholder's equity and liabilities.

	June 30, 2012	December 31, 2011
Shareholder's equity		
Share capital	50 000	50 000
Share premium	50 000	50 000
Retained earnings	4 439 210	4 357 328
Result for the year	468 194	781 882
Balance	5 007 404	5 239 210
Long-term liabilities		
Other payables and accrued expenses	637 775	621 716
Balance	637 775	621 716
Current liabilities		
Bonds payable in one year	509 749 428	491 239 985
Other payables and accrued expenses	384 102	171 214
Balance	510 133 530	491 411 199
Total liabilities	**515 778 709**	**497 272 125**

Profit and loss account. Not audited.

(Expressed in EUR)

	January 1 to June 30, 2012	January 1 to June 30, 2011
Financial income and (–) expenses		
Interest income from group Company:		
EUR	19 421 082	18 207 225
Interest expense on bonds issued:		
EUR	-18 581 182	-17 480 154
Interest income from third parties:	29 741	30 939
Total financial income and expenses	869 641	758 010
Commission and guarantee expenses		
Guarantee expenses		
EUR	-127 823	-127 823
Result in financial income and charges	**741 818**	**630 187**
Sundry bond issue expenses	-15 949	-17 978
General expenses	-114 941	-117 290
Result from ordinary activities before taxation	**610 928**	**494 919**
Taxation	-142 734	-113 747
Result after taxation	**468 194**	**381 172**

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