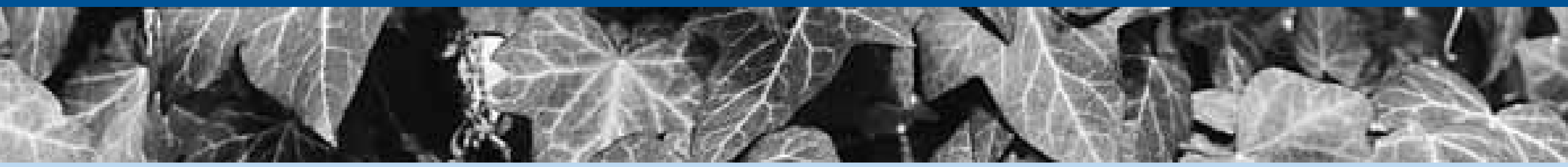
Annual Report 2006.



Baden-Württemberg
L-Finance N.V.

A subsidiary of Landesbank Baden-Württemberg

Contents.

In this Annual Report, references to the "Company" or the "Lender" are to Baden-Württemberg L-Finance, Hoofddorp, and the references to "LBBW" are to Landesbank Baden-Württemberg.

Message from the Supervisory Board.

During the year ended December 31, 2006 there were no changes in the composition of the Supervisory Board. The composition is next due for review in 2009.

The Supervisory Board of Baden-Württemberg L-Finance met as planned on three occasions during the year to review the Company's operations. The reports required by law from external auditors, and in the written verbal reports from the Company's management were all found to be in order. The Supervisory Board was therefore able to satisfy itself that the Company's performance in 2006 was sound in both regulatory and economic terms.

In addition to national regulatory developments, the Supervisory Board must also keep a close eye on international developments, especially European financial regulations. There is thus a premium on good planning and clear senior management involvement. The Board has seen that the Company is able to identify, and adapt to, new regulatory requirements in timely fashion and is confident that it will continue to be able to do so, not least as a major part of the European programme in this area is drawing to a close and 2010 will mark the beginning of a "consolidation" phase. Thereafter "the Commissions" intend to act only where "initiatives bring clear economic benefits to the industry, markets and consumers". However, national regulators will still be seeking to ensure their supervision meet best practise.

One regulatory focus in recent years has been on increasing transparency and accountability to protect investor's interests – in the case of Baden-Württemberg L-Finance, those of the bondholders. A key aspect of this initiative is increasing financial literacy of the latter. The Board is committed to ensure that appropriate information exists to enable bondholders and potential bondholders to make well-informed decisions and recommends the Annual Report to them in this regard.

Despite concern about global imbalances in saving and spending, the capital markets show no sign of being unable to fulfil there role of reallocating capital efficiently, in fact the opposite is true and 2006 has been an other successful year. It is against this background that we wish our bondholders a prosperous 2007.

Yours sincerely,

J. H. Welsch W. D. Ihle

Message from the Management Board.

This report covers the activities of Baden-Württemberg L-Finance in the calendar and financial year 2006. It is, as ever, our tradition to offer a special greeting to those researching the Company for the first time and to offer our thanks to established followers for their loyalty and support.

The policy of reducing the volume of outstanding issues and loans was maintained throughout the year. Optimising the profiles of both the Company's existing asset portfolio as well as the liability portfolio continues to occupy top priority with management.

The Company is now well established in its new offices and benefits from high quality IT systems that have been specially adapted to enable it to function in line with best practise. The Company is at all times aware of need for management to be:

- Effective – setting and meeting the right objectives
- Efficient – attaining objectives by the most appropriate method
- Economic – attaining objectives without unnecessary economic costs

The prime mechanism for monitoring that these principles are observed is the periodic Management Board meeting, of which there were 3 during the year.

During this period the composition of the Management Board remained unchanged. Regular reports were made to the Supervisory Board, informally and during the course of 3 formal Supervisory Board meetings held during the year.

As for the markets, equities performed well during 2006 and it was also a year of mines and metals. Gold and nickel touched 25 and 19 year highs whilst copper, zinc and uranium all reached new levels.
A note of caution is to be found in the strong Yuan, a US yield curve inversion (the one in 2000 signalled a recession), geo-political uncertainties and possible shocks, such as corporate defaults on pension obligations. However, there are many positive signs as well and the Management is confident that it has positioned the Company as necessary to benefit from both bull and bear markets.

Further details of the year's activity will be found in the body of this report.

Yours sincerely,

C. A. Rosekrans   M. U. Reiser

Baden-Württemberg L-Finance.

Overview of the Activities of the Company.

Supporting LBBW's Funding
The Company's sole role is to support Landesbank Baden-Württemberg, and thus the State of Baden-Württemberg, by raising money on favourable terms in the international capital markets. The Company must also manage balances and payments resulting from issues made to ensure that they are received, paid and placed on deposit in secure and timely fashion.

This role requires the Company to be able to issue at any time in any relevant market, and obtain an adequate risk-adjusted return on deposits.

Overview of the History of Baden-Württemberg L-Finance
Locally, whilst a 100% subsidiary of a German institution, the Company is now established in the centre of Hoofddorp, in the vicinity of Schiphol Airport. The Company is member of the Foreign Bankers Association, the prime representative body of major foreign financial institutions in the Netherlands.

Summary of Bonds issues.
(As at December 31, 2006)

You can follow the performance of issues by Baden-Württemberg L-Finance as follows:

CCY	Coupon	Nominal	Period	ISIN	Bloomberg Ticker
DEM	0	1 000 000 000	Jul 16, 1992 / 12	DE0004072855	LBW 0 07/16/12
DEM	6.5	1 500 000 000	Sep 15, 1993 / 08	DE0004116306	LBW 6 1/2 09/15/08
DEM	6.5	750 000 000	Feb 7, 1994 / 08	DE0004116306	LBW 6 1/2 09/15/08
DEM	5.375	1 000 000 000	Feb 5, 1998 / 10	DE0001971802	LBW 5 3/8 02/05/10
ESP	5.5	20 000 000 000	Oct 23, 1997 / 07	ES0212807004	LBW 5 1/2 10/23/07
EURO	5.375	1 000 000 000	Feb 12, 1998 / 08	DE0001974558	LBW 5 3/8 04/25/08
FRF	4.125	1 000 000 000	Dec 11, 1996 / 07	FR0000109050	LBW 4 1/8 01/11/07
FRF	6.125	3 000 000 000	Feb 6, 1997 / 09	FR0000109175	LBW 6 1/8 02/06/09
FRF	FRN	1 000 000 000	Nov 19, 1997 / 07	XS0081703711	LBW 0 11/19/07
FRF	5.375	3 000 000 000	Feb 5, 1998 / 10	XS0083633072	LBW 5 3/8 02/05/10
USD	5.75	1 000 000 000	Feb 25, 1998 / 08	US056508AB06	LBW 5 3/4 02/25/08

Developments in 2006.

Issuing Activity.

Also in 2005 the Company has focused on the management of its outstanding issues and the administration of loans previously granted.

Overall, the Company repaid two issues on final maturity during the course of the year.

This includes one DEM Issue of DEM 1 bn (EUR 511 mn), and one FRF Issue of FRF 2.5 bn (EUR 381 mn).

Developments associated with Monetary Union.

Since middle of the year of reporting the EURO raised markedly against currencies in which the Company has issued and made loans.

However, due to the Company's policy of fully hedging both assets and liability sides of the balance sheet, the Company remained prospected against both primary (FX) and secondary (interest rate) effects of the Euro against such currencies.

Management Report.

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

The authorised capital of the Company is EUR 100,000. Of the authorised 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 has issued mainly larger volume bonds in a range of currencies which are listed and traded on various stock exchanges.

Overview
In the year under review the Company undertook no new transactions. All outstanding issues are guaranteed by the parent company and rated A+/Aa1/A+ by Standard & Poor's, Moody's and Fitch/IBCA respectively. During 2006 the Company repaid two issues, with original nominal value of DEM 1 bn, and FRF 2.5 bn on maturity. At year-end the Company managed 11 bonds.

Total Assets
The balance sheet of the Company declined by approximately EUR 1.1 bn to EUR 5.6 bn. (2005: decrease EUR 1.1 bn to EUR 6.7 bn respectively). The rate of decline was 16 %, compared to 14 % decline in the previous year. Claims on the parent company declined by EUR 1 bn (2005: decrease of EUR 1 bn). The decline is attributable solely to the fact that two loans in the portfolio of liabilities matured during the course of 2006.

Earnings
Due to the repayment of bond issues, and in line with the volume outstanding, interest earnings declined EUR 2.6 mn or 22 % (2005: decrease of 11 %). Amortisation of the deferred bond issue charges and annual bond issue expenses decreased for the same reason. The Company's general and administrative expenses rose by EUR 0.02 mn or 7 %.

Capital
During this financial year the shareholder decided to distribute a dividend of EUR 5.3 mn out of the profit of the year 2005. The capital position of the Company rose in 2006 to EUR 2.3 mn (2005: EUR 1.7 mn).
In order to cover all liabilities the parent company has issued in 2001, amended in 2004, a Letter of Comfort in favour of the Company.

Future Outlook
The Company will continue to look for windows of opportunity in the capital markets.

Hoofddorp, 2 February 2007

C.A. Rosekrans M.U. Reiser

Balance Sheet.
Before appropriation of the profit.
(Expressed in EUR)

Fixed assets	Notes	December 31, 2006	December 31, 2005
Tangible fixed assets			
Office equipment	2	1 323	753
Financial fixed assets			
Long-term loans to group Company	3	4 846 525 090	5 357 736 469
Net deferred bond issue charges	4	6 580 809	10 403 799
		4 853 105 899	5 368 140 268
Total		**4 853 107 222**	**5 368 141 021**
Current assets			
Short-term loans to group Company	3	425 100 456	892 414 424
Interest receivable from group Company	5	153 660 680	205 678 632
Discounted interest on zero-bonds	6	171 098 650	195 200 932
Interest receivable from third parties	7	27 926	35 434
Prepaid expenses		9 289	12 013
Cash at bank	8	10 504 603	10 803 521
Other assets	9	26 041	0
		760 427 645	1 304 144 956
Current liabilities			
Bonds payable within one year	13	425 100 456	892 414 424
Interest payable on bonds	10	149 051 481	199 435 889
Discounted interest on loans to group Company	11	177 999 719	202 755 643
Accounts payable	12	2 012 953	2 403 390
Corporation tax		0	283 811
		754 164 609	1 297 293 157
Net current assets		6 263 036	6 851 799
Total assets and net current assets		**4 859 370 258**	**5 374 992 820**
Less long-term debt			
Bonds payable	13	4 846 525 090	5 357 736 469
Deferred discounts on loans granted to group Company	14	5 859 015	9 661 183
		4 852 384 105	5 367 397 652
Total		**6 986 153**	**7 595 168**
Capital and reserves	15		
Share capital		50 000	50 000
Share premium		50 000	50 000
Retained earnings		2 195 169	1 636 728
Result after taxation		4 690 984	5 858 440
Total		**6 986 153**	**7 595 168**

Profit and Loss Account.

(Expressed in EUR)

	January 1 to December 31, 2006	January 1 to December 31, 2005
Financial income and (–) expenses		
Interest income from group Company	308 598 527	401 516 956
Interest expense on bonds issued	– 299 173 876	– 389 353 428
Interest income from banks	281 602	231 798
	9 706 253	**12 395 326**
Other income and (–) expenses		
Deferred income on discounts on loans granted to group Company	3 802 169	4 973 487
Amortization of deferred bonds issue charges (net)	– 3 822 992	– 5 044 213
Sundry bond issue expenses	– 64 283	– 90 908
Guarantee commission	– 2 700 004	– 3 427 240
Exchange differences	– 6 136	– 18 731
	– 2 791 246	**– 3 607 605**
General and administrative expenses	– 252 999	– 236 744
Profit before taxation	**6 662 008**	**8 550 977**
Taxation	– 1 971 024	– 2 692 537
Result after taxation	**4 690 984**	**5 858 440**

Notes to the Financial Statements.

1. General principles

General

The Company is a public limited company established in 1988 in Amsterdam, The Netherlands. During 2004 the office moved to Hoofddorp in the vicinity of Schiphol Airport. The principal activity of the Company is to act as a finance company.

The Company's authorised share capital, consisting of 20 ordinary shares with a nominal value of EUR 5,000 each, amounts to EUR 100,000. The nominal issued and paid up capital amounts to EUR 50,000. There is a share premium of EUR 50,000.

With effect from January 1, 1999 the Company became a 100% subsidiary of Landesbank Baden-Württemberg, Stuttgart, Karlsruhe, and Mannheim. The parent company has consolidated the financial statements of the Company in the consolidated financial statements for the Landesbank Baden-Württemberg Group.

All issues made by the Company are individually guaranteed as to payment of principal and interest by the parent company.

The assets and liabilities in currencies which have joined the European Monetary Union are translated at their parity.

Accounting policies

The accompanying accounts have been prepared in accordance with the provisions of the Dutch legislation enacting the Fourth Directive of the European Community as implemented in Part 9, Book 2 of the Dutch Civil Code.
The Company makes sufficient provisions for risks and current liabilities.

Foreign currency transactions

Assets and liabilities denominated in foreign currencies are translated into Euro at the spot exchange rate prevailing at balance sheet date, in line with the rates of exchange used by the parent company: (USD 1.3178 = EUR 1, DEM 1.95583 = EUR 1, ESP 166.386 = EUR 1, FRF 6.55957 = EUR 1).

Results denominated in foreign currencies are translated into Euro at the spot rates of exchange prevailing on the transaction date, in line with the rates of exchanges used by the parent company. Foreign exchange rate differences are taken to the profit and loss account under "Exchange differences".

Tangible fixed assets

The Company's capital expenditure is stated at cost price less straight-line depreciation over the estimated economic life. Purchases of small capital items are charged to depreciation at once.

Loans receivable

Loans and zero coupon loan are stated at nominal value.

In 1998 some loans in European currencies were granted as parallel loans with rights to be redenominated in EUR and, in addition, to be consolidated. The Lender has the right to redenominate these loans into EUR and to consolidate them.

The accrued interest on the zero coupon loan is calculated on basis of the net present value of the loan at balance sheet date and brought to the profit and loss account.

Bond issue charges

Expenses relating to the issues (management, underwriting and selling commission) as well as premiums and discounts are amortised and shown together. They are calculated on a straight-line basis over the period to maturity. Incidental expenses are charged to the profit and loss account in the year of issue.

Bonds payable

Bonds and zero coupon bond are stated at nominal value.

In 1998 some of the new bonds issued in European currencies were parallel Bonds. The issuer has the right to redenominate the bonds into EUR and to consolidate them as well.

The accrued interest on the zero coupon bond is calculated on basis of the net present value of the bond at balance sheet date and brought to the profit and loss account.

Other assets and liabilities

Unless otherwise mentioned assets and liabilities are stated at face value.

2. Office equipment
Office equipment relates to equipment at the Company's office at Marktlaan 1–3 in Hoofddorp, near Schiphol Airport.

	2006	2005
Position as at January 1	753	2 199
Investments	1 654	–
Depreciation	(1 084)	(1 446)
Office equipment at balance sheet date	**1 323**	**753**

3. Loans to group Company
In accordance with regulations of the Dutch Central Bank, more than 95 % of the proceeds of bonds issued are used for investment in group companies.

Loans have been made to Landesbank Baden-Württemberg in the total amount of EUR 5,271,625,546 (2005: EUR 6,250,150,893). The loans were granted at a discount or at a premium.

They are stated in the balance sheet at their nominal value. The deferred income from these discounts or premiums is amortized over the lifetime of the loans.

	2006		2005	
	CCY	EUR	CCY	EUR
DEM	4 250 000 000	2 172 990 495	5 250 000 000	2 684 282 376
FRF	8 000 000 000	1 219 592 138	10 500 000 000	1 600 714 681
EUR	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000
ESP	20 000 000 000	120 202 421	20 000 000 000	120 202 421
USD	1 000 000 000	758 840 492	1 000 000 000	844 951 415
Total as at balance sheet date		**5 271 625 546**		**6 250 150 893**

Of this total EUR 425,100,455 will mature in 2007 (2006: EUR 892,414,424). In 2006 loans were repaid in the amount of EUR 892,414,424 (2005: EUR 1,171,435,840).

The Company did not grant new loans in 2006.
The exchange difference for 2006 is EUR 86,110,924 (2005: EUR 146,751,499).

One loan, in the amount of DEM 1 Billion is subordinated. This loan, issued in 1992, has a zero coupon and will mature in 2012.

4. Net deferred bond issue charges
The bonds included in Note 13 to the accounts have been issued at a premium or a discount and have been subject to issue costs at the date of issue.

The net amounts of these premiums (or discounts) and issuance costs have been capitalised and are recognised in the profit and loss account on a straight-line basis over the period to maturity.

The deferred charges are translated into Dutch Guilders at the spot exchange rate prevailing at the respective date of issue, and as per January 1, 1999 translated from Dutch Guilders into EUR.

	2006	2005
Bond issue charges as at January 1	10 403 799	15 448 012
Less capitalised charges relating to bonds matured	(4 971 427)	(12 460 240)
Amortizations as at 1 January	(3 822 990)	(5 044 213)
Less amortised charges relating to bonds matured	4 971 427	12 460 240
Bond issue charges as at balance sheet date	**6 580 809**	**10 403 799**

5. Interest receivable from group Company
This represents the interest receivable from Landesbank Baden-Württemberg on the loans as stated in Note 3 to these accounts.
All loans, except for loans mentioned below, have a fixed interest rate and the interest is payable annually in arrear.
A fixed-to-floating interest rate loan was granted in 1996 for FRF 1,000,000,000 with a fixed rate until January 11, 1999; thereafter interest is calculated based on CNO TEC-10 minus a margin, payable every three months in arrear.
In 1997 a loan for FRF 1,000,000,000 was granted bearing interest based on CNO TEC-10 minus a margin payable every three months in arrear.

	2006	2005
Accrued interest on loans to LBBW	153 660 680	205 678 632

6. Discounted interest on zero-bond
In 1992 the Company made one zero coupon bond issue. The bond is stated at the nominal value and discounted interest thereon is stated separately. Discounted interest is added to the profit and loss account.

	2006	2005
Net discounted interest as at January 1	195 200 932	217 595 597
Charged to profit and loss account	(24 102 282)	(22 394 665)
Net discounted interest as at balance sheet date	**171 098 650**	**195 200 932**

7. Interest receivable from third parties
The interest receivable refers to interest receivable as mentioned in Note 8 to these accounts.

8. Cash at bank
In addition to the balances of current accounts, this item includes the following short-term deposit of EUR 10,200,000 (2005 EUR 10,632,000).

9. Other assets
This refers to a receivable from the tax authorities in respect to Corporation Income Tax 2006.

10. Interest payable on bonds
All issues, except for those mentioned below, have a fixed interest rate and the interest is payable annually in arrear.
A fixed-to-floating interest rate bond was issued in 1996 for FRF 1,000,000,000 with a fixed rate until January 11, 1999; thereafter interest is calculated based of CNO TEC-10 minus a margin, payable every three months in arrear.
In 1997 a bond for FRF 1,000,000,000 bearing interest based on CNO TEC-10 minus a margin, payable every three months in arrear, was issued.

	2006	2005
Accrued interest on bonds	149 051 481	199 435 889

11. Discounted interest on loan to group Company

	2006	2005
Net discounted interest as at January 1	202 755 643	225 672 773
Released to profit and loss account	(24 755 924)	(22 917 130)
Net discounted interest as at balance sheet date	**177 999 719**	**202 755 643**

12. Accounts payable
This item represents mainly guarantee commissions and paying agency commissions.

13. Bonds payable
The Company has outstanding bond issues in several currencies aggregating EUR 5,271,625,546
(2005: EUR 6,250,150,893).

	2006		2005	
	CCY	EUR	CCY	EUR
DEM	4 250 000 000	2 172 990 495	5 250 000 000	2 684 282 376
FRF	8 000 000 000	1 219 592 138	10 500 000 000	1 600 714 681
EUR	1 000 000 000	1 000 000 000	1 000 000 000	1 000 000 000
ESP	20 000 000 000	120 202 421	20 000 000 000	120 202 421
USD	1 000 000 000	758 840 492	1 000 000 000	844 951 415
Total as at balance sheet date		**5 271 625 546**		**6 250 150 893**

Of this total EUR 425,100,455 will mature in 2007 (2006: EUR 892,414,424). In 2006 issues were repaid in the amount of EUR 892,414,424 (2005: EUR 1,171,435,840).

The Company did not issue new bonds in 2006.
The exchange difference for 2006 is EUR 86,110,924 (2005: EUR 146,751,499).

One issue for DEM 1 Billion (issued 1992) is subordinated and benefits from a subordinated guarantee. This issue has a zero coupon and will mature in 2012.

14. Deferred discounts on loans granted to group Company

	2006	2005
Balance as at January 1	9 661 183	14 634 670
Amortization	(3 802 168)	(4 973 487)
Deferred discounts on loans as at balance sheet date	**5 859 015**	**9 661 183**

15. Capital and reserves
The authorised capital, consisting of 20 ordinary shares with a nominal value of EUR 5,000 each, amounts to EUR 100,000. The nominal issued and paid up capital amounts to EUR 50,000. There is a share premium of EUR 50,000.

The movements during the financial year are as follows:

	Position December 31, 2005 EUR	Dividend distribution EUR	Movement EUR	Position December 31, 2006 EUR
Share capital	50 000	0	0	50 000
Share premium	50 000	0	0	50 000
Retained earnings	1 636 728	0	558 441	2 195 169
Profit for the year	5 858 440	(5 300 000)	4 132 544	4 690 984
	7 595 168	**(5 300 000)**	**4 690 985**	**6 986 153**

According to article 26 of the Articles of Association the profit shall be at the disposal of the General Meeting of Shareholders. It is the intention that the profit will be distributed to the Shareholder.

In order to cover all liabilities the parent company has issued a Letter of Comfort in favour of the Company.

16. Taxation
a) Corporation tax
The Company is governed by the tax regulations of the Dutch Tax authorities.

b) Dividend withholding tax
The Company takes the position that, based on the Directive of the European Community, no withholding tax is due on dividends paid by the Company. As of 1994, this position has been reflected in the tax returns concerned.

17. Staff numbers and costs
The Company has, other than its directors, no employees (2005: none).

18. Directors
The Company has two directors and two Supervisory Board members.
The directors and the Supervisory Board received a remuneration of EUR 84,182 (2005: EUR 82,543).

Hoofddorp, February 2, 2007

C. A. Rosekrans M. U. Reiser

Auditors' Report.

Report on the financial statements.

We have audited the accompanying financial statements 2006 of Baden-Württemberg L-Finance N.V., Hoofddorp as set out on pages 3 to 12 which comprise the balance sheet as at 31 December 2006, the profit and loss account for the year ended and the notes.

The directors' responsibility
The directors of the company are responsible for the preparation and fair presentation of the financial statements and for the preparation of the Management Board report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are responsible in the circumstances.

Auditors' responsibility
Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor consider internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial instruments. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements give a true and fair view of the financial position of Baden-Württemberg L-Finance N.V. as at 3 December 2006, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements.

Pursuant to the legal requirements under 2:393 sub 5 part e of the Dutch Civil Code, we report, to the extent of our competence, that the Management Board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Rotterdam, 16 February 2007

PricewaterhouseCoopers Accounts N.V.

H.F.M. Gertsen RA

Supplementary Information.

Supplementary Information to the Accounts as at December 31, 2006.

Article 26 (2) of the Articles of Association provides that profits may be disposed of at the General Meeting of Shareholders, who may apply it in whole or in part to the creation of, and/or allocation to, one or more special reserve funds, and/or for payment of dividends.

Proposed appropriation of profit.

The management proposes to distribute an amount of EUR 4,200,000 from the profit of the year 2006.

Post-balance sheet events.

No other major post-balance sheet events have occurred to date.

Five Years in Figures.

(1 = EUR 1,000)

Balance Sheet

	2006	2005	2004	2003	2002
Assets					
Loans	5 271 626	6 250 151	7 274 835	9 550 964	11 587 734
Bonds: third party	–	–	–	–	3 951
Cash at bank	10 505	10 803	9 424	9 765	7 768
Interest receivable	153 687	205 714	241 375	343 642	397 627
Discounted interest zero bonds	171 099	195 201	217 596	238 404	257 737
Deferred bond issue charges	6 581	10 404	15 448	20 981	28 144
Other assets	37	13	549	530	14
Total	**5 613 535**	**6 672 286**	**7 759 227**	**10 164 286**	**12 282 975**
Liabilities					
Bonds	5 271 626	6 250 151	7 274 835	9 550 964	11 587 734
Interest payable	149 051	199 436	234 100	332 944	385 295
Discounted interest group Company	178 000	202 756	225 673	246 888	266 526
Corporation tax	–	284	–	–	165
Deferred discounts on loans to group Company	5 859	9 661	14 635	20 094	27 259
Other liabilities	2 013	2 403	2 690	3 560	3 895
Total	**5 606 549**	**6 664 691**	**7 751 933**	**10 154 450**	**12 270 874**
Capital and reserves	6 986	7 595	7 294	9 836	12 101
Total	**5 613 535**	**6 672 286**	**7 759 227**	**10 164 286**	**12 282 975**

Profit and Loss

	2006	2005	2004	2003	2002
Financial income	9 706	12 395	13 889	19 268	24 560
Other income	– 2 791	–3 607	–4 399	–5 087	– 6 171
Operational income	6 915	8 788	9 490	14 181	18 389
General and administrative expenses	– 253	–237	–244	–236	– 211
Profit before taxation	6 662	8 551	9 246	13 945	18 178
Taxation	– 1 971	–2 693	–3 189	–4 810	– 6 270
Net profit	4 691	5 858	6 057	9 135	11 908

Publisher's Information.

Editor:
Baden-Württemberg L-Finance N.V.
Marktlaan 1-3, 2nd floor
2132 DL Hoofddorp
The Netherlands
Telephone +31 23 5626372
Telefax +31 23 5578506

Responsible for presentation:
The Board of Directors

Printer:
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Baden-Württemberg L-Finance N.V.
Marktlaan 1-3, 2nd floor
2132 DL Hoofddorp
Telephone +31 23 5626372
Telefax +31 23 5578506

Baden-Württemberg
L-Finance N.V.

A subsidiary of Landesbank Baden-Württemberg