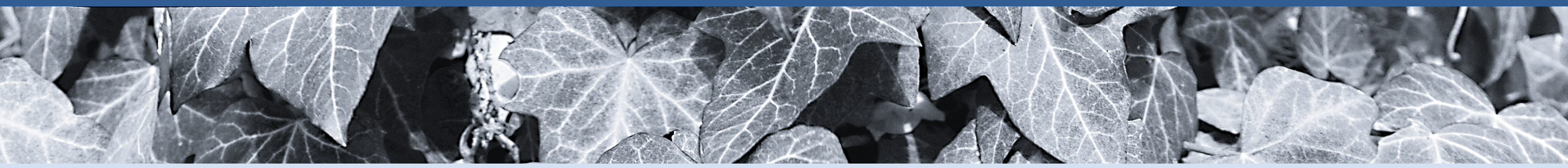
Annual Report 2008.



Baden-Württemberg
L-Finance N.V.

A subsidiary of Landesbank Baden-Württemberg

Contents.

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

Message from the Supervisory Board.

There were no changes of the composition of the Supervisory Board in the year ended December 31, 2008. The composition has been changed as per January 1, 2009. Mr. Ihle stepped down as member of the Supervisory Board, whilst Mr. Kling was appointed with effect from the same date.

The Supervisory Board's three meetings during the year were held against the backdrop of a cycle of unprecedented turmoil in the markets, which at the time of reporting has still to run its course. With heightened bank failure rates stimulating government intervention on a scale that has not been seen since the Great Depression. The Supervisory Board was more than ever concerned that the statutory and internal reporting should be both timely and accurate. Due to the quality of systems implemented under the close monitoring by the Management Board over the life of the Company, the Supervisory Board was able to obtain all information needed and satisfy itself that both routine and contingency arrangements were appropriate and effective.

Despite the external financial shocks, the Company has continued, and continues, to be financially sound, compliant with all necessary regulations and vigilant with respect to the troubled times that may yet to come.

As will be noted by those who read last year's report, the economic shocks coincided with the major reorganisation of the regulatory environment in The Netherlands. These measures, which were designed to make access to the market in The Netherlands more attractive and to increase transparency, played their part in the response of the Dutch Authorities to the crisis affecting major banks under their supervision, and a regulatory response to financial stability risks which has been recognised as exemplary.

As the Company continues on its set trajectory with its well proven systems, external shocks remain a major source of risk. The fact that the Company has weathered the exceptional storm of the past year and continues to operate without undue stress suggests that its systems are indeed properly designed and properly functioning. However, the Supervisory Board maintains a close watch on events so as to be able it to spot any developing situation.

Over the last few years our reports have always stressed the Company's conservative approach and contained a strong note of caution. This reserve towards what had been termed "irrational exuberance" has proven to be well founded. We continue to stress the need for an exploitation of current markets founded on the return to first principles, not least that of prudence and the intelligent use of sophisticated financial products for their intended purpose, as opposed to their abuse as vehicles of speculation by those unable to manage risks and bear losses.

Yours sincerely,

J.H. Welsch W. Kling

Message from the Management Board.

As it is our custom we are pleased to address this report to our long standing investors and to welcome those who are researching us for the first time.

The Company redeemed four of its eight outstanding issues during the year without undertaking associated refunding operations, and the loans associated with the issues also having been repaid. Four issues remain outstanding over the period to 2012 and we will be managed to take best advantage of market conditions.

The uncertainty as to asset prices that we noted last year in connection with financial stability turning in 2008 from a dark cloud to a full blown global crisis that has been brought credit operations virtually to a halt in many sectors. In the same period "financial stability" has gone from being an obscure technical term to common parlance. With the disappearance of household names in the banking industry, the nationalisation of remaining banks and a collapse in the oil price to USD 40 per Barrel, many are asking themselves whether we will ever see the likes of the period before 2008 again. In essence, the world has seen major failures in both centralised and free market forms of economy – the two theoretical poles – without twenty years of each other. It is still trying to understand and react appropriately to the first failure to affect the burgeoning global economy.

Our concern last year for the functioning of the banking system proved well founded. Given the cost of bank failures in jobs and disruption to the market we would have preferred to be wrong but there can no doubting the need for some form of correction, given the growing incompatibility of risk appetite, target return on assets and risk absorption capacity. Together with poorly framed incentives for the recognition and mitigation of risk the failure to establish proper proportion between these factors was a major cause of a disaster that continues to have financial and personal repercussions.

In the financial year 2008 the Management Board met three times and held joint meetings with the Supervisory Board three times. The composition of the Management Board remained unchanged. Further details of the Company's activities are detailed in the rest of this report.

The outlook for 2009 continues to be bleak. However, the crises in 2008 took place at the time of a Presidential Election which also saw the House of Representatives and the Senate to go Democrat. The assumption of power by the Democratic Party candidate after a period of radical Republican politics will surely lead to correction in US policy, which so far has been overshadowed by transition issues.

As this report is published, much emphasis is being placed on the G 20 London summit where the US Administration will be prominent for one of the first times on the international stage. Interest rates, exchange rates and market sentiment depend on how successfully that event passes off.

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 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.

Summery of Bonds issues.
(as at December 31, 2008)

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

CCY	Coupon	Nominal	Period	ISIN	Bloomberg Ticker
DEM	0	1 000 000 000	Jul 16, 1992/12	DE0004072855	LBW 7/16/12
DEM	5.375	1 000 000 000	Feb 5, 1998/10	DE0001971802	LBW 5 3/8 02/05/10
FRF	6.125	3 000 000 000	Feb 6, 1997/09	FR0000109175	LBW 6 1/8 02/06/09
FRF	5.375	3 000 000 000	Feb 5, 1998/10	XS0083633072	LBW 5 3/8 02/05/10

Developments in 2008.

Issuing activity
Also in 2008 the Company has focused on the management of its outstanding issues and the administration of loans previously granted.

Overall, the Company repaid two DEM issues of DEM 2,25 bn (EUR 1,15 bn), one USD issue 1 bn (EUR 676 mn) and one EURO issue of EUR 1 bn.

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 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 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 AAA, Aaa, AAA by Standard & Poor's, Moody's and Fitch/IBCA respectively.

During 2008 the Company repaid four issues, with original nominal value of DEM 2 bn, USD 1 bn and EUR 1 bn on maturity. At year-end the Company managed 4 bonds.

Total assets

The balance sheet total of the Company decreased by approximately EUR 2.9 bn to EUR 1.9 bn. (2007: EUR 4.8 bn respectively). The rate of decrease was 60 %. Claims on the parent company declined by EUR 2.9 bn (2007: decrease of EUR 0.5bn). The decrease is solely attributable to the fact that four loans in the portfolio of liabilities matured during the course of 2008.

Earnings

Due to the repayment of bond issues, and in line with the volume outstanding, interest earnings decreased by EUR 3.2 mn or 35 % (2007: decrease of 5 %). Amortisation of the deferred bond issue charges and annual bond issue expenses decreased for the same reason. The Company's general expenses increased by EUR 0.03 mn or 12 %.

Capital

During this financial year the shareholder decided to distribute a dividend of EUR 4.3 mn out of the profit of the year 2007. The capital position of the Company rose in 2008 to EUR 3.3 mn (2007: EUR 2.8 mn). In order to cover all liabilities the parent company has issued a Letter of Comfort in favour of the Company in 2001, which was amended in 2004.

Credit Risk

It is the Managements opinion that no provision for credit risks is necessary.

Directors' statement

In our opinion, the financial statements give a true and fair view of the assets and liabilities and the financial position of the Company as of December 31, 2008 and the cash flow for the financial year 2008. These financial statements also represent the usual course of transactions during 2008.

If necessary the credit risks are described under the Notes in the financial statements.

Future outlook

The Company is continuing looking for windows of opportunity in the capital markets.

Hoofddorp, April 28, 2009

C.A. Rosekrans M.U. Reiser

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

Assets.

Fixed assets	Notes	December 31, 2008	December 31, 2007
Tangible fixed assets			
Office equipment	5	661	992
Financial fixed assets			
Loans to group Company	6	1 357 561 321	1 786 020 405
Current Assets			
Short-term loans to group Company	7	457 347 052	2 830 493 784
Interest receivable from group Company	8	74 584 689	149 299 808
Other assets	9	1 212 226	4 172 928
Cash at bank and in hand	10	10 181 057	10 461 213
		543 325 024	2 994 427 733
Total Assets		**1 900 887 006**	**4 780 449 130**

Shareholder's equity and liabilities.

	Notes	December 31, 2008	December 31, 2007
Shareholder's equity	11		
Share capital		50 000	50 000
Share premium		50 000	50 000
Retained earnings		3 176 442	2 686 153
Result for the year		3 113 765	4 790 289
		6 390 207	7 576 442
Long-term liabilities			
Bonds payable	12	1 362 690 342	1 792 119 324
Other payables and accrued expenses	13	525 849	493 894
		1 363 216 191	1 792 613 218
Current liabilities			
Bonds payable in one year	14	457 347 052	2 830 493 784
Interest payable on bonds	15	72 436 223	144 869 649
Other payables and accrued expenses	16	1 497 333	4 896 037
		531 280 608	2 980 259 470
Total Shareholder's equity and liabilities		**1 900 887 006**	**4 780 449 130**

Profit and Loss Account.

(Expressed in EUR)

	Notes	January 1 to December 31, 2008	January 1 to December 31, 2007
Financial income and (–) expenses	19		
Interest income from group Company:			
EUR		186 036 800	257 279 076
USD		5 908 243	42 473 069
		191 945 043	299 752 145
Interest expense on bonds issued:			
EUR		– 180 609 801	– 249 498 154
USD		– 5 737 611	– 41 426 436
		– 186 347 412	– 290 924 590
Interest income from third parties:	20	432 360	397 370
Total financial income and expenses		6 029 991	9 224 925
Commission and Guarantee expenses	21		
Guarantee expenses			
EUR		– 1 532 810	– 2 162 394
USD		– 49 892	– 358 665
		– 1 582 702	– 2 521 059
Exchange differences		5 982	1 305
Result in financial income and charges		4 453 271	6 705 171
Sundry bond issue expenses	22	– 43 249	– 55 968
General expenses	23	– 248 888	–222 070
Result from ordinary activities before taxation		4 161 134	6 427 133
Taxation	24	– 1 047 369	– 1 636 844
Result after taxation		3 113 765	4 790 289

Cash Flow Statement.

(1=EUR 1,000)

	Notes	January 1 to December 31, 2008	January 1 to December 31, 2007
Cash flow from operating activities			
Operating result (profit before taxation)		4 161	6 427
Adjustment in respect of:			
Depreciation	5	0	0
Changes in working capital:			
Decrease current assets	8, 9, 10	103 001	30 300
Decrease current liabilities	15, 16	– 101 949	– 30 936
		1 052	– 636
Cash flow from ordinary activities:			
Corporation income tax paid	24	– 1 050	– 1 653
Cash flow from investment activities:			
Redemption of loans	6, 7	– 2 828 867	– 500 271
Cash flow from financing activities:			
Dividend paid		– 4 300	– 4 200
Redemption of long-term liabilities	12, 14	2 828 734	500 226
		2 824 434	496 026
Increase or (-) decrease in cash and cash equivalents		– 270	– 107

Notes to the Financial Statements.

1. General

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 bonds 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.

Structure
Since January 1, 1999 the Company became a full subsidiary of Landesbank Baden-Württemberg in Stuttgart, Karlsruhe, Mannheim, Mainz in Germany. The annual accounts of the Company are included in the consolidated annual accounts of Landesbank Baden-Württemberg Group.

All outstanding issues are guaranteed by the parent company and rated AAA, Aaa, AAA by Standard & Poor's, Moody's and Fitch/IBCA respectively.

2. Principles of valuation of assets and liabilities

General
The annual accounts have been prepared in accordance with the provisions of Part 9, Book 2 of the Netherlands Civil Code and in accordance with guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standard Board. The annual accounts are denominated in euro.

In general, assets and liabilities are stated at the amounts at which they were acquired. If not specifically stated otherwise, they are recognised at the amounts at which they were acquired or incurred. The balance sheet, profit and loss account include references to the notes.

Foreign currencies
Functional currency
Items in the annual accounts denominated in foreign currencies are translated into euro at the spot rate of exchange prevailing at balance sheet date in line with the rates of exchanges used by the parent company: (DEM 1.95583 = EUR 1, FRF 6.55957 = EUR 1).

Transactions, receivables and liabilities
Results denominated in foreign currencies are translated into euro at the spot rate of exchange prevailing on the transaction date, in line with the rates of exchanges used by the parent Company.

Foreign exchange differences are taken to the profit and loss account under 'Exchange differences'.

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

Financial fixed assets
The assets disclosed under financial fixed assets are stated at their face value of the amount owed, which normally consists of its face value less discounted interest on loan to group company.

Current assets
Other receivables disclosed include short-term loans to group company they are stated at their fair value. Other assets disclosed discount on bonds, issuance costs bonds and premium on loans which are depreciated on straight-line basis over the maturity of the loans and the bonds. Cash at bank and in hand represents bank balances and deposits with a maturity of less than 3 months.

Long-term liabilities
The liabilities disclosed under long-term liabilities are stated at the fair value of the amount owed.

3. Principles for determination of result

Personal remuneration

Regular payments
Salaries and social charges are taken to the profit and loss account when due, and in accordance with employment contracts and obligations.

Pensions
The Company has pension schemes which are defined contribution schemes. For its defined contribution schemes the Company pays contributions to an insurance company.
The Company has no other obligation in connection with these defined pension schemes.

Financial income and expense
Interest income and expenses are recognised on a pro-rata basis. When recognising the interest charges, the transaction cost on loans received is taken into account.

4. Financial instruments

Currency risk
Till February 25, 2008 the company had a currency risk on USD. As of this date the company operates only in EURO.

Interest rate risk
The Company runs interest risk on the short-term deposits. The interest margin between the outstanding loans and bonds are fixed therefore the Company does not run an interest rate risk.

Credit risk
The Company does not have any significant credit risk.

5. Tangible fixed assets

	Computer EUR	Equipment EUR	Total EUR
Balance January 1, 2008	118 197	46 239	164 436
Accumulated depreciation	118 197	45 247	163 444
Book value	0	992	992
Depreciation 2008	0	331	331
Balance December 31, 2008	**0**	**661**	**661**
Amortisation rates:	33.$^{1}/_{3}$%	20%	

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

6. Financial fixed assets

	Discount interest on loan EUR	Loans group Company EUR	Total loans EUR
Loans to group Company:			
Zero DEM 1 000 000 000 Jul 16, 1992 – Jul 16, 2012	– 151 257 461	511 291 881	360 034 420
DEM 1 000 000 000 Feb 5, 1998 – Feb 5, 2010	0	511 291 881	511 291 881
FRF 3 000 000 000 Feb 6, 1997 – Feb 6, 2009	0	457 347 052	457 347 052
FRF 3 000 000 000 Feb 5, 1997 – Feb 5, 2010	0	457 347 052	457 347 052
Balance as at January 1, 2008	**– 151 257 461**	**1 937 277 866**	**1 786 020 405**
Movements 2008:			
To short-term loans to group Company	0	– 457 347 052	– 457 347 052
To profit and loss account	28 887 968	0	28 887 968
Balance as at December 31, 2008	**– 122 369 493**	**1 479 930 814**	**1 357 561 321**

The average interest on all outstanding loans is 6.38 %.

In accordance with regulations of the Dutch Central Bank, more than 95 % of the proceeds of bonds issues are used for investment in group Companies.

The loans have been made to Landesbank Baden-Württemberg.

The loans were granted at a discount or at a premium.

They stated in the balance sheet at their nominal values.

For the zero loan the discounted interest is deducted.

7. Short-term loans to group Company

	Loans group company EUR
DEM 1 500 000 000 Sep 15, 1993 – Sep 15, 2008	766 937 822
DEM 750 000 000 Feb 7, 1994 – Sep 15, 2008	383 468 911
USD 1 000 000 000 Feb 25, 1998 – Feb 25, 2008	680 087 051
EUR 1 000 000 000 Feb 12, 1998 – Apr 25, 2008	1 000 000 000
Balance as at January 1, 2008	**2 830 493 784**
Movements 2008:	
Short-term loans to group Company matured in 2008	– 2 826 036 758
Exchange difference to profit and loss account	– 4 457 026
Short-term loans to group Company maturing in 2009:	
FRF 3 000 000 000 Feb 6, 1997 – Feb 6, 2009	457 347 052
Balance as at December 31, 2008	**457 347 052**

Per original currency

	2008		2007	
	CCY	EUR	CCY	EUR
DEM	2 000 000 000	1 022 583 762	4 250 000 000	2 172 990 495
FRF	6 000 000 000	914 694 104	6 000 000 000	914 694 104
EUR	0	0	1 000 000 000	1 000 000 000
USD	0	0	1 000 000 000	680 087 051
Balance as per December 31		**1 937 277 866**		**4 767 771 650**

8. Interest receivable from group Company

	December 31, 2008 EUR	December 31, 2007 EUR
This represents the interest receivable from Landesbank Baden-Württemberg on the loans stated in Note 6 and 7	74 584 689	149 299 808

All loans have a fixed interest rate and the interest is payable annually in arrear.

9. Other assets

	December 31, 2008		December 31, 2007	
	Total EUR	Term > 1 year EUR	Total EUR	Term > 1 year EUR
Discount on bonds issuance costs bonds and premium on loans	1 193 144	443 723	4 065 771	1 193 144
Interest receivable third parties	10 359	0	56 853	0
Corporation tax	3 443	0	42 072	0
Prepaid expenses	5 280	0	8 232	0
Balance as at December 31	**1 212 226**	**443 723**	**4 172 928**	**1 193 144**

The loans and bonds included in the Notes 6, 7, 12, and 14 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 recognised in the profit and loss account on a straight-line basis over the period of maturity.

Interest receivable from third parties refers to interest receivable as mentioned in Note 20 to these accounts.

Corporation tax refers to a receivable from the authorities in respect to corporation tax 2008.

10. Cash at bank

	December 31, 2008 EUR	December 31, 2007 EUR
Cash at bank and in hand	10 181 057	10 461 213
Includes short-time deposits	10 040 000	10 352 000

At balance sheet date the Company has 5 short-term deposits with a maximum tenor of 2 months.

The average interest on these short-term deposits is 2,894 %.

11. Shareholder's equity

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:

	December 31, 2007 EUR	Dividend distribution EUR	Movement 2008 EUR	December 31, 2008 EUR
Share capital	50 000	0	0	50 000
Share premium	50 000	0	0	50 000
Retained earnings	2 686 153	0	490 289	3 176 442
Result for the year	4 790 289	– 4 300 000	2 623 476	3 113 765
	7 576 442	– 4 300 000	3 113 765	6 390 207

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 issues a Letter of Comfort in favour of the Company.

12. Bonds payable

	Discount interest on bonds EUR	Bonds EUR	Total bonds EUR
Bonds issued			
Zero DEM 1 000 000 000 Jul 16,1992 – Jul 16, 2012	– 145 158 542	511 291 881	366 133 339
5.3/8 % DEM 1 000 000 000 Feb 5, 1998 – Feb 5, 2010	0	511 291 881	511 291 881
6.1/8 % FRF 3 000 000 000 Feb 6, 1997 – Feb 6, 2009	0	457 347 052	457 347 052
5.3/8 % FRF 3 000 000 000 Feb 5, 1997 – Feb 5, 2010	0	457 347 052	457 347 052
Balance as at January 1, 2008	**– 145 158 542**	**1 937 277 866**	**1 792 119 324**
Movements 2008:			
To profit and loss account	27 918 070	0	27 918 070
To current liabilities	0	– 457 347 052	– 457 347 052
Balance as at December 31, 2008	**– 117 240 472**	**1 479 930 814**	**1 362 690 342**

13. Other payables and accrued expenses

	December 31, 2008 EUR	December 31, 2007 EUR
Other liabilities i. e. paying agency commissions	525 849	493 894

14. Bonds payable in one year

	Bonds EUR
6.1/2 % DEM 1 500 000 000 Sep 15, 1993 – Sep 15, 2008	766 937 822
6.1/2 % DEM 750 000 000 Feb 7, 1994 – Sep 15, 2008	383 468 911
5.3/4 % USD 1 000 000 000 Feb 25, 1998 – Feb 25, 2008	680 087 051
5.3/8 % EUR 1 000 000 000 Feb 12, 1998 – Apr 25, 2008	1 000 000 000
Balance as at January 1, 2008	**2 830 493 784**
Movements 2008:	
Short-term bonds matured in 2008	– 2 826 036 758
Exchange difference to profit and loss account	– 4 457 026
Short-term bonds maturing in 2009:	
6.1/8 % FRF 3 000 000 000 Feb 6, 1997 – Feb 6, 2009	457 347 052
Balance as at December 31, 2008	**457 347 052**

	2008		2007	
	CCY	EUR	CCY	EUR
DEM	2 000 000 000	1 022 583 762	4 250 000 000	2 172 990 495
FRF	6 000 000 000	914 694 104	6 000 000 000	914 694 104
EUR	0	0	1 000 000 000	1 000 000 000
USD	0	0	1 000 000 000	680 087 051
Balance as at 31 December		**1 937 277 866**		**4 767 771 650**

During 2008 the Company did not issue new bonds.

15. Interest payable on bonds

	December 31, 2008 EUR	December 31, 2007 EUR
All issues have a fixed rate of exchange and the interest is payable annually in arrear	72 436 223	144 869 649

16. Other payables and accrued expenses

	December 31, 2008 EUR	December 31,2007 EUR
Other liabilities i. e. premium bonds and discounts on loans	650 212	3 389 356
Guarantee commission	762 191	1 392 238
Wage tax and social security contribution	7 321	7 407
Other liabilities i. e. accrued expenses and suppliers	77 609	107 036
Balance as at December 31	**1 497 333**	**4 896 037**

The loans and bonds included in the Notes 6, 7, 12 and 14 have been issued at a premium or a discount. The net amounts of these premiums or discounts have been capitalised and recognised in the profit and loss account on a straight-line basis over the period of maturity.

17. Indemnities granted
The parent company has issued a Letter of Comfort in favour of the Company to cover all their liabilities.
A right of liens has not been vested as at December 31, 2008.

18. Commitments not included in the balance sheet
On behalf of the Company a guarantee has been given for the rent of the office.

19. Interest income and expenses
The interest income and expenses from group Company and bonds issued reflects the margin of the Company.

20. Interest income out of third parties
Interest income from third parties reflects mainly the interest out of placements.

21. Commission and guarantee expenses
The amounts reported are representing the guarantee commission the Company paid to the parent company for their guarantee on capital and interest on the bonds which the Company has issued.

22. Sundry bond issue expenses
This reflects the annual expenses for the bonds issued by the Company.

23. General expenses
All expenses not related to other headings reported under the profit and loss account are reported here.

24. Taxation Corporation tax

	December 31, 2008 EUR	December 31, 2007 EUR
Operating income	4 161 134	6 427 133
Tax expense	1 047 369	1 636 844
Effective tax rate	25.2%	25.5%

The Company is governed by the tax regulations of the Dutch tax authorities.

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.

25. Related party transactions with Landesbank Baden-Württemberg (100% shareholder)

	December 31, 2008 EUR	December 31, 2007 EUR
Balance		
Loans and receivables at December 31	1 889 493 062	4 765 813 997
Profit and Loss		
Interest income	191 945 043	299 752 145
Guarantee commission expense	1 582 702	2 521 059
Off Banlance		
Issues guaranteed by LBBW at December 31	1 892 473 617	4 767 482 757

26. Fee external audit

	December 31, 2008 EUR	December 31, 2007 EUR
The fee for our external auditor is	29 750	28 322

27. Staff numbers

	December 31, 2008 EUR	December 31, 2007 EUR
The Company has, other than its directors, total employees	0	0

28. Directors

	December 31, 2008 EUR	December 31, 2007 EUR
The remuneration of the Directors and Supervisory Board is	86 533	85 054

The Company has two directors and two Supervisory Board members.

Hoofddorp, April 28, 2009

C. A. Rosekrans M.U. Reiser

Auditors' Report.

Report on the financial statements.

We have audited the accompanying financial statements 2008 of Baden-Württemberg L-Finance N.V., Hoofddorp as set out on pages 7 to 15 which comprise the balance sheet as at December 31, 2008, the profit and loss account for the year then 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 reasonable in the circumstances.

Auditor's 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 judgment, 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 considers 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 on 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 statements.

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 December 31, 2008, 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 requirement under 2:393 sub 5 part f of the Netherlands 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, April 28, 2009

PricewaterhouseCoopers Accountants N.V.

H.F.M. Gertsen RA

Supplementary information.

Supplementary information to the accounts as at December 31, 2008.

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 proposed to distribute an amount of EUR 2,600,000 from the profit of the year 2008.

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

	2008	2007	2006	2005	2004
Assets					
Tangible fixed assets	1	1	1	1	2
Financial fixed assets Loans to group Company	1 357 561	1 786 020	4 668 525	5 154 981	5 914 659
Current Assets Short-term loans to group Company	457 347	2 830 494	425 100	892 414	1 134 504
Interest receivable from group Company	74 585	149 300	153 660	205 679	241 365
Other assets	1 212	4 173	9 427	14 904	22 116
Cash at bank and hand	10 181	10 461	10 505	10 803	9 424
	543 325	2 994 428	598 692	1 123 800	1 407 409
Total assets	**1 900 887**	**4 780 449**	**5 267 218**	**6 278 782**	**7 322 070**
Liabilities					
Shareholders' equity	6 390	7 576	6 986	7 595	7 294
Long-term liabilities					
Bonds payable	1 362 690	1 792 119	4 675 426	5 162 536	5 922 736
Other payables and accrued expenses	526	494	462	430	398
	1 363 216	1 792 613	4 675 888	5 162 966	5 923 134
Current liabilities					
Bonds payable in one year	457 347	2 830 494	425 100	892 414	1 134 504
Interest payable on bonds	72 436	144 870	149 051	199 436	234 100
Other payables and accrued expenses	1 498	4 896	10 193	16 371	23 038
	531 281	2 980 260	584 344	1 108 221	1 391 642
Total liabilities	**1 900 887**	**4 780 449**	**5 267 218**	**6 278 782**	**7 322 070**

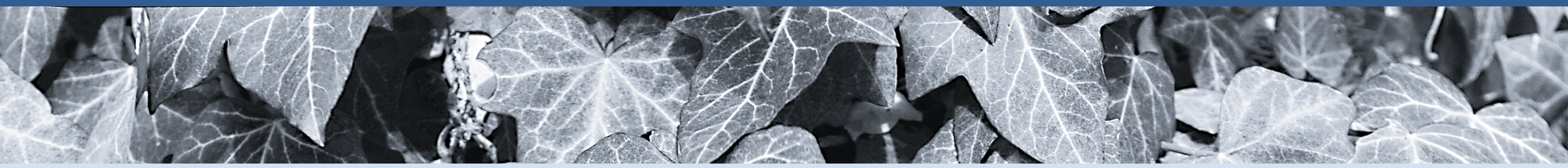
Profit and Loss Account

	2008	2007	2006	2005	2004
Interest income from group Company	191 945	299 752	314 070	408 340	464 420
Interest expense on bonds issued	- 186 347	- 290 924	- 304 667	- 396 056	- 450 804
Interest income from third parties	432	397	282	41	200
	6 030	9 225	9 685	12 325	13 816
Commission and guarantee expenses	- 1 583	- 2 521	- 2 700	- 3 427	- 3 855
Exchange differences	6	1	- 6	- 19	- 67
Result financial income and charges	4 453	6 705	6 979	8 879	9 894
Sundry bond expenses	- 43	- 56	- 64	- 91	- 404
General expenses	- 249	- 222	- 253	- 237	- 244
Result in ordinary activities before taxation	4 161	6 427	6 662	8 551	9 246
Taxation	- 1 047	- 1 637	- 1 971	- 2 693	- 3 189
Result after taxation	**3 114**	**4 790**	**4 691**	**5 858**	**6 057**

Publisher's Information.

Statutory address:
Baden-Württemberg L-Finance N.V.
Marktlaan 1–3, 2nd floor
2132 DL Hoofddorp
The Netherlands
Chamber of Commerce: 33202873
Telephone +31 23 5626372
Telefax +31 23 5578506

Responsible for presentation:
The Board of Directors
Printer:
Thieme, Amsterdam



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

05/09

Baden-Württemberg
L-Finance N.V.

A subsidiary of Landesbank Baden-Württemberg