

## **FIRST SIX-MONTH'S REPORT 2009**

### *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 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 2009 the Company repaid one issue, with original nominal value of FRF 1 bn.

At the end of June 2009 the Company managed 3 bonds.

This 6 month's report is prepared in line with and according to the accounting policies as described in the Company's Annual Report for 2008.

### *Total assets*

In February of this year the Company repaid one issue with an aggregate nominal value of FRF 1 bn (EUR: 457,3mn)

Two issues have been reclassified from long-term liabilities to short term liabilities with a total value EUR 968,6 mn.

As a result of the repayment of one bond and the reclassification of two bonds the loans to group Company have been amended too.

### *Capital*

During this financial year the shareholder decided to distribute a dividend of EUR 2.6 mn out of the profit of the year 2008. The capital position of the Company rose in 2009 to EUR 3,8 mn (2008: EUR 3,3 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?

*Earnings*

The balance sheet of the Company decreased with EUR 496 mn or 26.1% to EUR 1,4bn (2008: EUR 1,9bn).

During 2008 and the first six month of 2009 three issues and loans have been repaid therefore Profit before Taxation decreased by EUR 1,6 mn or 64,2% to EUR 919 thousand.

*Risk**Currency*

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

*Interest rate risk*

The Company does run an interest risk on the short-term deposits with a maximum tenor of 3 months.

*Credit risk*

The loans are given to Landesbank Baden-Württemberg, our 100% parent company. This financial institute with business with savings banks and other financial institutes for around one third of their portfolio.

The portfolio of corporate customers shows a good diversification of industries.

Their business with the public sector and private individuals completes their portfolio mix.

It is the Managements opinion that no provision for 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 June 30, 2009.

These financial statements also represent the usual course of transactions during the first six months of 2009.

*Future outlook*

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

Hoofddorp, 7 August 2009

C.A. Rosekrans     M.U. Reiser

# **Balance Sheet.**

## **Not audited**

(Expressed in EUR)

	30 June 2009	31 December 2008
<b>Fixed assets</b>		
<b>Tangible fixed assets</b>		
Office equipment	496	661
<b>Financial fixed assets</b>		
Loans to group Company	404,525,309	1,357,561,321
<b>Current Assets</b>		
Short-term loans to group Company	968,638,933	457,347,052
Interest receivable from group Company	21,762,831	74,584,689
Other assets	835,507	1,212,226
Cash at bank and in hand	8,973,364	10,181,057
	1,000,210,635	543,325,024
<b>Total Assets</b>	<b>1,404,736,440</b>	<b>1,900,887,006</b>

## **Shareholder's equity and liabilities**

	30 June 2009	31 December 2008
<b>Shareholder's equity</b>		
Share capital	50,000	50,000.00
Share premium	50,000	50,000.00
Retained earnings	3,690,207	3,176,442
Result for the year	695,799	3,113,765
	4,486,006	6,390,207
<b>Long-term liabilities</b>		
Bonds payable	409,074,836	1,362,690,342
Other payables and accrued expenses	541,827	525,849
	409,616,663	1,363,216,191
<b>Current liabilities</b>		
Bonds payable in one year	968,638,933	457,347,052
Interest payable on bonds	21,114,984	72,436,223
Other payables and accrued expenses	879,854	1,497,333
	990,633,771	531,280,608
<b>Total Liabilities</b>	<b>1,404,736,440</b>	<b>1,900,887,006</b>



## Profit and Loss Account

(Expressed in EUR)

	1 January to 30 June 2009	1 January to 30 June 2007
<b>Financial Income and (-) expenses</b>		
<i>Interest income from group Company:</i>		
EUR	45,547,382	113,675,661
USD	--	5,908,243
	45,547,382	119,583,904
<i>Interest expense on bonds issued:</i>		
EUR	-44,166,835	-110,359,496
USD	--	-5,737,611
	-44,166,835	-116,097,107
<i>Interest income from third parties:</i>	82,993	207,568
<b>Total financial income and expenses</b>	1,463,540	3,694,365
<b>Commission and Guarantee expenses</b>		
<i>Guarantee expenses</i>		
EUR	-392,215	-930,254
USD	--	-49,892
	-392,215	-980,146
<b>Exchange differences</b>	--	29
<b>Result in financial income and charges</b>	1,071,325	2,714,248
<b>Sundry bond issue expenses</b>	-21,739	-22,655
<b>General expenses</b>	-130,361	-127,093
<b>Result from ordinary activities before taxation</b>	919,225	2,564,500
<b>Taxation</b>	-223,426	-647,748
<b>Result after taxation</b>	692,799	1,916,752