



Earth. It's the place of origin and home to all known forms of life. When looked at from space, you can see it in all its beauty.

If you have big plans,  
you need to see the whole picture.  
The annual financial statements 2017.

# Contents.

Combined management report..... 4

Balance sheet..... 6

Income statement ..... 10

Notes ..... 12

General information..... 12

1. Principles governing the preparation of the annual financial statements. .... 12

2. General accounting and valuation methods..... 12

Notes to the balance sheet. .... 19

3. Relationships with affiliates and companies in which equity interests are held, and with affiliated savings banks (Sparkassen), receivables and debentures. .... 19

4. Maturity structure of the receivables and debentures ..... 19

5. Subordinated assets..... 19

6. Transactions with firm repurchase agreements ..... 19

7. Securities and equity investments ..... 20

8. Shares in investment fund assets. .... 20

9. Trading portfolio..... 21

10. Derivatives..... 21

11. Currency translation. .... 23

12. Fixed assets..... 23

13. Fiduciary transactions. .... 24

14. Other assets. .... 24

15. Deferred items. .... 24

16. Relationships with affiliates and companies in which equity interests are held, and with affiliated savings banks (Sparkassen) – liabilities. .... 25

17. Maturity structure of the liabilities. .... 25

18. Assets assigned as collateral for own liabilities. .... 25

19. Other liabilities. .... 26

20. Valuation units..... 26

21. Subordinated liabilities..... 26

22. Capital generated from profit-participation rights. .... 27

23. Equity. .... 27

24. Items below the line..... 27

Notes on the income statement. .... 29

25. Net interest income..... 29

26. Breakdown of income according to geographic markets..... 29

27. Administrative and intermediary services..... 29

28. Other operating income and expenses..... 29

29. Auditors' fee. .... 29

30. Extraordinary result ..... 30

31. Taxes on income..... 30

Other information.....	31
32. Transactions and other financial obligations that do not appear on the balance sheet. ....	31
33. Distribution block. ....	31
34. Appropriated funds. ....	31
35. Coverage for the mortgage and public-sector lending business. ....	31
36. Transparency provisions for public covered bonds (öffentliche Pfandbriefe) and mortgage-backed covered bonds (Hypothekendarlehen) pursuant to Section 28 PfandBG. ....	32
37. Total remuneration of the corporate bodies. ....	35
38. Advances and loans granted to and contingent liabilities assumed in favor of the corporate bodies of LBBW (Bank) and their predecessors. ....	36
39. Employees (annual averages). ....	36
40. List of shareholdings. ....	37
41. Positions held. ....	44
42. Events after the balance sheet date. ....	44
43. LBBW (Bank) Board of Managing Directors and Supervisory Board. ....	45
Responsibility statement.....	46
Independent Auditor's Report. ....	47

# Combined management report.

The management report of LBBW (Bank) and the group management report are combined in accordance with Section 315 (5) HGB (Handelsgesetzbuch – German Commercial Code) in conjunction with Section 298 (2) HGB and published in the 2017 annual report of LBBW.

The annual financial statements and the LBBW management report combined with the group management report for the 2017 financial year will be submitted to and published by the operator of the German Federal Gazette (Bundesanzeiger).

The annual financial statements of LBBW (Bank) and the annual report of LBBW are also available online at [www.LBBW.de](http://www.LBBW.de).

Landesbank Baden-Württemberg,  
Stuttgart, Karlsruhe, Mannheim  
and Mainz.

Annual financial statements as at  
31 December 2017.

# Balance sheet

as at 31 December 2017.

## Assets.

EUR million	Explanation in the Notes (chapter)	31 Dec. 2017	31 Dec. 2016
<b>Cash and cash equivalents</b>			
a) Cash		154	176
b) Balances with central banks		22 569	13 348
including: with Deutsche Bundesbank	17 408		9 764
		22 722	13 524
<b>Public-sector debt instruments and bills of exchange eligible for refinancing at central banks</b>			
a) Treasury bills and discounted treasury notes, as well as similar public-sector debt instruments		0	0
		0	0
<b>Loans and advances to banks</b> 2, 3, 4, 5, 35			
a) Mortgage loans		286	188
b) Public-sector loans		25 473	26 184
c) Other receivables		19 764	12 744
of which: payable on demand	4 940		4 219
of which: collateralized by securities	10 358		7 775
		45 522	39 116
<b>Loans and advances to customers</b> 2, 3, 4, 5, 35			
a) Mortgage loans		30 550	30 806
b) Public-sector loans		17 332	17 779
c) Other receivables		55 003	58 630
of which: collateralized by securities	11 539		12 336
		102 886	107 214
<b>Debentures and other fixed-income securities</b> 2, 3, 4, 5, 7, 35			
a) Money market instruments			
ab) issued by other borrowers	1 161		8
of which: eligible as collateral with Deutsche Bundesbank	250		0
		1 161	8
b) Bonds and debentures			
ba) issued by public-sector borrowers	7 317		15 254
of which: eligible as collateral with Deutsche Bundesbank	5 810		6 422
bb) issued by other borrowers	13 664		9 600
of which: eligible as collateral with Deutsche Bundesbank	11 787		8 231
		20 982	24 854
c) Own debentures		320	544
Nominal amount	306		526
		22 462	25 406

Differences in the amount of +/- one unit in the balance sheet, income statement and the Notes are due to rounding.

## Assets.

EUR million	Explanation in the Notes (chapter)			31 Dec. 2017	31 Dec. 2016
<b>Equities and other non-fixed-income securities</b>	2, 5, 7			108	117
<b>Trading portfolio</b>	2, 5, 9			21 429	28 945
<b>Equity investments</b>	2, 7, 12			631	564
of which: in banks		432			512
of which: in financial services companies		0			0
<b>Shares in affiliates</b>	2, 7, 12			1 667	1 802
of which: in banks		328			329
of which: in financial services companies		421			441
<b>Trust assets</b>	13, 35			433	531
of which: trust loans		431			528
<b>Intangible assets</b>	2, 12				
a) Internally generated industrial property rights and similar rights and assets			20		4
b) Concessions, industrial property rights and similar rights and assets, and licenses to such rights and assets			185		164
d) Advances paid			16		60
				221	228
<b>Property and equipment</b>	2, 12			850	987
<b>Other assets</b>	14			1 288	919
<b>Deferred items</b>	15				
a) From issuing and lending business			644		517
b) Other			1 732		1 836
				2 376	2 353
<b>Total assets</b>				222 596	221 706

Differences in the amount of +/- one unit in the balance sheet, income statement and the Notes are due to rounding.

## Equity and liabilities.

EUR million	Explanation in the Notes (chapter)			31 Dec. 2017	31 Dec. 2016
<b>Deposits from banks</b>	<b>2, 16, 17, 18, 34</b>				
a) Mortgage-backed registered covered bonds issued			300		268
b) Public-sector registered covered bonds issued			793		771
c) Other liabilities			57 720		42 984
of which: payable on demand		5 156			3 968
				<b>58 813</b>	<b>44 024</b>
<b>Deposits from customers</b>	<b>2, 16, 17, 18</b>				
a) Mortgage-backed registered covered bonds issued			707		773
b) Public-sector registered covered bonds issued			3 366		3 843
c) Savings deposits					
ca) with an agreed notice period of three months		5 696			6 707
cb) with an agreed notice period of more than three months		580			171
			6 276		6 878
d) Other liabilities			69 219		59 702
of which: payable on demand		44 010			36 076
				<b>79 567</b>	<b>71 194</b>
<b>Securitized liabilities</b>	<b>2, 16, 17, 18</b>				
a) Issued debentures					
aa) Pfandbriefe (mortgage-backed covered bonds)		9 602			9 354
ab) Pfandbriefe (public covered bonds)		4 683			4 274
ac) Other debentures		27 520			17 752
			41 806		31 380
b) Other securitized liabilities			2 104		3 459
of which: money market instruments		2 104			3 459
				<b>43 910</b>	<b>34 840</b>
<b>Trading portfolio</b>	<b>2, 9, 18</b>			<b>14 036</b>	<b>45 148</b>
<b>Trust liabilities</b>	<b>13</b>			<b>433</b>	<b>531</b>
of which: trust loans		431			528
<b>Other liabilities</b>	<b>2, 19</b>			<b>839</b>	<b>605</b>
<b>Deferred items</b>	<b>15</b>				
a) From issuing and lending business			331		388
b) Other			2 288		2 511
				<b>2 619</b>	<b>2 900</b>
<b>Provisions</b>	<b>2, 20</b>				
a) Provisions for pensions and other post-employment benefits			1 936		1 836
b) Tax provisions			34		46
c) Other provisions			572		482
				<b>2 542</b>	<b>2 364</b>
<b>Subordinated liabilities</b>	<b>2, 16, 21</b>			<b>4 328</b>	<b>4 481</b>

Differences in the amount of +/- one unit in the balance sheet, income statement and the Notes are due to rounding.



## Equity and liabilities.

EUR million	Explanation in the Notes (chapter)			31 Dec. 2017	31 Dec. 2016
<b>Capital generated from profit-participation rights</b>	<b>22</b>			<b>229</b>	<b>247</b>
of which: maturing in less than two years		0			17
<b>Fund for general banking risks</b>				<b>852</b>	<b>789</b>
of which: transfers in accordance with Section 340e (4) HGB		32			31
<b>Equity</b>	<b>23</b>				
a) Subscribed capital					
aa) Share capital		3 484			3 484
ab) Silent partners' contributions		1 029			1 159
			4 513		4 642
b) Capital reserve			8 240		8 240
c) Retained earnings					
cd) Other retained earnings		1 482			1 482
			1 482		1 482
d) Unappropriated profit/loss			192		219
				14 427	14 583
<b>Total equity and liabilities</b>				<b>222 596</b>	<b>221 706</b>
<b>Contingent liabilities</b>	<b>2, 10, 18, 24</b>				
b) Liabilities from guarantees and warranties			8 257		7 898
				8 257	7 898
<b>Other obligations</b>	<b>24</b>				
c) Irrevocable loan commitments			25 055		25 199
				25 055	25 199

Differences in the amount of +/- one unit in the balance sheet, income statement and the Notes are due to rounding.

# Income statement

for the period 1 January to 31 December 2017.

EUR million	Explanation in the Notes (chapter)			1 Jan. – 31 Dec. 2017	1 Jan. – 31 Dec. 2016
<b>Interest income from</b>	25, 26				
a) Credit and money market transactions		10 953			10 891
b) Fixed-income securities and book-entry securities		115			240
			11 068		11 130
<b>Interest expense</b>	25		-9 826		-9 835
				1 242	1 295
<b>Current income from</b>	26				
a) Equities and other non-fixed-income securities			7		13
b) Equity investments			20		21
c) Shares in affiliates			41		32
				67	66
<b>Income from profit-pooling, profit transfer and partial profit transfer agreements</b>				89	88
<b>Fee and commission income</b>	26, 27		518		516
<b>Fee and commission expense</b>			-150		-175
including: guarantee commission for the State of Baden-Württemberg		-61			-93
				368	341
<b>Total operating income/expenses from the trading portfolio</b>	26			291	272
<b>Other operating income</b>	26, 28			219	284
<b>General administrative expenses</b>					
a) Total staff costs					
aa) Wages and salaries		-641			-659
ab) Social security contributions and expenses for pension provision and other benefits		-225			-110
of which: pension costs		-119			2
			-866		-769
b) Other administrative expenses			-716		-728
				-1 582	-1 497
<b>Depreciation and write-downs of intangible assets and property and equipment</b>				-101	-79

Differences in the amount of +/- one unit in the balance sheet, income statement and the Notes are due to rounding.

EUR million	Explanation in the Notes (chapter)			1 Jan. - 31 Dec. 2017	1 Jan. - 31 Dec. 2016
Other operating expenses	28			-149	-169
Depreciation and write-downs of loans and certain securities, as well as additions to provisions for credit risks			0		0
Income from reversals of impairment losses on loans and certain securities, as well as from the reversals to provisions for credit risks			78		31
				78	31
Depreciations and write-downs of equity investments, shares in affiliates and securities treated as fixed assets			-120		0
Income from reversals of impairment losses on equity investments, shares in affiliates and securities treated as fixed assets			0		11
				-120	11
Expenses from loss transfer				-1	-5
Allocations/reversals made to/from the fund for general banking risks				-31	-207
<b>Result from normal operations</b>				<b>369</b>	<b>430</b>
Extraordinary income	30		4		20
Extraordinary expenses	30		-69		-125
Extraordinary result	30			-65	-105
				304	325
Taxes on income	31		-63		-50
Other taxes, unless reported under other operating expenses			-5		-5
				-68	-55
Profits transferred as a result of profit-pooling, profit transfer agreement or a partial profit transfer agreement				-44	-51
<b>Net profit/unappropriated profit/loss</b>	<b>23</b>			<b>192</b>	<b>219</b>

# Notes

for the period 1 January to 31 December 2017.

## General information.

### 1. Principles governing the preparation of the annual financial statements.

Landesbank Baden-Württemberg (LBBW (Bank)) is a public law institution (rechtsfähige Anstalt des öffentlichen Rechts) with registered offices in Stuttgart, Karlsruhe, Mannheim and Mainz. The commercial register numbers at the responsible district court are as follows: district court of Stuttgart HRA 12704, district court of Mannheim HRA 104440 (for Karlsruhe) and HRA 4356 (for Mannheim) and district court of Mainz HRA 40687.

The annual financial statements for the 2017 financial year were prepared in compliance with the provisions of the German Commercial Code (Handelsgesetzbuch – HGB), in particular the Supplemental Regulations for Banks (Sections 340 et seq. HGB), the German Accounting Regulation for Banks and Financial Service Institutions (Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute – RechKredV), the German Banking Act (Kreditwesengesetz – KWG) and the German Pfandbrief Act (Pfandbriefgesetz – PfandBG).

For the purpose of transparency, the values are stated in EUR millions.

### 2. General accounting and valuation methods.

#### Receivables and allowances for losses on loans and advances.

Loans and advances to banks and customers are stated at their nominal value, where necessary after deduction of the applicable write-downs. Allowances for losses on loans and advances were deducted from the other receivables in the net amount. Differences between acquisition costs and nominal amount which are related to interest are allocated to deferred items and recognized proportionally in net interest income over the period. Deferred interest is reported directly in loans and advances to banks and customers.

Bills and forfeiting transactions held in the portfolio are stated at their discounted face amount, less specific valuation allowances.

Securities repurchase transactions with central counterparties are presented in net terms. The transactions were concluded on the basis of framework agreements which provide for the offsetting of financial assets and financial liabilities.

Provisions for specific allowances for losses on loans and advances have been recognized for significant loans (loan volume > EUR 1 million per customer record (not single borrower) for which objective indications of impairment have been identified. The impairment loss is calculated as the carrying amount of the loan less the present value of expected future payments received on account of the loan. In the case of insignificant loans (loan volume of less than EUR 1 million per individual borrower), for which objective evidence indicating an impairment has been identified, collective write-downs basis on individual risks are recognized by using a statistically calculated default amount. Collective write-downs are recognized for losses in the loan portfolio that had already arisen as at the balance sheet date but were not yet identified. Their amount is based on statistically calculated default probabilities and loss ratios relating to parts of the loan portfolio for which no other provisions have been set up, as well as the average discovery period to be assumed. Country risks in the form of transfer and/or conversion risks are taken into account.

As at 1 December 2017, the junior loan granted by LBBW to the Irish special-purpose entity Sealink Funding DAC was repaid in full and without loss (2016: EUR 3.1 billion). Thus, the scope of cover of the state guarantee granted for this loan was reduced to zero. LBBW and the guarantee company of the State of Baden-Württemberg, GPBW GmbH & Co. KG, have therefore dissolved the contract of the guarantee structure via a bilateral termination agreement as at 15 December 2017.

#### Securities.

Securities in the liquidity reserve are measured at cost observing the principle of strict lower-of-cost-or-market, or at the lower quoted/market price or fair value (if lower) as at the balance sheet date.

Securities held as long-term investments are carried at cost or the fair value on the reporting date (if lower) in the case of continued impairment losses. Provided the reasons for impairment in earlier financial years have elapsed, reversals of impairment losses up to the amount of the fair value are carried out to a maximum of the acquisition costs. In the case of impairments which are expected not to be permanent, the option of Section 253 (3) sentence 4 HGB is exercised in conjunction with Section 340e (1) HGB, so that no write-downs are recognized on the lower fair value (less strict lower-of-cost-or-market principle).

The impairment of securities held as long-term investments is determined on the reporting date on the basis of published stock market price quotations, price quotations from market data providers or recognized valuation methods (e.g. net income value or discounted cash flow method). The assessment of the impairment which is expected not to be permanent is carried out on the basis of LBBW's rating classification. A distinction is drawn between equity instruments, ABS securitizations and other securities. The primary reason for a permanent impairment is the occurrence of a trigger event, such as interest loss or redemption default.

Securities arising from asset swap combinations are valued as a valuation unit; for securities in the liquidity reserve from asset swap combinations, market-induced impairment losses due to credit risks are recognized in income.

In the case of securities lending agreements, economic ownership is not transferred to the borrower. Securities that are lent are therefore still shown in the securities portfolio and accounted for accordingly (analogous application of the corresponding regulations for transactions with firm repurchase agreements in Section 340b (4) sentence 1 HGB).

Financial instruments are used exclusively as internal transactions. These internally contracted financial instruments are valued as transactions with external contracting parties. However, unlike external transactions, they are not recognized individually in the balance sheet but are offset under trading assets or trading liabilities.

#### Financial instruments.

On-balance-sheet products and derivative financial instruments of the trading portfolio are subject to fair value changes. Financial instruments in the trading portfolio that are traded on active markets are recognized at market prices. Financial transactions for which market prices are not available are recognized at prices determined with the help of valuation models or on the basis of indicative quotations and parameters obtained from market data providers. Market prices, quotations and parameters are validated by LBBW (Bank) by means of statistical methods or as part of the independent price verification process (IPV). The fair values are reduced by the value-at-risk for these portfolios determined in line with regulatory requirements (10-day holding period, 99.0% confidence level, 250-day observation period). On the balance sheet, the reduction affects the balance sheet item of trading assets.

The absolute amount of the risk discount is EUR 21 million for LBBW (Bank) as at 31 December 2017 (2016: EUR 24 million).

This procedure ensures that the income statement drawn up in line with the German Commercial Code takes into account any potentially remaining realization risks in line with the conservatism principle.

Owing to positive net income from the trading portfolio for the 2017 financial year, an allocation was made to the fund for general banking risks in line with Section 340e (4) HGB.

Observable parameters are used for valuation methods for financial instruments in and outside the trading portfolio, if available. The application of these models and the use of these parameters require assumptions and estimates on the part of the management, the extent of which depends on the transparency and availability of market data information and the complexity of the instrument in question. These involve a certain level of uncertainty and may be subject to change. Therefore, actual results and values may differ from these assumptions and estimates.

The main parameters used in the valuation models of LBBW (Bank) are listed in the following table:

Derivatives/financial instruments	Valuation models	Material parameters <sup>1</sup>
Interest rate swaps and options	Net present value method, Black-Scholes, replication and Copula-based models, Markov functional model and Libor market models	Yield curves, swaption volatility, cap volatility, correlations, mean reversion
Forward rate agreements	Net present value method	Yield curves
Forward commodity agreements, currency forwards	Net present value method	Commodity rates/exchange rates, yield curves
Stock/index options, equity index/dividend futures <sup>2</sup>	Black-Scholes, local volatility model, present value method	Equity prices, share volatility, dividends, interest rates (swap, repo)
Currency options	Garman-Kohlhagen (modified Black-Scholes)	FX rates, yield curves, FX volatility
Commodity options	Garman-Kohlhagen (modified Black-Scholes)	Commodity rates, yield curves, volatility
Credit derivatives	Intensity model, credit correlation model	Credit spreads, yield curves, correlations
Money market transactions	Net present value method	Credit spreads, yield curves
Borrower's note loans, loans	Net present value method	Credit spreads, yield curves
Securities, forward security transactions	Net present value method	Securities prices, credit spreads, yield curves
Own bearer notes and borrower's note loans issued	Net present value method	Yield curves, own credit spread

<sup>1</sup> For the counterparty default risk of OTC derivatives a credit value adjustment is calculated using credit spreads, taking into account collateral and netting agreements.

<sup>2</sup> The valuation models for equity derivatives are based on OTC as well as on exchange-traded derivatives.

The valuation methods include all factors and parameters which LBBW (Bank) believes would also be considered by market participants. If the valuation methods do not take individual factors into account, valuation adjustments are conducted. Value adjustments are determined by Risk Controlling and documented in a valuation adjustment policy. Significant value adjustments affect, among other things, valuation adjustments for counterparty credit risk (credit valuation adjustment, CVA) and own credit risk (debt valuation adjustment, DVA) of OTC derivatives and valuation adjustments to take into account bid/ask spreads (close-out costs). LBBW (Bank) makes further valuation adjustments to take account of model weaknesses and valuation uncertainties (model valuation adjustments), including when determining the fair value of certain interest rate and credit derivatives. Differences arising between the price calculated by the model and the price traded on the transaction day are taken into account as day-1 P&L valuation adjustment. Collateralized OTC derivatives are mostly discounted on the basis of EONIA rates.

The key issue in recognizing derivative financial instruments in the annual financial statements of LBBW (Bank) is whether they are components of valuation units (micro hedges) or are used in the course of trading or are used for the (internal) management of the interest margin of the interest-bearing transactions of the banking book (loss-free valuation in the banking book).

With due regard to accounting practice statement IDW RS HFA 22, issued by the Main Committee (Hauptfachausschuss) of the Institute of Public Auditors in Germany (IDW), ancillary agreements of a derivative nature, whose market price risks are included in portfolio-related management of trading positions, are disclosed separately from the underlying transactions.

The tables exclude ancillary agreements of a derivative nature that are not reported separately on the balance sheet but that are instead components of structured instruments (so-called structured financial instruments) and are therefore included as assets or liabilities in the corresponding balance sheet items. The tables exclude netting and collateral agreements which mitigate default risks.

In addition to the main valuation parameters already named, there are further influencing factors for derivatives which determine the extent, time and collateral of future cash flows.

In the case of options in particular, there are transaction-related payment terms (e. g. trigger for exotic options, redemption date for premiums, structuring the option as American or European). Upfront or balloon payments can be agreed for interest rate swaps. Furthermore, the creditworthiness of the counterparties and the Bank or the resulting default risk has a significant effect on future cash flows. For this purpose, the LBBW (Bank) draws up a credit valuation adjustment (CVA) or reaches collateral agreements with counterparties. Furthermore, LBBW (Bank) is a direct clearing member for the purposes of clearing interest rate swaps via central counterparties. The variation margin is offset against the fair values. In the case of standardized derivatives traded at derivatives exchanges, margining can be agreed which hedges payments between counterparties.

#### Credit derivatives outside the trading portfolio.

Credit derivatives outside the trading portfolio are used in the form of credit default swaps and products with ancillary agreements of a credit default swap nature for risk assumption, arbitrage, hedging and efficient portfolio management with regard to credit risks.

In accordance with statement IDW RS BFA 1, the treatment of credit derivatives differs depending on their purpose.

Protection seller transactions in the non-trading portfolio are included in the item »Contingent liabilities«, sub-item b) »Liabilities from guarantees and warranties«.

Credit derivatives in the non-trading portfolio that were entered into by LBBW as a protection buyer are then treated as credit collateral received, if a documented hedging purpose exists in relation to another transaction subject to credit risk and the derivatives are objectively appropriate for reducing risk. As credit collateral received, these credit derivatives are not recorded in the balance sheet (such as with guarantees received) but are taken into consideration when calculating the necessary allowances for losses on loans and advances for the hedged transaction.

Credit derivatives used for portfolio management purposes with regard to credit risks are not valued using the mark-to-market method provided the credit default swap constitutes an original lending transaction for LBBW (Bank). A prerequisite in this respect is the intention to hold the investment to maturity, and the credit default swap must not contain structures that cannot be part of the original lending transaction. Corresponding provisions for anticipated losses are created for credit derivatives for which there is no intention to hold.

Credit derivatives in the non-trading portfolio that do not fulfill these conditions are valued separately. Unrealized valuation gains are offset only if the credit risk relates to one and the same reference debtor. Provisions for anticipated losses from pending transactions are created for unrealized valuation losses, if necessary after netting unrealized valuation gains. The results are included in depreciations and write-downs of loans and certain securities, as well as additions to provisions for credit risks. Any valuation gains remaining after netting are not recognized. The combined management report (risk and opportunity report) contains information about the scope and development of the LBBW (Bank) market price risks.

#### Equity investments and shares in affiliates.

Equity investments and shares in affiliates are carried at cost or the fair value on the reporting date (if lower) in the case of continued impairment losses. Provided the reasons for impairment in earlier financial years have elapsed, reversals of impairment losses up to the amount of the fair value are carried out to a maximum of the acquisition costs. In the case of impairments which are expected not to be permanent, the option of Section 253 (3) sentence 4 HGB is exercised in conjunction with Section 340e (1) HGB, so that no write-downs are recognized on the lower fair value (less strict lower-of-cost-or-market principle).

Sales profit or loss from equity investment transactions is recorded in other operating income or expenses on the basis of Section 340c (2) sentence 2 HGB. For a list of shareholdings in accordance with Section 285 no. 11 HGB, refer to the chapter List of shareholdings.

The value of equity investments and shares in affiliates is determined on the reporting date on the basis of published stock market price quotations, price quotations from market data providers or recognized valuation methods (e. g. net income value or discounted cash flow method).

**Intangible assets and property and equipment.**

Acquired intangible assets are carried at acquisition cost less scheduled depreciation and, where necessary, unscheduled write-downs.

Internally-generated intangible assets held as long-term investments are recognized in accordance with Section 248 (2) HGB and carried at production cost less scheduled depreciation and, where necessary, unscheduled write-downs.

Tangible assets are carried at acquisition or production cost less scheduled depreciation and, where necessary, unscheduled write-downs.

Scheduled depreciation is effected at the rates permitted by tax laws since, in the view of LBBW (Bank), these correspond to the economic life.

**Liabilities.**

Liabilities are recognized at the settlement amount as per Section 253 (1) HGB. Differences between issue amount and settlement amount which are related to interest are allocated to deferred items and recognized proportionally in net interest income over the period. Deferred interest is reported directly in liabilities. Zero coupon bonds are recognized including the pro rata interest rate in accordance with Section 22 (2) sentence 3 RechKredV.

Securities repurchase transactions with central counterparties are presented in net terms. The transactions were concluded on the basis of framework agreements which provide for the offsetting of financial assets and financial liabilities.

**Provisions.**

Provisions for discounting the pension obligations are calculated on the basis of actuarial principles pursuant to Section 253 HGB and the 2005 G mortality tables (Heubeck-Richttafeln-GmbH, Cologne 2005).

The projected unit credit method was used as an actuarial calculation method. Accrual allocation of benefit payments during employment and actuarial assumptions are used for the assessment. According to Section 253 (2) HGB, the average 10-year discount rate for pension provisions is 3.68%, compared with the average seven-year discount rate of 2.80%. Expected wage and salary increases are 1.85%, plus a career trend of 0.50% based on an age up to 50. The future annual rate of pension increase remains at 1.70% and a company-specific fluctuation of 4.00% is assumed.

The difference calculated in accordance with Section 253 (6) sentence 1 HGB and arising from the switch from a provisions for pensions approach as determined by the corresponding average market interest rate from the last seven financial years to an approach based on ten financial years amounts to EUR 246 million.

According to Article 67 (1) sentence 1 of the Introductory Act to the German Commercial Code (EGHGB), which sets out the transitional provisions relating to the Act on the Modernization of Accounting Law (Bilanzrechtsmodernisierungsgesetz – BilMoG), the additions to the provisions for pensions can be spread out over 15 years as a consequence of the first-time application of BilMoG. LBBW (Bank) has used this option and added EUR 26.5 million (1/15) to the provisions for pensions in the past financial year. The remaining residual amount is EUR 185.3 million; additions of at least EUR 26.5 million must be added annually until 31 December 2024.

A unit-linked commitment (LBBW VorsorgeFonds Plus), which invests via a life-cycle model through a contractual trust arrangement (CTA), was introduced for new entrants after 31 December 2016. The new regulation will take effect from 1 January 2026 for employees of capital account plan 2000 and 2005 with entry dates before 1 January 2017. EUR 0.2 million in obligations from the LBBW VorsorgeFonds Plus were offset against the plan assets with a fair value of EUR 0.2 million. The obligations for the LBBW VorsorgeFonds Plus were offset against the plan assets measured at fair value.

Plan assets of EUR 8.7 million were set up as at year-end 2017 for the obligation for settlement arrears from partial retirement contracts. This corresponds to the fair value of the plan assets as at 31 December 2017. The obligations for settlement arrears from partial retirement contracts were offset against the plan assets in line with Section 246 (2) sentence 2 HGB.

As at 31 December 2017, EUR 66.6 million in obligations from the LBBW FlexiWertkonto (working time account) were offset against the plan assets with a fair value of EUR 58.0 million. The acquisition costs amount to EUR 54.6 million. The obligations for the FlexiWertkonto were offset against the plan assets measured at fair value. Expenses of EUR 7 million (higher obligations in 2017) were offset against income of EUR 6.8 million (increase in plan assets in 2017).

Indirect obligations not carried in the balance sheet in accordance with Article 28 (1) sentence 2 EGHGB amounted to EUR 287.8 million as at 31 December 2017.



Other provisions are calculated under consideration of all contingent liabilities and anticipated losses from pending transactions on the basis of conservative commercial assessment. Provisions with a residual term over one year are discounted at the seven-year average discount rate published by Deutsche Bundesbank in accordance with Section 253 (2) HGB.

The continuation option for provisions as part of the BilMoG conversion balance in line with Article 67 (1) EGHGB is exercised. Overcollateralization amounts to EUR 0.1 million as at 31 December 2017.

#### Loss-free valuation in the banking book.

The business activities of the banks within the scope of the banking book do not permit regular immediate reciprocal allocation of individual financial instruments. However, regardless of this, there is an economic link between these transactions (funding partnership) due to their objective (achieving an interest margin). Accordingly, LBBW (Bank) manages the interest margin/change in present value of all interest-bearing transactions as a whole in the banking book. This (internal) management of the banking book also provides the framework for the application of the imparity principle in commercial law.

A provision that might be required in line with Section 340a in conjunction with Section 249 (1) sentence 1, 2nd alternative HGB (provision for onerous contracts) thus extends to all interest-bearing financial instruments in the banking book. The valuation of the interest-rate position of the entire banking book and the associated risk and administrative costs must be included in the calculation of negative excess liability, if any, as part of the loss-free valuation of interest-bearing transactions of the banking book. The Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer – IDW) has answered individual questions on the procedure in a statement issued on this topic (IDW RS BFA 3).

LBBW (Bank) applied statement IDW RS BFA 3 as at the reporting date. LBBW (Bank) uses the net present value method. No negative excess liability existed. Accordingly, no provisions were created.

#### Valuation units.

In the case of valuation units, underlying transactions (assets, debt and derivatives separable from the balance sheet) are linked with hedging transactions (derivative financial instruments and some on-balance sheet assets) to hedge market price risks (hereinafter referred to as micro hedge).

The hedged risks include general and structured interest rate risks, equity risks, credit risks and currency risks.

#### Methods of measuring effectiveness:

When a valuation unit is formed and on each reporting date, a check is carried out prospectively as to whether effective hedging is in place. The micro hedges, in particular, which are created for the purpose of hedging structure interest-rate and other market price risks, are structured in such a way as to ensure that the main factors (hedged risk, nominal amount, currency and duration) receive the same or almost the same coverage. In the case of these valuation units and, in general, when a valuation unit is formed, a check is carried out for the compensatory settlement of hedged risks for underlying and hedging transactions; to this end, a comparison is carried out between these factors in the underlying and hedging transactions. In the case of micro hedges that hedge the general interest rate risk a regression analysis is carried out on each reporting date to investigate the compensatory effect. If the above-mentioned comparison or regression analysis is positive, effectiveness (between the change in the value of the underlying transactions and hedging transactions with reference to the hedged risk) is also expected for the future (the remaining maturity of the transactions).

Retrospective valuation of effectiveness takes place on each reporting date with the help of the dollar-offset method. According to this method, the underlying transaction is valued for the hedged risk and compared with the valuation of the hedging transaction for the hedged risk (e. g. interest rate risk). This also forms the basis for calculating the previous invalidity and any loss peak. The procedure is already applied for the majority of valuation units formed for the purpose of hedging the general interest rate risk. In the case of all other valuation units formed for the purpose of hedging the structured interest rate risk or other market price risks, the valuation of the hedged risk of the underlying is derived from the valuation of the hedging transaction.

The changes in value of hedging and underlying transactions are calculated on the balance sheet for the effective part using the net hedge presentation method, with only a loss peak applied on the balance sheet as a provision for valuation units. The loss peak (ineffectiveness from the hedged risk) is taken into account in the income statement.

Brokered, structured derivative, from which the market price risk is eliminated, are treated as economic hedges in risk management. These transactions are allocated to the trading book (so-called back-to-back operations) in the financial statements pursuant to German law.

For recognition of market price risks, refer to the chapter on market price risks in the combined management report (risk and opportunity report) for the 2017 annual financial statements.

#### Currency translation.

In order to determine the currency position, LBBW (Bank) offsets foreign currency assets and foreign currency liabilities arising from on-balance transactions by currency. The application of the particular cover is derived from the Bank's internal binding FX policy. Currency risks resulting from non-trading assets are generally transferred to the trading books. Accordingly, expenses or income generated from them are ultimately reported under net trading income/loss.

Assets and liabilities are translated at the mid-spot exchange rate as at the reporting date. Differences resulting from the translation of hedged assets and liabilities at the mid-spot exchange rate correspond to the balance of the fair values of the currency forwards, cross-currency/interest-rate swaps and currency swaps. Currency forwards, cross-currency/interest-rate swaps and currency swaps, provided that they do not form part of a valuation unit and are not concluded for the purpose of liquidity management of the banking book, are allocated to the trading portfolio. In the balance sheet these derivatives are recognized at fair value as part of the positive or negative fair values in trading assets/liabilities.

The swap points are accrued and shown in interest income or interest expense for currency forwards.

#### Deferred taxes.

There is a recognition option for net lending positions resulting from the overall view of deferred tax assets and liabilities and a recognition obligation for net borrowing positions. Accordingly, LBBW (Bank) has not exercised the option in Section 274 (1) sentence 2 HGB regarding the recognition of deferred tax assets.

Deferred tax liabilities from different temporary taxable differences between book value and tax base, especially for property and equipment, intangible assets, equity investments and shares in affiliates were offset against deferred tax assets on tax loss carryforwards and deductible temporary differences on provisions (particularly for pensions), loans and advances to customers, financial investments and deferred income. Deferred tax assets beyond the scope of offsetting were not recognized as assets, not exercising the option referred to in Section 274 (1) sentence 2 HGB.

Company-specific tax rates were used in the recognition of deferred taxes. For the domestic tax group, the corporate income tax was recognized at 15.83% including solidarity surcharge. An average trade tax rate of 14.66% was used for the domestic tax group. Deferred taxes for the foreign branches were recognized at the statutory tax rates applicable in those locations, ranging from 12.00% to 26.60%.

## Notes to the balance sheet.

### 3. Relationships with affiliates and companies in which equity interests are held, and with affiliated savings banks (Sparkassen), receivables and debentures.

The following balance sheet items include receivables and debentures to affiliates or companies in which an equity investment is held:

EUR million	31 Dec. 2017	31 Dec. 2016
<b>Loans and advances to banks</b>	<b>45 522</b>	<b>39 116</b>
of which to affiliates	45	43
of which to companies in which equity interests are held	1 771	1 819
of which to affiliated savings banks (Sparkassen)	20 641	18 983
<b>Loans and advances to customers</b>	<b>102 886</b>	<b>107 214</b>
of which to affiliates	3 422	3 068
of which to companies in which equity interests are held	247	200
<b>Debentures and other fixed-income securities</b>	<b>22 462</b>	<b>25 406</b>
of which from affiliates	0	0
of which from companies in which equity interests are held	0	0

### 4. Maturity structure of the receivables and debentures

The following table contains a breakdown of the remaining maturity of the receivables and debentures (including pro rata interest):

EUR million	31 Dec. 2017	31 Dec. 2016
<b>Loans and advances to banks</b>	<b>45 522</b>	<b>39 116</b>
up to 3 months	18 917	14 055
more than 3 months to 1 year	5 653	4 339
more than 1 year to 5 years	11 735	11 474
more than 5 years	9 218	9 248
<b>Loans and advances to customers</b>	<b>102 886</b>	<b>107 214</b>
up to 3 months	15 741	19 722
more than 3 months to 1 year	11 556	11 822
more than 1 year to 5 years	38 476	42 359
more than 5 years	37 114	33 312
<b>Debentures and other fixed-income securities</b>	<b>22 462</b>	<b>25 406</b>
of which due in the following year	4 328	1 524

In the course of the realignment of the Bank's treasury strategy, transactions for liquidity purposes are generally concluded in the non-trading portfolio from now on. This strategy was continued in the year under review and applied to the foreign branches. This explains the strong shifts between individual balance sheet items (in particular the trading portfolio, receivables, liabilities).

### 5. Subordinated assets.

Subordinated assets are included in the following asset items:

EUR million	31 Dec. 2017	31 Dec. 2016
Loans and advances to banks	317	317
Loans and advances to customers	164	218
Debentures and other fixed-income securities	94	51
Equities and other non-fixed-income securities	0	0
Trading assets	44	151

### 6. Transactions with firm repurchase agreements.

The carrying amount of securities sold to other banks and non-banks under repurchase agreements as at the balance sheet date was EUR 5 430 million (2016: EUR 8 336 million).

## 7. Securities and equity investments.

The asset items below include marketable securities as well as securities, equity investments and shares in affiliates measured at the less strict lower-of-cost-or-market principle:

EUR million	31 Dec. 2017	31 Dec. 2016
<b>Debentures and other fixed-income securities</b>		
marketable	22 462	25 406
of which listed	19 719	11 039
No write-down due to temporary impairment		
Carrying amount	1 741	1 970
Fair value	1 564	1 790
<b>Equities and other non-fixed-income securities</b>		
marketable	108	117
of which listed	0	0
No write-down due to temporary impairment		
Carrying amount	0	0
Fair value	0	0
<b>Equity investments</b>		
marketable	435	433
of which listed	423	429
No write-down due to temporary impairment		
Carrying amount	0	0
Fair value	0	0
<b>Shares in affiliates</b>		
marketable	10	12
of which listed	0	0
No write-down due to temporary impairment		
Carrying amount	0	0
Fair value	0	0

With micro-hedged transactions, as a result of the net hedge presentation method, the carrying amounts shown above do not include any corresponding adjustments to the book values for hedged risks (please refer to the chapter Valuation units). If the carrying amounts had been adjusted, the omitted write-downs of the debentures and other fixed-income securities would decline by EUR 119 million (2016: EUR 97 million decrease).

## 8. Shares in investment fund assets.

The value of the shares in investment fund assets is determined on the reporting date on the basis of published redemption prices in the case of retail funds and the fair values provided in the case of special funds.

EUR million						
Investment objective	Name	Fair value	Difference to carrying amount	Distribution for the financial year	Daily return possible	Unscheduled write-downs omitted
Equity fund	BL - Equities Dividend Inhaber-Anteile	9	0	0	yes	no
Equity fund	FP Shenkman-Hansa Hgh Yld FdRegistered	45	0	2	yes	no
Investment funds – closed-end fund investments	F&C European Cap.Partn.B L.P. <sup>1</sup>	16	-13	0	no	no
Sector fund	LBBW RS Flex Inhaber-Anteile	35	0	0	yes	no
Money market fund	CM-CIC Euro Money Market Cash	300	0	0	yes	no
Mixed fund	Humboldt Mul.Inv.B-S.Lbk Dep.A	2	0	0	yes	no
Bond fund	IPAM RentenWachstum Inhaber-Anteile	4	0	0	yes	no
Bond fund	LBBW KF-Teilf.SchuldscheinDar.	21	0	0	yes	no
Bond fund	LBBW Untern.anleih. Euro Offen. Inhaber-Anteile	26	0	1	yes	no
Bond fund	OP-Fonds SKP 1)	197	119	0	yes	no
		<b>653</b>	<b>106</b>	<b>3</b>		

<sup>1</sup> The fund units form part of an asset-linked note, that is, the holder of the associated LBBW (Bank) issue is entitled to the performance from the fund units.

## 9. Trading portfolio.

The trading portfolio is composed as follows:

EUR million	Trading assets		Trading liabilities	
	31 Dec. 2017	31 Dec. 2016	31 Dec. 2017	31 Dec. 2016
Derivative financial instruments	8 511	9 684	6 575	5 222
Receivables/liabilities	3 553	8 132	7 461	39 926
Debentures and other fixed-income securities	7 461	10 386	-	-
Equities and other non-fixed-income securities	1 902	740	-	-
Other assets	3	3	-	-
	<b>21 429</b>	<b>28 945</b>	<b>14 036</b>	<b>45 148</b>

In the course of the realignment of the Bank's treasury strategy, transactions for liquidity purposes are generally concluded in the non-trading portfolio from now on. This strategy was continued in the year under review and applied to the foreign branches. This explains the strong shifts between individual balance sheet items (in particular the trading portfolio, receivables, liabilities).

## 10. Derivatives.

The following tables provide information on derivative financial instruments pursuant to Section 285 nos. 19 and 20 HGB in conjunction with Section 36 RechKredV that existed at LBBW (Bank) as at the balance sheet date.

### Derivative transactions – Product structure – Recognized at fair value.

EUR million	Nominal values		Positive fair value <sup>1 2 3 4</sup>		Negative fair value <sup>1 2 3 4</sup>	
	31 Dec. 2017	31 Dec. 2016	31 Dec. 2017	31 Dec. 2016	31 Dec. 2017	31 Dec. 2016
Interest rate swaps	1 163 272	958 635	6 110	7 583	3 617	2 264
FRAs	6 550	30 626	0	0	2	0
Interest rate options	76 316	67 017	348	117	437	58
Purchases	31 410	25 993	250	105	57	23
Sales	44 906	41 024	98	12	380	35
Caps, floors, collars	30 026	31 531	51	10	45	12
Other interest rate contracts	1 772	1 626	9	3	60	86
Exchange-traded interest rate products	55 967	119 083	0	0	0	0
<b>Interest rate risks – overall</b>	<b>1 333 903</b>	<b>1 208 519</b>	<b>6 518</b>	<b>7 713</b>	<b>4 161</b>	<b>2 420</b>
Currency forwards	184 139	151 790	1 172	1 253	980	946
Interest-rate/currency swaps	24 000	24 836	262	332	340	789
Currency options	9 091	8 319	30	82	97	55
Purchases	4 440	3 995	30	82	0	0
Sales	4 651	4 324	0	0	97	55
<b>Currency risks – total</b>	<b>217 230</b>	<b>184 945</b>	<b>1 464</b>	<b>1 667</b>	<b>1 417</b>	<b>1 790</b>
Stock options	1 173	588	26	24	6	3
Purchases	539	255	26	24	22	22
Sales	634	333	0	0	-16	-18
Exchange-traded equity and index products	20 535	15 571	529	372	742	801
Commodities	2 313	1 732	68	60	78	37
of which exchange-traded	0	940	0	38	0	28
Other equity derivatives	1 248	441	13	1	18	36
<b>Equity and other price risks – overall</b>	<b>25 270</b>	<b>18 332</b>	<b>636</b>	<b>456</b>	<b>844</b>	<b>878</b>
Credit derivatives (protection seller)	6 859	9 480	28	0	0	1
Credit derivatives (protection buyer)	4 314	6 488	-136	-152	152	133
<b>Credit derivatives</b>	<b>11 173</b>	<b>15 969</b>	<b>-107</b>	<b>-152</b>	<b>152</b>	<b>134</b>
<b>Risks – overall</b>	<b>1 587 576</b>	<b>1 427 764</b>	<b>8 511</b>	<b>9 684</b>	<b>6 575</b>	<b>5 223</b>

1 Including interest deferral (dirty price).

2 The fair value of transactions concluded on the basis of framework agreements that provide for a daily exchange of the margin collateral will be presented in net terms. The net presentation includes the fair value of the derivatives and the margin collateral.

3 The positive and negative fair values do not include the premiums of internal transactions. This can, in individual cases, result in the reporting of negative values.

4 The valuations peaks from internal derivatives were shown in the fair values of the trading book derivatives.

## Derivative transactions – Product structure – Not recognized at fair value.

EUR million	Nominal values		Positive market value <sup>1,3</sup>		Negative market value <sup>1,3</sup>	
	31 Dec. 2017	31 Dec. 2016	31 Dec. 2017	31 Dec. 2016	31 Dec. 2017	31 Dec. 2016
Interest rate swaps	234 005	99 049	878	1 143	1 810	2 230
FRAs	50	4 500	0	0	0	0
Interest rate options	2 135	1 733	57	67	0	0
Purchases	959	1 278	59	69	0	0
Sales	1 176	455	-2	-2	0	0
Other interest rate contracts	587	1 569	1	1	0	1
Exchange-traded interest rate products	105 172	3 649	0	0	0	0
Caps, floors, collars	0	0	0	0	0	0
<b>Interest rate risks – overall</b>	<b>341 949</b>	<b>110 499</b>	<b>936</b>	<b>1 211</b>	<b>1 811</b>	<b>2 231</b>
Currency forwards	0	0	0	0	0	0
Interest-rate/currency swaps	3 024	5 036	83	139	-2	28
<b>Currency risks – total</b>	<b>3 024</b>	<b>5 036</b>	<b>83</b>	<b>139</b>	<b>-1</b>	<b>28</b>
Stock options	0	0	2	6	35	42
Purchases	0	0	2	6	0	0
Sales	0	0	0	0	35	42
Other equity derivatives	24	28	0	1	0	0
<b>Equity and other price risks – overall</b>	<b>24</b>	<b>28</b>	<b>2</b>	<b>7</b>	<b>35</b>	<b>42</b>
Credit derivatives (protection seller)	32	256	-5	0	0	0
Credit derivatives (protection buyer)	3 486	4 039	138	157	134	157
<b>Credit derivatives</b>	<b>3 519</b>	<b>4 296</b>	<b>133</b>	<b>157</b>	<b>134</b>	<b>157</b>
<b>Risks – overall</b>	<b>348 516</b>	<b>119 859</b>	<b>1 154</b>	<b>1 515</b>	<b>1 978</b>	<b>2 458</b>

<sup>1</sup> Including interest deferral (dirty price).

<sup>3</sup> The positive and negative fair values do not include the premiums of internal transactions. This can, in individual cases, result in the reporting of negative values.

Most of the transactions previously referred to are concluded to cover interest rate, exchange rate or market price fluctuations, as well as for customer transactions and hedging these customer transactions.

With regard to the valuation models used, refer to the information under the chapter General Accounting and Valuation Methods.

Please refer to the data presented in the Other assets and Other liabilities items for Information on the carrying amount of options in the form of option premiums.

Protection seller transactions in credit derivatives in the non-trading portfolio are included in the item »Contingent liabilities«, sub-item b) »Liabilities from guarantees and warranties«. There were no protection seller transactions in credit derivatives in the non-trading portfolio in the year under review (2016: nominal EUR 250 million).

## Derivative transactions – maturity structure (by remaining maturity).

Nominal values					
EUR million	Up to 3 months	More than 3 months to 1 year	More than 1 year to 5 years	More than 5 years	Total
<b>Interest rate risks</b>					
31 Dec. 2017	196 847	261 585	633 720	583 700	1 675 852
31 Dec. 2016	193 445	211 726	480 834	433 013	1 319 018
<b>Currency risks</b>					
31 Dec. 2017	138 280	39 334	33 875	8 764	220 253
31 Dec. 2016	102 942	41 322	36 035	9 683	189 982
<b>Equity and other price risks</b>					
31 Dec. 2017	4 362	8 092	11 938	903	25 294
31 Dec. 2016	3 608	5 880	7 282	1 589	18 360
<b>Credit derivatives</b>					
31 Dec. 2017	1 341	3 074	8 384	1 893	14 692
31 Dec. 2016	826	3 715	12 940	2 783	20 264
<b>Risks – overall</b>					
31 Dec. 2017	340 830	312 084	687 917	595 260	1 936 091
31 Dec. 2016	300 820	262 643	537 091	447 069	1 547 623

## Derivative transactions – by counterparty.

EUR million	Nominal values		Positive fair value <sup>1</sup>		Negative fair value <sup>1</sup>	
	31 Dec. 2017	31 Dec. 2016	31 Dec. 2017	31 Dec. 2016	31 Dec. 2017	31 Dec. 2016
Banks in the OECD	738 118	625 116	4 620	4 554	5 974	4 875
Banks outside the OECD	18 841	10 096	419	42	126	415
Public-sector agencies in OECD countries	38 442	41 072	3 007	3 583	215	288
Other counterparties	1 140 690	871 339	1 619	3 019	2 238	2 103
<b>Counterparties – total</b>	<b>1 936 091</b>	<b>1 547 623</b>	<b>9 666</b>	<b>11 199</b>	<b>8 553</b>	<b>7 681</b>

<sup>1</sup> Including interest deferral (dirty price).

## 11. Currency translation.

Foreign currency assets worth EUR 73.2 billion (2016: EUR 15.3 billion) and foreign currency liabilities worth EUR 66.3 billion (2016: EUR 20.1 billion), as well as income and expenses included in the financial statements were translated in compliance with Section 256a and Section 340h HGB and statement IDW RS BFA 4 from the Institute of Public Auditors in Germany (IDW). Assets and liabilities do not include any assets or liabilities from pending transactions. They are included in the derivatives tables in the chapter Derivatives. The risk of exchange rate movements associated with balance sheet items denominated in foreign currencies, including precious metals, is primarily covered by off-balance-sheet hedging transactions.

## 12. Fixed assets.

The following table shows the changes in fixed assets:

EUR million	Cost of acquisition	Additions	Disposals	Reclassifications	Reversals of impairment losses	Cumulative depreciation and write-downs	Depreciation and write-downs during the financial year	Accrued interest	Carrying amount 31 Dec. 2017	Carrying amount 31 Dec. 2016
Equity investments	801	157	- 88	- 8	3	- 231	- 5	0	631	564
Shares in affiliates	1 970	0	- 128	8	11	- 184	- 24	0	1 667	1 802
Securities allocated to fixed assets	9 610	1	- 7 474	0	0	- 19	0	26	2 144	9 630
Intangible assets	751	60	- 24	0	0	- 564	- 66	0	221	228
Land and buildings	1 287	15	- 231	- 1	0	- 297	- 24	0	772	899
of which: land and buildings used commercially	1 092	14	- 120	0	0	- 235	- 21	0	751	796
Other facilities, operating and office equipment	369	3	- 27	0	0	- 267	- 11	0	78	88
<b>Total assets</b>	<b>14 788</b>	<b>236</b>	<b>- 7 972</b>	<b>- 1</b>	<b>14</b>	<b>- 1 562</b>	<b>- 130</b>	<b>26</b>	<b>5 513</b>	<b>13 211</b>

The option described in Section 248 (2) HGB is being exercised. Development costs in the 2017 financial year were accounted for fully by the internally-generated intangible assets, which amounted to EUR 20 million (2016: EUR 4 million).

**13. Fiduciary transactions.**

The following table contains a breakdown of trust assets and trust liabilities:

EUR million	31 Dec. 2017	31 Dec. 2016
<b>Trust assets</b>	<b>433</b>	<b>531</b>
Loans and advances to banks	318	374
Loans and advances to customers	113	154
Debentures and other fixed-income securities	0	0
Equities and other non-fixed-income securities	2	2
Equity investments	0	0
Property and equipment	0	0
<b>Trust liabilities</b>	<b>433</b>	<b>531</b>
Deposits from banks	431	528
Deposits from customers	2	2

**14. Other assets.**

Items of particular significance included in the other assets of LBBW (Bank) are margins and option premiums of EUR 800 million (2016: EUR 541 million), other assets in affiliates and companies in which an equity investment is held totaling EUR 130 million (2016: EUR 110 million) and tax refund claims of EUR 118 million (2016: EUR 127 million).

The tax refund claims in Germany primarily include income tax assets from past financial years amounting to EUR 58 million (2016: EUR 80 million), tax assets from the current financial year in the amount of EUR 15 million (2016: EUR 15 million) as well as other tax receivables of EUR 40 million (2016: EUR 29 million), comprising mainly interest receivables and VAT receivables from the domestic tax office. In addition, there are receivables from foreign tax authorities in the amount of EUR 5 million (2016: EUR 3 million).

The refund claims stand in contrast to the LBBW (Bank) tax provisions amounting to EUR 34 million (2016: EUR 46 million).

**15. Deferred items.**

Deferred items include the following amounts:

EUR million	31 Dec. 2017	31 Dec. 2016
<b>Prepaid expenses</b>	<b>2 376</b>	<b>2 353</b>
Discount from liabilities in line with Section 250 (3) HGB	138	158
Premium from receivables in line with Section 340e (2) sentence 3 HGB	456	274
<b>Deferred income</b>	<b>2 619</b>	<b>2 900</b>
Discount from receivables in line with Section 340e (2) sentence 2 HGB	113	138

Deferred items also include one-off payments from interest rate and cross-currency interest rate swaps of EUR 279 million (2016: EUR 111 million) on the assets side and EUR 335 million (2016: EUR 181 million) on the liabilities side.



### 16. Relationships with affiliates and companies in which equity interests are held, and with affiliated savings banks (Sparkassen) – liabilities.

The following balance sheet items include liabilities to affiliates or companies in which an equity investment is held:

EUR million	31 Dec. 2017	31 Dec. 2016
<b>Deposits from banks</b>	<b>58 813</b>	<b>44 024</b>
of which to affiliates	2	2
of which to companies in which equity interests are held	366	512
of which to affiliated savings banks (Sparkassen)	4 616	4 830
<b>Deposits from customers</b>	<b>79 567</b>	<b>71 194</b>
of which to affiliates	610	447
of which to companies in which equity interests are held	227	316
<b>Securitized liabilities</b>	<b>43 910</b>	<b>34 840</b>
of which to affiliates	0	0
of which to companies in which equity interests are held	0	0
<b>Subordinated liabilities</b>	<b>4 328</b>	<b>4 481</b>
of which to affiliates	0	0
of which to companies in which equity interests are held	0	0

### 17. Maturity structure of the liabilities.

The remaining maturities of the liabilities (including pro rata interest) are as follows:

EUR million	31 Dec. 2017	31 Dec. 2016
<b>Deposits from banks with agreed duration or withdrawal notice</b>	<b>52 985</b>	<b>39 676</b>
up to 3 months	14 632	6 796
more than 3 months to 1 year	5 860	4 527
more than 1 year to 5 years	20 437	16 930
more than 5 years	12 056	11 424
<b>Savings deposits to customers with an agreed notice period of more than three months</b>	<b>580</b>	<b>171</b>
more than 3 months to 1 year	25	111
more than 1 year to 5 years	340	59
more than 5 years	215	0
<b>Other deposits from customers with an agreed duration or notice period, including mortgage-backed registered covered bonds issued and public-sector registered covered bonds issued</b>	<b>29 282</b>	<b>28 240</b>
up to 3 months	10 255	10 230
more than 3 months to 1 year	8 848	5 306
more than 1 year to 5 years	4 642	3 789
more than 5 years	5 537	8 915
<b>Securitized liabilities</b>	<b>43 910</b>	<b>34 840</b>
<b>a) Issued debentures</b>	<b>41 806</b>	<b>31 380</b>
of which due in the following year	13 981	6 497
<b>b) Other securitized liabilities</b>	<b>2 104</b>	<b>3 459</b>
up to 3 months	1 245	1 118
more than 3 months to 1 year	859	2 342
more than 1 year to 5 years	0	0
more than 5 years	0	0

### 18. Assets assigned as collateral for own liabilities.

Assets in the amounts stated below were assigned for the following liabilities and contingent liabilities.

EUR million	31 Dec. 2017	31 Dec. 2016
Deposits from banks	33 202	29 137
Deposits from customers	2 154	5 038
Securitized liabilities	0	101
Trading liabilities	1 949	1 964
Contingent liabilities	57	62
<b>Total amount of collateral transferred</b>	<b>37 362</b>	<b>36 301</b>

### 19. Other liabilities.

The most important individual components of the other liabilities item are margins and option premiums totaling EUR 623 million (2016: EUR 333 million), liabilities to affiliates of EUR 5 million (2016: EUR 9 million), distributions from silent partners' contributions amounting to EUR 44 million (2016: EUR 51 million) and taxes to be transferred amounting to EUR 40 million (2016: EUR 37 million). Most of these are liabilities from capital gains tax and sales tax self-assessment returns.

### 20. Valuation units.

The following table illustrates the amount by which assets and liabilities are incorporated to hedge which risks in valuation units as at 31 December 2017.

EUR million	Micro hedge						
	Carrying amount <sub>UT</sub>	Negative change in value			Positive change in value		
		Change in value <sub>UT</sub>	Change in value <sub>HT</sub>	Loss peak	Change in value <sub>UT</sub>	Change in value <sub>HT</sub>	Profit peak
<b>Assets</b>							
General interest rate risk	18 486	- 21	21	0	- 42	42	0
Structured interest rate risk and other market price risk	406	112	- 112	0	0	0	0
<b>Liabilities</b>							
General interest rate risk	- 5 036	- 3	3	0	- 15	15	0
Structured interest rate risk and other market price risk	- 2 159	- 581	581	0	0	0	0
<b>Contracts in progress</b>							
Structured interest rate risk and other market price risk	13	- 181	181	0	0	0	0
<b>Total</b>				0			0
				Provisions loss peak			Profit peak

UT = underlying transaction; HT = hedging transaction.

This results in a EUR 1 million reduction in both the profit and the loss peak as at 31 December 2016.

LBBW (Bank) includes two types of hedge relationships under micro hedges. In the first, individual underlying transactions are hedged by individual hedging transactions. In the other, one or more underlying transactions are hedged by one or more hedging transactions.

Both types of micro hedge are documented by means of clear referencing of the underlying and hedging transactions.

### 21. Subordinated liabilities.

The subordinated liabilities were raised in the form of borrower's note loans and issues denominated in EUR, USD, JPY, SGD and AUD. EUR 383 million was issued in the current year.

There are three subordinate liabilities whose nominal amounts each exceed 10% of the overall position.

Issue XS1246732249 sized at EUR 500 million bears a coupon of 3.625% and matures in 2025. Neither the creditor nor LBBW has an option of regular termination. The conditions of the subordination are in line with the requirements of the CRR.

Issue XS1072249045 sized at EUR 500 million bears a coupon of 2.875% and matures in 2026. There is no early repayment obligation unless LBBW (Bank) terminates the liability. The conditions of the subordination are in line with the requirements of the CRR.

Issue DE000LB1B2E5 sized at EUR 500 million bears a coupon of 2.875% and matures in 2026. Neither the creditor nor LBBW has an option of regular termination. The conditions of the subordination are in line with the requirements of the CRR.

Nominal amounts of EUR 53 million (2016: EUR 506 million) will mature within the next two years. The last subordinated liabilities will be repaid in 2041. The rate of interest ranges between 0.00% and 7.63%.

With the exception of issues with a nominal volume of EUR 56,000, the subordinated liabilities complied with the requirements of Article 63 CRR.

In the year under review, interest expense of EUR - 135 million (2016: EUR - 131 million) was incurred for subordinated liabilities.

## 22. Capital generated from profit-participation rights.

The capital generated by profit participation rights comprises 28 registered participation rights.

The creditors' rights are dependent on LBBW (Bank) net profit/loss for the year or unappropriated profit/loss pursuant to HGB and are guaranteed only until maturity.

The creditors receive an annual distribution provided no net loss for the year (two agreements) is incurred or there is no increase in unappropriated loss (26 agreements) pursuant to HGB. In addition, no distribution is made if the capital generated by profit participation rights that was reduced in the past by losses has yet to be replenished in full again.

If the capital generated by profit participation rights was lowered in the past, all agreements include the right to replenishment of the capital from net profit for the year or unappropriated profit pursuant to HGB. Provided the capital has been replenished again, the agreements provide for unpaid dividends to be carried forward if net profit for the year or unappropriated profit pursuant to HGB is available.

## 23. Equity.

The equity of LBBW (Bank) developed as follows in the financial year:

EUR million	
Equity as at 31 December 2016	14 583
- repayment of silent partners' contributions	- 129
- distribution to shareholders	- 219
+ unappropriated profit 2017	192
<b>Equity as at 31 December 2017</b>	<b>14 427</b>

The rights of creditors of 98 silent partners' contributions depend on the LBBW (Bank) net profit/loss for the year or unappropriated profit/loss pursuant to HGB and are guaranteed, unless it is formulated otherwise, only until maturity.

The creditors receive an annual distribution, provided the distribution does not lead to a net loss for the year (42 agreements) or unappropriated loss (56 agreements) pursuant to HGB, or that such a loss is increased as a result of the distribution. In addition, a distribution is not made if capital from silent partners' contributions that was reduced in the past has yet to be replenished in full again.

If the silent partners' contributions were reduced in the past, 96 agreements include the right to a replenishment of capital from net profit or unappropriated capital pursuant to HGB. Two agreements include the right to repayment of the silent partners' contribution even after four years. Provided the capital is replenished, 71 agreements also provide for a repayment of suspended distributions if net profit for the year or unappropriated profit pursuant to HGB is available.

## 24. Items below the line.

### Contingent liabilities.

EUR million	31 Dec. 2017	31 Dec. 2016
<b>Contingent liabilities</b>	<b>8 257</b>	<b>7 898</b>
Liabilities from guarantees and warranties	8 257	7 898

If a guarantee is drawn on, there is a risk for the LBBW (Bank) that its claim (for recourse) against the guarantee holder less the collateral is not valuable. If there are valid reasons for an expected claim, LBBW (Bank) creates specific provisions at the level of individual transactions, provided that imminent loss is expected. A collective provision is set aside for deferred risks.

The following contingencies and commitments exist in addition to the contingent liabilities shown in the table above:

Within the scope of necessary debt restructuring, a special-purpose vehicle - ICON Brickell LLC («ICON») was established by the syndicate to take ownership of the underlying real property security. LBBW is an indirect participant in ICON via Yankee Properties LLC («Yankee»). ICON's business purpose of selling the financed apartments has meanwhile been fulfilled. LBBW (Bank) and the other ICON partners have extended a guaranty (law of the federal state of Florida) for the obligations of ICON. This is based on payment obligations and on all other covenants and undertakings of Yankee towards ICON. As a result, claims could still (i.e. until the guaranty is surrendered) be referred to LBBW.

The following letters of comfort had been issued as at the balance sheet date:

LBBW has issued a letter of comfort, which reads as follows, in favor of the wholly-owned subsidiaries Landesbank Baden-Württemberg Capital Markets Plc, London, LBBW Asset Management Investmentgesellschaft mbH, Stuttgart, and SüdFactoring GmbH, Stuttgart:

Except for political risks and for the duration of an equity investment, for the companies listed in the list of shareholdings of LBBW, LBBW ensures that the companies are in a position to cover their liabilities, regardless of the amount of the interest held by the LBBW.

Obligations from the guarantor's liability:

LBBW (Bank) is liable indefinitely for the liabilities of DekaBank Deutsche Girozentrale, Berlin and Frankfurt am Main, and of former LBS Landesbausparkasse Baden- Württemberg, Stuttgart and Karlsruhe created up to 18 July 2001.

This also applies externally to the liabilities of the following credit institutions, provided that these liabilities arose during the time when LBBW was a guarantor of these credit institutions: the former Landesbank Schleswig-Holstein Girozentrale, Kiel, and the former LRP Landesbank Rheinland-Pfalz, Mainz.

#### Other obligations.

EUR million	31 Dec. 2017	31 Dec. 2016
<b>Other obligations</b>	<b>25 055</b>	<b>25 199</b>
Irrevocable loan commitments	25 055	25 199

The following matters within the item Other obligations are of material importance for total business activity: two special purpose entities that purchase and securitize trading, lease and bank receivables were provided with liquidity lines. These amounted to EUR 2 408 million and EUR 543 million, respectively, as at the reporting date. In addition, two irrevocable loan commitments of EUR 860 million and EUR 600 million are provided to two domestic companies.

The item Other obligations comprises the amount of commitment granted not but yet drawn on that the Bank may not revoke. If a guarantee is drawn on, there is a risk for the LBBW (Bank) that its claim against the borrower less the collateral is not valuable. If there are valid reasons for an expected claim, LBBW (Bank) creates specific provisions at the level of individual transactions, provided that imminent loss is expected. Provisioning on a portfolio basis is created for latent risks.

## Notes on the income statement.

### 25. Net interest income.

Net interest income also reports current interest income and expense in the trading portfolio. This procedure is in line with the LBBW (Bank) internal controlling.

Capital provision and raising of capital resulted in differences that contributed EUR –206 million (2016: EUR –87 million) to interest income and EUR 180 million (2016: EUR 92 million) to interest expense in the past financial year.

Net interest income includes compounding effects for other provisions with a term of more than 12 months amounting to EUR –19 million (2016: EUR –13 million) and discounting effects of EUR 4 million (2016: EUR 2 million).

### 26. Breakdown of income according to geographic markets.

The total amount from the income statement items

- interest income,
- current income from shares and other non-fixed-income securities, equity investments and shares in affiliates,
- fee and commission income,
- net income from the trading portfolio and
- other operating income

is distributed across the geographical markets below as follows:

EUR million	31 Dec. 2017	31 Dec. 2016
Federal Republic of Germany	11 486	11 743
Europe (EU states excluding Germany)	242	269
Asia	106	51
America	329	205
<b>Total</b>	<b>12 163</b>	<b>12 268</b>

### 27. Administrative and intermediary services.

Services rendered for third parties relate in particular to the administration and intermediation of securities transactions, (trustee) loans, warranties and guarantees, payments and other bank services.

### 28. Other operating income and expenses.

EUR 89 million (2016: EUR 101 million) of other operating income is accounted for by capital gains on the sale of land and buildings and on the sale of equity investments and shares in affiliates. Income from renting and leasing land and buildings amounted to EUR 30 million (2016: EUR 37 million). Income from refunds of expenses from third parties amounted to EUR 24 million (2016: EUR 32 million) and reversals of provisions came to EUR 28 million (2016: EUR 66 million).

Other operating expenses essentially comprised allocations to provisions of EUR –82 million (2016: EUR –106 million), comprising mainly allocations to provisions for litigation and recourse risks. Expenses for non-banking business consist largely of operating expenses amounting to EUR –11 million (2016: EUR –19 million) and expenses for land and buildings held as long-term investments of EUR –14 million (2016: EUR –14 million). Cafeteria expenses amount to EUR –9 million (2016: EUR –9 million).

### 29. Auditors' fee.

The following information relates to Landesbank Baden-Württemberg and the companies it controls.

Audit services relate e.g. to the audits of the annual financial statements and the consolidated financial statements of the parent company, as well as various audits of the annual financial statements of its subsidiaries including mandatory extensions of contracts and audit priorities agreed with the Supervisory Board. Audit reviews of interim financial statements and project-related audits of IT-supported accounting-related systems and project-related audits on the introduction of new accounting-related standards were integrated in the audit.

Other audit-related services concern the issue of a comfort letter in connection with the issue of debentures and mandatory or contractually-agreed audits, such as the audit pursuant to Section 16j (2) sentence 2 of the German Act Establishing the Federal Financial Supervisory Authority (Gesetz über die Bundesanstalt für Finanzdienstleistungsaufsicht – FinDAG), the audit pursuant to Section 36 German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) and Section 68 (7) of the German Capital Investment Code (Kapitalanlagegesetzbuch – KAGB), and the audit for assessing the contribution for the bank-related guarantee system of the Sparkassen-Finanzgruppe, which is recognized as a deposit guarantee system under Section 5 (1) of the German Deposit Guarantee Act (Einlagensicherungsgesetz – EinSig).

Tax advisory services comprise services rendered in connection with the preparation of tax returns.

Other services include quality assurance activities and training seminars.

### 30. Extraordinary result.

The negative extraordinary result of EUR –65 million (2016: EUR –105 million) comprises extraordinary income in the amount of EUR 4 million (2016: EUR 20 million) and extraordinary expenditure of EUR –69 million (2016: EUR –125 million).

Extraordinary income includes reversals of provisions for restructuring expenses amounting to EUR 3 million (2016: EUR 20 million). Extraordinary expenditure comprises almost exclusively of additions of EUR –26 million (2016: EUR –26 million) to pension provisions from the BilMoG conversion and the addition of EUR –42 million (2016: EUR –95 million) to restructuring provisions.

### 31. Taxes on income.

The periodic tax expense of EUR –50 million (2016: EUR –59 million) is mainly attributable to expenses from corporation tax and trade tax. The non-periodic tax expense of EUR –13 million for financial year 2017 (2016: income EUR 10 million), is mainly due to the allocation to the provision for income taxes for previous years.

The total tax expense for taxes on income amounts to EUR –63 million (2016: EUR –50 million).

## Other information.

### 32. Transactions and other financial obligations that do not appear on the balance sheet.

There are other financial obligations of EUR 567 million (2016: EUR 555 million); of which EUR 403 million (2016: EUR 421 million) are obligations to make an additional contribution to central counterparties. Affiliates and associates account for EUR 32 million (2016: EUR 5 million) thereof.

Other financial obligations include payment obligations to the restructuring fund (»bank levy«) which shall be met in full or in part at first request in case of resolution measures and for which cash collateral has been provided.

The German Deposit Guarantee Act (Einlagensicherungsgesetz – EinSiG), which came into force on 3 July 2015, governs the future financial resources of statutory and bank-related guarantee systems, including the bank-related guarantee system of the Sparkassen-Finanzgruppe.

LBBW makes an irrevocable commitment to the owner of the bank-related guarantee system, German Savings Bank Association (Deutscher Sparkassen- und Giroverband – DSGV), to make further payments on first demand e. g. in the compensation case pursuant to Section 10 EinSiG, in addition to the annual contribution. Other financial obligations include the guarantee payments made in this context.

In addition, pursuant to Section 5 (10) of the bylaws of the German Deposit Protection Fund, LBBW undertook to indemnify Bundesverband Deutscher Banken e.V., Berlin, against any and all losses incurred by the latter as a result of assistance provided to credit institutions that are majority-owned by Landesbank Baden-Württemberg.

Annual payment obligations also arise from long-term rental, lease and IT service contracts. These amount to EUR 223 million (2016: EUR 204 million), with EUR 2 million (2016: EUR 1 million) relating to affiliates and associates. A leasehold has the longest remaining term to maturity of 44 years.

### 33. Distribution block.

Landesbank Baden-Württemberg reported distribution-blocked amounts totaling EUR 266 million (2016: EUR 211 million) on the balance sheet in the 2017 financial year, with the difference in accordance with Section 253 (6) sentence 2 HGB accounting for EUR 246 million (2016: EUR 207 million) and internally -generated intangible assets for EUR 20 million (2016: EUR 4 million). The distribution block codified for such amounts in accordance with Section 268 (8) HGB does not apply, as the freely available reserves remaining following a possible payout substantially exceed the blocked amounts.

### 34. Appropriated funds.

Deposits from banks include appropriated funds of EUR 25 604 million (2016: EUR 23 894 million) from the development loan business (transmitted loans).

### 35. Coverage for the mortgage and public-sector lending business.

The liabilities below are covered as follows:

EUR million	31 Dec. 2017	31 Dec. 2016
Public covered bonds issued pursuant to PfandBG	8 718	8 758
Assets serving as cover	12 876	14 162
Loans and advances to banks	1 196	1 405
Loans and advances to customers	11 132	12 022
Debentures and other fixed-income securities	546	732
Trust assets	2	3
<b>Depth of coverage</b>	<b>4 158</b>	<b>5 404</b>
Mortgage-backed covered bonds issued pursuant to ÖPG and PfandBG	10 577	10 349
Assets serving as cover	14 238	15 204
Loans and advances to banks	19	20
Loans and advances to customers	12 947	14 845
Debentures and other fixed-income securities	1 273	338
<b>Depth of coverage</b>	<b>3 661</b>	<b>4 855</b>

### 36. Transparency provisions for public covered bonds (öffentliche Pfandbriefe) and mortgage-backed covered bonds (Hypothekendarlehenpfandbriefe) pursuant to Section 28 PfandBG.

#### A) Transparency provisions for public covered bonds (öffentliche Pfandbriefe) pursuant to Section 28 PfandBG.

EUR million	31 Dec. 2017	31 Dec. 2016
<b>a) Cover fund for public covered bonds</b>		
Nominal value	12 876	14 162
Proportion of fixed-income cover funds in %	78	76
Present value	15 007	16 699
Present value of risk <sup>1</sup>	13 251	14 623
<b>Circulation of public covered bonds</b>		
Nominal value	8 718	8 758
Proportion of fixed-income covered bonds in %	93	90
Present value	9 767	10 086
Present value of risk <sup>1</sup>	8 831	8 835
<b>Depth of coverage</b>		
Nominal value	4 158	5 404
Present value	5 240	6 613
Net present value in CHF	0	0
Net present value in GBP	0	1
Net present value in JPY	- 38	- 42
Net present value in USD	- 525	518
Present value of risk <sup>1</sup>	4 420	5 788
Depth of coverage/proportion of circulation - nominal value <sup>2</sup>	4 158	5 403
as a % of circulating volume of public covered bonds	48	62
Depth of coverage/proportion of circulation - present value <sup>2</sup>	5 240	6 612
as a % of circulating volume of public covered bonds	54	66
<b>Additional cover assets</b>		
Receivables in accordance with Section 20 (2) no. 2 PfandBG	0	0
Germany	0	0
<b>b) Proportion of derivatives in cover asset pool</b>	0	0

1 Calculated using the static approach in accordance with Section 5 (1) no. 1 and Section 6 (2) PfandBarwertV.

2 Use of vdp credit quality differentiation model for EU and EEA countries.

#### c) Structure of outstanding public covered bonds and the cover funds.

EUR million	Up to 0,5 years	More than 0,5 year to 1 year	More than 1 year to 1,5 years	More than 1,5 years to 2 years	More than 2 years to 3 years	More than 3 years to 4 years	More than 4 years to 5 years	More than 5 years to 10 years	More than 10 years	Total
<b>Cover fund<sup>1</sup></b>										
31 Dec. 2017	945	761	588	646	931	885	1 358	3 850	2 912	12 876
31 Dec. 2016	1 138	605	735	846	1 282	969	876	4 236	3 475	14 162
<b>Circulation of public covered bonds<sup>2</sup></b>										
31 Dec. 2017	436	756	813	259	1 051	860	917	2 476	1 150	8 718
31 Dec. 2016	604	346	436	760	1 074	340	861	2 928	1 409	8 758
<b>Depth of coverage</b>										
31 Dec. 2017	509	5	- 225	387	- 120	25	441	1 374	1 762	4 158
31 Dec. 2016	534	259	299	86	208	629	15	1 308	2 066	5 404

1 The fixed-interest periods are specified for fixed rate loans and the margin commitment period for variable rate loans.

2 The terms of the covered bonds are specified.

#### d) Total nominal value of the ordinary cover for public covered bonds by amount.

EUR million	31 Dec. 2017	31 Dec. 2016
Up to EUR 10 million	2 983	3 494
More than EUR 10 million to EUR 100 million	3 267	3 104
More than EUR 100 million	6 626	7 564
<b>Total</b>	<b>12 876</b>	<b>14 162</b>



## e) Total nominal value of the ordinary cover of public covered bonds according to country/type.

31 Dec. 2017										
EUR million	Central state		Regional government		Local government		Other debtors <sup>1</sup>		Total	of which export credit receivables
	owed	guaranteed	owed	guaranteed	owed	guaranteed	owed	guaranteed		
Belgium	0	0	0	0	0	0	0	0	0	0
Federal Republic of Germany	0	1 332	2 858	17	2 998	1 282	3 802	105	12 394	1 331
Denmark	0	106	0	0	0	0	0	0	106	106
Great Britain	0	20	0	0	0	0	0	0	20	20
Italy	0	0	0	0	22	0	0	0	22	0
Latvia	0	0	0	0	0	0	0	0	0	0
Luxembourg	0	3	0	0	0	0	0	0	3	3
Austria	13	43	41	0	0	0	0	0	97	43
Poland	17	0	0	0	0	0	0	0	17	0
Sweden	0	11	0	0	0	0	0	0	11	11
Switzerland	0	0	0	0	0	0	0	0	0	0
Spain	0	0	105	0	0	0	0	0	105	0
Czech Republic	15	0	0	0	0	0	0	0	15	0
Hungary	0	0	0	0	0	0	0	0	0	0
United States of America (incl. Puerto Rico)	0	63	23	0	0	0	0	0	86	63
<b>Total</b>	<b>45</b>	<b>1 578</b>	<b>3 027</b>	<b>17</b>	<b>3 020</b>	<b>1 282</b>	<b>3 802</b>	<b>105</b>	<b>12 876</b>	<b>1 577</b>

<sup>1</sup> This item includes savings banks and Landesbanken with guarantor's liability in the amount of EUR 112 million and the development banks in the amount of EUR 899 million.

31 Dec. 2016										
EUR million	Central state		Regional government		Local government		Other debtors <sup>1</sup>		Total	of which export credit receivables
	owed	guaranteed	owed	guaranteed	owed	guaranteed	owed	guaranteed		
Belgium	0	0	0	0	0	0	0	0	0	0
Federal Republic of Germany	0	1 807	2 991	124	3 216	1 150	3 897	229	13 414	1 806
Denmark	0	110	0	0	0	0	0	0	110	110
Great Britain	0	105	0	0	0	0	0	0	105	105
Italy	0	0	0	0	22	0	0	0	22	0
Latvia	0	0	0	0	53	0	0	0	53	0
Luxembourg	0	6	0	0	0	0	0	0	6	6
Austria	13	33	35	0	0	0	0	0	81	33
Poland	17	0	0	0	0	0	0	0	17	0
Sweden	0	14	0	0	0	0	0	0	14	14
Switzerland	0	0	0	0	0	0	0	0	0	0
Spain	0	0	116	0	0	0	0	0	116	0
Czech Republic	15	0	0	0	0	0	0	0	15	0
Hungary	6	0	0	0	0	0	0	0	6	0
United States of America (incl. Puerto Rico)	0	80	123	0	0	0	0	0	203	80
<b>Total</b>	<b>51</b>	<b>2 155</b>	<b>3 265</b>	<b>124</b>	<b>3 291</b>	<b>1 150</b>	<b>3 897</b>	<b>229</b>	<b>14 162</b>	<b>2 154</b>

<sup>1</sup> This item includes savings banks and Landesbanken with guarantor's liability in the amount of EUR 137 million and the development banks in the amount of EUR 1 060 million.

## f) Further information

There were no payments outstanding by at least 90 days as at either 31 December 2017 or 31 December 2016.

## B) Transparency provisions for mortgage-backed covered bonds (Hypothekendarfbriefe) pursuant to Section 28 PfandBG.

EUR million	31 Dec. 2017	31 Dec. 2016
a) Cover fund for mortgage-backed covered bonds		
Nominal value	14 238	15 204
Proportion of fixed-income cover funds in %	80	73
Present value	15 313	16 576
Present value of risk <sup>1</sup>	14 178	15 588
Circulation of mortgage-backed covered bonds		
Nominal value	10 577	10 349
Proportion of fixed-income covered bonds in %	97	89
Present value	10 759	10 667
Present value of risk <sup>1</sup>	10 247	10 431
Depth of coverage		
Nominal value	3 661	4 855
Present value	4 554	5 909
Net present value in CHF	30	65
Net present value in GBP	1 077	988
Net present value in USD	-276	-488
Present value of risk <sup>1</sup>	3 931	5 157
Depth of coverage/proportion of circulation – nominal value <sup>2</sup>	3 661	4 855
as a % of circulating volume of mortgage-backed covered bonds as a % of circulating volume of mortgage-backed covered bonds	35	47
Depth of coverage/proportion of circulation – present value <sup>2</sup>	4 554	5 909
as a % of circulating volume of mortgage-backed covered bonds as a % of circulating volume of mortgage-backed covered bonds	42	55
Additional cover assets		
Public sector bonds according to Section 20 (2) no. 2 PfandBG	1 273	338
Germany	1 053	328
Other countries	220	10
b) Proportion of derivatives in cover asset pool		
	0	0

<sup>1</sup> Calculated using the static approach in accordance with Section 5 (1) no. 1 and Section 6 (2) PfandBarwertV.

<sup>2</sup> Use of vdp credit quality differentiation model for EU and EEA countries.

## c) Structure of outstanding mortgage-backed covered bonds and cover funds.

EUR million	Up to 0,5 years	More than 0,5 year to 1 year	More than 1 year to 1,5 years	More than 1,5 years to 2 years	More than 2 years to 3 years	More than 3 years to 4 years	More than 4 years to 5 years	More than 5 years to 10 years	More than 10 years	Total
Cover fund <sup>1</sup>										
31 Dec. 2017	1 108	1 439	525	999	1 747	1 838	1 439	4 489	654	14 238
31 Dec. 2016	2 060	861	1 249	1 147	1 493	1 799	1 410	4 387	798	15 204
Circulation of mortgage-backed covered bonds <sup>2</sup>										
31 Dec. 2017	1 730	428	1 492	149	1 735	1 169	1 333	2 510	31	10 577
31 Dec. 2016	511	1 195	1 814	428	1 713	1 735	1 150	1 748	55	10 349
Depth of coverage										
31 Dec. 2017	-622	1 011	-967	850	12	669	106	1 979	623	3 661
31 Dec. 2016	1 549	-334	-565	719	-220	64	260	2 639	743	4 855

<sup>1</sup> The fixed-interest periods are specified for fixed rate loans and the margin commitment period for variable rate loans.

<sup>2</sup> The terms of the covered bonds are specified.

## d) Total nominal value of the ordinary cover of mortgage-backed covered bonds by amount.

EUR million	31 Dec. 2017	31 Dec. 2016
Up to EUR 300 000	3 574	4 722
More than EUR 300 000 to EUR 1 million	760	947
More than EUR 1 million to EUR 10 million	2 683	3 166
More than EUR 10 million	5 948	6 031
<b>Total</b>	<b>12 965</b>	<b>14 866</b>

e) Total nominal value of the ordinary cover of mortgage-backed covered bonds by type/country.

31 Dec. 2017							
EUR million	Federal Republic of Germany	Netherlands	France	Belgium	USA	Great Britain/ Northern Ireland/ Channel Islands	Total
Apartments	1 247	0	0	0	0	0	1 247
Single-and two-family houses	2 006	0	0	0	0	0	2 006
Apartment blocks	3 052	0	0	0	0	0	3 052
Office buildings	1 864	33	70	25	544	811	3 347
Trade buildings	1 154	0	0	0	94	15	1 263
Industrial buildings	733	0	0	0	0	19	752
Other commercially used buildings	774	0	0	0	263	214	1 251
Incomplete and not profitable new buildings	21	0	0	0	0	0	21
Building plots	26	0	0	0	0	0	26
<b>Total</b>	<b>10 877</b>	<b>33</b>	<b>70</b>	<b>25</b>	<b>901</b>	<b>1 059</b>	<b>12 965</b>

31 Dec. 2016							
EUR million	Federal Republic of Germany	Netherlands	France	Belgium	USA	Great Britain/ Northern Ireland/ Channel Islands	Total
Apartments	1 615	0	0	0	0	0	1 615
Single-family houses	2 501	0	0	0	0	0	2 501
Apartment blocks (including two-family houses)	2 810	0	0	0	0	0	2 810
Office buildings	1 856	33	35	25	1 014	743	3 706
Trade buildings	1 333	0	0	0	107	0	1 440
Industrial buildings	122	0	0	0	0	0	122
Other commercially used buildings	2 079	0	0	0	325	222	2 626
Incomplete and not profitable new buildings	31	0	0	0	0	0	31
Building plots	15	0	0	0	0	0	15
<b>Total</b>	<b>12 362</b>	<b>33</b>	<b>35</b>	<b>25</b>	<b>1 446</b>	<b>965</b>	<b>14 866</b>

f) Further information

The average weighted term of the ordinary cover was 70 months (2016: 73 months), while the weighted loan-to-value ratio was 54% (2016: 57%).

There were no payments outstanding by at least 90 days as at either 31 December 2017 or 31 December 2016.

There were no foreclosures or compulsory administration procedures pending as at either 31 December 2017 or 31 December 2016. No foreclosures were carried out in the 2017 and 2016 financial year, nor was any land acquired to avoid losses.

There was no outstanding interest in either the 2017 or 2016 financial year.

### 37. Total remuneration of the corporate bodies.

In 2017, total remuneration for the Board of Managing Directors came to EUR 7 million (2016: EUR 8 million). Former members of the Board of Managing Directors and their surviving dependants received EUR 11 million in 2017 (2016: EUR 11 million). The Supervisory Board received fixed remuneration (including fees per meeting) of EUR 1 million in 2017 (2016: EUR 1 million).

Provisions for pensions for former members of the Board of Managing Directors and their surviving dependants were formed for an amount of EUR 124 million (2016: EUR 123 million).

### 38. Advances and loans granted to and contingent liabilities assumed in favor of the corporate bodies of LBBW (Bank) and their predecessors.

As at 31 December 2017, loans granted to and contingent liabilities assumed in favor of members of the Board of Managing Directors and members of the Supervisory Board came to EUR 3 million (2016: EUR 3 million), of which EUR 1 million (2016: EUR 2 million) related to the Board of Managing Directors .

No advances were made to members of the Board of Managing Directors in 2017, as was also the case in 2016. No advances were made either to members of the Supervisory Board as at the balance sheet date.

### 39. Employees (annual averages).

	2017			2016		
	Male	Female	Total	Male	Female	Total
German headquarters/ regional offices	4 021	4 471	8 492	4 227	4 685	8 912
Company officers	231	28	259	239	29	267
Other staff	3 790	4 443	8 233	3 989	4 656	8 645
Foreign branches	103	78	181	106	79	186
Company officers	2	0	2	1	0	1
Other staff	101	78	179	105	79	185
Representative offices	18	15	33	22	17	38
Company officers	2	0	2	2	0	2
Other staff	17	15	31	20	17	37
<b>LBBW (Bank) total</b>	<b>4 142</b>	<b>4 564</b>	<b>8 706</b>	<b>4 355</b>	<b>4 781</b>	<b>9 135</b>
For information purposes:						
Trainees <sup>1</sup>	188	103	291	232	164	396

<sup>1</sup> Including students at universities of cooperative education.

#### 40. List of shareholdings.

In the annual financial statements as at 31 December 2017 and pursuant to Section 285 no. 11 HGB, Landesbank Baden-Württemberg lists the shareholdings with details pursuant to Section 285 no. 11a HGB in the Notes:

Ser. no.	Name	Place of business	Share of capital	Non-prop. voting rights	Currency	Equity EUR th.	Result EUR th.
<b>I. Companies included in the consolidated financial statements</b>							
<b>1. Subsidiaries</b>							
<b>a. Fully consolidated subsidiaries (authority over the voting rights)</b>							
1	ALVG Anlagenvermietung GmbH <sup>1,6,7,22</sup>	Stuttgart	100,00		EUR	19 000,00	0,00
2	Austria Beteiligungsgesellschaft mbH <sup>22</sup>	Stuttgart	66,67		EUR	35 996,17	172,70
3	Bahnhofplatz-Gesellschaft Stuttgart Aktiengesellschaft <sup>1,6,22</sup>	Stuttgart	98,47		EUR	4 452,44	0,00
4	Bauwerk-Stuttgart GmbH <sup>1,22</sup>	Stuttgart	75,00		EUR	- 590,20	-9,31
5	Berlin Lützowstraße GmbH & Co. KG <sup>1</sup>	Stuttgart	100,00		n/a	n/a	n/a
6	BW-Immobilien GmbH <sup>1,22</sup>	Stuttgart	100,00		EUR	2 721,13	801,09
7	Centro Alemán de Industria y Comercio de México S.de R.L.de C.V. <sup>2,22</sup>	México, Mexico	100,00		MXN	- 14 825,21	- 2 999,13
8	CFH Beteiligungsgesellschaft mbH <sup>1,22</sup>	Leipzig	100,00		EUR	45 551,95	3 781,19
9	Dritte Industriefhof Objekt-GmbH <sup>1,6,22</sup>	Stuttgart	100,00		EUR	701,91	0,00
10	Dritte LBBW US Real Estate GmbH <sup>22</sup>	Stuttgart	100,00		EUR	18 049,18	- 2 819,09
11	Employrion Komplementär GmbH <sup>1,22,30</sup>	Weil	100,00		EUR	31,48	1,11
12	Entwicklungsgesellschaft Grunewaldstraße 61 - 62 mbH & Co. KG <sup>1,22</sup>	Stuttgart	94,84	94,90	EUR	- 3 386,75	- 2,84
13	Entwicklungsgesellschaft Uhlandstraße 187 GmbH & Co. KG <sup>1,22</sup>	Stuttgart	94,90		EUR	- 2 192,87	9,60
14	Erste IMBW Capital & Consulting Komplementär GmbH <sup>1,22,33</sup>	Weil	100,00		EUR	26,56	0,14
15	Erste Industriefhof Objekt-GmbH <sup>1,6,22</sup>	Stuttgart	100,00		EUR	474,96	0,00
16	EuroCityCenterWest GmbH & Co. KG <sup>1,22</sup>	Stuttgart	100,00		EUR	- 19 427,61	58,75
17	EuroCityCenterWest Verwaltungs-GmbH <sup>1,22</sup>	Stuttgart	94,80		EUR	36,36	0,48
18	FLANTIR PROPERTIES LIMITED <sup>1,22</sup>	Nicosia, Cyprus	100,00		RUB	- 5 627,51	6 304,77
19	FOM / LEG Verwaltungs GmbH <sup>1,22</sup>	Heidelberg	50,00		EUR	- 17,20	- 0,13
20	Fünfte Industriefhof Objekt-GmbH <sup>1,6,22</sup>	Stuttgart	100,00		EUR	575,02	0,00
21	German Centre for Industry and Trade GmbH, Beteiligungsgesellschaft <sup>5,22</sup>	Stuttgart	100,00		EUR	7 720,60	0,00
22	German Centre for Industry and Trade Pte. Ltd. Singapore <sup>1,22</sup>	Singapore, Singapore	100,00		SGD	16 281,41	2 575,46
23	Grunewaldstraße 61 - 62 GmbH <sup>1,22</sup>	Stuttgart	100,00		EUR	28,30	- 0,10
24	IMBW Capital & Consulting GmbH <sup>1,6,22</sup>	Stuttgart	100,00		EUR	250,00	0,00
25	Immobilienvermittlung BW GmbH <sup>22</sup>	Stuttgart	100,00		EUR	3 262,14	762,14
26	Industriefhof-Aktiengesellschaft <sup>1,6,22</sup>	Stuttgart	93,63		EUR	23 281,64	0,00
27	Kiesel Finance Management GmbH <sup>1,22</sup>	Baienfurt	90,00		EUR	37,93	2,10
28	Kommunalbau Rheinland-Pfalz GmbH <sup>1,22</sup>	Mainz	100,00		EUR	1 630,74	- 3 062,73
29	Landesbank Baden-Württemberg Capital Markets Plc <sup>3,22</sup>	London, Great Britain	100,00		EUR	974,00	- 26,00
30	LBBW Asset Management Investmentgesellschaft mbH <sup>1,3,7,22</sup>	Stuttgart	100,00		EUR	32 274,88	12 474,21
31	LBBW Immobilien Asset Management GmbH <sup>1,6,22</sup>	Stuttgart	100,00		EUR	1 305,03	0,00
32	LBBW Immobilien Capital Fischertor GmbH & Co. KG <sup>1,22</sup>	Munich	93,98	94,00	EUR	- 5 315,90	- 5,81
33	LBBW Immobilien Capital GmbH <sup>1,22</sup>	Stuttgart	100,00		EUR	- 2 202,71	- 4,32
34	LBBW Immobilien Development GmbH <sup>1,4,6,22</sup>	Stuttgart	94,90		EUR	15 783,69	0,00
35	LBBW Immobilien GmbH & Co. Beteiligung KG <sup>1,22</sup>	Stuttgart	100,00		EUR	31 755,68	957,55
36	LBBW Immobilien Kommunalentwicklung GmbH <sup>1,4,6,7,22</sup>	Stuttgart	81,62		EUR	2 016,51	0,00
37	LBBW Immobilien Luxembourg S. A. <sup>1,22</sup>	Luxembourg, Luxemburg	100,00		EUR	- 76 239,30	- 29,53
38	LBBW Immobilien Management Gewerbe GmbH <sup>1,6,22</sup>	Stuttgart	94,90		EUR	3 303,97	0,00
39	LBBW Immobilien Management GmbH <sup>1,6,22</sup>	Stuttgart	100,00		EUR	375 694,37	0,00
40	LBBW Immobilien M_Eins Berlin GmbH <sup>1,22</sup>	Stuttgart	100,00		EUR	- 331,13	- 75,61
41	LBBW Immobilien Romania S.R.L. <sup>1,22</sup>	Bucharest, Romania	100,00		RON	- 34 130,45	- 89,76
42	LBBW Immobilien Süd GmbH & Co. KG <sup>1,4,22</sup>	Munich	100,00		EUR	- 44 049,05	- 1 636,33
43	LBBW Immobilien Versicherungsvermittlung GmbH <sup>1,6,22</sup>	Stuttgart	100,00		EUR	25,00	0,00
44	LBBW Immobilien Westend Carree II GmbH & Co. KG <sup>1,22</sup>	Stuttgart	100,00		EUR	- 2 320,30	- 1 741,88
45	LBBW Immobilien Westend Carree II Komplementär GmbH <sup>1,22</sup>	Stuttgart	100,00		EUR	24,26	- 0,07
46	LBBW Immobilien-Holding GmbH <sup>5,22</sup>	Stuttgart	100,00		EUR	402 050,54	0,00
47	LBBW Leasing GmbH i. L. <sup>22</sup>	Stuttgart	100,00		EUR	25 088,54	0,00
48	LBBW México <sup>2,22</sup>	México, Mexico	100,00		MXN	3 951,81	1 616,50
49	LBBW Service GmbH <sup>5,22</sup>	Stuttgart	100,00		EUR	224,67	0,00
50	LBBW US Real Estate Investment LLC <sup>23</sup>	Wilmington, USA	100,00		USD	56 392,93	- 1 355,49

Ser. no.	Name	Place of business	Share of capital	Non-prop. voting rights	Currency	Equity EUR th.	Result EUR th.
51	LBBW Venture Capital Gesellschaft mit beschränkter Haftung <sup>22</sup>	Stuttgart	100,00		EUR	20 591,23	1 742,15
52	LEG Projektgesellschaft 2 GmbH & Co. KG <sup>1,22</sup>	Stuttgart	100,00		EUR	5 414,98	74,73
53	LEG Verwaltungsgesellschaft 2 mbH <sup>1,22</sup>	Stuttgart	100,00		EUR	28,56	0,32
54	LOOP GmbH <sup>1,22</sup>	Stuttgart	100,00		EUR	15,01	2,00
55	Löwentor Stuttgart Komplementär GmbH <sup>1</sup>	Stuttgart	100,00		n/a	n/a	n/a
56	Löwentor Stuttgart Projekt GmbH & Co. KG <sup>1</sup>	Stuttgart	70,00		n/a	n/a	n/a
57	LRP Capital GmbH <sup>1,22</sup>	Stuttgart	100,00		EUR	3 298,00	- 120,00
58	Lyoner Quartier GmbH & Co. KG <sup>1,4</sup>	Frankfurt am Main	100,00		n/a	n/a	n/a
59	MKB Mittelrheinische Bank Gesellschaft mit beschränkter Haftung <sup>7,22</sup>	Koblenz	100,00		EUR	51 745,70	10 817,96
60	MKB Versicherungsdienst GmbH <sup>1,6,22</sup>	Koblenz	100,00		EUR	27,05	0,00
61	MMV Leasing Gesellschaft mit beschränkter Haftung <sup>1,6,7,22</sup>	Koblenz	100,00		EUR	21 00,00	0,00
62	MMV-Mobilien Verwaltungs- und Vermietungsgesellschaft mbH <sup>1,6,7,22</sup>	Koblenz	100,00		EUR	26,00	0,00
63	Nagatino Property S.à.r.l. <sup>1,22</sup>	Luxembourg, Luxemburg	100,00		EUR	- 27 682,77	- 12,13
64	Nymphenburger Straße München GmbH & Co. KG <sup>1,22</sup>	Stuttgart	100,00		EUR	- 224,96	- 88,83
65	Nymphenburger Straße München Komplementär GmbH <sup>1,22</sup>	Stuttgart	100,00		EUR	23,36	- 0,10
66	Pasing Projekt GmbH & Co. KG <sup>1,22</sup>	Stuttgart	100,00		EUR	- 23 997,93	285,93
67	Projekt 20 Verwaltungs GmbH <sup>1,22</sup>	Munich	100,00		EUR	39,07	1,43
68	Radon Verwaltungs-GmbH <sup>22</sup>	Stuttgart	100,00		EUR	24 145,48	1 652,33
69	Rheinallee V GmbH & Co. KG <sup>1,22</sup>	Stuttgart	100,00		EUR	- 3,40	- 4,40
70	Rheinallee V Komplementär GmbH <sup>1,22</sup>	Stuttgart	100,00		EUR	25,06	0,06
71	Rheinpromenade Mainz GmbH & Co. KG <sup>1,22</sup>	Stuttgart	100,00		EUR	- 649,64	- 429,57
72	Schlossgartenbau Objekt-GmbH <sup>1,6,22</sup>	Stuttgart	100,00		EUR	18 560,61	0,00
73	Schlossgartenbau-Aktiengesellschaft <sup>1,6,22</sup>	Stuttgart	92,68		EUR	6 592,42	0,00
74	Schockenried GmbH und Co. KG <sup>1,22</sup>	Stuttgart	100,00		EUR	- 4 452,69	57,52
75	Schockenriedverwaltungs GmbH <sup>1,22</sup>	Stuttgart	100,00		EUR	27,28	0,11
76	SG Management GmbH <sup>1,22</sup>	Stuttgart	100,00		EUR	12 952,91	3 016,15
77	SGB - Hotel GmbH & Co. KG <sup>1,22</sup>	Stuttgart	100,00		EUR	- 1 470,40	123,55
78	Signaris GmbH <sup>1,22</sup>	Stuttgart	94,90		EUR	9 180,37	- 85,04
79	SLN Maschinen-Leasing Verwaltungs-GmbH <sup>1,22</sup>	Stuttgart	100,00		EUR	1 589,10	116,66
80	SLP Mobilien-Leasing Verwaltungs GmbH <sup>1,22</sup>	Mannheim	100,00		EUR	5 940,99	158,03
81	Süd Beteiligungen GmbH <sup>22</sup>	Stuttgart	100,00		EUR	176 244,99	2 942,01
82	Süd KB Unternehmensbeteiligungsgesellschaft mbH <sup>1,22</sup>	Stuttgart	100,00		EUR	50 270,47	- 448,12
83	SüdFactoring GmbH <sup>3,5,7,22</sup>	Stuttgart	100,00		EUR	70 00,00	0,00
84	Süd-Kapitalbeteiligungs-Gesellschaft mbH <sup>1,6,22</sup>	Stuttgart	100,00		EUR	61 181,87	0,00
85	SüdLeasing Agrar GmbH <sup>1,22</sup>	Mannheim	100,00		EUR	1 491,18	432,35
86	SüdLeasing GmbH <sup>5,7,22</sup>	Stuttgart	100,00		EUR	36 350,23	0,00
87	Turtle Portfolio GmbH & Co. KG <sup>1,22,30</sup>	Frankfurt am Main	100,00		EUR	- 45 362,21	- 576,20
88	Turtle 1. Verwaltungs-GmbH <sup>1,22,30</sup>	Frankfurt am Main	100,00		EUR	69,61	1,01
89	Umlandstraße 187 GmbH <sup>1,22</sup>	Stuttgart	100,00		EUR	29,57	0,95
90	Vermietungs- und Verwaltungsgesellschaft Sendlinger Straße mbH <sup>1,4,22</sup>	Stuttgart	100,00		EUR	17,00	- 0,94
91	Vierte Industriefabrik Objekt-GmbH <sup>1,6,22</sup>	Stuttgart	100,00		EUR	1 176,78	0,00
92	Zweite IMBW Capital & Consulting Komplementär GmbH <sup>1,22</sup>	Stuttgart	100,00		EUR	21,38	- 0,42
93	Zweite Industriefabrik Objekt-GmbH <sup>1,6,22</sup>	Stuttgart	100,00		EUR	19 825,72	0,00
94	Zweite LBBW US Real Estate GmbH <sup>22</sup>	Stuttgart	100,00		EUR	45 037,48	- 928,32
<b>b. Fully consolidated subsidiaries (authority over contractual agreements)</b>							
95	Employrion Immobilien GmbH & Co. KG <sup>1,22</sup>	Weil	35,00	50,00	EUR	8,00	- 158,17
96	Erste IMBW Capital & Consulting Objektgesellschaft mbH & Co. KG <sup>1,22</sup>	Weil	40,00	50,00	EUR	- 34,14	0,00
97	FOM/LEG Generalübernehmer GmbH & Co. KG <sup>1,22</sup>	Heidelberg	50,00		EUR	- 8 932,16	- 27,19
98	Grundstücksgesellschaft Einkaufszentrum Kröpeliner-Tor-Center Rostock mbH & Co. KG <sup>1,22</sup>	Berlin	39,94	50,00	EUR	- 8 234,04	802,10
99	LBBW Unternehmensanleihen Euro Offensiv <sup>25,30</sup>	Stuttgart			EUR	69 555,94	4 643,93
100	PALS Funding 2 LLC <sup>30</sup>	Dover, USA			n/a	n/a	n/a
101	Turtle Vermögensverwaltungs-GmbH & Co. KG <sup>1,22</sup>	Frankfurt am Main	49,00	50,00	EUR	- 41 220,67	- 583,35
102	Weinberg Capital Designated Activity Company <sup>22,30</sup>	Dublin 2, Ireland			EUR	0,14	- 0,05
103	Weinberg Funding Ltd. <sup>22,30</sup>	St. Helier, Jersey, UK			EUR	3,60	0,00

Ser. no.	Name	Place of business	Share of capital	Non-prop. voting rights	Currency	Equity EUR th.	Result EUR th.
<b>2. Joint ventures accounted for using the equity method</b>							
104	ARGE ParkQuartier Berg <sup>1,22</sup>	Stuttgart	50,00		EUR	234,94	5,60
105	Bad Kreuznacher Entwicklungsgesellschaft mbH (BKEG) <sup>1,22</sup>	Bad Kreuznach	50,00		EUR	3 278,28	1 976,42
106	GIZS GmbH & Co. KG <sup>22</sup>	Frankfurt am Main	33,33		EUR	14 663,20	- 3 652,82
107	OVG MK6 GmbH & Co. KG <sup>1,4,22</sup>	Berlin	49,60	50,00	EUR	- 2 564,54	- 1 011,65
108	OVG MK6 Komplementär GmbH <sup>1</sup>	Berlin	50,00			n/a	n/a
109	Parcul Banatului SRL <sup>1,22</sup>	Bucharest, Romania	50,00		RON	- 25 332,58	- 3 019,03
110	SGB - Hotel - Verwaltung GmbH <sup>1,22</sup>	Stuttgart	50,00		EUR	31,20	4,01
<b>3. Associates accounted for using the equity method</b>							
111	Altstadt-Palais Immobilien GmbH & Co. KG <sup>1,22</sup>	Weil	40,00	50,00	EUR	- 253,27	- 104,02
112	BWK GmbH Unternehmensbeteiligungsgesellschaft <sup>22</sup>	Stuttgart	40,00		EUR	260 692,86	18 107,17
113	BWK Holding GmbH Unternehmensbeteiligungsgesellschaft <sup>22</sup>	Stuttgart	40,00		EUR	8 868,48	745,63
114	EGH Entwicklungsgesellschaft Heidelberg GmbH & Co. KG <sup>1,22</sup>	Heidelberg	33,33		EUR	4 966,16	354,72
115	Hypo Vorarlberg Bank AG <sup>1,7,22</sup>	Bregenz, Austria	23,97		EUR	984 819,16	98 390,03
<b>II. Companies not included in the consolidated financial statements due to being of minor influence</b>							
<b>1. Subsidiaries</b>							
<b>a. Subsidiaries not included (authority over the voting rights)</b>							
116	aiP Gärtnerplatz Verwaltungs GmbH <sup>1,22</sup>	Oberhaching	100,00		EUR	23,64	1,14
117	Baden-Württembergische Equity Gesellschaft mit beschränkter Haftung <sup>22</sup>	Stuttgart	100,00		EUR	949,09	511,39
118	Berlin Lützowstraße Komplementär GmbH <sup>1,22</sup>	Stuttgart	100,00		EUR	28,88	0,01
119	Carnotstr. 5-7 Berlin GmbH & Co. KG <sup>1</sup>	Stuttgart	100,00			n/a	n/a
120	Carnotstr. 5-7 Berlin Verwaltungs GmbH <sup>1</sup>	Stuttgart	100,00			n/a	n/a
121	German Centre for Industry and Trade Beijing Co., Ltd. <sup>22</sup>	Beijing, China	100,00		CNY	3 960,97	278,59
122	Gmeinder Lokomotivenfabrik GmbH i. L. <sup>1,12</sup>	Mosbach	90,00		EUR	306,00	- 641,00
123	Heurika Mobilien-Leasing GmbH <sup>1,4,22</sup>	Mannheim	100,00		EUR	1 048,13	- 8,96
124	Karin Mobilien-Leasing GmbH i. L. <sup>1,22</sup>	Mannheim	100,00		EUR	884,31	0,00
125	KB Projekt GmbH <sup>1,22</sup>	Frankfurt am Main	100,00		EUR	46,97	- 7,56
126	Kröpeliner-Tor-Center Rostock Verwaltungsgesellschaft mbH <sup>1,22,30</sup>	Berlin	100,00		EUR	25,10	1,68
127	LA electronic Holding GmbH i. L. <sup>1,18</sup>	Espelkamp	100,00		EUR	- 17 074,86	- 1 717,92
128	Laurus Grundstücksverwaltungsgesellschaft mbH <sup>22</sup>	Stuttgart	100,00		EUR	903,27	- 52,34
129	LBBW Dublin Management GmbH i. L. <sup>22</sup>	Stuttgart	100,00		EUR	145,91	0,00
130	LBBW Gastro Event GmbH <sup>5,22</sup>	Stuttgart	100,00		EUR	130,00	0,00
131	LBBW Pensionsmanagement GmbH <sup>5,22</sup>	Stuttgart	100,00		EUR	25,00	0,00
132	LBBW REPRESENTAÇÃO LTDA. <sup>2,22</sup>	Sao Paulo, Brazil	100,00		BRL	171,29	20,01
133	LBBW (Schweiz) AG <sup>22</sup>	Zurich, Switzerland	100,00		CHF	8 809,54	- 1 464,42
134	LEG Osiris 4 GmbH <sup>1,22</sup>	Stuttgart	100,00		EUR	31,00	- 0,91
135	LGZ-Anlagen-Gesellschaft mit beschränkter Haftung <sup>22</sup>	Mannheim	100,00		EUR	3 045,19	0,00
136	LIVIDA MOLARIS Grundstücks-Vermietungsgesellschaft mbH & Co. Landesfunkhaus Erfurt KG <sup>22</sup>	Erfurt	99,77	24,00	EUR	- 11 183,20	- 207,71
137	LIVIDA MOLARIS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Polizei Nordhausen KG <sup>22</sup>	Erfurt	100,00	15,00	EUR	- 5 209,73	614,84
138	LLC German Centre for Industry and Trade <sup>22</sup>	Moscow, Russia	100,00		RUB	1 951,59	- 226,98
139	LUTEA MOLARIS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Flöha KG <sup>22</sup>	Berlin	100,00	15,00	EUR	499,11	5 166,69
140	MDL Mitteldeutsche Leasing GmbH i. L. <sup>1,14</sup>	Leipzig	100,00		EUR	- 21 344,04	- 268,81
141	MLP Leasing GmbH & Co. KG i. L. <sup>1,22</sup>	Mannheim	100,00		EUR	- 14,84	0,00
142	MLP Verwaltungs GmbH <sup>1,22</sup>	Mannheim	100,00		EUR	107,87	- 0,66
143	MLS GmbH & Co. KG i. L. <sup>1,26</sup>	Mannheim	100,00		EUR	45,16	8,79
144	MMV-Mittelrheinische Leasing Gesellschaft mit beschränkter Haftung <sup>1,6,22</sup>	Koblenz	100,00		EUR	26,43	0,00
145	Pollux Vierte Beteiligungsgesellschaft mbH <sup>22</sup>	Stuttgart	100,00		EUR	4 435,23	- 97,37
146	Rheinpromenade Mainz Komplementär GmbH <sup>1,22</sup>	Stuttgart	100,00		EUR	23,63	- 0,55
147	Sachsen V.C. GmbH & Co. KG <sup>1,22</sup>	Leipzig	75,19		EUR	1 304,81	- 301,24
148	Sachsen V.C. Verwaltungsgesellschaft mbH <sup>1,22</sup>	Leipzig	100,00		EUR	6,15	- 3,23
149	SachsenFonds International Equity Holding I GmbH <sup>1,22</sup>	Aschheim-Dornach	100,00		EUR	2 307,16	- 21,94
150	SachsenFonds International Equity I GmbH & Co. KG <sup>1,22</sup>	Leipzig	96,15		EUR	3 343,21	14,35
151	SBF Sächsische Beteiligungsfonds GmbH <sup>1,22</sup>	Leipzig	100,00		EUR	104,06	45,05
152	SDD Holding GmbH i. L. <sup>1,22</sup>	Stuttgart	100,00		EUR	- 3 352,64	- 12,70

Ser. no.	Name	Place of business	Share of capital	Non-prop. voting rights	Currency	Equity EUR th.	Result EUR th.
153	SL Bayern Verwaltungs GmbH <sup>1,22</sup>	Mannheim	100,00		EUR	63,78	-8,44
154	SL Bremen Verwaltungs GmbH <sup>1,22</sup>	Mannheim	100,00		EUR	1 711,35	298,37
155	SL BW Verwaltungs GmbH <sup>1,22</sup>	Mannheim	100,00		EUR	39,71	-4,18
156	SL Düsseldorf Verwaltungs GmbH <sup>1,22</sup>	Mannheim	100,00		EUR	604,14	9,70
157	SL Financial Services Corporation <sup>1,22</sup>	North Salem, USA	100,00		USD	2 224,24	-749,57
158	SL Mobilien-Leasing GmbH & Co. Hafis KG <sup>1,22,30</sup>	Mannheim	0,00	51,00	EUR	2 005,06	-6,24
159	SL Operating Services GmbH i. L. <sup>1,22</sup>	Mannheim	100,00		EUR	80,41	0,00
160	SL RheinMainSaar Verwaltungs GmbH <sup>1,22</sup>	Mannheim	100,00		EUR	510,21	-0,86
161	SL Schleswig-Holstein Verwaltungs GmbH i. L. <sup>1,22</sup>	Mannheim	100,00		EUR	91,56	-0,53
162	SL Ventus GmbH & Co. KG <sup>1,22</sup>	Mannheim	100,00		EUR	496,91	-24,30
163	Städtische Pfandleihanstalt Stuttgart Aktiengesellschaft <sup>22</sup>	Stuttgart	100,00		EUR	3 895,23	316,44
164	Steelcase Leasing GmbH & Co KG i. L. <sup>1,26</sup>	Mannheim	100,00		EUR	147,56	4,85
165	Süd Mobilien-Leasing GmbH <sup>1,6,22</sup>	Stuttgart	100,00		EUR	28,28	0,00
166	Süd Verwaltung Schweiz GmbH	Zurich, Switzerland	100,00			n/a	n/a
167	SüdLeasing Finance-Holding GmbH <sup>1,22</sup>	Stuttgart	100,00		EUR	175,01	-3,90
168	SüdLeasing Suisse AG i. L. <sup>1,28</sup>	Zurich, Switzerland	100,00		CHF	7 959,38	61,79
169	SÜDRENTING ESPANA, S.A. (in liquidation) <sup>1,22</sup>	Barcelona, Spain	100,00		EUR	12 133,00	69,46
170	targens GmbH <sup>22</sup>	Stuttgart	100,00		EUR	4 583,48	1 289,54
171	VF Verwaltung Mittelstand GmbH <sup>1,22</sup>	Leipzig	100,00		EUR	39,39	1,88
172	VF Verwaltung Venture GmbH <sup>1,22</sup>	Stuttgart	100,00		EUR	32,07	3,72
173	Viola Grundstücksverwaltungs-GmbH & Co. Verpachtungs KG <sup>22</sup>	Pullach	99,41	50,00	EUR	2 161,62	199,95
174	Yankee Properties II LLC <sup>30</sup>	Wilmington, USA	0,00	100,00		n/a	n/a
175	Yankee Properties LLC <sup>18</sup>	New York, USA	100,00		USD	542,38	-22,02
176	Zenon Mobilien-Leasing GmbH i. L. <sup>1,22</sup>	Mannheim	100,00		EUR	33,39	0,82
177	Zorilla Mobilien-Leasing GmbH <sup>1,22</sup>	Mannheim	100,00		EUR	25,39	-10,63
178	Zweite Karl-Scharnagl-Ring Immobilien Verwaltung GmbH <sup>1,22</sup>	Munich	100,00		EUR	39,65	1,78
<b>b. Subsidiaries not included (authority over contractual agreements)</b>							
179	Georges Quay Funding I Limited i. L. <sup>20,30</sup>	Dublin 1, Ireland			EUR	9,63	0,00
180	Hahn SB-Warenhaus Bergheim GmbH & Co. KG <sup>22,30</sup>	Bergisch-Gladbach			EUR	-2 315,48	184,21
181	Humboldt Multi Invest B SICAV-FIS Sachsen LB Depot A <sup>15</sup>	Luxembourg, Luxembourg	100,00		EUR	5 897,89	-248,71
182	LBBW RS Flex <sup>22,30</sup>	Stuttgart			EUR	87 561,01	-1 825,56
183	Platino S.A. <sup>22,30</sup>	Luxembourg, Luxembourg			EUR	-5,06	-65,06
184	Weinberg Capital LLC <sup>30</sup>	Wilmington, USA				n/a	n/a
<b>2. Joint ventures not accounted for using the equity method</b>							
185	addfinity testa GmbH <sup>1,22</sup>	Hartha	19,08		EUR	3 302,60	539,73
186	EPSa Holding GmbH <sup>1,18</sup>	Saalfeld	45,00		EUR	1 791,97	-99,10
187	German Centre for Industry and Trade India Holding-GmbH <sup>1,22</sup>	Munich	50,00		EUR	906,41	-499,83
188	GIZS Verwaltungs-GmbH <sup>22</sup>	Frankfurt am Main	33,33		EUR	10,11	-9,59
189	LBBW Immobilien Verwaltung GmbH <sup>1,18</sup>	Stuttgart	50,00		EUR	53,50	4,39
190	SEALINK FUNDING DESIGNATED ACTIVITY COMPANY <sup>18,30</sup>	Dublin, Ireland			EUR	-393 661,00	360 212,00
191	SHS Gesellschaft für Beteiligungen mbH & Co. Mittelstand KG <sup>1,22</sup>	Tübingen	75,02		EUR	3 559,81	-450,91
<b>3. Associates not accounted for using the equity method</b>							
192	aiP Hirschgarten 1 Verwaltungs GmbH i. L. <sup>1,22</sup>	Oberhaching	45,00		EUR	30,03	-9,76
193	aiP Isarauen Verwaltungs GmbH i. L. <sup>1,22</sup>	Oberhaching	45,00		EUR	30,29	7,98
194	Cäcilienpark am Neckar GbR <sup>1,18</sup>	Heilbronn	33,33		EUR	308,97	8,97
195	Cortex Biophysik GmbH <sup>1,19</sup>	Leipzig	47,70		EUR	132,49	428,18
196	Deharde GmbH <sup>1,22</sup>	Varel	37,50		EUR	11 066,53	1 526,38
197	Doughty Hanson & Co. Funds III Partnership No.15 <sup>1,22</sup>	London, Great Britain	21,74		USD	12 934,59	-7,67
198	DUO PLAST Holding GmbH <sup>1,22</sup>	Lauterbach	47,43		EUR	16 772,44	2 348,62
199	EURAMCO Immobilien GmbH <sup>1,22</sup>	Aschheim-Dornach	49,00		EUR	58,82	6,96
200	Fabmatics Holding GmbH <sup>1,22</sup>	Dresden	50,00		EUR	5 330,34	942,33
201	Grundstücks-, Vermögens- und Verwaltungs- GbR 34, Wolfstor 2, Esslingen i. L. <sup>1,18</sup>	Stuttgart	30,39		EUR	9 348,49	405,61
202	Grundstücks-, Vermögens- und Verwaltungs- GbR 36, Stuttgart/Lein-felden-Echterdingen <sup>1,22</sup>	Stuttgart	28,11		EUR	30 157,32	-113,77
203	Grundstücks-, Vermögens- und Verwaltungs- GbR 38, Stuttgart-Filderstadt <sup>1,22</sup>	Stuttgart	23,82		EUR	25 316,16	-570,06
204	Grundstücks-, Vermögens- und Verwaltungs- GbR 39, Stuttgart-Fellbach i. L. <sup>1,18</sup>	Stuttgart	42,03		EUR	25 472,67	-604,44
205	Grundstücks-, Vermögens- und Verwaltungs-GbR 40, Ludwigsburg »Am Schloßpark« i. L. <sup>1,18</sup>	Stuttgart	44,59		EUR	24 564,47	160,25
206	INULA Grundstücks-Verwaltungsgesellschaft mbH & Co. KG i. L. <sup>8,22</sup>	Grünwald	80,00	18,25	EUR	-19 231,16	4 334,83
207	Janoschka AG <sup>1,22</sup>	Kippenheim	39,80		EUR	4 870,66	859,06



Ser. no.	Name	Place of business	Share of capital	Non-prop. voting rights	Currency	Equity EUR th.	Result EUR th.
208	Kiesel Finance GmbH & Co. KG <sup>1,22,30</sup>	Baienfurt	0,00	75,00	EUR	1 108,24	1 073,24
209	Kreditgarantiegemeinschaft in Baden-Württemberg Verwaltungs-GmbH <sup>22</sup>	Stuttgart	20,00		EUR	1 022,58	0,00
210	M Cap Finance Deutsche Mezzanine Fonds Zweite GmbH & Co. KG i. L. <sup>1,22</sup>	Leipzig	49,75		EUR	21 981,60	6 081,33
211	Mittelständische Beteiligungsgesellschaft Sachsen mbH <sup>22</sup>	Dresden	25,27		EUR	44 728,93	2 464,43
212	MOLWANKUM Vermietungsgesellschaft mbH & Co. Objekt Landkreis Hildburghausen KG <sup>22</sup>	Düsseldorf	94,00	49,00	EUR	- 1 485,08	446,10
213	Piller Entgrattechnik GmbH <sup>1,22</sup>	Ditzingen	40,00		EUR	10 745,30	1 994,37
214	Ritterwand Metall-Systembau Beteiligungs GmbH <sup>1,22</sup>	Nufringen	49,97		EUR	9 729,38	708,53
215	Siedlungswerk GmbH Wohnungs- und Städtebau <sup>7,22</sup>	Stuttgart	25,00		EUR	226 972,56	16 102,76
216	SL Mobilien-Leasing GmbH & Co. ENERCON KG <sup>1,22,30</sup>	Mannheim	0,00	80,00	EUR	35 873,15	- 5,14
217	SLB Leasing-Fonds GmbH & Co. Portos KG i. L. <sup>1,22</sup>	Pöcking	35,12		EUR	263,20	- 21,16
218	SLN Maschinen Leasing GmbH & Co. OHG <sup>1,22,30</sup>	Stuttgart	0,00	75,00	EUR	- 1 411,91	- 512,99
219	SLP Mobilien-Leasing GmbH & Co. OHG <sup>1,22,30</sup>	Mannheim	0,00	75,00	EUR	347,93	- 67,62
220	Stollmann Entwicklungs- und Vertriebs GmbH i. L. <sup>1,22</sup>	Schenefeld	34,00		EUR	1 116,86	859,81
221	1. yourTime Solutions AbwicklungsGmbH i. L. <sup>1,14</sup>	Potsdam	20,11		EUR	- 478,00	- 1 317,00
<b>III. Equity investments within the meaning of Section 271 (1) HGB 29)</b>							
222	ABE Clearing S.A.S., à capital variable <sup>22</sup>	Paris, France	1,92		EUR	20 401,40	4 799,64
223	Abingworth Bioventures III L.P. <sup>1,22</sup>	London, Great Britain	0,44		USD	17 680,27	- 24,50
224	Accession Mezzanine Capital II L.P. <sup>1,22</sup>	Hamilton, Bermuda	1,91		EUR	42 243,00	- 4 237,00
225	ADLATUS Robotics GmbH <sup>1,22</sup>	Ulm	0,75		EUR	- 241,06	- 321,00
226	African Export-Import Bank <sup>22</sup>	Cairo, Egypt	0,05		USD	1 356 833,10	137 683,23
227	AKA Ausfuhrkredit-Gesellschaft mit beschränkter Haftung <sup>22</sup>	Frankfurt am Main	3,29		EUR	231 752,10	22 885,00
228	ALPHA CEE II L.P. <sup>1,22</sup>	Grand Cayman, Cayman Islands	2,41		EUR	134 035,00	3 087,00
229	amcure GmbH <sup>1,22</sup>	Eggenstein-Leopoldshafen	18,26		EUR	1 531,83	- 2 278,58
230	Bain Capital VIII L.P. <sup>1,22</sup>	Grand Cayman, Cayman Islands	0,32		USD	119 060,89	- 8 998,93
231	Biametrics GmbH <sup>1,22</sup>	Tübingen	13,31		EUR	710,16	- 821,31
232	BioM Venture Capital GmbH & Co. Fonds KG i. L. <sup>1,18</sup>	Martinsried	4,46		EUR	450,03	- 2,57
233	BS Abwicklungs-GmbH <sup>1,18</sup>	Stuttgart	1,10		EUR	- 791,64	- 282,92
234	Bürgschaftsbank Sachsen GmbH <sup>22</sup>	Dresden	27,96	18,44	EUR	40 369,95	2 219,50
235	CCP Systems AG i. L. <sup>1,17</sup>	Stuttgart	0,96		EUR	9 182,77	- 10 654,37
236	Chargepartner GmbH i. L. <sup>1,17</sup>	Walldorf	0,75		EUR	0,00	- 493,17
237	Chicago Mercantile Exchange Holdings Inc.	Wilmington, USA	0,00			n/a	n/a
238	Computomics GmbH <sup>1,22</sup>	Tübingen	0,75		EUR	- 485,42	- 596,00
239	CorTec GmbH <sup>1,22</sup>	Freiburg	0,59		EUR	1 571,21	- 1 302,12
240	crealytics GmbH <sup>1,22</sup>	Passau	9,86		EUR	4 281,40	- 753,02
241	CVC European Equity Partners IV (A). L.P. <sup>1,22</sup>	Grand Cayman, Cayman Islands	0,29		EUR	297 663,17	27 913,50
242	Depository Trust & Clearing Corporation	New York, USA	0,00	0,01		n/a	n/a
243	Designwelt GmbH i. L. <sup>1,13</sup>	Munich	6,41		EUR	- 16,81	- 4 416,87
244	Deutscher Sparkassen Verlag Gesellschaft mit beschränkter Haftung <sup>7,22</sup>	Stuttgart	8,11		EUR	171 670,66	37 786,61
245	Doughty Hanson & Co. IV Partnership 2 <sup>1,22</sup>	London, Great Britain	4,04		EUR	74 593,46	16 778,51
246	Dr. Gubelt Immobilien Vermietungs-Gesellschaft mbH & Co. Objekt Stuttgart Gutenbergstraße KG <sup>22</sup>	Düsseldorf	2,62	2,55	EUR	114,62	404,98
247	Dritte SHS Technologiefonds GmbH & Co. KG <sup>1,22</sup>	Tübingen	4,94		EUR	23 559,43	- 1 804,86
248	enOware GmbH <sup>1,22</sup>	Karlsruhe	0,75		EUR	- 431,85	- 358,00
249	Erste IFD geschlossener Immobilienfonds für Deutschland GmbH & Co. KG <sup>1,18</sup>	Hamburg	0,20		EUR	27 517,61	2 202,74
250	FL FINANZ-LEASING GmbH <sup>22</sup>	Wiesbaden	17,00		EUR	- 358,57	- 86,33
251	Fludicon GmbH i. L. <sup>1,17</sup>	Darmstadt	7,88		EUR	516,90	- 2 184,41
252	Gbr VÖB-ImmobilienAnalyse <sup>31</sup>	Bonn	25,00	20,00		n/a	n/a
253	GLB GmbH & Co. OHG <sup>22,32</sup>	Frankfurt am Main	30,05		EUR	6 235,54	494,04
254	GLB-Verwaltungs-GmbH <sup>22,32</sup>	LenneStadt	30,00		EUR	51,74	1,99
255	Grundstücks-Vermögens- und Verwaltungs- GbR Nr. 32, Leonberg/Ditzingen i. L. <sup>1,14</sup>	Stuttgart	0,37		EUR	34 995,90	- 951,56
256	Grundstücks-, Vermögens- und Verwaltungs- GbR 35, Sillenbacher Markt i. L. <sup>1,18</sup>	Stuttgart	0,02		EUR	45 833,47	408,40
257	Grundstücks-, Vermögens- und Verwaltungs- GbR 31, Esslingen/Stuttgart i. L. <sup>1,18</sup>	Stuttgart	13,18		EUR	503,46	28,96
258	Grundstücks-Vermögens- und Verwaltungs-GbR Nr. 27, Stuttgart-Mitte II i. L. <sup>1,18</sup>	Stuttgart	0,13		EUR	8 467,53	45,06
259	Grundstücksverwaltungsgesellschaft Sonnenberg mbH & Co. Betriebs-KG i.L. <sup>1</sup>	Wiesbaden	5,52			n/a	n/a

Ser. no.	Name	Place of business	Share of capital	Non-prop. voting rights	Currency	Equity EUR th.	Result EUR th.
260	HANSA TREUHAND Dritter Beteiligungsfonds GmbH & Co. KG <sup>1</sup>	Hamburg	0,03		EUR	23 875,57	2 920,32
261	HANSA TREUHAND Zweiter Beteiligungsfonds GmbH & Co. KG i.l. <sup>1,17</sup>	Hamburg	0,16		EUR	32 066,52	- 6 076,52
262	Heidelberg Innovation BioScience Venture II GmbH & Co. KG i. L. <sup>1,22</sup>	Leimen	3,83		EUR	5 227,12	315,89
263	HGA Mitteleuropa V GmbH & Co. KG <sup>1,18</sup>	Hamburg	0,05		EUR	1 923,39	- 547,69
264	HSBC Trinkaus & Burkhardt AG <sup>7,22</sup>	Düsseldorf	18,66		EUR	1 858 015,35	154 520,13
265	Humboldt Multi Invest B S.C.A., SICAV-FIS i. L. <sup>15,33</sup>	Luxembourg, Luxembourg	99,99		EUR	6 928,35	- 165,43
266	Icon Brickell LLC <sup>1</sup>	Miami, USA	13,35			n/a	n/a
267	ImmerSight GmbH <sup>1,22</sup>	Ulm	0,85		EUR	- 525,39	- 246,00
268	KanAm USA XXII Limited Partnership <sup>1,23</sup>	Atlanta, USA	0,04		USD	36 621,49	455,43
269	Kreditgarantiegemeinschaft der Freien Berufe Baden-Württemberg Verwaltungs-GmbH <sup>22</sup>	Stuttgart	4,76		EUR	153,39	0,00
270	Kreditgarantiegemeinschaft der Industrie, des Verkehrsgewerbes und des Gastgewerbes Baden-Württemberg Verwaltungs-GmbH <sup>22</sup>	Stuttgart	15,28		EUR	1 299,87	0,00
271	Kreditgarantiegemeinschaft des Gartenbaus Baden-Württemberg Verwaltungs-GmbH <sup>22</sup>	Stuttgart	4,50		EUR	138,31	0,00
272	Kreditgarantiegemeinschaft des Handels Baden-Württemberg Verwaltungs-GmbH <sup>22</sup>	Stuttgart	9,14		EUR	1 021,91	0,00
273	Kreditgarantiegemeinschaft des Handwerks Baden-Württemberg Verwaltungs-GmbH <sup>22</sup>	Stuttgart	9,76		EUR	1 001,05	0,00
274	Kunststiftung Baden-Württemberg gGmbH <sup>22</sup>	Stuttgart	2,00	0,61	EUR	2 899,37	- 16,60
275	Maehler & Kaeye AG i. L. <sup>1,9</sup>	Ingelheim	7,50	9,26	EUR	- 2 041,59	67,06
276	MAT Movies & Television Productions GmbH & Co. Project IV i. L. <sup>1,22</sup>	Grünwald	0,22		EUR	543,57	- 7,80
277	MBG Mittelständische Beteiligungsgesellschaft Baden-Württemberg Gesellschaft mit beschränkter Haftung <sup>22</sup>	Stuttgart	9,94		EUR	66 947,91	6 067,18
278	MFG Flughafen-Grundstücksverwaltungsgesellschaft mbH & Co. BETA KG i. L. <sup>22</sup>	Grünwald	7,97	7,93	EUR	80,34	- 28,70
279	Monolith Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Neubau Sparkassen-Versicherung Sachsen OHG <sup>8,22</sup>	Mainz	10,50	2,66	EUR	- 14 671,00	2 377,76
280	NAVALIA 11 MS »PORT MENIER« GmbH & Co. KG <sup>1</sup>	Bramstedt	0,15			n/a	n/a
281	NESTOR Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Villingen-Schwenningen KG <sup>8,22</sup>	Düsseldorf	5,00		EUR	- 2 575,31	416,20
282	Neumayer Tekfor Verwaltungen GmbH i. L. <sup>1,16</sup>	Offenburg	8,97	0,00	EUR	26,91	- 9,38
283	Notion Systems GmbH <sup>1,22</sup>	Schwetzingen	0,75		EUR	1 508,81	168,65
284	Novoplant Gesellschaft mit beschränkter Haftung <sup>1,10</sup>	Gatersleben	18,77		EUR	- 5 574,08	1 852,89
285	otego GmbH <sup>1</sup>	Karlsruhe	6,25			n/a	n/a
286	OXID eSales AG <sup>1,22</sup>	Freiburg	19,92		EUR	27,27	13,58
287	PARAMOUNT GROUP, INC. <sup>1,22</sup>	Baltimore, USA	0,50		USD	4 076 208,23	- 8 287,66
288	Paramount Group Operating Partnership LP <sup>1</sup>	Wilmington, USA	2,46	0,00		n/a	n/a
289	PARAMOUNT GROUP REAL ESTATE FUND III, L.P. <sup>1,22</sup>	Wilmington, USA	12,19	11,09	USD	34 702,56	3 132,07
290	Phenex Pharmaceuticals AG <sup>1,22</sup>	Ludwigshafen	8,90		EUR	72 775,23	70 352,67
291	Polish Enterprise Fund V, L.P. <sup>1,22</sup>	New York, USA	1,67		EUR	32 512,55	- 3 646,29
292	PolyAn Gesellschaft zur Herstellung von Polymeren für spezielle Anwendungen und Analytik mbH <sup>1,22</sup>	Berlin	9,93		EUR	14,84	3,44
293	PressMatrix GmbH <sup>1,22</sup>	Berlin	14,08		EUR	- 782,46	- 221,89
294	Probiodrug AG <sup>1,22</sup>	Halle/Saale	2,85		EUR	16 847,14	- 14 512,44
295	Rau Metall GmbH & Co. KG i. L. <sup>1,13</sup>	Geislingen/Steige	5,00	0,00	EUR	- 12 457,02	510,67
296	REAL Immobilien GmbH <sup>1,17</sup>	Hanau	9,00		EUR	- 30 637,14	- 9 117,47
297	Reha-Klinik Aukammal GmbH & Co. Betriebs-KG i. L. <sup>1</sup>	Wiesbaden	5,54			n/a	n/a
298	RSU Rating Service Unit GmbH & Co. KG <sup>22</sup>	Munich	18,80		EUR	14 946,09	1 825,23
299	RW Holding AG i. L. <sup>24</sup>	Düsseldorf	1,36		EUR	391 525,73	- 34 448,23
300	RWSO Grundstücksgesellschaft TBS der Württembergischen Sparkassenorganisation GbR <sup>22</sup>	Stuttgart	10,00	8,81	EUR	6 421,00	49,55
301	S CountryDesk GmbH <sup>22</sup>	Cologne	2,50		EUR	404,81	32,35
302	Schiffahrts-Gesellschaft »HS ALCINA«/»HS ONORE«/»HS OCEANO« mbH & Co. KG <sup>1,22</sup>	Hamburg	0,04		EUR	20 838,43	2 503,58
303	Schiffahrts-Gesellschaft »HS MEDEA« mbH & Co. KG <sup>1,22</sup>	Hamburg	0,16		EUR	15 202,91	1 249,09
304	SE.M.LABS GmbH <sup>1,22</sup>	Stuttgart	0,75		EUR	- 143,25	- 221,00
305	Sensitu GmbH <sup>1</sup>	Bendorf	14,29			n/a	n/a
306	SI-BW Beteiligungsgesellschaft mbH & Co KG <sup>22</sup>	Stuttgart	4,00	3,96	EUR	43 750,76	1 204,06
307	SimuForm GmbH i. L. <sup>1,14</sup>	Herten	6,84		EUR	235,00	- 300,00
308	Society for Worldwide Interbank Financial Telecommunication (S.W.I.F.T.) <sup>22</sup>	La Hulpe, Belgium	0,16		EUR	314 177,57	23 406,11
309	stimOS GmbH <sup>1,22</sup>	Constance	0,75		EUR	- 12,96	- 29,00
310	Synapticon GmbH <sup>1,22</sup>	Grübingen	0,85		EUR	- 2 163,38	- 1 156,00

Ser. no.	Name	Place of business	Share of capital	Non-prop. voting rights	Currency	Equity EUR th.	Result EUR th.
311	Technologiegründerfonds Sachsen Plus GmbH & Co. KG <sup>1,22</sup>	Leipzig	8,47	8,48	EUR	2 695,33	- 1 474,65
312	Technologiegründerfonds Sachsen Seed GmbH & Co. KG <sup>1,22</sup>	Leipzig	3,33	3,34	EUR	4 260,10	- 153,00
313	Technologiegründerfonds Sachsen Start up GmbH & Co. KG <sup>1,22</sup>	Leipzig	10,81	10,83	EUR	18 229,01	712,03
314	TETRAGENEX PHARMACEUTICALS, INC. <sup>1,11</sup>	Park Ridge, USA	0,71		EUR	2 201,00	4 580,00
315	tocario GmbH <sup>1,22</sup>	Stuttgart	0,75		EUR	- 589,04	- 124,00
316	TuP 8 GmbH & Co. KG <sup>1</sup>	Berlin	0,43			n/a	n/a
317	TVM IV GmbH & Co. KG <sup>1,22</sup>	Munich	1,67		EUR	15 359,98	2 736,97
318	VCM Golding Mezzanine GmbH & Co. KG <sup>1,18</sup>	Cologne	3,89		EUR	12 849,63	6 319,20
319	Verband der kommunalen RWE-Aktionäre Gesellschaft mit beschränkter Haftung <sup>27</sup>	Essen	0,40		EUR	297,69	- 222,35
320	Visa Inc. <sup>21</sup>	San Francisco, USA	0,00		USD	27 457 556,42	4 998 122,89
321	VRP Venture Capital Rheinland-Pfalz GmbH & Co. KG i. L. <sup>1,22</sup>	Mainz	16,65		EUR	1 918,37	2 338,51
322	VRP Venture Capital Rheinland-Pfalz Nr. 2 GmbH & Co. KG <sup>1,22</sup>	Mainz	16,65		EUR	1 269,89	3 344,17
323	Wachstumsfonds Mittelstand Sachsen GmbH & Co. KG <sup>1,22,34</sup>	Leipzig	27,34	27,55	EUR	18 205,85	782,25
324	Wachstumsfonds Mittelstand Sachsen Plus GmbH & Co. KG <sup>1,22</sup>	Leipzig	13,68	13,72	EUR	6 728,13	- 1 107,98
325	Wirtschaftsförderung Region Stuttgart GmbH <sup>2,22</sup>	Stuttgart	16,06		EUR	828,29	- 2 470,85
326	5Analytics GmbH <sup>1,35</sup>	Köngen	0,75		EUR	2,32	- 32,42

1 Held indirectly.

2 Including shares held indirectly.

3 A letter of comfort exists.

4 A letter of comfort exists on the part of a Group subsidiary.

5 A profit transfer and/or control agreement has been concluded with the company.

6 A profit transfer and/or control agreement has been concluded with another company.

7 Equity investment in a large corporation (Kapitalgesellschaft) with a share of at least 5% in voting rights (Section 340a (4) no. 2 HGB).

8 Is a structured entity in accordance with IFRS 12 at the same time.

9 Data available only as at 31 December 2004.

10 Data available only as at 31 December 2006.

11 Data available only as at 31 December 2007.

12 Data available only as at 31 December 2011.

13 Data available only as at 31 December 2012.

14 Data available only as at 31 December 2013.

15 Data available only as at 31 July 2014.

16 Data available only as at 13 October 2014.

17 Data available only as at 31 December 2014.

18 Data available only as at 31 December 2015.

19 Data available only as at 31 March 2016.

20 Data available only as at 30 April 2016.

21 Data available only as at 30 September 2016.

22 Data available only as at 31 December 2016.

23 Data available only as at 31 December 2016 in accordance with IFRS.

24 Data available only as at 21 February 2017.

25 Data available only as at 28 February 2017.

26 Data available only as at 31 March 2017.

27 Data available only as at 30 June 2017.

28 Data available only as at 27 October 2017. Final balance sheet.

29 Financial instruments pursuant to IFRS.

30 No shareholdings within the meaning of Section 285 no. 11 HGB.

31 Classification as equity investment, as the company does not generate any commercial activities.

32 Classification as equity investment, as no relevant decisions are made any longer and liquidation is expected.

33 Classification as equity investment, in liquidation: no relevant decisions are made any longer.

34 Classification as equity investment; because of contractual agreements, only 14.29% of the voting right is exercisable in the event of material decisions.

35 Data available only as at 31 December 2016. Abridged financial year from 22 January 2016 to 31 December 2016.

#### 41. Positions held.

Offices held by legal representatives of LBBW (Bank) and members of the AidA Board of Managing Directors<sup>1</sup> on statutory supervisory boards and similar supervisory bodies of large companies and banks, as well as offices held by employees of LBBW (Bank) on statutory supervisory boards of large companies and banks are listed below:

Company	Position	Incumbent
BS PAYONE GmbH, Frankfurt (formerly: B+S Card Service GmbH, Frankfurt a.M.)	Supervisory Board	Helmut Dohmen
Boerse Stuttgart GmbH, Stuttgart	Deputy Chairman of the Supervisory Board	Dr. Christian Ricken (as of 22 May 2017)
	Supervisory Board	Dr. Christian Ricken (as of 3 May 2017 until 21 May 2017)
Bürgschaftsbank Sachsen GmbH, Dresden	Member of the Board of Directors	Oliver Fern
	Deputy Member of the Board of Directors	Peter Kröger
Deutscher Sparkassenverlag GmbH, Stuttgart	Supervisory Board	Michael Horn (as of 1 February 2017)
Düker GmbH, Karlstadt	Chairman of the Supervisory Board	Dr. Georg Hengstberger (until 30 September 2017)
Euwax AG, Stuttgart	Deputy Chairman of the Supervisory Board	Dr. Christian Ricken (as of 22 May 2017)
Hypo Vorarlberg Bank AG, Bregenz (formerly: Vorarlberger Landes- und Hypothekenbank AG, Bregenz)	Supervisory Board	Michael Horn
Grieshaber Logistik GmbH, Weingarten	Supervisory Board	Michael Horn
LBBW Asset Management Investmentgesellschaft mbH, Stuttgart	Chairman of the Supervisory Board	Dr. Christian Ricken (as of 8 March 2017)
	Deputy Chairman of the Supervisory Board	Rainer Neske (until 30 September 2017)
	Supervisory Board	Frank Hagenstein (as of 1 October 2017)
	Supervisory Board	Michael Nagel Dr. Christian Ricken (as of 1 January 2017 until 7 March 2017)
LBBW (Schweiz) AG, Zurich	Chairman of the Board of Directors	Michael Horn
MKB Mittelrheinische Bank GmbH, Koblenz	Chairman of the Supervisory Board	Karl Manfred Lochner
	Deputy Chairman of the Supervisory Board	Volker Wirth
	Supervisory Board	Peter Hähner
MMV Leasing GmbH, Koblenz	Chairman of the Advisory Board	Karl Manfred Lochner
	Deputy Chairman of the Advisory Board	Volker Wirth
	Advisory Board	Peter Hähner
Progress-Werk Oberkirch AG, Oberkirch	Supervisory Board	Dr. Georg Hengstberger (until 30 September 2017)
Siedlungswerk GmbH Wohnungs- und Städtebau, Stuttgart	Deputy Chairman of the Supervisory Board	Michael Horn
	Supervisory Board	Thorsten Schönenberger
	Supervisory Board	Thomas Christian Schulz
Mainzer Stadtwerke AG, Mainz	Supervisory Board	Hannsgeorg Schöning
SüdFactoring GmbH, Stuttgart	Chairman of the Supervisory Board	Karl Manfred Lochner
	Deputy Chairman of the Supervisory Board	Volker Wirth
	Supervisory Board	Norwin Graf Leutrum von Ertingen
SüdLeasing GmbH, Stuttgart	Chairman of the Supervisory Board	Karl Manfred Lochner
	Deputy Chairman of the Supervisory Board	Volker Wirth
	Supervisory Board	Norwin Graf Leutrum von Ertingen
VPV Lebensversicherungs-Aktiengesellschaft, Stuttgart	Supervisory Board	Claudia Diem

#### 42. Events after the balance sheet date.

No significant events have occurred since 1 January 2018 which LBBW expects to affect LBBW's net assets, financial position and results of operations in any material way.

<sup>1</sup> The Managing Directors of BW-Bank, Sachsen Bank, and Rheinland-Pfalz Bank are designated Managing Directors of an »institution within the institution« (Anstalt in der Anstalt - AidA).

#### 43. LBBW (Bank) Board of Managing Directors and Supervisory Board.

##### Board of Managing Directors.

###### Chairman.

**RAINER NESKE**

###### Deputy Chairman.

**MICHAEL HORN**

###### Members.

**KARL MANFRED LOCHNER**

**DR. CHRISTIAN RICKEN**

**THORSTEN SCHÖNENBERGER**  
as of 1 August 2017

**ALEXANDER FREIHERR VON USLAR-GLEICHEN**  
until 31 December 2017

**VOLKER WIRTH**

##### Supervisory Board.

###### Chairman.

**CHRISTIAN BRAND**  
Former chairman of the Board of  
Management of L-Bank

###### Deputy Chairpersons.

**EDITH SITZMANN MDL**  
Minister of Finance and Economics of the  
State of Baden-Württemberg

###### Members.

**CARSTEN CLAU**  
until 30 September 2017  
Chairman of the Board of Managing  
Directors of Kreissparkasse Böblingen

**WOLFGANG DIETZ**  
Lord Mayor of the town  
of Weil am Rhein

**UTA-MICHAELA DÜRIG**  
Managing Director of  
Robert Bosch Stiftung GmbH

**WALTER FRÖSCHLE**  
Employee Representative of  
Landesbank Baden-Württemberg

**HELMUT HIMMELSBACH**  
Member of the Supervisory Board  
of WGV-Versicherung AG

**CHRISTIAN HIRSCH**  
Employee Representative of  
Landesbank Baden-Württemberg

**BETTINA KIES-HARTMANN**  
Employee Representative of  
Landesbank Baden-Württemberg

**FRITZ KUHN**  
Lord Mayor of the  
State Capital Stuttgart

**SABINE LEHMANN**  
Employee Representative of  
Landesbank Baden-Württemberg

**KLAUS-PETER MURAWSKI**  
State Secretary in the State Ministry of  
Baden-Württemberg  
and Head of the State Chancellery

**DR. FRITZ OESTERLE**  
Attorney at law

**MARTIN PETERS**  
Managing Partner of the  
Eberspächer group of companies

**CHRISTIAN ROGG**  
Employee Representative of  
Landesbank Baden-Württemberg

**CLAUS SCHMIEDEL**  
Member of Ludwigsburg District  
Council

**B. JUTTA SCHNEIDER**  
Member of the Board of Managing  
Directors of Global Consulting  
Delivery SAP Deutschland SE & Co. KG

**PETER SCHNEIDER**  
President of the Sparkassenverband  
Baden-Württemberg  
(Savings Bank Association  
of Baden-Württemberg)

**DR. JUTTA STUIBLE-TREDER**  
Managing Partner of  
EversheimStuible  
Treuberater GmbH

**DR. BRIGITTE THAMM**  
Employee Representative of  
Landesbank Baden-Württemberg

**BURKHARD WITTMACHER**  
as of 1 October 2017  
Chairman of the Board of  
Managing Directors of  
Kreissparkasse Böblingen

**NORBERT ZIPF**  
Employee Representative of  
Landesbank Baden-Württemberg

# Responsibility statement.

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of Landesbank Baden-Württemberg, and the combined management report includes a fair review of the development and performance of the business and the position of Landesbank Baden-Württemberg, together with a description of the principal opportunities and risks associated with the expected future development of Landesbank Baden-Württemberg

Stuttgart, Karlsruhe, Mannheim and Mainz, 5 March 2018

The Board of Managing Directors

**RAINER NESKE**  
Chairman

**MICHAEL HORN**  
Deputy Chairman

**KARL MANFRED LOCHNER**

**DR. CHRISTIAN RICKEN**

**THORSTEN SCHÖNENBERGER**

**VOLKER WIRTH**

# Independent Auditor's Report.

To Landesbank Baden-Württemberg, Stuttgart, Karlsruhe, Mannheim and Mainz

## Report on the audit of the annual financial statements and the combined management report

### Audit opinion

We audited the annual financial statements of Landesbank Baden-Württemberg, Stuttgart, Karlsruhe, Mannheim and Mainz, comprising the balance sheet as at 31 December 2017 and the profit and loss statement for the financial year from 1 January 2017 to 31 December 2017 as well as the Notes, including the presentation of accounting and valuation methods. Furthermore, we audited the combined management report of Landesbank Baden-Württemberg, Stuttgart, Karlsruhe, Mannheim and Mainz for the financial year from 1 January 2017 to 31 December 2017. In accordance with German statutory regulations, we have not audited the contents of the non-financial statement included in the combined management report.

According to our assessment on the basis of the knowledge acquired in the course of the audit,

- the accompanying annual financial statements comply in all material respects with German commercial law regulations applicable to credit and financial institutions and give a true and fair view of the net assets and financial position of the Bank as at 31 December 2017 and its results of operations for the financial year from 1 January 2017 to 31 December 2017 in accordance with German generally accepted accounting principles; and
- the accompanying combined management report accurately represents the Bank's position. The combined management report is consistent in all material respects with the annual financial statements and in accordance with German statutory provisions, and accurately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not refer to the contents of the above-mentioned non-financial statement.

In accordance with Section 322 (3) Sentence 1 HGB we state that our audit has not led to any objections to the correctness of the annual financial statements and the combined management report.

## Basis for our audit opinions

We performed our audit of the annual financial statements and the combined management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014) as well as the German generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors (IDW). Our responsibility in accordance with these provisions and principles is described in more detail in the section »Responsibility of the statutory auditor for the audit of the annual financial statements and the combined management report« of our auditor's report. We are independent from the Company in accordance with the provisions of European law and German commercial and professional law, and we have also met our other German professional obligations in accordance with these requirements. We furthermore state in accordance with Article 10 (2) (f) of the EU Audit Regulation that we have not provided any prohibited non-audit services as defined in Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion on the annual financial statements and the combined management report.

## Key audit matters in the audit of the annual financial statements

Key audit matters are such audit matters that, after due consideration, are the most significant for the audit of the annual financial statements for the financial year from 1 January 2017 to 31 December 2017. These matters were taken into account in our audit of the annual financial statements as a whole and in forming our audit opinion thereof. We are not issuing a separate audit opinion on these matters.

### Calculation of the fair values of financial instruments based on valuation models

With regard to the accounting and valuation methods applied by Landesbank Baden-Württemberg, please refer to section 2 of the Notes.

### RISK TO THE FINANCIAL STATEMENTS

Assets and liabilities in the trading portfolio are measured at fair value in accordance with Section 340e HGB. For some of the derivative instruments (EUR 8 511 million and EUR 6 575 million) as well as debentures and other fixed-income securities (EUR 7 461 million) carried under these items, no market prices are observable. Their fair values must therefore be determined based on generally accepted valuation methods. The choice of valuation models and their parameterization are, in part, discretionary. It was therefore important for our audit that the calculation of the fair values be based on appropriate valuation models and parameters, and that the trading portfolio and trading gains/losses be calculated in accordance with the accounting principles.

### APPROACH ADOPTED IN THE AUDIT

Based on our risk assessment and the assessment of the risk of error, our audit opinion rested on substantive audit procedures. Accordingly, we performed the following audit procedures, amongst others:

As a first step, we obtained an insight into the development of the financial instruments in the trading portfolio, the associated risks and the process and structure of the internal control system with regard to the valuation of the financial instruments in the trading portfolio.



In order to assess the appropriate fair value measurement of the financial instruments in the trading portfolio for which no market prices can be observed, we performed a revaluation in a two-stage process involving internal KPMG valuation specialists, and compared the results with the values determined by the Bank. First, all financial instruments in the trading portfolio were included in a standardized revaluation procedure.

If deviations outside a defined range were identified or a revaluation using the standardized method was not possible due to a lack of market data, we satisfied ourselves of the appropriateness of the valuation models. The specific item testing was designed to ensure that all valuation models used for each type of financial instrument were taken into account in the validation process. As part of the revaluation, the parameters used in the valuation models were derived from internal and external sources.

#### OUR CONCLUSIONS

According to our revaluation, the fair values determined by the Bank on the basis of its selection and parameterization of the valuation models for the financial instruments for which no market prices were observable are within appropriate ranges.

Calculation of specific loan loss provision for loans and advances to customers in the case of significant loans  
With regard to the accounting and valuation methods applied by Landesbank Baden-Württemberg, please refer to section 2 of the Notes.

#### RISK TO THE FINANCIAL STATEMENTS

Loans and advances to customers amounted to EUR 102 886 million as at 31 December 2017. The majority of the specific and portfolio loan loss provision (impaired) to account for acute default risks relate to specific loan loss provision for significant loans.

Under the principles of prudent valuation pursuant to Section 252 (1) no. 4 HGB, specific loan loss provision must be formed in order to take account of acute default risks. The determination of specific loan loss provision for loans and advances to customers is discretionary. It requires assumptions about the contractual cash flows still expected and/or about the expected cash flows from the realization of the loan collateral provided. The assumptions are made depending on the selected restructuring and/or liquidation strategy.

It was therefore important for our audit that adequate criteria to identify exposures requiring specific loan loss provision are determined and that identification of these exposures is ensured in procedural terms. In addition, it was important for our audit that, when determining the specific valuation allowance, appropriate assumptions are made regarding the amount of the contractual cash flows still expected and/or the amount of the expected cash flows from the realization of loan collateral provided. Incorrect assumptions about the amount of expected cash flows and/or the realization of loan collateral provided mean that counterparty risks are not taken adequately into account and hence receivables are not accurately valued.

## APPROACH ADOPTED IN THE AUDIT

Based on our risk assessment and the assessment of the risk of error, we derived our audit opinion from both control-based audit procedures and substantive audit procedures. Accordingly, we performed the following audit procedures, amongst others:

As a first step, we obtained a comprehensive insight into the development of loans and advances to customers, the associated risks and the internal control system with regard to the management, monitoring and valuation of loans and advances to customers for significant loans.

To assess the appropriateness of the internal control system with regard to the identification, management, monitoring and evaluation of loans and advances to customers, we have audited the relevant organizational guidelines and conducted surveys. Moreover, we satisfied ourselves of the appropriateness, implementation and effectiveness of the relevant controls that the Bank has set up to identify exposures requiring specific loan loss provision and to comply with the system for determining specific loan loss provision. With regard to the IT systems used, we examined the effectiveness of the relevant IT application controls with the involvement of our IT specialists.

We examined the recoverability of loans and advances to customers on the basis of a specific item testing of individual exposures based on materiality and risk aspects. First, we investigated whether the selected exposures match the criteria indicating the need to create a specific loan loss provision. If the criteria indicating the need to create a specific loan loss provision were matched, we satisfied ourselves that they were correctly taken into account. In the case of impaired exposures, we subsequently assessed whether the restructuring or liquidation strategy, on which the valuation was based, is consistent with the actual circumstances, and plausibly explained. On this basis, we examined in particular the assumptions about the contractual cash flows still expected and/or the expected cash flows from the realization of the loan collateral provided, and assessed whether the assumptions used in the past were correct. If loan collateral was provided for an exposure which is taken into account in the valuation, we assessed the legal validity and the fair value of this collateral. In this context, we used, where applicable, independent expert valuations as a basis for our opinion and assessed, on the basis of publicly available information, whether their assumptions were derived from suitable internal and external sources in an appropriate manner. To this end, we used information such as market studies, market prices and yield analyses. We also involved our real estate valuation specialists for selected collateral objects. Finally, we verified whether the required specific loan loss provision was accurately calculated.

In addition, we examined a random sample of individual commitments that had not been included in our specific item testing and checked whether the criteria for identifying exposures requiring specific loan loss provision were applied appropriately and, if necessary, led to the recognition of a specific loan loss provision.

## OUR CONCLUSIONS

The criteria for identifying exposures requiring specific loan loss provision and assumptions regarding the amount of contractual cash flows still expected and/or the amount of cash flows expected from the realization of the loan collateral provided were selected appropriately and used in accordance with the accounting principles applicable for the measurement of specific loan loss provision.

## Introduction of a new core banking system at Landesbank Baden-Württemberg

### RISK TO THE FINANCIAL STATEMENTS

Landesbank Baden-Württemberg launched a new core banking system in April 2017, in which the lending business and deposit banking as well as customer and collateral data are managed. In addition, a new data transfer process was implemented in to the general ledger. A significant proportion of the migrated transactions are reported, in accordance with requirements of the German Commercial Code, under advances to customers and deposits from customers as well as contingent liabilities. For our audit it was therefore important to ensure that all accounting-relevant data was fully migrated to the new core banking system, and that the migration to the general ledger using the new process was complete and accurate.

### APPROACH ADOPTED IN THE AUDIT

Based on our risk assessment and the assessment of the risk of error, we have based our audit opinion on control-based audit procedures as well as on substantive audit procedures, in which we involved our IT specialists. Accordingly, we performed the following audit procedures, amongst others:

As a first step, we have audited project documents and held interviews to gain an overview of the accounting-relevant functional and IT-related concepts regarding the replacement of the old core banking system. Moreover, we inspected the significant accounting-relevant GAP concepts, interface concepts and authorization concept and assessed these.

As a second step, we mapped the migration process based on interviews and assessed it. We also critically have audited the Bank's migration concept with regard to the adequacy of the measures defined here by the Bank to ensure full and accurate migration of data to the new core banking system. With regard to the actual migration, we have audited the documentation of the Bank's control measures and checked whether identified differences were corrected.

We then have audited the structure of the accounting process and assessed its appropriateness by inspecting work instructions and interviewing the responsible employees. In particular, we included in our audit the adjusted elements of the data transfer process for accounting-relevant data into the general ledger. With regard to the IT systems used, we examined the operating effectiveness of the accounting-relevant IT application controls. In addition, we have audited a specific item testing of transactions to assess whether the transactions concerned are fully and accurately transferred to the general ledger in the course of day-to-day business operations. We also examined a random sample of transactions that were not included in our specific item testing to assess their complete and accurate migration.

### OUR CONCLUSIONS

The measures put in place by the Bank were appropriate for the implementation of the complete migration of accounting-relevant data to the core banking system and for ensuring the complete and accurate migration of accounting-relevant data using the adjusted transfer process to the general ledger as at 31 December 2017.

## Other information

The legal representatives are responsible for other information. Other information comprises:

- the non-financial statement and
- the other parts of the annual report, with the exception of the audited annual financial statements and combined management report as well as our auditor's report.

Our audit opinion on the annual financial statements and the combined management report does not include other information. We therefore do not offer an audit opinion nor any other form of audit conclusion regarding this.

In connection with our audit, it is our responsibility to read the other information and to assess whether the other information is free of

- material inconsistencies with the annual financial statements, the combined management report or our knowledge gained during the audit, or
- otherwise appears to be materially incorrect.

## Responsibility of the legal representatives and the Supervisory Board for the annual financial statements and the combined management report

The legal representatives are responsible for the preparation of the annual financial statements in accordance with the requirements of German commercial law applicable to credit and financial institutions in all material aspects and for the presentation of a true and fair view of the net assets, financial position and results of operations of the Bank in the annual financial statements in accordance with German generally accepted accounting principles. The legal representatives are also responsible for the internal controls they have identified as necessary in accordance with German generally accepted accounting principles in order to allow the preparation of the annual financial statements which are free from material misstatement, whether intentional or not.

In preparing the annual financial statements, the legal representatives are responsible for assessing the Bank's ability to continue as a going concern. They are also responsible for disclosing, where relevant, matters relating to the going-concern assumption for the Bank. In addition, they have responsibility for accounting on the basis of the going concern principle unless this is contrary to actual or legal circumstances.

The legal representatives are also responsible for the preparation of the combined management report, which as a whole provides an accurate picture of the Bank's position, is consistent in all material respects with the annual financial statements, complies with German law and adequately depicts the opportunities and risks presented in the future performance. Furthermore, the legal representatives are responsible for the precautions and measures (systems) which they have deemed necessary to enable the preparation of a combined management report in accordance with the applicable German statutory requirements and to provide sufficient suitable evidence for the statements in the combined management report.

The Supervisory Board is responsible for monitoring the Bank's accounting process for the preparation of the annual financial statements and the combined management report.

## Responsibility of the statutory auditor for the audit of the annual financial statements and the combined management report

Our objective is to obtain reasonable assurance as to whether the annual financial statements as a whole are free from material misstatements, whether intentional or not, and whether the combined management report as a whole provides an accurate picture of the Bank's position and, in all material respects, is in accordance with the annual financial statements and the findings of our audit as well as German statutory requirements and accurately depicts the opportunities and risks presented by the future performance, and to issue an audit certificate that includes our audit opinion on the annual financial statements and the combined management report.

Reasonable assurance represents a high degree of certainty, but no guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation as well as the generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors (IDW) will always reveal a material misstatement. Misstatements may result from infringements or inaccuracies and are considered material if it could reasonably be expected that they will, individually or collectively, influence the economic decisions of addressees made on the basis of these annual financial statements and the combined management report.

During our audit we exercise professional judgement and due skepticism. Moreover,

- we identify and assess the risks of material misstatements, whether intentional or not, in the annual financial statements and the combined management report, plan and perform audit procedures in response to these risks, and obtain audit evidence which is sufficient and appropriate to form the basis for our audit opinion. The risk that material misrepresentations are not detected is higher in the case of violations than in the case of inaccuracies, since violations may involve fraudulent interaction, forgery, intentional incompleteness, misleading representations or the repeal of internal controls.
- we gain an understanding of the internal control system relevant to the audit of the annual financial statements and the arrangements and measures relevant to the audit of the combined management report that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems applied by the Bank.
- we express an opinion on the appropriateness of the accounting policies used by the legal representatives and the reasonableness of the estimated amounts and related information presented by the legal representatives.
- we draw conclusions about the appropriateness of the going concern principle applied by the legal representatives and assess, based on the audit evidence obtained, whether there is material uncertainty in connection with events or circumstances that could raise significant doubts about the Bank's ability to continue as a going concern. If we come to the conclusion that there is material uncertainty, we are obliged to draw attention to the relevant information in the annual financial statements and the combined management report in our audit certificate or, if this information is inadequate, to modify our respective audit opinion. We draw our conclusions based on audit evidence obtained by the date of our audit opinion. However, future events or circumstances may prevent the Bank from continuing its business activities in the future.

- we express an opinion on the overall presentation, structure and content of the annual financial statements, including the disclosures, and assess whether the annual financial statements present the underlying transactions and events such that the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Bank in accordance with German generally accepted accounting principles.
- we assess the consistency of the combined management report with the annual financial statements, its compliance with the law and the picture it portrays of the Bank's position.
- we conduct audit procedures on the forward-looking statements presented by the legal representatives in the combined management report. Based on sufficient appropriate audit evidence, we retrace in particular the significant assumptions underlying the forward-looking statements made by the legal representatives and assess the appropriate derivation of the forward-looking statements from these assumptions. We do not issue a separate audit opinion on the forward-looking statements and the underlying assumptions. There is significant, unavoidable risk that future events could differ materially from the forward-looking statements.

We discuss with those responsible for governance issues such as the planned scope and timing of the audit and significant audit findings, including any deficiencies in the internal control system that we identify during our audit.

We make a statement to those responsible for governance that we have complied with the relevant independence requirements and discuss with them all relationships and other matters that can reasonably be expected to affect our independence, and the safeguarding measures taken in this respect.

From the matters that we discussed with those responsible for governance, we determine those matters that were most significant in the audit of the annual financial statements for the current reporting period and are therefore considered key audit matters. We describe these matters in the auditor's report, unless laws or other statutory provisions prohibit a public disclosure of such facts.

## Other statutory and regulatory requirements

### Other disclosures in accordance with Article 10 of the EU Audit Regulation

We were appointed statutory auditor of the annual financial statements by the annual general meeting on 31 May 2017. We received our mandate from the Audit Committee on 19 July 2017. We have been in continuous practice as statutory auditor of the annual financial statements of Landesbank Baden-Württemberg, Stuttgart, Karlsruhe, Mannheim and Mainz since the 2010 financial year.

We state that the audit opinions contained in this audit certificate are consistent with the additional report to the Supervisory Board in accordance with Article 11 of the EU Audit Regulation (audit report).

## Responsible statutory auditor

The statutory auditor responsible for the audit is Carsten Eisele.

Stuttgart, 13 March 2018

KPMG AG  
Wirtschaftsprüfungsgesellschaft

signed Pfeiffer  
Statutory auditor

signed Eisele  
Statutory auditor

**Landesbank Baden-Württemberg**

Headquarters

**Stuttgart**

70144 Stuttgart, Germany  
Am Hauptbahnhof 2  
70173 Stuttgart, Germany  
Phone +49 (0) 711 127-0  
Fax +49 (0) 711 127-43544  
www.LBBW.de  
kontakt@LBBW.de

**Karlsruhe**

76245 Karlsruhe, Germany  
Ludwig-Erhard-Allee 4  
76131 Karlsruhe, Germany  
Phone +49 (0) 721 142-0  
Fax +49 (0) 721 142-23012  
www.LBBW.de  
kontakt@LBBW.de

**Mannheim**

P. O. Box 100352  
68003 Mannheim, Germany  
Augustaanlage 33  
68165 Mannheim, Germany  
Phone +49 (0) 621 428-0  
Fax +49 (0) 621 428-72591  
www.LBBW.de  
kontakt@LBBW.de

**Mainz**

55098 Mainz, Germany  
Grosse Bleiche 54 - 56  
55116 Mainz, Germany  
Phone +49 (0) 6131 64-37800  
Fax +49 (0) 6131 64-35701  
www.LBBW.de  
kontakt@LBBW.de