MOODY'S
INVESTORS SERVICE

Credit Opinion: Landesbank Baden-Württemberg

Global Credit Research - 25 Nov 2011

Stuttgart, Germany

Ratings

Category	Moody's Rating
Outlook	Stable
Bank Deposits	A2/P-1
Bkd Bank Deposits	Aaa/P-1
Bank Financial Strength	D+
Baseline Credit Assessment	Baa3
Adjusted Baseline Credit Assessment	Baa1
Bkd Issuer Rating	Aaa
Senior Unsecured -Fgn Curr	A2
Senior Unsecured -Dom Curr	A2
Subordinate	Baa2
Bkd Jr Subordinate -Dom Curr	Caa1 (hyb)
Bkd Commercial Paper -Dom Curr	P-1
Other Short Term -Dom Curr	(P)P-1

Contacts

Analyst	Phone
Katharina Barten/Frankfurt am Main	49.69.707.30.700
Claude Raab, CFA/Frankfurt am Main	
Carola Schuler/Frankfurt am Main	
Lena Kleinfeldt/Frankfurt am Main	

Key Indicators

Landesbank Baden-Wuerttemberg (Consolidated Financials)[1]

	[2]**6-11**	[2]**12-10**	[2]**12-09**	[2]**12-08**	[3]**12-07**	**Avg.**
Total Assets (EUR million)	**354,848.0**	**374,373.0**	**411,655.0**	**447,626.0**	**443,399.0**	[4]**-5.4**
Total Assets (USD million)	**514,473.8**	**502,237.7**	**590,618.2**	**622,221.3**	**648,272.6**	[4]**-5.6**
Tangible Common Equity (EUR million)	**13,015.4**	**12,688.2**	**11,464.6**	**7,363.4**	**10,786.3**	[4]**4.8**
Tangible Common Equity (USD million)	**18,870.3**	**17,021.7**	**16,448.8**	**10,235.5**	**15,770.2**	[4]**4.6**
Net Interest Margin (%)	**0.7**	**0.6**	**0.7**	**0.5**	**0.5**	[5]**0.6**
PPI / Avg RWA (%)	**1.5**	**0.4**	**1.4**	**-0.4**	**0.5**	[6]**0.7**
Net Income / Avg RWA (%)	**0.8**	**-0.2**	**-0.8**	**-1.3**	**0.2**	[6]**-0.4**
(Market Funds - Liquid Assets) / Total Assets (%)	**29.0**	**29.7**	**31.6**	**31.9**	**29.4**	[5]**30.3**
Core Deposits / Average Gross Loans (%)	**63.4**	**62.8**	**70.2**	**69.7**	**72.0**	[5]**67.6**
Tier 1 Ratio (%)	**13.3**	**11.4**	**9.8**	**6.9**	**6.5**	[6]**10.4**
Tangible Common Equity / RWA (%)	**12.2**	**10.5**	**7.4**	**4.1**	**5.6**	[6]**8.6**
Cost / Income Ratio (%)	**57.6**	**83.9**	**53.9**	**146.4**	**68.5**	[5]**82.1**
Problem Loans / Gross Loans (%)	**4.1**	**4.7**	**3.5**	**2.8**	**2.1**	[5]**3.5**
Problem Loans / (Equity + Loan Loss Reserves) (%)	**31.8**	**39.3**	**35.2**	**45.5**	**23.3**	[5]**35.0**

Source: Moody's

[1] All ratios are adjusted using Moody's standard adjustments [2] Basel II; IFRS [3] Basel I; IFRS [4] Compound Annual Growth Rate based on IFRS reporting periods [5] IFRS reporting periods have been used for average calculation [6] Basel II & IFRS reporting periods have been used for average calculation

Opinion

RECENT CREDIT DEVELOPMENTS

On 16 November 2011, as part of a rating action on the group of Germany's Landesbanken, we downgraded the senior debt and deposit ratings of Landesbank Baden-Wuerttemberg (LBBW) to A2, with a stable outlook, from Aa2 previously. We also confirmed the Prime-1 short-term rating.

The three-notch downgrade reflects (i) the one-notch downgrade of LBBW's standalone bank financial strength rating (BFSR) to D+ from C-,

now mapping to Baa3 on the long-term rating scale, (Baa2 previously), as reported separately on 25 August 2011; and (ii) our view that there is a lower likelihood that German banks will receive support in the future.

The BFSR downgrade in August 2011 was driven by higher-than-expected vulnerability to market movements, caused by the group's sizeable - albeit decreasing - bond and credit default swap (CDS) investments and the resulting difficulties in estimating the time required for LBBW to regain financial and strategic independence from earlier support measures.

The lowering of our support assumptions takes into account (i) that future government (or systemic) support for German public-sector banks has become less certain, partly owing to the new bank resolution regime that enables the government to impose losses on creditors outside of liquidation; and (ii) the restrictions on the provision of support, due to strict conditions set by the European Commission (EC). For further details see our Special Comment "Moody's Reduces Support Assumptions for German Landesbanken".

Our revised support assumptions for the A2 long-term debt ratings resulted in a reduced rating uplift of four notches from the Baa3 standalone credit strength, from seven notches previously.

As part of this rating action, we downgraded to Baa2 from Baa1 the rating for senior subordinated debt. The adjusted baseline credit assessment, from which subordinated instruments are notched off, was lowered to Baa1, from previously A3. The ratings of certain rated hybrid capital instruments (that are based on an expected loss calculation) were unaffected.

The outlook on all ratings is stable. The rating action concluded the review for downgrade that was initiated on 1 July 2011.

SUMMARY RATING RATIONALE

Moody's assigns a BFSR of D+ with a stable outlook to LBBW, which maps to Baa3 on the long-term rating scale. The rating remains underpinned by LBBW's strong regional franchise in both commercial and retail banking, and adequate capital levels. However, the rating also factors in the additional financial burden attached to the support facilities which LBBW continues to rely on for satisfactory economic and regulatory capitalisation, the group's resulting limited financial flexibility over the foreseeable future and relatively high earnings volatility.

LBBW's global local currency (GLC) debt and deposit ratings are at the A2/Prime-1 level. The ratings are based on the bank's standalone credit strength and our assumption of a very high probability of external support. This implies that LBBW would likely benefit from multiple sources of support: cross-sector support from Germany's public sector banks (Haftungsverbund) and in particular from its public-sector owners, most prominently the State of Baden-Wuerttemberg (rated Aaa), the City of Stuttgart (unrated) and the Savings Bank Association of Baden-Wuerttemberg (rated Aa3) as well as systemic support.

In our opinion, those levels of support are closely interlinked for public-sector banks and our unified approach of applying support uplift from multiple sources anticipates combined support solutions in case of need.

Under Moody's joint default analysis (JDA) methodology, our support assessments give LBBW's GLC deposit rating a four-notch uplift from its Baa3 standalone credit strength. An adjusted standalone credit strength of Baa1 is the anchor rating for LBBW's subordinated instruments and reflects our estimate of support that will likely be made available as "going concern support". This principally applies to support from the cross-sector joint liability scheme (Haftungsverbund), which we believe is available for the benefit of all classes of debt.

We maintain the bank's Aaa rating for debt qualifying for `grandfathering'.

Credit Strengths

- Strong franchise among its target clientele of larger mid-sized corporates in the well-diversified, strong regional economy of Baden-Wuerttemberg and retail clients in the affluent Stuttgart area

- Well-established co-operation with savings banks in Baden-Wuerttemberg, Rhineland Palatinate and Saxony

- Proven support and continued commitment from public sector owners has helped to stabilise financial conditions, with sound capital levels after sizeable support measures in June 2009

Credit Challenges

- Limitations to the scope of independent strategic management and financial flexibility given far-reaching compensation measures for state aid and pressure to return any excess capital to its owners

- Weak earnings outlook and limited internal capital generation for an extended period

- Legacy ABS portfolios require high costs, high regulatory capital and management attention, and continue to weigh on LBBW's financial profile and performance outlook

Rating Outlook

The outlook for the D+ BFSR is stable, underpinned by LBBW's satisfactory and further improving loss-absorption capacity. Additionally, it reflects our expectation that LBBW will continue to improve its relative risk position through further downsizing, with positive implications for the bank's resilience to shocks.

The outlooks on the A2 senior unsecured debt and deposit ratings and the Baa2 senior subordinated debt rating are also stable.

What Could Change the Rating - Up

There is currently limited upside pressure on the D+ BFSR although we believe that, with its well-entrenched franchise, LBBW is principally well-positioned to regain a standalone rating in the C range. This would require substantial excess earnings over and above the burdensome support-related financial obligations and/or a reduction of the risk shield - and thus the burden on the income statement - without materially compromising current capitalisation. Additionally, a better-focused asset profile with lower secondary market investments would benefit the

BFSR.

There is also limited upward pressure on LBBW's debt and deposit ratings, although an upgrade of the BFSR could trigger an upgrade of the long-term debt and deposit ratings.

What Could Change the Rating - Down

The current D+ BFSR is unlikely to come under pressure given that LBBW's capitalisation allows for substantial room for credit losses and unforeseen charges. In view of the weak and volatile performance, however, and continued uncertainty in international financial markets that may cause setbacks in LBBW's recovery, we do not entirely rule out the possibility of renewed rating pressure.

Following the downgrade to A2, LBBW's debt and deposit ratings also face limited downward pressure. However, a change in LBBW's ownership structure, deterioration in the implied creditworthiness of its owners, and weakening cross-sector support mechanisms could principally have a negative effect on the long-term ratings, but is currently not expected.

Recent Results and Developments

2011 RESULTS

Despite the setback of a Q3 2011 loss of EUR 191 million (pre-tax), LBBW continued its slow but gradual recovery in the first nine months of 2011. LBBW posted a modest pre-tax profit of EUR 410 million and a net profit of EUR 245 million, despite a hefty EUR 750 million charge relating to the sovereign debt crisis (including losses on its exposure to Greece that was written down to a low 40% of the notional).

We note favourably that LBBW has made significant efforts towards downsizing its exposures to peripheral euro-area countries, which includes a complete unwinding of its synthetic positions referenced to Greece and a material downsizing of other such positions. LBBW also took advantage of intermittently favourable market conditions earlier in 2011 to reduce its structured credit products, which freed up regulatory capital. However, given the excessive effect of total valuation and credit losses relating to non-core portfolios, the result also reflects that (i) LBBW still has to employ major resources towards problems outside its core operations; and (ii) its credit profile remains constrained by relatively high market risk.

The erosion of recurring revenues seen in 2010 did not continue in the first nine months of 2011; however, it was supported by several extraordinary items. Net interest income (NII) of EUR 1.78 billion grew 8% year-on-year, even though the reduction of interest-bearing non-core assets progressed faster than anticipated. Fee and commission income (FCI) was lower by EUR 62 million (13.3%) compared with the same period in 2010, as clients continued their cautious approach to securities investment and trading. Progress in cost-cutting was again slow as a 4.5% reduction year-on-year was largely offset by the mandatory contribution to the German bank levy fund. The result was helped, however, by (i) one-off earnings from the sale of participations, in particular from the divestments of a stake in DekaBank Deutsche Girozentrale in Q2 2011, and (ii) a net release of risk provisions (EUR 7 million) owing to the very benign credit environment in Germany, compared with a EUR 346 million charge in the nine months to September 2010. The result also includes roughly EUR 250 million of costs relating to the asset-risk shield provided by the federal state of Baden Wuerttemberg.

The Tier-1 ratio as at end-September 2011 was a sound 13.4%.

2010 RESULTS

Driven by lower core revenues and large valuation losses on CDS positions (protection-sold), LBBW reported a EUR 317 million pre-tax loss for the year 2010. Nonetheless, the result still marked a considerable improvement over the EUR 1.2 billion pre-tax loss reported for 2009. With expectations of a return to more sustainable profitability only in 2011, the bank has shown a very slow recovery from the impact of the global financial crisis.

The 2010 result was heavily impacted by roughly EUR 700 million in net negative valuation effects, largely relating to the bank's credit investment portfolio (CIP) of bonds, CDS and structured credit products. While bonds and other securities recorded gains, these were eroded by substantial valuation losses on CDS which largely related to sovereign risk. The poor result was further burdened by restructuring charges of EUR 67 million and fees of EUR 306 million on the state government guarantees that were provided in 2009 to shield the higher-risk portions of LBBW's structured credit investments. While we recognise that LBBW's result, adjusted for the above-mentioned net valuation effect, was roughly a positive EUR 350 million, we also note the deterioration of underlying cost-income dynamics and the persistently high earnings volatility that is driven by the bank's large secondary market investments.

The most important driver for LBBW's relative improvement in pre-tax profits year-on-year was the much reduced EUR 471 million risk provision (after EUR 1.53 billion in 2009), reflecting how strongly the group's performance is correlated to the German credit cycle, which showed strong positive momentum during 2010. The income statement will remain burdened by the total costs for the risk shield (EUR 336 million per annum) for several years.

DETAILED RATING CONSIDERATIONS

Detailed considerations for Landesbank Baden-Wuerttemberg's currently assigned ratings are as follows:

Bank Financial Strength Rating

Moody's assigns a D+ BFSR to LBBW. Key positive elements driving the BFSR are LBBW's strong regional franchise and sustainable market positioning among both retail and corporate customers in the region, sound capitalisation, satisfactory liquidity and adequate risk management capabilities.

Key negative elements constraining the BFSR are (i) the implications of, including heightened costs for, the support provided by the bank's owners in 2009, (ii) our expectation of depressed risk-weighted profitability and poor capital generation capacity over the next two to three years, (iii) high concentration risks inherent in the bank's business model, and (iv) volatile income from its capital markets business and credit investment portfolio.

The assigned D+ BFSR is in line with the outcome of Moody's bank financial strength scorecard.

Qualitative Rating Factors (50%)

Factor 1: Franchise Value

Trend: Neutral

LBBW is considered to be one of the strongest of the German Landesbanken (state banks) in terms of its franchise, given its profile of a fully fledged universal bank with a well-entrenched regional franchise in the German State of Baden-Wuerttemberg among medium-sized and large corporates, commanding high market shares in corporate banking. Additionally, the franchise is underpinned through Baden-Wuerttembergische Bank (BW-Bank), which assumes the function of the local savings bank in the Stuttgart area and claims a market share among the city's retail customers of approximately 50% across different products; furthermore, BW-Bank has a solid franchise mostly in private banking in the larger cities of Baden Wuerttemberg. At the same time, the majority of the group's assets continue to be allocated to areas of wholesale banking, given that only one third of the total exposure is represented by loans & advances to corporates and retail clients.

We note positively that the bank is committed to reducing its large secondary market operations and related assets, and we take the view that the client franchise is not substantially affected by the group's obligation to reduce total assets by 40% by the end of 2013 (from the 2008 level of EUR 447 billion). By June 2011, LBBW had achieved more than 50% of the EUR 180 billion asset-reduction exercise, and although the loan book represented a reasonable share of the reduction (a reduction of EUR 24 billion, or 16%, over 2.5 years), this has been largely due to lower demand, the bank's increased focus on domestic business with established clients and an intended reduction of bulk risks in the loan book.

LBBW's core product range, and its focus on corporate and private clients as well as the regional savings banks, is neither substantially overhauled nor materially reduced as a result of the compensation measures for state aid that were agreed with the European Commission (EC). The recent decrease both in corporate finance business (with multinational corporates) and in asset-based finance, including international commercial real estate (CRE), is considered neutral for the franchise, with positive effects for LBBW's risk profile.

Geographically, LBBW has significant operations in the State of Baden-Wuerttemberg which is Germany's third-largest state by GDP (EUR 362 billion in 2010). The state records a rate of economic growth above the German average, with a very low unemployment rate and high levels of productivity, and a relatively large share of German exports. However, its share of exports is also responsible for more pronounced business cycles compared with other regions, with a more challenging environment during downturns. Nevertheless, thanks to the activities in neighbouring federal states and Saxony, this effect is somewhat mitigated. International operations have never been strong contributors to the group's earnings.

The score for franchise value is C-.

Factor 2: Risk Positioning

Trend: Neutral

LBBW has allowed excessive growth in non-core investments which has resulted in rather high levels of market risk, exacerbated by the acquisition of the former SachsenLB. Both factors continue to constrain LBBW's ratings. The group is now in the process of reducing investments that are considered "non-core", including ABS products, stocks, mutual fund investments, property portfolios, interbank exposures, proprietary trading positions and participations.

According to the agreement with the EC, LBBW needs to substantially reduce total assets, risk-weighted assets (RWA) and the complexity of its group structure. Whilst we expect this to yield medium-term credit-positive effects, the required overhaul represents a major strain during the current period of challenging market conditions. The reduction in total assets, to be achieved over five years, coupled with the burden of other compensation measures dictates a prudent allocation of resources and weighs heavily on LBBW's strategic and financial flexibility.

In our view, LBBW also has to re-examine its risk culture and adjust previous underwriting standards, given that recent developments in its loan portfolios reflect a somewhat higher risk position than we had previously anticipated. Based on recent adjustments of its corporate governance structure and changes in senior management, LBBW shows commitment to addressing these concerns.

LBBW's financial reporting and transparency has improved in recent years. However, it is not yet comparable with international reporting standards given that disclosures in the bank's quarterly reports are very limited and allow for neither an in-depth assessment of underlying earnings quality, nor of the group's risk profile. We note than detailed information is available semi-annually.

We remain concerned about sizeable risk concentrations to both corporates and financial institutions. The loan book contains sizeable concentrations on single borrower groups, which is a result of the bank's continued focus on wholesale banking, albeit with a strengthening client focus. High concentrations in certain industries also raise concerns as some of these concentrations may either remain or come under renewed pressure as the global economic recovery appears fragile. In this context, we note that the group has a EUR 22 billion exposure to the international CRE sector, another EUR 9 billion exposure to the construction industry and EUR 16 billion to the automotive industry (as at end-December 2010). These three sectors account for EUR 47 billion or one-third of LBBW's EUR 134 billion exposure to corporate customers. Given the high cyclicality that these sectors have in common, these exposures can trigger large losses during downturns, as was the case in 2009. While we acknowledge a substantial reduction in exposures over the past six quarters, these concentrations continue to constrain LBBW's ratings.

We consider LBBW's total market risk to be substantial, although the bank shows material progress in reducing relevant positions. The economic capital required to cover market risk decreased during the six months to June 2011 to EUR 2.8 billion from EUR 5.0 billion, and now accounts for a more manageable 20% of Tier 1 capital, after 36% as of year-end 2010. We acknowledge that LBBW has taken rigorous and, in part, costly measures in order to reduce respective positions and to lessen the resulting volatility of the income statement. Major CDS positions referenced to countries of Europe's periphery (i.e., Ireland, Italy, Portugal and Spain) could be offset or closed during the six months to June 2011, implying that LBBW's trading results should be more stable going forward. However, we assume that the high volatility in Q3 2011 may have offset the earlier progress made in reducing economic capital required for market risk -- driven by spread risks -- as total holdings of fixed-income products and (credit) derivatives remain sizeable.

Taking the above factors into consideration, an overall D+ score is applied to risk positioning.

Factor 3: Regulatory Environment

Refer to Moody's latest Banking System Outlook for Germany to obtain a detailed discussion on the regulatory environment.

Factor 4: Operating Environment

Trend: Neutral

This factor is common to all German banks. Moody's assigns a B score for the overall operating environment. Refer to Moody's latest Banking System Outlook for Germany and Moody's most recent sovereign analysis on Germany, to obtain a detailed discussion on the operating environment.

Quantitative Rating Factors (50%)

Factor 5: Profitability

Trend: Improving

LBBW has been among those German banks most heavily affected by losses attributable to the global financial crisis, driven by both credit risk and high market risk. On a global comparison, LBBW's risk-weighted profitability was modest even during the more favourable years before the crisis. The group's weak profitability and earnings outlook for the next few years is a major rating constraint for the D+ BFSR.

In the three years to December 2010, LBBW Group accumulated total losses of EUR 3.85 billion (based on Moody's calculations that include various adjustments). The bank made a belated return to profits in H1 2011 compared with international peers - including many that were also heavily affected by the crisis.

Major negative effects that were partly responsible for the losses and currently continue to weigh heavily on LBBW's performance, include (i) the additional costs relating to the aid measures provided by the bank's owners in June 2009; (ii) volatility of credit-spread sensitive products in the context of continued uncertainty in international financial markets; and (iii) gradually eroding core revenues.

While we expect LBBW to remain profitable going forward, we expect group earnings to remain disproportionate to its overall risk profile for several years, and also note the cautious management guidance for full year 2011, i.e., that LBBW "will make a profit".

Major negative one-off effects that caused losses in the past (especially write-downs on structured credit investments) are not expected to be repeated. In addition, any further restructuring charges (EUR 67 million in 2010) will likely be modest. However, further valuation losses and/or impairment charges on LBBW's large, albeit decreasing, investment portfolios cannot be ruled out, and credit risk provisions on the group's core lending exposure will likely rise from the recent low levels.

Moreover, additional legacy costs and charges will remain high and are likely to absorb most, if not all, earnings over the next few years: LBBW will have to continue to pay EUR 336 million per annum in fees and interest expenses for the EUR 12.7 billion guarantee provided by the federal state and (albeit subject to sufficient profits), a preferred dividend of around EUR 400 million per annum on the EUR 5 billion fresh capital (as agreed with the EC) that was provided by its owners. Moreover, unpaid cumulative coupons on hybrid instruments (profit participation certificates and silent participations) for 2009 will need to be paid retroactively, and principal amounts written down must be fully written back, depending on whether LBBW posts profits based on local GAAP accounts. It will thus take several years for LBBW's profitability to return to more normal levels, and - more importantly - for profits to be eventually made available for internal capital generation.

The assessment stated above is reflected in an E score for profitability, which, however, reflects average profitability ratios for the unusually weak three years to 2010.

Factor 6: Liquidity

Trend: Neutral

In spite of its relatively high dependence on wholesale funding, we consider LBBW's liquidity profile and liquidity management to be satisfactory and a positive factor for the D+ BFSR. This view is based on (i) LBBW's dedicated and comprehensive liquidity management, (ii) access to considerable excess liquidity of the regional savings banks, (iii) good access to debt capital markets even in times of stress, and (iv) maintenance of a satisfactory liquidity reserve, albeit somewhat reduced compared with 2008/2009. Moreover, LBBW has access to funding support from the State of Baden-Wuerttemberg, in the unlikely event that this would be necessary. Notably, funding requirements will remain modest over the foreseeable future, given that total assets will continue to decrease over at least another two years.

LBBW has maintained good access to market funding throughout the crisis and continued to issue comparatively large tranches of new debt, including Pfandbriefe (covered bonds), reflecting a good level of financial flexibility and resilience to adverse market conditions. We view positively that savings banks currently take off almost one third of LBBW's medium- and long-term debt issues, particularly senior unsecured bonds and notes, which is an important mitigant to the group's dependence on market funds. The bank uses ECB tenders only occasionally for small amounts of short-term funding.

That said, liquidity risks may arise in the medium term which require prudent management: LBBW still has a substantial position of `grandfathered' (i.e., state-guaranteed) debt on the balance sheet (about one quarter), that will mature over the next 4 years. A large portion will mature in 2015. Nonetheless, the assets earmarked as non-core stood at roughly EUR 90 billion at the end of June 2011, implying that the total maturing `grandfathered' debt is within the parameters of the (remaining) deleveraging exercise.

The group's liquidity reserves currently remain at a satisfactory level. With ECB-eligible, unencumbered assets of currently around EUR 28 billion, LBBW can cover funding needs of at least three months. The regulatory requirements were adhered to at all times during 2010, with a one-month liquidity coverage ratio of 1.45x at year-end 2010 (after 1.52x at year-end 2009).

LBBW scores C for liquidity.

Factor 7: Capital Adequacy

Trend: Neutral

In the nine months to September 2011, LBBW further reduced RWA and improved its regulatory capital ratios. The Tier 1 ratio was a satisfactory 13.4%, after 11.4% at year-end 2010, as asset sales during the period and lower RWA (-13%) had a positive effect. Thanks to the group's substantial supplementary capital, which adds EUR 4.7 billion (as of June 2011, including Tier 3 instruments) to the EUR 14.2 billion Tier 1 capital, the total capital ratio was a comfortable 17.8% at end-September (after 15.3% at year-end 2010). The ratios as well as recent de-risking achievements strongly underpin the D+ BFSR and represent a substantial cushion to further downside risk for the ratings.

LIMITED COMPARABILITY OF CAPITAL RATIOS

That said, LBBW relies on substantial "non-capital" support facilities in the form of portfolio guarantees to obtain capital relief in order to achieve these comfortable ratios. We therefore believe that LBBW's capital ratios are not fully comparable with those of banks that do not currently rely on such support measures. Although the EUR 12.7 billion risk shield - see paragraph below - on asset portfolios from LBBW's owners effectively shield it from losses on these assets, it has several drawbacks compared with true capital, including (i) fee expenditure that - unlike dividends - is obligatory irrespective of whether LBBW is profitable, and (ii) a referencing to certain assets, implying that the maturity of such assets does not result in the freeing-up of capital for re-allocation towards new business or other risks.

After the group's capitalisation had substantially eroded in 2008, LBBW's public-sector owners initiated two support measures in 2009, which comprised a EUR 5.0 billion cash capital injection (core Tier 1) and a EUR 12.7 billion guarantee. The latter breaks down into (i) a EUR 6.7 billion second loss guarantee (after a EUR 1.9 billion first-loss piece remaining with LBBW) on a portfolio of structured credit products and (ii) a EUR 6.0 billion guarantee to cover a junior loan of LBBW to the SPV Sealink Funding Ltd. Given the structure and comprehensive coverage of these guarantees, the 100% provision made on the EUR 1.9 billion first-loss piece in 2009, and the low-risk profile of the bank's unguaranteed ABS portfolios, we take the view that further pressure on capital from the group's structured product investments will be limited.

HIGHER CAPITAL REQUIREMENTS UNDER BASEL III ARE MANAGEABLE

Given the improved ratios, the higher minimum capital requirements under Basel III present modest challenges for LBBW. However, given LBBW's limited potential for internal capital generation over the next few years, RWA management is therefore the main tool for actively managing capital. We therefore believe that the group needs the current buffer implied by the comfortable regulatory ratios, as well as a prudent approach to managing capital in the coming years.

Key drivers that will affect LBBW's regulatory ratios are as follows:

i) higher RWA for market risk, based on the higher capital requirements under a new capital directive ("Capital Requirements Directive amendment III" or "CRD III") starting from January 2012;

ii) the current recognition of EUR 3.9 billion hybrid Tier 1 instruments as core capital (representing 27.5% of LBBW's Tier 1 capital) will be phased out under the Basel III rules starting from 2013;

iii) EUR 4.8 billion of equity investments and participations (as of December 2010, based on local GAAP) which we expect will lead to higher capital deductions under Basel III. This amount has meanwhile been reduced following the sale of its earlier 14.78% stake in DekaBank in Q2 2011.

Moreover, LBBW and its owners will likely wish to keep the current ownership structure unchanged, or at least avoid entry of private investors, which effectively rules out the option of obtaining additional capital through the equity capital markets.

EBA CALCULATES SMALL CAPITAL SHORTFALL IN RECENT STRESS TEST

In late October 2011, the European Banking Authority (EBA) conducted an EU-wide stress test for 91 banks that assumed a full charge against core Tier 1 capital of mark-to-market losses (as of September 2011) on sovereign exposures. The capital shortfalls were calculated on the basis of a minimum core Tier 1 ratio of 9%, which in the case of LBBW amounted to EUR 364 million. LBBW responded to the outcome that it can quite easily compensate for the shortfall by the set timeline of June 2012, with any requirements of additional capital. Given the relatively modest shortfall, we consider this to be realistic.

Firstly, RWA will likely continue to decrease as major unguaranteed, non-core assets will mature over the coming years, potentially accelerated by asset sales and positive rating migration as the credit environment in Germany currently remains benign. Secondly, further equity holdings (following the sale of the DekaBank investment) will likely be sold in the near term, in particular the sizeable residential property investments of the 100%-held LBBW Immobilien GmbH (CRE portions will be excluded and the entity divested in 2012 at the latest, probably at a gain over book value). Thirdly, we believe that LBBW can (and will) further adjust trading book and counterparty exposures over time without harming its core business. Furthermore, LBBW reported recently that it has started negotiations on a conversion of silent participations into common equity or amendments to these instruments that would allow for full recognition under Basel III. The vast majority of Tier 1 hybrids is held by the bank's owners, amounting to 3.3% of RWA.

LBBW has stated that it intends to gradually return some of the capital provided by its owners in 2009, potentially with effect from 2013. We believe that this will be postponed, given current circumstances. LBBW may, perhaps, gradually repay hybrids instead, as these will not be required to the same extent under the new regulatory regime.

The Tangible Common Equity (TCE) ratio, as shown on the scorecard, includes only a portion of silent participations (i.e., the equity credit that we assign to individual instruments). These hybrids, however, are fully loss-absorbing, pari passu with equity, outside a liquidation scenario. The scorecard shows average ratios for the three years to 2010, resulting in a B+ score for capital adequacy.

Factor 8: Efficiency

Trend: Improving

LBBW has traditionally had a relatively high cost base, but could achieve reasonable cost-to-income (C/I) ratios in years when revenues were supported by ample trading income. However, based on the two core revenue streams (NII and FCI), the C/I ratios during the four years to 2010

moved in a range of 67% and 81% which we consider weak.

Since 2008, efficiency metrics have been distorted by volatile operating revenue and the consolidation and costly integration of the former SachsenLB. Recent results reflect some improvement in the cost position; however, with a cost reduction of 7.6 % in 2010, costs decreased more slowly than the group's core revenues which fell more than 22% year-on-year. As a result (and also due to the EUR 828 million trading loss), the C/I ratio deteriorated from 51% to 74%. These ratios are based on Moody's calculations and include the costs relating to the risk shield that LBBW reports separately.

As part of its restructuring programme, LBBW set itself the ambitious target of cutting costs by around EUR 700 million per annum - almost 40% of the group's 2008 total costs - partly through a gradual 2,500 headcount reduction. These cost savings are targeted to be fully achieved by 2013, which we believe will be challenging, albeit partly due to unforeseen setbacks. Based on the EUR 832 million total costs in the six months to June 2011 (excluding the fees for the risk shield and the EUR 29 million contribution to the German bank levy fund), LBBW has achieved a reduction of only EUR 125 million per annum; the group thus needs to cut another EUR 575 million of operating costs on an annual basis, i.e., more than one third of the current costs, in the next two years. That said, reduction in staff-related costs will likely accelerate.

The E score for efficiency reflects the average C/I ratio for the three years to 2010.

Factor 9: Asset Quality

Trend: Neutral

The main drivers of LBBW's asset quality are the group's EUR 134 billion exposure to corporate clients (as of December 2010), and the rather large EUR 229 billion exposure to banks and other financial institutions (FIs), which represents almost half of the group's total exposure.

Moreover, recent performance has shown that the sovereign risk positions included in LBBW's sizeable derivatives and securities holdings can also cause large (market-driven) losses. Given the high 60% write-down ratio on the group's exposure to Greece as of September 2011, the downside risk relating to the remaining exposure is now limited. However, with a net exposure of almost EUR 7.6 billion, LBBW's total commitment towards the other countries in Europe's periphery is still high.

At the same time, we no longer consider the remaining exposure to structured credit products to be excessive, and believe that related risks are manageable, as the portfolios either benefit from a guarantee from the State of Baden-Wuerttemberg, or have been appropriately downsized and provisioned.

Problem loans in line with the market

With 4.1% of the total corporate loan book in default (based on our own calculations, as of June 2011), LBBW's asset quality is in line with the German average for corporate portfolios, thanks to a fair degree of diversification: Sizeable, well-performing lending exposures, such as to the utilities, insurance and telecom sectors, continue to offset higher problem loan ratios in the bank's large CRE book (EUR 22.4 billion as of year-end 2010), as well as exposures to the automotive industry (EUR 15.9 billion, which include approximately EUR 3 billion leveraged loans) and the construction sector (EUR 8.7 billion). The latter three represent the group's largest and, at the same time, riskiest sector concentrations.

Although we expect a visible improvement in LBBW's asset quality in 2011, the economic recovery in Germany will not support the quality of LBBW's entire exposure. We remain particularly cautious with regard to the group's international EUR 22.4 billion CRE exposure, almost half of which relates to borrowers outside Germany. The US market exposure represents the bank's single largest regional concentration internationally. Given the persistently difficult market conditions in many parts of the US and the fact that a part of the total CRE book relates to projects under construction, which generally display above-average risk, these sub-portfolios will likely remain under pressure and may trigger further losses over the next few quarters.

Even after collateral and hedges, LBBW's FI exposure remains large

Even on a net basis, i.e., after netting, collateral and hedges, LBBW's interbank exposure remains large (EUR 125 billion as of June 2011) which, however, is mitigated by a sizeable portion of grandfathered exposure. When adding the exposure to the (non-bank) financial services sector, the total net exposure amounts to EUR 158 billion, i.e. 50% of the group's total exposure.

In this context, we note that EUR 1.2 billion (or 16%) of the total EUR 7.46 billion loans in default related to exposures to banks and non-bank FIs at the end of 2010 (based on gross exposures). We are concerned that, given their size, these exposures cannot be easily reduced or further hedged when risk dynamics across banking systems deteriorate - which can occur quite rapidly, as seen for the banking systems in Europe's periphery since 2010.

Exposure to structured credit products is gradually reducing and risks appear contained

LBBW is still exposed to substantial structured credit product portfolios. However, of the total holdings of EUR 17 billion as of June 2011 (reduced by EUR 3.9 billion during H1 2011), only EUR 5.6 billion represents credit default risk for LBBW, given that the State of Baden-Wuerttemberg holds available a EUR 6.7 billion second-loss guarantee for a portfolio of EUR 12 billion. LBBW's own EUR 1.9 billion first-loss piece was fully provisioned in 2009, and therefore the risk relating to this sub-portfolio is effectively contained.

As regards the EUR 5.6 billion uncovered exposure, we note positively (i) the continued rapid reduction in the more complex, higher-risk products (e.g. synthetic collateralised debt, loan and bond obligations) to EUR 1.0 billion as of June 2011, and (ii) the strong decrease in the portion of rated sub-investment-grade instruments.

The average ratios of the three years to 2010 lead to a D+ score for asset quality.

Global Local Currency Deposit Rating (Joint Default Analysis)

Moody's assigns global local currency (GLC) debt and deposit ratings of A2 to LBBW. The short-term rating is Prime-1. The ratings are supported by (i) LBBW's Baa3 standalone credit strength; and (ii) a very high probability of external support from multiple sources, including the bank's public-sector owners, most prominently the State of Baden-Wuerttemberg (rated Aaa), the City of Stuttgart (unrated) and the Savings Bank Association of Baden-Wuerttemberg (rated Aa3), as well as cross-sector support of Germany's public-sector banks (Haftungsverbund)

and systemic support. Whilst LBBW would likely benefit from multiple sources of support, we take the opinion that those levels of support are closely interlinked for public-sector banks. Our unified approach of applying support uplift from multiple sources anticipates concerted support solutions, in case of need.

Moody's assessment of a very high support probability results from LBBW's important role in the regional economy, given its strong franchise among the region's large and medium-sized enterprises. Additionally, the fully integrated BW-Bank claims a market penetration of around 50% in the Stuttgart area. These factors, along with the bank's size and its integration into the public-sector support mechanisms, render support highly likely in the event of a stress scenario.

Notching Considerations

SENIOR SUBORDINATED DEBT

Moody's assigns a Baa2 rating for senior subordinated debt. This rating is one notch below the adjusted baseline credit assessment (adjusted standalone credit strength) which is Baa1. The adjusted BCA reflects our estimate of support that will likely be made available as "going concern support". This principally applies to support from the cross-sector joint liability scheme (Haftungsverbund), which we believe is available for the benefit of all classes of debt.

HYBRIDS

Upper Tier 2 instruments, i.e. profit participation rights ("Genussscheine") issued by LBBW, are rated Caa1. The ratings are based on our assumption that only a minor portion of the coupons that accumulate until the repayment date in June 2012 can be repaid. We further expect that the principal of the instruments will be fully repaid in 2012, even though it took a share in the 2009 loss (based on local GAAP) and thus were written down by roughly 10%; however, we expect the principal to be fully written back before maturity, implying no expected loss on the principal. These ratings carry a stable outlook.

Foreign Currency Deposit Rating

LBBW's foreign currency deposit ratings are A2 (stable)/Prime-1.

Foreign Currency Debt Rating

LBBW's senior unsecured foreign currency debt ratings are A2 (stable)/Prime-1.

ABOUT MOODY'S BANK RATINGS

Bank Financial Strength Rating

Moody's Bank Financial Strength Ratings (BFSRs) represent Moody's opinion of a bank's intrinsic safety and soundness and, as such, exclude certain external credit risks and credit support elements that are addressed by Moody's Bank Deposit Ratings. BFSRs do not take into account the probability that the bank will receive such external support, nor do they address risks arising from sovereign actions that may interfere with a bank's ability to honour its domestic or foreign currency obligations. Factors considered in the assignment of BFSRs include bank-specific elements such as financial fundamentals, franchise value, and business and asset diversification. Although BFSRs exclude the external factors specified above, they do take into account other risk factors in the bank's operating environment, including the strength and prospective performance of the economy, as well as the structure and relative fragility of the financial system, and the quality of banking regulation and supervision.

Global Local Currency Deposit Rating

A deposit rating, as an opinion of relative credit risk, incorporates the BFSR as well as Moody's opinion of any external support. Specifically, Moody's Bank Deposit Ratings are opinions of a bank's ability to repay punctually its deposit obligations. As such, they are intended to incorporate those aspects of credit risk relevant to the prospective payment performance of rated banks with respect to deposit obligations, which includes: intrinsic financial strength, sovereign transfer risk (in the case of foreign currency deposit ratings), and both implicit and explicit external support elements. Moody's Bank Deposit Ratings do not take into account the benefit of deposit insurance schemes which make payments to depositors, but they do recognize the potential support from schemes that may provide assistance to banks directly.

According to Moody's joint default analysis (JDA) methodology, the global local currency deposit rating of a bank is determined by the incorporation of external elements of support into the bank's Baseline Credit Assessment. In calculating the Global Local Currency Deposit rating for a bank, the JDA methodology also factors in the rating of the support provider, in the form of the local currency deposit ceiling for a country, Moody's assessment of the probability of systemic support for the bank in the event of a stress situation and the degree of dependence between the issuer rating and the Local Currency Deposit Ceiling.

National Scale Rating

National scale ratings are intended primarily for use by domestic investors and are not comparable to Moody's globally applicable ratings; rather they address relative credit risk within a given country. A Aaa rating on Moody's National Scale indicates an issuer or issue with the strongest creditworthiness and the lowest likelihood of credit loss relative to other domestic issuers. National Scale Ratings, therefore, rank domestic issuers relative to each other and not relative to absolute default risks. National ratings isolate systemic risks; they do not address loss expectation associated with systemic events that could affect all issuers, even those that receive the highest ratings on the National Scale.

Foreign Currency Deposit Rating

Moody's ratings on foreign currency bank obligations derive from the bank's local currency rating for the same class of obligation. The implementation of JDA for banks can lead to high local currency ratings for certain banks, which could also produce high foreign currency ratings. Nevertheless, it should be noted that foreign currency deposit ratings are in all cases constrained by the country ceiling for foreign currency bank deposits. This may result in the assignment of a different, and typically lower, rating for the foreign currency deposits relative to the bank's rating for local currency obligations.

Foreign Currency Debt Rating

Foreign currency debt ratings are derived from the bank's local currency debt rating. In a similar way to foreign currency deposit ratings, foreign currency debt ratings may also be constrained by the country ceiling for foreign currency bonds and notes; however, in some cases the ratings on foreign currency debt obligations may be allowed to pierce the foreign currency ceiling. A particular mix of rating factors are taken into consideration in order to assess whether a foreign currency bond rating pierces the country ceiling. They include the issuer's global local currency rating, the foreign currency government bond rating, the country ceiling for bonds and the debt's eligibility to pierce that ceiling.

About Moody's Bank Financial Strength Scorecard

Moody's bank financial strength model (see scorecard below) is a strategic input in the assessment of the financial strength of a bank, used as a key tool by Moody's analysts to ensure consistency of approach across banks and regions. The model output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

Rating Factors

Landesbank Baden-Württemberg

Rating Factors [1]	**A**	**B**	**C**	**D**	**E**	**Total Score**	**Trend**
Qualitative Factors (50%)						**C-**	
Factor: Franchise Value						**C-**	**Neutral**
Market Share and Sustainability		**x**					
Geographical Diversification			**x**				
Earnings Stability					**x**		
Earnings Diversification [2]							
Factor: Risk Positioning						**D+**	**Neutral**
Corporate Governance [2]							
- Ownership and Organizational Complexity							
- Key Man Risk							
- Insider and Related-Party Risks							
Controls and Risk Management			**x**				
- Risk Management				x			
- Controls		x					
Financial Reporting Transparency		**x**					
- Global Comparability	x						
- Frequency and Timeliness		x					
- Quality of Financial Information		x					
Credit Risk Concentration					**x**		
- Borrower Concentration					x		
- Industry Concentration					x		
Liquidity Management		**x**					
Market Risk Appetite				**x**			
Factor: Operating Environment						**B**	**Neutral**
Economic Stability			**x**				
Integrity and Corruption		**x**					
Legal System	**x**						
Financial Factors (50%)						**D**	
Factor: Profitability						**E**	**Improving**
PPI / Average RWA - Basel II					0.45%		
Net Income / Average RWA - Basel II					-0.76%		
Factor: Liquidity						**C**	**Neutral**
(Mkt funds-Liquid Assets) / Total Assets					31.08%		
Liquidity Management		x					
Factor: Capital Adequacy						**B+**	**Neutral**
Tier 1 Ratio - Basel II		9.37%					
Tangible Common Equity / RWA - Basel II	7.37%						
Factor: Efficiency						**E**	**Improving**
Cost / Income Ratio					94.75%		
Factor: Asset Quality						**D+**	**Neutral**
Problem Loans / Gross Loans			3.69%				
Problem Loans / (Equity + LLR)				39.99%			
Lowest Combined Score (15%)						**E**	
Economic Insolvency Override						**Neutral**	

Aggregate Score		D+	
Assigned BFSR		D+	

[1] - Where dashes are shown for a particular factor (or sub-factor), the score is based on non public information [2] - A blank score under Earnings diversification or Corporate Governance indicates the risk is neutral

© 2011 Moody's Investors Service, Inc. and/or its licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

CREDIT RATINGS ISSUED BY MOODY'S INVESTORS SERVICE, INC. ("MIS") AND ITS AFFILIATES ARE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND CREDIT RATINGS AND RESEARCH PUBLICATIONS PUBLISHED BY MOODY'S ("MOODY'S PUBLICATIONS") MAY INCLUDE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS AND MOODY'S OPINIONS INCLUDED IN MOODY'S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. CREDIT RATINGS AND MOODY'S PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. NEITHER CREDIT RATINGS NOR MOODY'S PUBLICATIONS COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS AND PUBLISHES MOODY'S PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources Moody's considers to be reliable, including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process. Under no circumstances shall MOODY'S have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of MOODY'S or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if MOODY'S is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information. The ratings, financial reporting analysis, projections, and other observations, if any, constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. Each user of the information contained herein must make its own study and evaluation of each security it may consider purchasing, holding or selling. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

MIS, a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MIS have, prior to assignment of any rating, agreed to pay to MIS for appraisal and rating services rendered by it fees ranging from $1,500 to approximately $2,500,000. MCO and MIS also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moodys.com under the heading "Shareholder Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

Any publication into Australia of this document is by MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657, which holds Australian Financial Services License no. 336969. This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001.

Notwithstanding the foregoing, credit ratings assigned on and after October 1, 2010 by Moody's Japan K.K. (“MJKK”) are MJKK's current opinions of the relative future credit risk of entities, credit commitments, or debt or debt-like securities. In such a case, “MIS” in the foregoing statements shall be deemed to be replaced with “MJKK”. MJKK is a wholly-owned credit rating agency subsidiary of Moody's Group Japan G.K., which is wholly owned by Moody’s Overseas Holdings Inc., a wholly-owned subsidiary of MCO.

This credit rating is an opinion as to the creditworthiness or a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors. It would be dangerous for retail investors to make any investment decision based on this credit rating. If in doubt you should contact your financial or other professional adviser.