

Press Release

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26 August 2007

LBBW takes over Sachsen LB

- Siegfried Jaschinski: 'Make use of potential in Saxony'
- Leipzig to become the gate to Eastern Europe
- Focus on the SME segment and the high-end retail banking business

Landesbank Baden-Württemberg (LBBW) is to take over Leipzig-based Sachsen LB as of 1 January 2008, creating an outstanding market position for the LBBW group in the region that has the strongest economy in eastern Germany. Based on the successful branch office network of Baden-Württembergische Bank (BW-Bank), the two banks are to join forces in the future to expand their SME business and high-end retail banking operations in Saxony. Sachsen LB will also be LBBW's centre of expertise for eastern Europe, with which it enjoys an excellent relationship, especially with Poland, the Czech Republic and Slovakia, because of its geographical proximity.

'Regardless of its current problems, Sachsen LB has a strong market position in its home region. We intend to exploit this potential,' said Dr. Siegfried Jaschinski, Chairman of the Board of Managing Directors of LBBW. LBBW is certain that Sachsen LB will soon get over its recent difficulties. Stuttgart-based LBBW is to provide an emergency package

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worth EUR 250 million to this end. The management of LBBW does not expect the takeover to have any negative repercussions on its own rating.

Sachsen LB was established in 1992. It employs around 600 persons and had total assets of roughly EUR 68bn at the end of last year. Its present owners are the *Sachsen-Finanzgruppe* and the Free State of Saxony. The two owners will transfer their shares to LBBW, receiving LBBW shares in return. Within the LBBW group Sachsen LB will be run in the form of a parent-subsiary model. A similar model is currently operated with success with Landesbank Rheinland-Pfalz, which has belonged to the LBBW group for several years.

Sachsen LB is to remain in Leipzig and the size of its work force is to remain unchanged. In keeping with LBBW's proven business model, the bank is to focus its operating business more sharply on the SME segment and the high-end retail banking business. In addition, it is to remain the first partner of the Saxon savings banks. Thanks to the bank's integration in the LBBW group, Sachsen LB's customers will in the future gain direct access to LBBW's extensive range of products and services and to its international network.

Landesbank Baden-Württemberg (LBBW) is a universal and international commercial bank with regional roots. Together with Baden-Württembergische Bank (BW-Bank), which has operated as an independent part of the LBBW group since 2005, it offers all types of business conducted by a modern banking major. LBBW is the central institution of the savings banks in Baden-Württemberg and, together with Landesbank Rheinland-Pfalz, it is the central institution of the savings

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banks in the Rhineland Palatinate. It is among Germany's five largest banks, with total assets of EUR 428bn in the group, a work force of over 12,000 employees and over 200 branch offices. Branches in New York, London and Singapore as well as a large number of representative offices provide Germany's export-oriented economy with support abroad.