

Employees.

Development of the Workforce.

Landesbank Baden-Württemberg's (Group) workforce has fallen to 13 061 employees as at December 31, 2010. This is a reduction of 569 (4.2%) against 13 630 employees on December 31, 2009. At LBBW (Bank), the employee count for 2010 dropped by 475 (4.3%) from 10 947 to 10 472. A further 149 employees left on January 1, 2011, which brings the number of employees as at January 1, 2011 to 12 912 in the LBBW Group and 10 323 at LBBW (Bank). The decline in the employee level as at January 1, 2011 of 718 employees (-5.3%) to 12 912 at the LBBW Group and 624 (-5.7%) to 10 323 at LBBW (Bank) is primarily due to workforce cutbacks as a result of the EU restructuring measures. LBBW (Bank) represents the largest part of the LBBW Group. Consequently, the information in the Management Report for the Group also contains details on LBBW (Bank), insofar as they are important for understanding the relationships in the Group.

Women made up a majority in the Group at 51.2% of employees, while the percentage of women at LBBW (Bank) was 51.0%. The share of employees working part-time, including older employees working part-time (Altersteilzeit), increased from 19.7% in the previous year to 20.7% in 2010 in the Group and from 21.3% to 22.2% at LBBW (Bank). The employee turnover rate at LBBW (Bank) was 6.5% in 2010 against 4.3% the previous year. Adjusted for EU restructuring-related early retirement and severance agreements (2.6%), the rate was 3.9%, higher than that of the previous year (3.5%). The average age of employees at LBBW (Bank) was 42.4 years in the year under review, while the average length of service was 15.9 years. 16.4% of employees are 30 years old or younger.

Human Resources-related Implementation of EU Restructuring.

The main focus of human resources-related implementation in 2010 was achieving the cutback targets by means of voluntary redundancy. It was for this purpose that the interim agreement for voluntary redundancy was made with the staff councils in February 2010, regulating LBBW's offers for early retirement and redundancy in exchange for severance payment.

This was superseded by the collective pay agreement negotiated with ver.di for safeguarding employment, which was concluded on June 18, 2010. As well as the rules on early retirement and the termination agreement transferred from the interim agreement, issues such as employment guarantees, older employees working part time, qualifications, mobility, filling vacancies and flexibility were agreed upon.

Another main goal was intensifying the internal job market with the aim of filling as many vacancies as possible from within the company. To this end, an operating agreement on an internal job market was concluded in October 2010.

In parallel with the voluntary phase, employees in functions surplus to requirements are being given relocation interviews for further employment prospects as of November 2010. For example, this could take the form of reorientation via the internal job market (a change in division or location) or leaving the bank.

The doubling of in-house job advertisements over the course of the year under review from 240 to 480 in the second half of 2010 is already showing the effects of intensifying the internal job market.

Instruments and Concepts Relating to Human Resources.

The consolidation of the Human Resources department with the HR portal and direct HR telephone consultation in progress since 2009 was reinforced further in the year under review. The recruitment process has been converted for the Group-wide internal job market to online application via e-recruiting with qualification and candidate profiles maintained by the employees themselves.

The focus of employer branding in 2010 was the target group of students and graduates. In order to make fresh academic talent aware of the bank, a dedicated microsite has been set up at www.lbbw-karrierestart.de to serve as a first point of contact for conveying the significant advantages of LBBW as an employer in compact form. This should ensure that the number of graduate trainees, which has dwindled over time, can be increased again to meet need.

Training and Personnel Development. Training.

LBBW views the professional qualification of young people as a socio-political and operational responsibility. At the end of 2010, 591 (PY 679) trainees and students from dual universities were working in the Group.

189 new entry-level employees joined the Group in 2010 (previous year: 248). The quality of the training is reflected in the post-training performance of the 239 total graduates. 13 of 184 people who completed a traineeship at in the career of banking specialist were awarded prizes from the chambers of industry and commerce. 37 received commendations for outstanding performance. 55 students at LBBW successfully completed their studies at the dual universities in 2010. 11 received special distinctions from LBBW for top performance. In accordance with the wage agreement for employment guarantees, all graduates received an offer of employment, some of which were restricted.

Personnel Development.

The qualification and further training of managers and employees remained a major topic at LBBW in 2010. However, the number of adjustment accreditations, organized by LBBW (Bank) for the Group, of employees for job requirements and the participation of executives in management workshops fell significantly. The number of participants in internal and external seminars dropped by around 25% to 14 241 seminar visits and personnel development measures (2009: 19 167) and 2 481 visits to management workshops (2009: 3 105). The number of visits to management seminars rose by approximately 65% to 642.

In 2010, managers had to undertake a great many change and restructuring processes. In order to ensure that these took place effectively, workshops on change management processes were held for managers. Many executives also took advantage of the coaching services offered by LBBW's management consultancy to obtain individual advice and support for management and personality issues.

Organizing Working Life – Audit Berufundfamilie (Work and Family Audit).

Following successful auditing by the Hertie Foundation, LBBW was awarded in March 2010 for being a family-conscious company. This certificate confirms that LBBW is well-equipped when it comes to the compatibility of work and family. Despite restructuring-related changes, LBBW will maintain and develop its alignment as a family-conscious and employee-oriented company. The focus here is not only on the compatibility of work and family in the traditional sense, but rather covers all employees, regardless of gender, family status and age.

Those responsible at LBBW know how important it is in today's working world to organize working life in such a way that a sustainable economic balance is struck between employee interests and customer requirements. LBBW currently already has numerous family-friendly regulations and offers, such as a flexible working time model, telecommuting, additional family leave or in-house child support facilities such as the »Frechdax« day care center. The implementation of the 27 measures specified in the audit by 2013 will help position LBBW both internally and externally as a modern and innovative company.

Diversity and Equal Opportunities.

Diversity stands for a concept of management which wishes to recognize and value the variety among employees and customers and use it for the success of the company. People in all their diversity are at the heart of the matter and are viewed as a significant competitive factor in dealing with the needs of employees and customers. Employees should be motivated and efficient in placing their various talents, experiences and viewpoints at the company's disposal.

The issue of equal opportunities for men and women plays a central role in diversity. This means equal chances of qualification and promotion for all employees with equal training requirements, applicable to both full-time and part-time work. The women's network initiated by the Board of Managing Directors in 2003 currently has around 120 members. Equal opportunities for both genders and better compatibility of professional and private life were and remain the core goals of the initiative. They are anchored in the guidelines for a sustainable human resources policy passed by the Board of Managing Directors in 2009. LBBW Chairman of the Board of Managing Directors Hans-Jörg Vetter took up the patronage of the women's network in autumn 2010. At the annual conference for the women's network, Dr Monika Stolz, Minister of Social Affairs for Baden-Württemberg, praised LBBW's voluntary commitments, for which the company was awarded with the »family-conscious« certificate in March 2010.

Health.

Even in economically difficult times with high demands on employees and managers, investment in health and efficiency are essential. LBBW sees this commitment as a strategic investment in its most important resource – employees.

Company Health Management.

Following successful auditing and certification, Landesbank Baden-Württemberg received the Corporate Health Award 2010 in November 2010. This was confirmation that LBBW is a model of commitment to the health and efficiency of its employees and fulfills high standards in terms of operating health management. This permanently reinforced the company's competitiveness. At the same time, LBBW made a significant contribution to reducing the strain on employees during the current restructuring phase.

Comprehensive pilot projects started in 2010 in a central division and at two sales locations. LBBW is systematically running through a state-of-the-art Company Health Management cycle consisting of requirement analysis, measure development, behavioral and relationship-related intervention and evaluation. The strategy here is to implement health management in the context of overall organizational development. Alongside the existing Round Table on Health, a Health Management Steering Committee has also been set up. Meanwhile, the Management and Health internal management seminar has become an established part of personnel development.

Occupational Medicine, Occupational Health and Safety, Social Counseling.

The company medical service informs and supports employees in all matters relating to health. The services on offer range from assistance with acute conditions through numerous prevention services to rehabilitation after a long illness. Health days took place at all main LBBW offices in 2010 – in Stuttgart, for example, on the topics of work-life balance, exercise and physical health. LBBW also delivers much more than the legal minimum in terms of occupational health and safety. Particular focus lies on proactive teamwork in maintaining a healthy and productive working environment.

The social affairs service provides consultation for employees and managers on psychosocial problems, acute crises and stressful events. It moderates conflicts in the workplace and provides training for managers on psychosocial matters. The current staff cuts are also supported by the social affairs service by means of consultation and training.

As a future-oriented company, LBBW will continue to invest in the health of its employees, not least because this is a basis for company success.

Remuneration Report for 2010.

According to the formalities of Institution Remuneration Ordinance (InstitutsVergV, § 7 and § 8), which took effect on October 13, 2010, the LBBW has generated a remuneration report. The report will be available at www.lbbw.de during the second quarter of 2011.