

Report of the Previous Supervisory Board.

The Board of Managing Directors of Landesbank Baden-Württemberg (LBBW) reported to the previous Supervisory Board and its committees regularly and in a timely manner on the business situation and performance of the Bank and the Group during 2010. The previous Supervisory Board and its committees exercised the duties incumbent upon them under the applicable laws and statutes. Moreover, the Chairman of the Board of Managing Directors informed the Chairman of the previous Supervisory Board about key developments and decisions between individual meetings.

In the year under review, the previous Supervisory Board held three regular meetings and one extraordinary meeting. In one further meeting, the deputy members of the previous Supervisory Board were informed on the current development of the Bank and the Group.

As well as reporting on the liquidity, refinancing and equity situation of LBBW, the regular reports also focused on the underlying economic conditions and key developments on capital markets. The previous Supervisory Board was regularly informed about risk-relevant issues in the LBBW Group pursuant to the Minimum Requirements for Risk Management (MaRisk). As part of the description of business and risk strategies, the Board of Managing Directors explained the primary considerations with regard to the individual risk strategies. Detailed reports about the relevant risk types were presented to the Loan Committee and summaries were presented to the previous Supervisory Board about this topic on a quarterly basis. The Loan Committees – as committees of the previous Supervisory Board – dealt with commitments requiring approval according to the applicable law and statutes. The Loan Committees took note of urgent decisions made by the Board of Managing Directors.

The previous Supervisory Board also examined LBBW's earnings and cost situation, the cost reductions and the economic plan. Particular attention was paid to the change in gross income in the individual segments, country spreads and volume development in the credit investment portfolio. In addition, the Board of Managing Directors explained the development of the risk-weighted assets and the resulting implications for the Tier 1 capital ratio at LBBW. Reporting focused increasingly on the development of net exposure to the PIIGS countries. The previous Supervisory Board was also informed about the progress and conclusion of the wage agreement for employment and location securing, the status of the staff cuts, the results of the EU-wide banking stress tests, potential effects of the latest decisions on Basel III and the bank levy and the status of the EU restructuring process.

In connection with the sale of interests made necessary by the EU restructuring procedure, the previous Supervisory Board gave its consent as its field of responsibility requires it to do. The previous Supervisory Board also approved the changes to the distribution of business plan and to the appointment of Board of Managing Directors representation which became necessary after the departure of Dr. Bernhard Walter from the Board of Managing Directors.

The meetings also focused on issues and legal appraisals commissioned by the previous Supervisory Board regarding LBBW Immobilien GmbH and the discussion on the status of the examination of various matters and issues in connection with the securitization transactions implemented in the past by LBBW.

As preparation for the change in legal form promised to the EU Commission, the law governing Landesbank Baden-Württemberg and the LBBW articles of association were amended in summer 2010. The previous Supervisory Board took note of these changes resulting from the reformulation of LBBW's charter and bylaws after a resolution by the Owners' Meeting.

With the constituent meeting on November 8, 2010 the new Supervisory Board replaced the previous Supervisory Board. The Chairman of the new committee is Mr. Hans Wagener, former spokesman for PricewaterhouseCoopers AG (PwC).

On behalf of the members of the previous Supervisory Board, I would like to thank the Board of Managing Directors and LBBW's employees for the successful hard work in the year under review. In particular, I would like to draw attention to the major efforts necessitated by the reorganization of LBBW, and by the prevailing market conditions.

Stuttgart, November 8, 2010
Chairman of the previous Supervisory Board



PETER SCHNEIDER
President Sparkassenverband Baden-Württemberg