

Remuneration report of Landesbank Baden-Württemberg for financial year 2013.

1. Remuneration principles and remuneration governance.

As a major institution as defined in the Remuneration Ordinance for Institutions (InstitutsVergV), Landesbank Baden-Württemberg (LBBW) is subject to particular requirements with respect to the structure, disclosure and governance of employee remuneration.

LBBW seeks to gear its employee remuneration to its risks and conforming with its strategy. At the same time, implementation of the regulatory requirements forms the core element of the Group remuneration strategy, which provides the framework for employee benefits and remuneration within the scope defined by governance requirements.

The key purposes of the remuneration strategy are:

- to ensure LBBW's appeal as an employer in the labor market,
- to pursue risk-oriented performance management, i.e. accepting and managing reasonable risks,
- to ensure that banking and regulatory requirements are implemented in the instruments and processes,
- to align employees' activities to specifically defined targets aimed at enhancing enterprise value,
- to reward sustained by means of variable remuneration,
- to integrate the performance management and remuneration process within the principles of corporate governance and risk management.

The structure of LBBW's remuneration systems is oriented to the performance, achievements and results of the employees and the Group as well as market conditions. Steps are taken to ensure that the relevant statutory requirements as stipulated in InstitutsVergV are duly satisfied. The variable remuneration incentives are thus closely linked to the sustained performance of the company.

The Remuneration Committee is responsible for monitoring the appropriateness of LBBW's remuneration system and observance of the requirements and stipulations defined in InstitutsVergV. It advises the Board of Managing Directors on fundamental matters pertaining to remuneration, drawing its attention to potentially undesirable developments in the remuneration systems and proposing corrections. As from 2014, it will be replaced by a Remuneration Control Committee and the Remuneration Officer (plus deputy).

The definition of the Group remuneration strategy and the establishment of the Remuneration Committee and the activities it performs have given LBBW a stable governance structure which ensures appropriate structuring, implementation and monitoring of the remuneration systems.

2. LBBW's remuneration systems.

Total employee remuneration consists of a fixed component, an additional variable component and other salary-related payments and benefits.

2.1 Remuneration system for employees covered by collective agreement, non-tariff employees and senior managers.

2.1.1 Fixed remuneration.

The system of fixed remuneration is essentially based on the value of the position or function exercised in accordance with the applicable collective agreements or, for positions not covered by such agreements, market conditions. The qualification and skill requirements for employees are among the factors relevant for determining remuneration. The level of fixed remuneration ensures that employees are not significantly dependent on the variable remuneration component. There are no employment contracts at LBBW which give rise to the obligation to pay severance when employees leave the company.

Employees covered by collective agreements.

As a rule, employees covered by collective agreements receive 12 monthly salary installments as fixed remuneration plus a special pay-scale bonus. In addition, a voluntary company bonus (»14th monthly salary installment«) is currently being paid. The Board of Managing Directors takes a decision each year approving the payment of the 14th monthly salary installment. There are various legacy arrangements from predecessor institutions in force at LBBW; currently around one third of LBBW staff are entitled to payment of the 14th monthly salary installment.

The fixed salaries paid to the employees covered by collective agreements are increased to match the industry-wide collective agreements for the banking industry and the public sector.

Non-tariff employees and senior managers.

Non-tariff employees, i.e. not covered by collective agreements, and senior managers receive 12 monthly salary installments. The fixed remuneration is based on a comparison of the remuneration paid for the function by external competitors on the one hand and on the basis of the employee's personal performance on the other.

In contrast to the collective arrangements, position-based market indicators play a decisive role in the determination of remuneration for non-tariff employees and for senior managers. This means that standard market salaries are used as a benchmark for determining the fixed remuneration.

The benchmarks required for this purpose are prepared in consultation with specialist consulting companies. The benchmark thus calculated is used as a parameter for determining the remuneration and is backed up by an internal comparison.

The fixed salaries are reviewed once a year. In addition to the **regular adjustments** (indexed remuneration for non-tariff employees), **individual increases** are also possible. These are approved once a year by the Board of Managing Directors - normally effective 1 July of each year - on the basis of the employee's individual performance and market indicators.

In 2013, non-tariff employees and senior managers also received **temporary allowances**. These temporary monthly allowances were paid from 1 April 2011 to 31 March 2013.

2.1.2 Variable remuneration.

Variable remuneration at LBBW follows the principles outlined below:

- Individual bonuses are awarded based on function, goals agreed and goals attained as well as performance of responsibilities. There is no mathematical correlation of bonuses to quantitative and qualitative achievement of goals.
- As a rule, variable remuneration does not offer any incentives for taking inappropriately high risks. There is no correlation between the returns from risk taking and the variable remuneration that can be earned.
- The level of bonus budget available depends on the performance of the Bank and organizational units. In addition to qualitative factors, risk costs are factored in to make suitable allowance for the sustainability of this performance. The contribution to performance of the risk management and controlling units is measured solely on the basis of the performance of the Bank as a whole.

Employees covered by collective agreements, non-tariff employees and senior managers

In the event of above-average performance, employees covered by collective agreements, non-tariff employees as well as senior managers may receive variable remuneration if the Board of Managing Directors has passed a decision providing for a corresponding budget for variable remuneration.

The responsible manager assesses the individual employee's performance and determines the possible variable remuneration. This is done on a discretionary basis, i.e. it is decided by the responsible manager in the light of the allocated budget.

In order to reward outstanding individual performance on a case-by-case basis and as promptly as possible or to compensate major challenges financially, LBBW sets aside an additional budget for impromptu bonuses.

2.1.3 Benefits.

Benefits are salary-relevant payments offered by LBBW to its employees largely on a voluntary basis, i.e. not as a result of entitlements as per the collective agreements.

The most important remuneration-related benefits at LBBW are the following:

- company pension,
- FlexiWertkonto (working time account) as per work agreement,
- company car,
- impromptu bonuses (incentives).

With the exception of the company car, all of the aforementioned remuneration components are cash payments.

Company pension.

There are various pension plans in operation as a result of the merger and integration of different companies. Commitments under these plans are granted either in the form of a work contract or, particularly in the case of commitments granted in the past, in the form of a comprehensive commitment. These commitments cover old age, invalidity and death.

Defined-benefit plans established by predecessor institutions remain in operation. Since 1999, on the other hand, new employees are enrolled in a defined contribution plan in the form of a capital account plan. In addition to employer-funded pension commitments, deferred remuneration plans are also available, allowing employees to build up additional employee-funded entitlement.

In total, 12,853 employees are entitled to employer-funded pension commitments. Roughly 9,007 employees come within the scope of LBBW's current benefit plan, the capital account plan. This figure comprises staff who are still actively employed as well as employees who have left the Bank but continue to hold vested entitlement to pension.

Around 6,202 employees are enrolled in the deferred remuneration plan.

As at the end of 2013, benefits under pension plans were paid to 4,477 people.

The company pension obligations in accordance with IFRS were at EUR 1.8 billion (employer-funded pension plans).

LBBW FlexiWertkonto.

The LBBW FlexiWertkonto is a working time account. With this account, employees may defer a certain part of their remuneration for early retirement or for sabbaticals. The deferred remuneration is used by means of full early retirement or full leave of absence.

Using a web-based portal, employees can flexibly define how much of their remuneration they wish to defer. Depending on the purpose, the deferred remuneration can be invested in numerous LBBW funds and covered bonds. As at the end of 2013, a sum of roughly EUR 32.1 million was invested in the individual portfolios.

2.2 Remuneration system for risk takers.

2.2.1 Underlying principles.

On the basis of the statutory provisions set forth in the Remuneration Ordinance for Institutions (InstitutsVergV), LBBW has established a separate variable remuneration model for »risk takers«. In accordance with InstitutsVergV, risk takers are defined as employees who by virtue of their activities have a material impact on the Bank's overall risk profile. The purpose of the model is to align remuneration structures more closely with long-term and sustained able performance of the company with due regard for risks.

Established in 2012, the remuneration model for risk takers including the risk analysis to identify risk takers at LBBW was further revised to incorporate adjustments in the light of the regulatory requirements.

2.2.2 Identification of risk takers/risk analysis.

Due to LBBW's size, business activities, complexity and the risk content of degree of its business activities, - there are employees at LBBW - in addition to the senior managers - whose activities have a material impact on the Bank's overall risk profile. They are referred to as »risk takers«.

Therefore, LBBW uses a risk analysis documented in writing to identify whether there are employees at LBBW who have an impact on the Bank's overall risk profile (risk takers).

Risk takers have been identified at LBBW on the basis of the following criteria defined by InstitutsVergV:

- size and nature of business activity,
- volume of business,
- level of risk,
- revenue generated by the organizational unit,
- activity, hierarchical position,
- amount of remuneration to date and
- competitive situation in the labor market.

In addition to the members of LBBW's Group Board of Managing Directors in their capacity as managing directors, all members of the AidA Board of Managing Directors (BW-Bank, Rheinland-Pfalz Bank, Sachsen Bank) are deemed to be risk takers. Moreover, the division, department and group heads as well as experts in the Financial Markets, Corporate Customers and Retail Customers/Private Banking/Wealth Management segments, back office, Corporate Center as well as the branch managers in New York, London and Singapore have been identified as risk takers. As a result of the risk analysis 2012 (applied as from 2013), 79 risk taker functions were identified. This includes 6 members of LBBW's Board of Managing Directors and 6 member of the AidA-Board of Managing Directors in addition to the 67 risk takers who were identified in different selection steps.

2.2.3 Parameters for measuring performance and achievement for risk-taker remuneration.

In 2013, the variable remuneration for risk takers is based on the following sustained parameters, each of which account for one-third:

- the Group's overall performance as measured based on the business success¹⁾ over three years,
- the performance contribution of the organizational units to the Bank's overall performance measured based contribution margin II incl. calculable risk costs for units that originate business and division-specific figures for control and services units,
- the specific performance contributions made by the individual employees.

The bonus is measured on the basis of the overall goal achievement.

The final bonus is measured in the following year after the annual financial statements for the financial year in question have been approved and the employee's goal achievement has been determined in accordance with a decision passed by the Group's Board of Managing Directors.

Payment arrangements.

Significant parts of the variable remuneration are dependent on long-term trends in the Bank's enterprise value and are based on LBBW's medium-term forecast.

For this reason, 60% (in the case of division heads and members of the Aida Board of Managing Directors) and 40% (in the case of department and group heads as well as non-tariff employees) of the variable remuneration is deferred over a period of three years and paid out on a time-proportionate basis; in the event of any negative performance contributions, the deferred amount is forfeited or reduced (malus).

50% of the deferred amount is frozen for a period of one year and tied to sustained changes in value (appreciation right). The sustained performance of this portion is obtained by comparing the adjusted aggregate risk cover²⁾ of the payout year and the frozen deferrals with the starting year.

20% (in the case of division heads and members of the Aida Board of Managing Directors) and 30% (in the case of department and group heads as well as non-tariff employees) of the calculated variable remuneration are paid out immediately. The same amount is frozen for one year and is also tied during this period to any sustained changes in the Bank's enterprise value (appreciation right).

At the end of the deferral period, a decision is taken with respect to deferred amount to be paid out (malus) based on the criteria for negative performance contributions defined in the risk-taker remuneration model.

The malus criteria of the remuneration proportions from the previous year to be paid out in 2014 were reviewed based on the comparison between the planned and actual net profit/loss for the year 2013 before taxes at Group level, 2013 contribution margin II calculated at organizational unit level and the 2013 performance contribution at individual level.

¹⁾ Obtained from the consolidated net profit after taxes (IFRS) less cost of capital.

²⁾ Obtained from the aggregate risk cover less hybrid capital less capital measures plus profit.

2.3 Remuneration system for employees at LBBW units outside Germany.

2.3.1 Fixed remuneration.

The remuneration arrangements under the collective agreement for domestic employees cannot be applied to LBBW units outside Germany. Employees at LBBW's foreign branches and representative offices receive a fixed salary which as a rule is paid in 12 monthly installments. The amount of the fixed remuneration depends on the employee's function and is determined on the basis of the individual employee's performance.

2.3.2 Variable remuneration.

The domestic arrangements for variable remuneration at the Bank (see 2.1.2 Variable remuneration) also apply to employees abroad. The Board of Managing Directors determines what proportion of the bonus budget will be allocated to the foreign units. As is the case with domestic arrangements, bonuses are allocated to employees on the basis of an individual assessment of their performance by the responsible manager.

The assessment and also the measurement of the bonus are performed on a discretionary basis. There is no formula-based link between goal achievement or any other performance parameters and variable remuneration. The variable remuneration granted by LBBW is not a fixed part of the annual salary but constitutes a voluntary benefit on the part of the Bank.

The risk-taker remuneration model also applies to risk takers at LBBW units outside Germany.

2.3.3 Benefits.

With the exception of the impromptu bonuses, the rules set out in 2.1.3 pertaining to benefits do not apply to the employees at LBBW's foreign units. LBBW observes local statutory and company arrangements with respect to the granting of benefits at the individual units abroad.

2.3.4 Remuneration of employees assigned abroad.

Employees who are assigned by LBBW to branches and representative offices receive an addendum to their German employment contract for the period of their assignment abroad setting out any additional remuneration which they may be entitled to receive.

2.4 Remuneration system for the Board of Managing Directors¹⁾.

Responsibility.

The Supervisory Board makes decisions on the remuneration system including the main contractual elements for the members of the Board of Managing Directors, and fixes the remuneration payable to them. The Executive Committee or the Remuneration Control Committee since its establishment on 16 December 2013 assumes an important advisory role in this respect and prepares the decisions of the Supervisory Board.

Principles of the remuneration system..

The Supervisory Board has approved a new remuneration system for members of the Board of Managing Directors that came into effect on 1 January 2013. The focus of the new system is on gearing remuneration to the attainment of sustained business performance without offering incentives to take disproportionately high risks. For this reason, the Supervisory Board has, among other things, set a period of three years as assessment period for the variable remuneration and a ratio of 1:1.5 as a reasonable upper limit for the ratio of fixed to variable remuneration. As from 2014, the ratio 1:1 as defined in the CRD (Capital Requirements Directive) IV will apply here as well.

The remuneration parameters that determine variable remuneration are geared toward achieving the targets derived from the Bank's strategy on a sustained basis. The parameters for the payment of bonuses are the Group's overall performance and the individual Board members' performance contribution, which are largely measured and assessed with the help of qualitative factors. Performance contributions can be positive or negative and accordingly have an impact on variable remuneration. 60% of the variable annual remuneration is deferred for a period of three years and paid out on a time-proportionate basis. This may be reduced within this period or even lapse (malus). 50% of this deferred remuneration is based on sustained performance.

The retirement benefits have been organized in the form of defined-contribution benefits.

Some members of the Board of Managing Directors have an arrangement in the form of a final-salary scheme. The amount is measured in accordance with the length of service on the Board of Managing Directors.

The Supervisory Board regularly reviews the appropriateness of the Board remuneration model as well as the level and composition of the Board remuneration.

Remuneration 2013.

In 2013, remuneration of the members of LBBW's Board of Managing Directors consisted of fixed, non-performance-based remuneration, variable performance-based remuneration and other benefits (essentially the use of a company car with driver). Moreover, the members of the Board of Managing Directors are eligible for inclusion in a company pension scheme.

¹⁾ In this section the term »Board of Managing Directors« refers to the Board of Management Directors plus the Executive General Manager of LBBW.

The members of the Board of Managing Directors received fixed remuneration totaling EUR 4.19 million for their service on the Board in the financial year 2013.

In addition, variable performance-based remuneration totaling EUR 2.70 million was granted in the financial year 2013. Of this, an amount of EUR 0.54 million was paid out in the financial year 2014, while the balance of EUR 2.16 million was deferred in accordance with the applicable terms of the remuneration system, with payment of this amount subject to confirmation.

Moreover, a sum of EUR 0.65 million was paid to members of the Board of Managing Directors in the financial year 2014 from amounts deferred from previous years following a review of the conditions for payment.

As at 31 December 2013, pension obligations according to IFRS for serving Board members of LBBW as at the balance sheet date totaled EUR 9.83 million.

3. Remuneration 2013.

3.1 Fixed remuneration 2013.

The basic salaries of the non-tariff employees and senior managers saw a straight-line increase of 2.5% as at 1 July 2013. Moreover, a budget of 2.0% of the fixed salary total was available to the divisions for individual salary components for non-tariff employees. Individual salary components are provided in the following cases, in particular:

- promotion to a higher position,
- measures to bring the function into line with the applicable market indicators,
- sustained good to very good performance by the holder of the position.

3.2 Variable remuneration 2013.

At LBBW, bonus payments totaling EUR 31.0 million for financial year 2013 were allocated to employees in 2014; these were either paid out directly, deferred or frozen.

For comparison purposes, performance-based remuneration totaling EUR 24.5 million was paid in the financial year 2013.

3.3 Regulatory requirements and current status of implementation.

The Remuneration Ordinance for Institutions (Instituts-Vergütungsverordnung), which came into force on 13 October 2010, provides extensive requirements for remuneration systems at financial services institutions and imposes on them certain disclosure requirements.

The following section provides details of the progress made by LBBW in implementing the regulatory requirements:

General requirements.

Appropriate structuring of remuneration systems.

Under Section 3 (3, 4 and 5) of InstitutsVergV, the remuneration systems must be structured in such a way that the incentive to accept unreasonably high risks is avoided. For this reason, LBBW has defined upper limits for the ratio of fixed to variable remuneration components which guarantee a reasonable balance between the two elements in order to avoid any significant dependence on variable remuneration. As a result, the remuneration systems do not generate any incentive to accept unreasonably high risks.

Moreover, LBBW takes part annually in external remuneration studies and determines the appropriateness of employee remuneration in the light of market conditions as part of annual remuneration reviews.

Appropriate upper limit for the ratio of fixed to variable remuneration.

The appropriate upper limit for the ratio of fixed to variable remuneration is 1 to 1.

In 2013, the limits stated were not exceeded.

Adequate capital base.

LBBW's adequate capital base and liquidity were not adversely affected by any performance-based variable remuneration.

Internal disclosure of the remuneration systems.

The provisions of InstitutsVergV stipulate that employees must be notified in writing of the structure of the remuneration systems applicable to them. LBBW wrote to all active employees in 2012, describing the remuneration systems applicable to them. On starting their employment with LBBW, all new employees are informed of the remuneration system applicable to them.

Risk orientation of the remuneration.

Under Section 3 (8) of InstitutsVergV, the risk orientation of remuneration may not be limited or eliminated by means of hedging or other countermeasures. Under these provisions, the senior managers and employees of LBBW undertake to refrain from engaging in any personal hedging or other countermeasures with the purpose of limiting or eliminating the risk orientation of their remuneration. All employees of LBBW were notified in writing of this obligation in 2012; in addition, corresponding provision to this effect was included in new employee contracts. The employees were notified of this again in the bonus letter as part of the bonus round.

Disclosure requirement: see section 4.

Specific requirements for major institutions.

Documentation of risk takers.

Risk takers are identified on the basis of the risk analysis (see section 2.2.2 for the criteria).

Remuneration system for risk takers.

In accordance with the requirements and rules of InstitutsVergV, a special remuneration model (see section 2.2) has been developed and implemented for risk takers at LBBW. The new remuneration model was applied for the first time in 2012.

Due to a regulatory requirement to make adjustments, the remuneration model for risk takers was revised further in 2013.

Remuneration Committee.

LBBW's Remuneration Committee monitors the appropriateness of the remuneration system and advises the Board on basic remuneration matters. The members of the Remuneration Committee are determined by the Board of Managing Directors.

The members of the Remuneration Committee comprise the division heads of Human Resources, Group Risk Controlling, Compliance, International Business, Financial Markets Back Office, Retail Customers/Private Banking for the Stuttgart region, Target Group Management Corporate Customers/Public Sector, Capital Markets, Trading and Sales, Back Office (Financial Institutions/Sovereigns Management). Internal Auditing is included within the scope of its responsibilities.

The Remuneration Committee met four times in 2013 and the last time was in December 2013. As stipulated in InstitutsVergV, the Remuneration Officer and the Remuneration Control Committee will perform the duties of the Remuneration Committee as from 2014.

Further disclosures by major institutions: see section 4.

Group remuneration strategy.

In 2013, a Group remuneration strategy was developed and approved by the Board of Managing Directors to ensure implementation of the regulatory requirements specified by InstitutsVergV in LBBW's subordinate and risk-relevant subsidiaries.

4. Disclosure of remuneration data in accordance with Sections 7 and 8 of InstitutsVergV.

4.1 Methodology.

Employees and the remuneration which they receive are not allocated to business segments in accordance with LBBW's corporate structure but on the basis of the value chain; i.e. employees are reported within the corresponding market segment if they can be clearly allocated to it on the basis of their organizational unit and their duties. Where this is not possible (either because the organizational unit in question or the employee's duties cover several market segments), they are assigned to the Corporate Items segment.

Employees who were assigned to multiple segments in 2013 as a result of internal fluctuation, are allocated to the corresponding segments on a time-proportionate basis. Employees on parental leave are reported in the Corporate Items segment. For this reason, the sum total of beneficiaries in the segments exceeds the total number of staff at LBBW by around 2,500.

The remuneration data refers to the financial year 2013. This means that, for example, the figures shown include the performance-based variable remuneration components granted for the financial year 2013, which for the most part were paid out in the 2nd quarter of 2014. In the case of the risk takers, the amount of the performance-based remuneration is shown in addition to the amounts which have been directly paid out, frozen or deferred.

4.2 Bank as a whole.

The total remuneration paid to 10,671 employees came to EUR 627 million in fiscal 2013, equivalent to EUR 59k per employee. Broken down by individual remuneration component, this produces the following picture:

| Remuneration type | Total 2013 | Share of total | Average per employee |
|-----------------------|------------|----------------|----------------------|
| Fixed remuneration | EUR 587.5m | 94 % | EUR 55.1k |
| Variable remuneration | EUR 31.0m | 5 % | EUR 2.9k |
| Severance payments | EUR 8.8m | 1 % | EUR 0.8k |

Fixed remuneration accounts by far for the greatest proportion of total remuneration.

Around 61 % of the variable remuneration was paid to non-tariff employees, 15% to senior managers, 20% to risk takers and 4% to employees covered by collective agreements.

In connection with the ongoing restructuring process, severance payments of a total of EUR 8.8 million were made to 97 employees, equivalent to an average of EUR 90.7k. The maximum severance payment was EUR 500k.

Bonus commitments of a total of EUR 225k (average EUR 20.5k) were made to 11 employees under new employment contracts. The maximum amount was EUR 84k.

4.3 Variable remuneration of risk takers.

Variable remuneration entitlement of a total of EUR 5,636k accrued to risk takers in the financial year 2013. Of this, an amount of EUR 2,617k was paid out directly and an amount of EUR 3,018k deferred subject to sustained performance (EUR 2010k) or frozen (EUR 1,008k). Following a sustainability review of the remuneration components which had been deferred in prior years (evaluation basis: net consolidated profit for 2013), a sum of EUR 2,155k was released for payment to the risk takers in June 2014 (and July 2014 for portions from 2011).

4.4 Structure and breakdown of remuneration.

The following table sets out the remuneration paid to employees by LBBW for the financial year 2013 broken down by the type of remuneration and allocation to the Corporates, Financial Markets, Retail Customers/Savings Banks, Credit Investment and Corporate Items segments (see section 2.4 for details of the remuneration for the Board of Managing Directors).

Structure and breakdown of remuneration for financial year 2013.

| Key figure (all figures excluding company management) | Total | Corporates | Financial Markets | Retail/Savings Banks | Credit Investment | Corporate Items |
|---|---------|------------|-------------------|----------------------|-------------------|-----------------|
| Total remuneration in EUR k | 627,313 | 171,562 | 115,808 | 150,691 | 4,115 | 184,867 |
| Fixed remuneration in EUR k | 587,539 | 159,977 | 103,918 | 146,957 | 3,924 | 172,763 |
| of which fixed remuneration for risk takers in EUR k | 14,403 | 6,340 | 3,501 | 1,504 | 461 | 2,596 |
| Number of beneficiaries ¹⁾ | 10,671 | 3,167 | 1,478 | 3,659 | 56 | 4,836 |
| Number of risk takers in the year under review ²⁾ | 78 | 37 | 18 | 8 | 3 | 12 |
| Sum of variable remuneration attributed for 2013 in EUR k | 30,979 | 10,402 | 10,463 | 2,553 | 191 | 7,370 |
| Variable remuneration paid out to non-risk takers for 2013 in 2014 in EUR k | 25,343 | 8,140 | 8,350 | 2,250 | 120 | 6,483 |
| Number of non-risk takers with variable remuneration | 3,963 | 1,264 | 676 | 896 | 24 | 1,103 |
| Variable remuneration attributed to risk takers for financial 2013 in EUR k | 5,636 | 2,262 | 2,113 | 302 | 71 | 888 |
| of which paid out (in financial year 2014) | 2,617 | 1,082 | 627 | 191 | 71 | 647 |
| of which frozen | 1,002 | 334 | 562 | 28 | | 79 |
| of which deferred and dependent on sustained performance | 2,016 | 845 | 925 | 84 | | 162 |
| of which frozen | 1,008 | 423 | 462 | 42 | | 81 |
| Paid out (in 2014) variable remuneration from previous year's deferrals in EUR k | 2,155 | 868 | 1,077 | 80 | | 130 |
| Maximum amount of variable remuneration in EUR k | 217 | 205 | 217 | 78 | 39 | 200 |
| Severance payments in EUR k | 8,794 | 1,184 | 1,426 | 1,451 | | 4,734 |
| Number of severance payment beneficiaries | 97 | 19 | 15 | 14 | | 49 |
| Maximum amount of severance payment in EUR k ³⁾ | 500 | 450 | 181 | 300 | | 500 |
| Bonus commitments in EUR k ³⁾ | 225 | | | | | |
| Number of bonus commitment beneficiaries ³⁾ | 11 | | | | | |
| Maximum amount of bonus commitment in EUR k ³⁾ | 84 | | | | | |
| For comparison purposes: variable remuneration paid out in financial year 2013 in EUR k | 24,505 | | | | | |

1) The total of beneficiaries in the segments differs from the number of beneficiaries in the Bank as a whole because of double counts and internal fluctuations between the segments.

2) Number of risk takers (employee view) excluding members of the Board of Managing Directors; incl double counts as a result of internal fluctuations and performance of double functions.

3) A detailed presentation of the remuneration information was dispensed with in order to preserve the principle of materiality, protection by law and confidentiality as set out in section 26a (2) of the German Banking Act (KWG).

5. Valuation.

In 2013, the fixed remuneration of the non-tariff employees was increased by around 2.8% in the German banking market. Payscale salaries are for the most part tied to the agreements reached in collective bargaining for German private-sector and public-sector banks. The fixed salaries of the employees subject to the collective-bargaining payscales for the banking sector were raised by 2.5% effective 1 July 2013.

The Board of Managing Directors has adopted a performance-based bonus budget for the financial year 2013 based on the Bank's earnings performance.

The base salaries of non-tariff employees and senior managers at LBBW saw a straight-line increase of 2.5% as at 1 July due to the regular adjustment for 2013. As a result of the additional volume for individual salary adjustments of 2.0% of the base salaries of the non-tariff employees, it was possible to retain key high-performance employees at the Bank in some specific cases and on average to exert a positive influence on LBBW's salary levels compared to the market.

All told, the fixed salaries paid to the non-tariff employees at LBBW are within the market corridor; by contrast, total remuneration (fixed plus variable) tends to be lower than the market average.

In view of the implementation of regulatory requirements such as an upper limit on the ratio of fixed to variable remuneration components, the introduction and application of a risk-taker remuneration model and external remuneration benchmarking, LBBW salaries are appropriate and satisfy the stipulations set forth in InstitutsVergV.

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