

Employees.

In order to meet increasing demands in Germany and abroad, the LBBW Group fundamentally reorganized its human resources division in 2009 with the new consultation approach HR (human resources) Plus. In organizational terms, the new structure is characterized by its orientation towards the functions of »distribution«, »service« and »expertise«, while in terms of working processes it is characterized by the introduction of the more customer-friendly consultation approach HR-Plus. The new HR portal on the LBBW Intranet offers all employees and executives a clearly structured information and advice service and allows the human resources division to manage operational personnel issues at any time and in any place. In HR-Pro, the Key Account Managers for human resources offer second- and third-level executives at LBBW comprehensive advisory services on all strategic human resources issues and support them as a personal contact in all fields of human resources work. The aim of the extensive reorganization is to ensure a sustainable improvement in the efficiency of human resources work and to position the human resources division as an internal service provider in the Group.

Other key issues in the 2009 fiscal year were the introduction of a new function structure, with which an efficient instrument has been created for human resources measures ranging from human resources planning, recruitment and the development of executives to salary calculation. The Board of Managing Directors also decided in 2009 on guidelines for a sustainable human resources policy at LBBW.

Restructuring Process Started.

In parallel to the European Commission's approval process, preliminary work began in the final quarter of 2009 for the quick implementation of the EU restructuring conditions, with around 2 500 job cuts and consolidation tasks. The restructuring plan for LBBW that was approved by the European Commission in December 2009 is linked to a significant reduction in costs by EUR 700 million each year. Negotiations with the General Staff Council about a redundancy scheme were commenced in connection with this in 2009.

Development of the Workforce.

The Group's workforce rose in 2009 from 13 369 employees as at December 31, 2008 by 1.95% to 13 630 employees as at December 31, 2009. The increase of 261 employees is mainly linked to changes in the basis of consolidation, with the addition of subsidiaries to the sub-group LBBW Immobilien GmbH (+227 employees) and slight increases in employment at subsidiaries (+21 employees). At LBBW Bank itself, with the LBBW, BW-Bank, Rheinland-Pfalz Bank and Sachsen Bank brands, the number of employees rose by 13 from 10 934 to 10 947.

Women make up a slight majority of the personnel, accounting for 51% of employees. The share of employees working part-time, including older employees working part-time (Altersteilzeit), grew from 18.7% in the previous year to 19.7% in 2009 in the Group and from 20.1% to 21.3% at LBBW Bank. The employee turnover rate at the bank was 4.3% in 2009 compared with 5.3% in the previous year; with adjustments for early retirement and severance agreements, the rate was 3.5%, compared with 2.7% for 2008. The average age of employees at LBBW Bank was 40.9 years in the year under review, while the average length of service was 14.8 years. 17.7% of employees are 30 years old or younger.

The importance of filling vacancies internally in the Group's human resources planning was still evident, although at a considerably lower level. The number of in-house job advertisements dropped in 2009 to around 770, compared with 1 300 in the previous year.

Guidelines for Sustainability in Human Resources Policy.

The guidelines for a sustainable human resources policy in the LBBW Group that the Board of Managing Directors decided on in 2009 are based on the twelve »HPI value drivers« listed in the »Human Potential Index (HPI)« of the German Federal Ministry of Labor and Social Affairs (Bundesministerium für Arbeit und Soziales – BMAS). According to a study commissioned by the BMAS, these value drivers have a positive impact on employees' commitment to the company and therefore play a crucial part in determining the success of the company. The twelve value drivers are implemented in guidelines for a sustainable human resources policy at LBBW, in the order of their influence on the company's success (<http://nachhaltigkeit.lbbw.de/leitplanken>).

Training and Personnel Development.

LBBW attaches importance to first-rate training. As at December 31, 2009, 679 (previous year: 665) trainees were employed in the Group, of whom 674 were on various company professional training courses or courses of study at the dual universities in Baden-Württemberg and Saxony, while five trainees were in Luxembourg. With 248 new entrants (previous year: 252) and a training rate of 4.98% (previous year: 5%), LBBW maintained its high level from the previous years.

Of the 153 people who completed a traineeship at LBBW in the career of banking specialist (Bankkauffrau/-mann), 17 received awards and 41 received commendations from the chambers of commerce for their outstanding performance. Of the 58 LBBW employees who completed training at the dual universities, nine students received distinctions for special achievements. All those who completed training in 2009 and were suitable received an offer of employment.

The LBBW graduate trainee programs also represented an attractive option for qualified university graduates wanting to get on the career ladder in 2009, and were an important pillar in the strategic development of new recruits. Over 185 graduate trainees, including around 110 people completing external training and about 75 internal graduate trainees, undertook such a program in almost all areas of business at LBBW in 2009. Above all, the focus here was on the areas of private banking, corporate customers and financial markets.

In 2009, the LBBW Group once again invested heavily in training for its executives and employees. With 19167 personnel development measures, training was up 27.3% on the previous year (15 059). The measures focused on the areas of distribution and back office. In the private customer divisions, intensive training was provided for a TÜV-certified consulting system.

229 workshops were also organized for executives at LBBW, to accompany the change management processes. To obtain advice on specific management and personality issues, many executives also took advantage of the coaching services offered by the Group's own management consultancy.

As part of talent management, a process of identifying and reviewing potential was successfully developed and implemented in 2009, particularly for management functions with an international orientation. In addition to classic management requirements, this process takes into account aspects of the management of employees that are specific to different countries and cultures.

Pay.

LBBW introduced a new function structure for all employees in 2009. In six different »career paths« such as distribution, staff/supervision, management and project management, over 400 different functions were described, which were allocated to several career levels and assessed in terms of collective wage agreements and with no collective wage agreements. In view of the newly announced regulations issued by the German Federal Financial Supervisory Authority for the structuring of pay systems, LBBW reviewed the new systems it has developed in the last few years for the private customers/private banking/wealth management and corporate customers segments to ensure that they are compatible with the new guidelines, and found them to be suitable. The newly created pay committee began operating in 2009. It will support and advise the Board of Managing Directors in future on the organization and development of pay systems. LBBW explicitly supports the »Principles for Sound Compensation Practices – Implementation Standards« of the Financial Stability Board (FSB) from September 25, 2009. In December 2009, LBBW even committed itself in writing to organizing pay systems so that they will better support the corporate aims, which are geared towards sustainability.

LBBW FlexiWertkonto and Company Pensions.

Owing to the change in the legal situation on January 1, 2009 (law to improve the framework for protecting flexible working-time regulations - »Flexigesetz II«), LBBW revised the LBBW FlexiWertkonto, its attractive working time account model. In addition to the selection of new investment products, regulations relating to labor law were adapted to the new legal situation.

In connection with the harmonization of the company pension schemes, one of the old pension systems was transferred to the LBBW capital accounts plan for the first time. The transfer had a neutral impact on value.

Organizing Working Life.

LBBW dealt with the increasing importance of the compatibility of work and family in several auditing workshops and a strategy workshop in 2009. As the basis for certification by the Hertie Foundation audit berufundfamilie (»work and family«), a catalog of targets and measures was drawn up, including 27 measures in various areas of business. By implementing this catalog over the next three years, LBBW hopes to position itself as a modern and innovative company and optimize processes within the company under the angle of »Organizing working life«.

LBBW added to its achievements as a family-conscious company in 2009 by expanding its childcare services. In Mannheim, the new day care center »Kleine Raupe« was set up with five places (including one emergency place). The »Frechdax« day care center in Stuttgart was expanded to include 45 places. The emergency childcare center »Mainzelmäuse« in Mainz provides up to 15 places, which are used by parents at LBBW during the holidays and on bridging days in particular.

Diversity and Equal Rights as an Opportunity.

By creating a post for a diversity representative in February 2009, LBBW reinforced awareness of the issues of equal rights and diversity. LBBW regards diversity as an opportunity and has committed itself to the »Diversity Charter« for companies in Germany. It is important to LBBW to create a working environment that recognizes and promotes these diverse types of potential. All employees should feel appreciated – regardless of gender, race, nationality, ethnic origin, religion or world view, disability, age, sexual orientation or identity. This not only creates an environment of acceptance and trust at the company, but will also play a part in determining the company's future success.

Company Health Management.

To LBBW, company health management is an integral part of a forward-looking corporate policy. It includes the development of overall conditions, structures and processes at the company that are aimed at arranging work and the organization in a way that promotes health and at enabling employees to live healthily. The focus is on maintaining and improving employee health. In the guidelines for a sustainable human resources policy decided on by the Board of Managing Directors, the promotion of health is explicitly named as one of twelve value drivers for the success of the company. The »Round Table on Health« serves as an engine for company health management and for controlling core processes. The focus in 2009 was on an extensive review and assessment of the situation and the development of a strategy for health management at LBBW. LBBW receives support with company health management from a major health insurance scheme as part of a cooperation project.