Oldenburgische
Landesbank AG

Oldenburgische Landesbank Group
Financial Report 2011

The Oldenburgische Landesbank Group at a Glance

EUR m	12/31/2011	12/31/2010	Change (%)
Total assets	**13,363.4**	**13,351.0**	**0.1**
Loans and advances to banks[1]	924.1	1,530.5	–39.6
Loans and advances to customers[1]	9,792.3	9,451.3	3.6
Total lendings[1]	9,784.3	9,442.6	3.6
Amounts due to banks	3,397.0	3,816.5	–11.0
Amounts due to customers	7,544.5	7,208.2	4.7
Securitized liabilities	1,161.7	1,099.3	5.7
Equity	569.2	595.7	–4.4

EUR m	1/1/2011 –12/31/2011	1/1/2010 –12/31/2010	Change (%)
Net interest income	244.7	238.0	2.8
Net commission income	81.9	84.9	–3.5
Other operating income	66.4	70.0	–5.1
Operating personnel expense	182.9	182.2	0.4
Office expense	120.1	123.2	–2.5
Risk provisions	88.4	24.6	>100
Profit before taxes	13.5	70.8	–80.9
Profit after taxes	**16.9**	**52.5**	**–67.8**

	12/31/2011	12/31/2010	
Total distributions per no-par share (EUR)[2]	—	1.00	
Cost-income ratio (%)	77.4	78.6	
Aggregate capital ratio (%)[3]	12.4	11.7	
Employees	2,883	2,952	
Full-time equivalents	2,408	2,468	
Branches of Oldenburgische Landesbank AG Regional Bank	178	175	
Branches and specialized agencies of Allianz Bank	819	694	

1 Net of risk provisions
2 Per proposed allocation of profits under the German Commercial Code (HGB)
3 Per Sec. 10a of the German Banking Act (KWG)

Oldenburgische Landesbank AG

Financial Report 2011

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To Our Shareholders

Letter to Our Shareholders

Dear shareholders,
dear friends of OLB,

We have a busy financial year behind us, one that included an intensification of the European government debt crisis, volatile financial markets, and substantial changes in the economic environment, especially in the energy sector.

For banks, regulatory requirements tightened further, with capital and liquidity still the main concerns.

Amid these conditions, we closed out the year with a profit, and strengthened the Bank's foundations even further. Our core capital ratio, at 8.5 percent, has already reached the level today that Basel III will not require until 2019. Our liquidity situation is comfortable. All of which will enable us to continue providing the credit to support and promote our home region's successful economic development.

All the same, we are not satisfied with our results. Profits were substantially less than for the prior year, so that we must propose deferring payment of a dividend. The principal factor involved here was substantially higher risk provisions.

These reflect the impact of the crisis situation specific to the shipping industry, in combination with a larger specific loan loss provision.

Dr. Achim Kassow

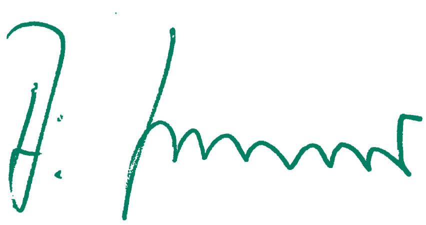
Nevertheless, the Bank's core is still sound. We again increased operating income before risk provisions, particularly by maintaining strict control over costs. Our client base and business volume have also continued to grow – a clear sign of our lasting attraction as a reliable, professional partner for our retail and corporate customers. And we will continue to cultivate and expand this strong reputation in the future. We believe it is especially important to reinforce the trust that people and companies feel in "their" OLB, along with our proximity to our customers. The foundation for our customers' trust is laid by our staff in their work from day to day. This is our home, and it will remain our home.

What other tasks have we set ourselves? The current 2012 year will focus especially on three projects. First, we want to meet our customers' needs even better, and refine our advisory services to better suit different customer groups and expectations. Second, we will look more closely at the evolution of partial portfolios in our risk management. And finally, we will streamline internal procedures even further, and provide optimal support for the banking business at the Allianz agencies with an uncomplicated range of options.

On the bottom line, all of this is also intended to pay off for our shareholders. Assuming that conditions remain stable – especially in the shipping markets – we will be able to improve our earnings substantially.

Ladies and gentlemen, in closing, permit me to add a personal word or two. The banking business is a business of trust. And trust is something that must be earned. We on the Bank's management team feel that our most important duty is to work consistently and sustainably to build that trust. My colleagues and I look forward to having you with us as we continue along this path at OLB.

Sincerely yours,



Dr. Achim Kassow
Spokesman of the Board

The Share

Performance of OLB stock

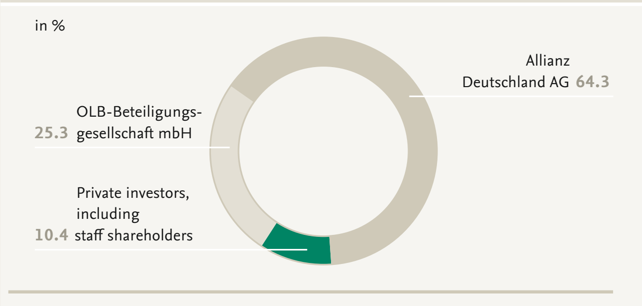
See Glossary, p. 155

The tsunami and nuclear power plant disaster in Japan, the rating downgrade of the United States, and the escalation of the debt crisis in the euro zone subjected the international stock markets to a number of external shocks in 2011. In response, the DAX German stock index proved very volatile over the year, fluctuating nearly 2,500 points. An auspicious first half, with the DAX at roughly 7,500 at mid-year, gave way in the second half to substantial price slumps, with lows close to the 5,000 mark in September. Despite a slight recovery at year's end, the DAX closed out the year down 16 percent, just below 6,000, and was therefore unable to sustain its positive performance from the previous two years. Thus far, however, 2012 has proved substantially better for the index. At the time when this Annual Report was finalized (March 2012), the DAX was up more than 20 percent.

See Glossary, p. 152

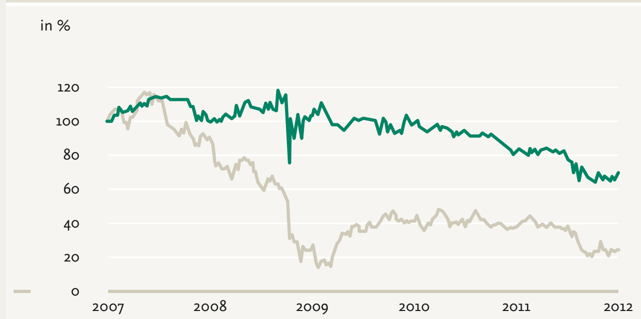
German financial securities found the market events of 2011 equally unwelcome, and the stock prices of German banks came more than proportionately under pressure. The CDAX Banks industry index, comprising the stock prices of private business banks, closed out the year down about 35 percent from where it had started. OLB stock was unable to escape this adverse trend. It opened the year trading at EUR 37.00, and closed it out at EUR 30.50, only slightly higher than the year's low of EUR 28.50. At the preparation date of this Annual Report (March 2012), the price had decreased to EUR 27.50. OLB stock has performed better than the industry average in direct comparison with the performance of the banking index over the past five years; nevertheless, its value performance has been negative.

Ownership structure



Through its own direct holdings and indirectly through OLB-Beteiligungsgesellschaft mbH, Allianz Deutschland AG holds about 89.6 percent of Oldenburgische Landesbank AG.

Performance of OLB stock compared to CDAX Banks, 2007 – 2012



OLB stock (dividends offset) CDAX Banks

Ownership structure

The ownership structure of Oldenburgische Landesbank AG comprises Allianz Deutschland AG (64.3 percent), OLB-Beteiligungsgesellschaft mbH (25.3 percent), and private investors, including staff shareholders (10.4 percent). Allianz Deutschland AG is the majority shareholder of OLB-Beteiligungsgesellschaft mbH, holding 98.8 percent; several long-term investors from northwestern Germany hold 1.2 percent (all figures are rounded).

See chart, p. 006 left

Oldenburgische Landesbank AG stock is traded on the regulated market of the Berlin, Hamburg and Hanover exchanges, and over the counter in Düsseldorf and Frankfurt, under German securities identification number (WKN) 808 600. The trading volume for OLB stock in 2011, at 134.6 thousand shares, was slightly higher than for the previous year (124.6 thousand). The principal trading floors, with nearly equal trading volumes, were the exchanges in Frankfurt and Hamburg. The number of shares issued is 23.3 million. Multiplied by the trading price per share, this yields a market capitalization of approximately EUR 640 million.

As one of Germany's most important second-line stocks, the stock of Oldenburgische Landesbank AG also plays a significant role at the regional level. For example, OLB stock is the only bank included in the Lower Saxony Stock Index, the NISAX20, under WKN 600788. This regional index, established by NORD/LB Norddeutsche Landesbank in May 2002, includes the 20 largest listed companies in the state of Lower Saxony. OLB stock, with an index weight of 0.9 percent, is in 13th place here.

Financial calendar

2012	
Release of interim report as of March 31, 2012	**May 15, 2012**
Shareholders' Meeting in Oldenburg	**May 31, 2012**
Release of interim report as of June 30, 2012	**August 14, 2012**
Release of interim report as of September 30, 2012	**November 13, 2012**

Key information

2012	
German securities ID no. (WKN)	**808 600**
ISIN	**DE0008086000**
Type of stock	**Bearer shares**
Denomination	**No-par common stock**
Markets where quoted	**Berlin, Hamburg, Hanover**
Number of shares	**23.3 million**
Market capitalization as of March 16, 2012	**EUR 639.6 million**

Corporate Governance Report

Good corporate governance is an indispensable requirement for sustainable corporate success. Significant aspects of good corporate governance include trusting, efficient cooperation between the Supervisory Board and the Board of Managing Directors, as integral parts of a dual management system; attention to the best interests of shareholders, lenders, employees, and other groups associated with the Company; and openness and transparency in corporate communications.

The German Corporate Governance Code currently applies in its amended version of May 26, 2010. It lays down the principal requirements of law for the management and supervision of German companies traded on stock exchanges, and incorporates internationally and nationally recognized standards for proper, responsible corporate management and supervision, in the form of recommendations and suggestions. It clarifies the obligation of the Board of Managing Directors and Supervisory Board to work toward the Company's survival and its sustainable added value, consistently with the principles of a social market economy.

There is no statutory obligation to comply with the Code's recommendations and suggestions. However, under Sec. 161 of the German Stock Corporation Act, each year the managing board and supervisory board of listed companies must issue a declaration of compliance with the Code's recommendations, under the principle of "comply or explain." Any deviations from the Code's recommendations must be explained. The Declaration of Compliance issued by the Board of Managing Directors and Supervisory Board in December 2011 can be found in the Management Declaration in this part of the Annual Report.

Description of operating procedures of the Board of Managing Directors and the Supervisory Board

In keeping with German corporate law, Oldenburgische Landesbank AG has a dual management and oversight structure, with a Board of Managing Directors and a Supervisory Board. The two boards cooperate closely, in a relationship of confidence and trust, for the Company's benefit.

In addition to the requirements of law for the management and oversight of a stock corporation, the Articles of Incorporation of Oldenburgische Landesbank AG adopted by the Shareholders' Meeting, as well as the rules of procedure for the Board of Managing Directors and the Supervisory Board, also include provisions governing corporate management and oversight.

Board of Managing Directors

The Board of Managing Directors of Oldenburgische Landesbank AG manages the Company with a focus on sustainable added value, on its own responsibility and in the Company's best interest. It decides the Company's corporate goals, strategic orientation, and business policies. The Board of Managing Directors also coordinates and supervises the business activities of Oldenburgische Landesbank AG's subsidiaries. It must attend to compliance with the requirements of law and the Company's own guidelines, and must also provide for appropriate risk management and risk controlling within the Company.

The Board of Managing Directors is appointed by the Supervisory Board. It must have at least two members. The actual number of members of the Board of Managing Directors is decided by the Supervisory Board. The Board of Managing Directors currently has three members. They are jointly responsible for managing Oldenburgische Landesbank AG. The members of the Board of Managing Directors inform and consult one another on all of the Company's concerns.

The Supervisory Board has appointed one member of the Board of Managing Directors as its Spokesman. He represents the Board of Managing Directors to the Supervisory Board and the public at large. He is also responsible for coordinating his board's work.

The Board of Managing Directors meets regularly, in meetings that are convened by the Spokesman. The full board decides by a simple majority of the board members participating in the vote. In the event of a tie, the Spokesman's vote decides.

The work of the Board of Managing Directors is further structured by the rules of procedure for the Board of Managing Directors, issued by the Supervisory Board. The rules of procedure for the Board of Managing Directors particularly also govern the board's reporting obligations, which serve to limit market risk. The rules of procedure also include a system of authorities for the lending business and for treasury / own-account trading.

See Glossary, p. 155

See p. 014

A business allocation plan governs the areas of responsibility of the members of the Board of Managing Directors, but does not affect all the members' joint responsibility for managing the Company. The business allocation plan, and any amendments, must be promptly brought to the attention of the Supervisory Board. Because of the size of the Board of Managing Directors, it has decided not to establish committees.

The Board of Managing Directors reports regularly, promptly and fully to the Supervisory Board about all matters of business performance, planning, risk position, risk management, internal auditing and compliance that are of consequence for the Company. In its reports, the board explains deviations of business performance from its planned course and goals, explaining reasons.

Transactions of particular importance are subject to the consent of the Supervisory Board or its committees. The consent requirements are laid down by law, the Articles of Incorporation, and the rules of procedure for the Board of Managing Directors and the Supervisory Board. Matters subject to consent include issuing new stock out of authorized capital, entering into intercompany agreements under Secs. 291 et seq. of the German Stock Corporation Act, granting loans to members of governing bodies or employees under Sec. 15 of the Banking Act, acquiring and selling equity interests and real estate for values above certain limits, and establishing or closing branch offices within the meaning of Sec. 13 of the German Commercial Code.

Each member of the Board of Managing Directors must disclose conflicts of interest immediately to the other members of the Board of Managing Directors and to the Supervisory Board. Significant transactions between the Bank and a member of the Board of Managing Directors or parties related to a member of the Board of Managing Directors, or businesses controlled by a member, are subject to the consent of the Executive Committee of the Supervisory Board.

The members of the Board of Managing Directors for fiscal 2011 are listed in the Compensation Report.

Supervisory Board

The Supervisory Board of Oldenburgische Landesbank AG has twelve members, and in accordance with the German Co-Determination Act, consists of equal numbers of representatives of the shareholders and of the employees. The shareholder representatives are elected by the Shareholders' Meeting, the other members are elected by the employees. The Supervisory Board elects a Chair and Vice-Chair from among its ranks for the board's entire term of office.

The members of the Supervisory Board are obligated to pursue the Company's best interests; they cannot pursue their personal interests in making their decisions. No former members of the Board of Managing Directors of Oldenburgische Landesbank AG sit on the Supervisory Board.

The Supervisory Board, through its Chairman, maintains regular contact with the Board of Managing Directors, and advises and supervises the Board of Managing Directors in managing the Bank. The Supervisory Board is also responsible for appointing and dismissing members of the Board of Managing Directors, and for determining the total compensation paid to those individual members, as well as for auditing the annual financial statements of Oldenburgische Landesbank AG and the OLB Group, the management reports, the report on relations with affiliated companies, and the proposed allocation of profits. The Supervisory Board adopts the rules of procedure for the Board of Managing Directors, and is responsible for approving certain transactions of major importance, unless that responsibility has been assigned to a committee of the Supervisory Board.

The Supervisory Board holds four regularly scheduled meetings per fiscal year, as required by law. These meetings are convoked by the Chairman of the Supervisory Board. Special meetings are held additionally as needed. The resolutions of the Supervisory Board are adopted by a simple majority vote, except where provided otherwise by law. In the event of a tie, the matter must be brought up for a vote again, and if another tie results, the Chairman of the Supervisory Board has two votes.

The Chairman of the Supervisory Board coordinates the board's work and chairs its meetings.

The Supervisory Board regularly reviews the efficiency of its activities. The efficiency review is prepared by the Audit Committee. Then the full board discusses possible improvements, and where appropriate, decides what steps are to be taken.

Any member of the Supervisory Board who has conflicts of interest, especially those that might arise by way of an advisory or governing-body position with a client, supplier, lender or other business partner, must disclose those conflicts to the Supervisory Board.

See p. 018

Goals for composition of the Supervisory Board and status of implementation

At its meeting on December 2, 2010, in implementation of Item 5.4.1 of the German Corporate Governance Code, the Supervisory Board adopted the following goals for its composition:

The Supervisory Board seeks a membership that will ensure qualified supervision and advice for the management of Oldenburgische Landesbank AG. Candidates are to be proposed whose integrity, motivation and personality indicate that they will be able to perform the duties of a member of the Supervisory Board of Oldenburgische Landesbank AG. Regarding the requirements listed below, it should be borne in mind that the Supervisory Board has no influence over the nominations for employee representatives.

1. Requirements for individual candidates

- Knowledge of the field, particularly
  - business experience;
  - general understanding of the banking business;
  - ability to understand and evaluate preparatory documents for annual financial statements and reports to the Supervisory Board;
  - where possible, specialized knowledge of importance to the Bank's business operations.
- Reliability.
- Age below the regulatory limit of 70.
- Compliance with the limitations on numbers of board positions held, as prescribed by law or recommended by the German Corporate Governance Code.
- Ability and willingness to dedicate sufficient time.
- No business or personal relationships with OLB or its Board of Managing Directors that would constitute a significant and not merely transient conflict of interests.
- No positions on governing bodies or consulting duties for significant OLB competitors.

2. Requirements for the entire board

- Sufficient number of independent members as provided under Item 5.4.2 of the German Corporate Governance Code.
- At least one independent member with a knowledge of accounting or auditing as provided under Sec. 100 (5) of the German Stock Corporation Act.
- At least one member with substantial experience in the banking business.
- No more than two former members of the Board of Managing Directors of OLB.
- Reasonable participation of women – i. e., nomination of at least one female candidate each to represent the shareholders and the employees at the next regular election for the Supervisory Board in 2013, on the understanding that the Supervisory Board has no power to choose employee representatives.
- Balanced composition, so that desirable professional knowledge is as widespread as possible within the Supervisory Board.

The members of the Board of Managing Directors for fiscal 2011 are listed in the Compensation Report in this Annual Report. The present composition of the Supervisory Board already complies with the above requirements, except for the representation of women. Future nominations by the Supervisory Board for the election of its members will take these goals into account. This is particularly the case for the election of the Supervisory Board in the spring of 2013. The Supervisory Board recommends that its members elected by the employees should endeavor, so far as possible, to take the requirements and goals into account for the nominations to be made by the responsible employee committees.

Description of the composition and working procedures of the committees of the Supervisory Board

To enhance its efficiency, the Supervisory Board has formed several committees: an Executive Committee, a Risk Committee, an Audit Committee, a Nominating Committee, and the Mediation Committee required under Sec. 31 (3) of the Co-Determination Act. The committees prepare for the decisions of the Supervisory Board and the proceedings of the full board. In some cases they also have been delegated decision-making authority. The composition, responsibilities and duties of the committees are governed by the rules of procedure of the Supervisory Board and of the Board of Managing Directors.

The committees meet as needed, and adopt their decisions by a simple majority vote. In the event of a tie, the committee Chair has the right to cast the deciding vote, except in the case of the Mediation Committee.

See p. 022

The Chairs of the various committees report regularly to the Supervisory Board on the committees' work and decisions.

The *Executive Committee* has six members. It includes the Chairman and Vice-Chairman of the Supervisory Board, together with four other members elected by the Supervisory Board, two of them elected by nomination of the employee representatives and two by nomination of the shareholder representatives. The Executive Committee is responsible for personnel matters concerning the members of the Board of Managing Directors and for other personnel matters falling under the authority of the Supervisory Board, other than those referred by law to the full membership of the board. It prepares for the appointment of members of the Board of Managing Directors, and for the full Supervisory Board's decisions on the compensation system and the total compensation to be paid to the individual managing directors, and submits motions for resolutions to the full Supervisory Board. The Executive Committee's duties also include consenting to the appointment of the Bank's representatives with full signing authority, consenting to pension arrangements, approving loans made to members of governing bodies under Sec. 15 of the German Banking Act, and consenting for members of the Board of Managing Directors and employees to hold certain additional offices and engage in certain incidental activities.

The *Risk Committee* comprises the Chairman of the Supervisory Board and up to four additional members of the Supervisory Board, up to two each elected by nomination of the shareholder and employee representatives. The Risk Committee currently has five members. The Risk Committee addresses the risk situation and oversees the efficacy of the Bank's risk management system. The Board of Managing Directors reports to the Risk Committee when the established market risk limits are overrun. This committee also approves loans that the Board of Managing Directors cannot approve on its own authority. Its consent is also required before establishing subsidiaries, except for companies dedicated exclusively to asset management. The Risk Committee approves the Bank's investment plan; the acquisition and disposal of equity investments and real estate for amounts above certain limits are also subject to its consent.

The *Audit Committee* comprises the Chairman of the Supervisory Board and up to four additional members to be elected by the Supervisory Board, up to two each by nomination of the shareholder and employee representatives. It currently has five members. At least one independent member of the Audit Committee must have an expert knowledge of accounting or auditing. The Supervisory Board found that Prof. Dr. Andreas Georgi meets this requirement.

The Audit Committee has the responsibility of performing an advance audit of the parent-company and consolidated financial statements, the management reports, the audit reports, the proposed allocation of profits, and the report on relations with affiliated entities. It prepares for the decisions of the full Supervisory Board on adopting the parent company's annual financial statements and approving the consolidated financial statements and the report on relations with affiliated entities. It monitors the accounting process and the efficacy of the internal auditing and compliance system, and is also concerned with the activities that are the particular focus of the latter two systems. The Supervisory Board's decision on nominating independent auditors for appointment by the Shareholders' Meeting is based on a recommendation from the Audit Committee. The committee monitors the process of auditing the financial statements, and especially the independence of the independent auditors, as well as the additional services to be provided by the independent auditors. It engages the auditors, and in this connection concerns itself with the main focuses of the audit and the auditors' fee. It also discusses the semiannual financial report with the Board of Managing Directors before the report is released. Finally, the Audit Committee is also responsible for preparing the Supervisory Board's annual Declaration of Compliance under Sec. 161 of the German Stock Corporation Act, and for auditing the efficiency of the Supervisory Board's activities.

The *Nominating Committee* comprises the Chairman of the Supervisory Board and two additional shareholder representatives. This committee's task is to seek suitable candidates for election to the Supervisory Board as shareholder representatives, and to propose them to the Supervisory Board for nomination at the Shareholders' Meeting.

The *Mediation Committee*, to be formed under Sec. 27 (3) of the Co-Determination Act, has four members, as provided by law. These are the Chairman and Vice-Chairman of the Supervisory Board, together with one Supervisory Board member each elected by the shareholders and the employees. The Mediation Committee submits suggestions to the full Supervisory Board for the appointment of members of the Board of Managing Directors if the two-thirds majority vote of the Supervisory Board, as required for the appointment of managing directors, is not achieved in the first round of voting.

The members of the committees of the Supervisory Board are as follows:

Executive Committee

- Andree Moschner, Chair
- Thomas Fischer (until December 31, 2011)
- Prof. Dr. Andreas Georgi
- Manfred Karsten
- Stefan Lübbe
- Uwe Schröder
- Rainer Schwarz (since February 16, 2012)

Risk Committee

- Prof. Dr. Andreas Georgi, Chair
- Carsten Evering
- Stefan Lübbe
- Andree Moschner
- Rainer Schwarz

Audit Committee

- Prof. Dr. Andreas Georgi, Chair
- Carsten Evering
- Andree Moschner
- Uwe Schröder
- Rainer Schwarz

Nominating Committee

- Andree Moschner, Chair
- Dr. Werner Brinker
- Prof. Dr. Andreas Georgi

Mediation Committee (Sec. 27 (3) Co-Determination Act)

- Andree Moschner, Chair
- Prof. Dr. Andreas Georgi
- Manfred Karsten
- Jörg Thöle

The Report of the Supervisory Board includes details of the meetings held by the Supervisory Board and its committees in fiscal 2011, together with the topics addressed at those meetings.

Shareholders' Meeting

The shareholders exercise their rights at the Shareholders' Meeting, where they have the right to vote. Each share confers one vote. To facilitate voting, Oldenburgische Landesbank AG offers its shareholders the option of being represented at the Shareholders' Meeting by proxies appointed by the Company, who must vote solely as instructed by the shareholders. Participation and voting at the Shareholders' Meeting are contingent on the shareholder's timely registration for the meeting, and on documentation of the shareholder's rights.

At the regular Annual Shareholders' Meeting, the Board of Managing Directors and the Supervisory Board provide an accounting of the past fiscal year. The Shareholders' Meeting has the rights accorded to it by law. These include deciding on whether to ratify the actions of the Board of Managing Directors and the Supervisory Board, on the allocation of profits, on amendments to the Articles of Incorporation, and on measures to change the Bank's capital. The Shareholders' Meeting also elects the shareholders' representatives on the Supervisory Board. Details on the agenda and on voting procedure are sent to the shareholders together with the notice of the meeting. The reports and documentation needed for the Shareholders' Meeting, together with the agenda, are kept easily accessible at OLB's Web site (www.olb.de).

Transparency and information

Shareholders and third parties are notified promptly about the Bank's business performance, by way of the publication of annual financial statements, interim financial statements, and interim reports. These are prepared on the basis of national and international reporting principles. Here the Company follows the "true and fair view" principle, so that the reporting conveys a picture of the Company's net assets, financial condition and earnings situation that conforms to the actual circumstances. In addition, ad-hoc disclosures publish facts that can materially affect the stock price, and any other relevant information is also reported. All information is released through suitable communications media, and is kept available at the Company's Web site (www.olb.de).

Oldenburgische Landesbank AG notifies the public of the dates for major events and publications (such as the Shareholders' Meeting and the release of the Annual Report) in a financial calendar that is published in the Investor Relations section of the Oldenburgische Landesbank AG Web site and in the Annual Report.

Directors' dealings

Under Sec. 15a of the German Securities Trading Act, concerning disclosure and notification of dealings, persons holding management positions in an issuer of stock must report their own dealings in stock of the issuer, or in financial instruments relating thereto, particularly derivatives, to the issuer and to the Federal Financial Supervisory Authority (BaFin), if the total value of the purchase or sales transactions over the course of a calendar year is equal to or greater than EUR 5,000. This obligation applies to members of the Board of Managing Directors and of the Supervisory Board, and to persons who regularly have access to insider information and who are authorized to make significant business decisions. The obligation furthermore applies for persons related to persons in management positions.

During fiscal 2011, no reportable securities transactions under Sec. 15a of the Securities Trading Act were reported to Oldenburgische Landesbank AG.

Shareholdings of the Board of Managing Directors and Supervisory Board

The total amount of Oldenburgische Landesbank AG stock held by all members of the Board of Managing Directors and the Supervisory Board as of December 31, 2011, was less than 1 percent of the stock issued by the Company.

See Glossary, p. 155

See p. 007

Management Declaration per Sec. 289a of the German Commercial Code

Declaration of Compliance with the German Corporate Governance Code

Under Sec. 161 of the German Stock Corporation Act, each year the managing board and supervisory board of listed companies must issue a declaration of compliance with the recommendations of the German Corporate Governance Code, under the principle of "comply or explain." Deviations from the recommendations must be disclosed, and their reasons must be given.

In December 2011, the Board of Managing Directors and the Supervisory Board of Oldenburgische Landesbank AG issued the periodic Declaration of Compliance with the German Corporate Governance Code, declaring that the Company has complied with all recommendations of the German Corporate Governance Code since the last Declaration of Compliance was issued, and that it will comply with those recommendations, with the sole exception that the compensation provision for the Supervisory Board, as adopted by the Shareholders' Meeting on June 9, 2011, does not provide for a performance-based component. The Declaration of Compliance of December 2011 reads as follows:

"Declaration of the Board of Managing Directors and the Supervisory Board of Oldenburgische Landesbank AG on the Recommendations of the Government Commission on the German Corporate Governance Code in Accordance with Sec. 161 of the Stock Corporation Act

1. With the following exception, Oldenburgische Landesbank AG will comply in the future with all recommendations of the Government Commission on the German Corporate Governance Code in the version of May 26, 2010:

   Members of the Supervisory Board receive only a fixed compensation. This represents a deviation from Item 5.4.6 (2) Sentence 1 of the German Corporate Governance Code, according to which members of the Supervisory Board must receive a performance-based component of compensation, in addition to a fixed compensation. In our opinion, a fixed compensation reinforces the independence of the Supervisory Board. In general, the work load and liability risk of members of the Supervisory Board do not evolve in parallel with the Company's business success or financial position. On the contrary, the Supervisory Board members will often need to perform especially intensive supervisory and advisory duties precisely during difficult times when a variable component of compensation may actually decrease.

2. Since the last Declaration of Compliance of March 2011, Oldenburgische Landesbank AG has complied with the recommendations of the Government Commission on the German Corporate Governance Code in the version of May 26, 2010, with the exception of Item 5.4.6 (2) Sentence 1 of the Code, as described above.

Oldenburg, December 2011
Oldenburgische Landesbank AG

For the Board of Managing Directors:	For the Supervisory Board:
(signed) Dr. Achim Kassow	(signed)
(signed) Jörg Höhling	Andree Moschner"

This Declaration of Compliance, together with the Declarations of Compliance from past years, are kept permanently available to the public in the Investor Relations section of our Web site (www.olb.de), under the Corporate Governance heading.

Oldenburgische Landesbank AG furthermore complied extensively with the nonbinding suggestions of the German Corporate Governance Code in fiscal 2011.

Disclosures regarding management practices

Oldenburgische Landesbank AG depends for its survival on the trust of its clients, shareholders, employees and the public in the OLB Group's performance and integrity. This trust depends significantly on the conduct of employees, executives, and corporate management, and on the way in which they apply their abilities for the benefit of clients and shareholders.

Oldenburgische Landesbank AG is an Allianz Group company. Allianz integrates sustainability and corporate responsibility into its business through its own initiatives under the UN Global Compact program and by acknowledging the OECD Guidelines for multinationals. The UN Global Compact is an initiative of former UN Secretary-General Kofi Annan and major international corporations to promote the recognition of human rights.

The Allianz Group's principles of conduct (the Code of Conduct for Business Ethics and Compliance), which have been adopted by the Board of Managing Directors of Oldenburgische Landesbank AG for all employees, executives and members of the Board of Managing Directors of Oldenburgische Landesbank AG, implement the principles of the UN Global Compact. They constitute minimum standards for all employees. These binding principles and rules of conduct are intended to help avoid situations that might weaken confidence in the integrity of Allianz's individual companies and their employees. In addition to matters of corruption, money laundering and discrimination, the principles also especially emphasize potential conflicts of interest and how to avoid them.

The Allianz Group's Code of Conduct for Business Ethics and Compliance, which the OLB Group has adopted, has been published on the Web site of Allianz SE at: www.allianz.com/de/investor_relations/corporate_governance/index.html.

Description of the working procedures of the Board of Managing Directors and Supervisory Board and the composition and working procedures of their committees

The working procedures of the Board of Managing Directors and Supervisory Board are described in the Corporate Governance Report.

The members of the Board of Managing Directors and the Supervisory Board for fiscal 2011 are listed in the Compensation Report.

The composition and working procedures of the committees of the Supervisory Board are described in the Corporate Governance Report. Since the Board of Managing Directors has only three members at present, it has formed no committees.

See pp. 008 ff. and 016

See pp. 010 ff.

Compensation Report

This Compensation Report summarizes the structure, principles and amounts of the compensation of the Board of Managing Directors of Oldenburgische Landesbank AG. It also presents the composition and amount of the compensation of the Supervisory Board. It furthermore describes the structure of the compensation systems for Oldenburgische Landesbank AG employees, and the total amounts of all compensation.

This information is to be considered an integral part of the Group Management Report, and is therefore not repeated in the Notes to the Consolidated Financial Statements.

Compensation of the Board of Managing Directors

The concept for the compensation of the Board of Managing Directors aims for fairness, sustainability and competitiveness. Its structure is deliberated and regularly reviewed by the Supervisory Board. This procedure was most recently carried out in December 2011. The Supervisory Board decided at that time to maintain the compensation system for the Board of Managing Directors that has been in effect since January 2010.

The following principles are central to the compensation of the Board of Managing Directors:

- Total compensation must be sufficient to attract highly qualified executives and keep them with the Company for the long term.
- The compensation structure must ensure a balance between short-term, medium-term and long-term components of compensation.
- The incentive system must be designed in such a way as to be effective even if the business environment changes.
- The variable results-based and performance-based components of compensation must be consistent with the strategic and financial interests of Oldenburgische Landesbank AG.
- Total compensation must be consistent with the individual board members' duties and responsibilities, as well as their achievements.

The compensation system currently in effect for the Board of Managing Directors consists of the following components:

Non-performance-based compensation

The non-performance-based component of compensation comprises a fixed component and other elements:

a) *Fixed component.* The base compensation is a fixed amount disbursed in twelve monthly payments. The amount of this component depends in part on the board member's position and responsibilities, and in part on external market conditions.

b) *Other components of compensation.* Noncash benefits provided as compensation in kind and perquisites are accorded in variable amounts depending on the individual's duties and position, and must be taxed individually. These are primarily insurance benefits commonly provided in the market, and the use of company cars. Additionally, in 2011 members of the Board of Managing Directors received payments for holding positions on the supervisory bodies of companies owned by the Group.

Performance-based compensation

The performance-based component of compensation has several elements, and ensures an appropriate balance between short-term and medium-term financial targets, longer-term results, and a sustainable increase in corporate value. All elements of performance-based compensation are described in a model that applies throughout the Allianz Group, the Allianz Sustained Performance Plan (ASPP). To determine the performance-based component, each year the Supervisory Board makes a goal agreement with the individual members of the Board of Managing Directors that sets forth quantitative and qualitative targets. Both the annual targets and – in the case of the Spokesman of the Board of Managing Directors – the three-year medium-term targets are set forth in a uniform goal agreement form. In assessing the achievement of targets, the Supervisory Board may set the performance-based component within a range of 0 percent to 165 percent of the variable target compensation.

The performance-based compensation comprises the following components:

a) *Annual bonus.* The members of the Board of Managing Directors receive an annual bonus depending on the degree to which the targets under a personal goal agreement are achieved. The targets are defined at the beginning of the performance period. At the end of that annual period, the degree to which these goals have been achieved is assessed, and that assessment serves as a basis for the amount of the annual bonus to be paid.

See Glossary, pp. 152 and 154

b) *Medium-term bonus.* In addition to the annual bonus, the Spokesman of the Board of Managing Directors is accorded a three-year bonus under a separate goal agreement. For that purpose, an amount equal to the fixed annual bonus will be set aside for each year over a three-year period, beginning with fiscal 2010. The total of these contributions provides the preliminary basis for the medium-term bonus. After each three-year period expires, the Supervisory Board will review how sustainably the goals were achieved, and will determine the amount of the medium-term bonus on that basis.

c) *Share-based payments.* The members of the Board of Managing Directors furthermore participate in Allianz's Group-wide program for share-based compensation (the Allianz Equity Initiative, AEI). Share-based compensation is awarded in the form of virtual stock, known as Restricted Stock Units (RSUs), after the end of the fiscal year, at the time when the annual bonus is determined. The number of RSUs is calculated from the amount of the annual bonus for the past year, divided by the calculated market value of one RSU as of the date of the award. The RSUs are subject to a holding term of four years after they are awarded. After that period expires, the RSUs are automatically exercised by the Company in accordance with the terms of the plan. For each RSU, the member of the Board of Managing Directors receives the equivalent of one share of Allianz SE at the exercise price defined in the terms of the plan. This amount is paid out in cash, in Allianz SE stock, or in other equivalent securities. Moreover, the potential appreciation of RSUs is limited to 200 percent of the stock price as of their grant date.

Under the Allianz share-based compensation plan that was in effect until 2010 (the Group Equity Incentive, GEI), employees were also awarded Stock Appreciation Rights (SARs) in addition to RSUs. These are virtual options that carry the entitlement to collect the difference between the trading price of Allianz SE stock on the exercise date and the price at the award date, in cash.

The maximum difference is limited to 150 percent of the price at the grant date. The SARs granted up until 2008 may be exercised after a vesting period of two years. The vesting period for SARs issued from 2009 onward is four years. A first requirement for exercise of an SAR is that the trading price of Allianz SE stock must be at least 20 percent above the price at the grant date. The stock price must also have exceeded the Dow Jones EURO STOXX Price Index (600) at least once for a period of five successive trading days during the plan period. The SARs expire after seven years if they have not been exercised under the terms of the plan by then. The SARs awarded up to 2010 that have not been exercised will remain valid until the associated plan expires. No further SARs will be issued under the new Allianz Equity Incentive Program.

Concerning the measurement of these rights or the evolution of their value, please see the information in the Notes to the Consolidated Financial Statements of the OLB Group.

Company retirement plan

Under their employment agreements, the members of the Board of Managing Directors receive a company retirement plan, either in the form of a defined-benefit commitment, or in the form of a defined-contribution arrangement. The pension agreement for Dr. Friedmann consists of a grant of a defined benefit, as a percentage of his fixed compensation, depending on the number of years of service completed; consequently, his benefits are not linked to changes in the variable component of compensation. Dr. Kassow, Dr. Schinzing, Mr. Höhling and Mr. Buhl will each receive pension benefits under defined-contribution pension agreements.

See Glossary, pp. 152, 153, 154 and 155

Individualized 2011 compensation of the Board of Managing Directors

Individualized details of the compensation paid to the Board of Managing Directors in fiscal 2011 can be found in the table below.

Compensation paid to members of the Board of Managing Directors

EUR k		Non-performance-based components		Performance-based components			Total
		Fixed component	Other components of compensation	Annual bonus (short-term)	Three-year bonus (medium-term)[1]	Share-based payments (long-term)	
Dr. Achim Kassow (since August 1, 2011)	**2011**	**183.3**	**3.0**	**91.7**	**91.7**	**441.7**[2]	**811.4**
	2010	—	—	—	—	—	—
Dr. Stefan Friedmann	**2011**	**220.0**	**21.7**	**135.7**	**—**	**135.7**	**513.1**
	2010	220.0	23.0	214.6	—	214.6	672.2
Jörg Höhling	**2011**	**220.0**	**11.7**	**137.1**	**—**	**137.1**	**505.9**
	2010[3]	202.0	6.0	211.4	—	211.4	630.8
Dr. Peter Schinzing (until December 31, 2011)	**2011**	**235.0**	**21.7**	**260.4**[4]	**—**	**—**	**517.1**
	2010	235.0	23.0	223,3	—	223.3	704.6
Benedikt Buhl (until May 19, 2011)	**2011**	**175.0**	**13.6**	**332.5**[5]	**—**	**—**	**521.1**
	2010	300.0	25.0	198.5	198.5	198.5	920.5
Total compensation	**2011**	**1,033.3**	**71.7**	**957.4**	**91.7**	**714.5**	**2,868.6**
	2010	957.0	77.0	847.8	198.5	847.8	2,928.1

1 For purposes of recognizing provisions, the three-year bonus is equivalent to the payment amount of the annual bonus. Since performance is not determined, and the bonus is not paid, until after the end of the performance period, the value represents an assumed indication.

2 This amount comprises the contractual award of Restricted Stock Units (RSUs) for 2011 and a special award of RSUs as compensation for entitlements from Dr. Kassow's previous employer.

3 Proportionate, beginning February 1, 2010.

4 This amount also included the proportionate share-based compensation for 2011.

5 This amount also included the proportionate allocation to the three-year bonus for 2011, and the proportionate award of share-based compensation for 2011.

As of December 31, 2011, the number of rights held by members of the Board of Managing Directors totaled 65,282 SARs and 28,586 RSUs. Regarding the measurement of these rights and the evolution of their value, see the Note to the Consolidated Financial Statements regarding share-based payments.

The total compensation paid to the Board of Managing Directors for fiscal 2011 came to EUR 2.9 million (prior year: EUR 2.9 million).

Credit granted to members of the Board of Managing Directors was as follows as of December 31, 2011: Approved credit lines totaled EUR 524.3 thousand, EUR 113 thousand of which had been used as of December 31, 2011. The interest rate for each line was 6.00 percent. There was an existing guarantee line of EUR 2.4 thousand, for which a commission of 2.70 percent was billed. There was furthermore a loan of EUR 100 thousand. The interest rate was 2.89 percent.

The interest rates and terms are those commonly applied in the market. At the reporting date, EUR 6 thousand in credit-card lines had been utilized, out of total limits of EUR 90.1 thousand.

In addition, members of the Board of Managing Directors received a total of EUR 30 thousand (including value-added tax) in 2011 for memberships on governing bodies of companies owned by the Group.

Payments for company retirement plans and comparable benefits in fiscal 2011 came to EUR 74 thousand for Dr. Kassow, EUR 31 thousand for Dr. Schinzing, EUR 116 thousand for Dr. Friedmann, EUR 83 thousand for Mr. Höhling, and EUR 75 thousand for Mr. Buhl. These were recognized as current service cost under IAS 19. The figure for Dr. Kassow reflects the proportionate expense for the period; because he joined the Bank during the year, and because the financial statements

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use the expense-related basis under IAS 19, this amount will not be recognized as an expense until 2012.

On December 31, 2011, the actuarial net present value of pension obligations, on an IFRS basis, for members of the Board of Managing Directors who were active during fiscal 2011, came to EUR 4.6 million (prior year: EUR 2.7 million). Of this amount, EUR 73 thousand was for Dr. Kassow, EUR 548 thousand for Dr. Schinzing, EUR 2,253 thousand for Dr. Friedmann, EUR 325 thousand for Mr. Höhling, and EUR 1,379 thousand for Mr. Buhl.

A total of EUR 3.2 million was paid to former members of the Board of Managing Directors or their survivors. Of this total, a gross amount of EUR 1,394 thousand was severance paid to Mr. Buhl for the termination of his employment agreement, which was originally to run to December 31, 2013, and was terminated as of July 31, 2011. Mr. Buhl left the Board of Managing Directors as of May 19, 2011, by mutual agreement. Furthermore, a gross amount of EUR 700 thousand was severance paid to Dr. Schinzing for the termination of his employment agreement, which was originally to run to March 31, 2013; Dr. Schinzing resigned from his position on the Board of Managing Directors as of the end of the day on December 31, 2011, and his employment agreement was terminated as of the same date. Dr. Schinzing's severance was paid in January 2012. Finally, the above total of EUR 3.2 million includes pension payments of EUR 1.1 million to former members of the Board of Managing Directors, together with survivors' benefits. The actuarial net present value of pension obligations for this group, on an IFRS basis, came to EUR 16.4 million (prior year: EUR 14.8 million).

Compensation systems for employees of Oldenburgische Landesbank AG

Compensation system

The compensation system at Oldenburgische Landesbank AG provides in principle for a payment of twelve monthly gross salary installments, each of which is paid in the middle of the month.

If an employee's contract is governed by the collective bargaining agreement for the private banking industry, in general the employee is entitled to a contractually guaranteed extra payment in the amount of one month's gross salary (known as the "thirteenth month's gross salary"), which as a rule is paid in November of each year. General terms apply to this extra payment, and are published shortly before the disbursement.

Other components of salaries as a rule include:

- Asset-building benefits of EUR 40.00 per month (for full-time employees)
- Components of the company retirement plan
- Commission payments (for brokering home loan and savings agreements, insurance, real estate)

The compensation systems for trainees, and for employees both covered and not covered by collective bargaining agreements, are explained below.

Trainees

Trainees receive a monthly trainee's pay as provided under the collective bargaining agreement for the private banking industry. They can also earn commissions on brokerage of home loan and savings agreements, insurance, and real estate.

Any extra payments above and beyond the "thirteenth month's gross salary" are generally only optional. These include, for example, the possible payment of a bonus on completing training. The decision whether to pay this bonus is made by the Board of Managing Directors, taking the business position of the Bank into account. The applicable terms are announced in due time before the payment date in April.

Employees under collective bargaining agreements

Under collective bargaining agreements, the amount of the monthly gross salary is guided by salary group classification and the number of years on the job, according to the current salary table in the collective bargaining agreement for the private banking industry.

Employees in this group can also earn commissions on brokerage of home loan and savings agreements, insurance, and real estate. No variable components of compensation under goal agreements are provided for this group of employees.

Any additional payments above and beyond the "thirteenth month's gross salary" are covered by the same terms as for trainees.

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Employees not covered by collective bargaining agreements, and authorized company representatives

For employees not covered by collective bargaining agreements, the Bank pays a monthly gross base salary not included in any salary schedule. In addition, under goal agreements, it pays a variable component for which the achievement level may range from 70 percent to 120 percent, equivalent to from 1.5 to 3.5 times a monthly gross base salary payment. Employees in this group can also earn commissions on brokerage of home loan and savings agreements, insurance, and real estate.

Second-level management employees

Second-level management employees (members of regional management and heads of central and executive support units) receive a fixed compensation in the form of a monthly gross salary. They are also covered by a profit-sharing plan based on goal agreements, which includes levels of attainment between 60 percent and 140 percent. The target bonus is graduated between EUR 35 thousand and EUR 50 thousand per year. Employees in this group cannot earn commissions on brokerage of home loan and savings agreements, insurance, and real estate.

Total compensation

Total compensation paid within the Oldenburgische Landesbank Group is broken down below by business segment:

	2011 total compensation			
EUR	Fixed component	Variable component	Commissions	Total
OLB Regional Bank	87,423,448	18,612,808	3,487,010	109,523,266
Allianz Bank	24,289,636	4,773,989	10,902	29,074,527
Total Oldenburgische Landesbank AG	**111,713,084**	**23,386,797**	**3,497,912**	**138,597,793**
Münsterländische Bank Thie & Co. KG	1,306,657	336,876	—	1,643,533
Bankhaus W. Fortmann & Söhne KG	1,221,039	230,178	52,516	1,503,733
OLB-Immobiliendienst-GmbH	236,220	92,791	—	329,011
OLB-Grundstücksgesellschaft mbH	18,196	7,625	—	25,821
OLB Service GmbH	1,070,951	93,189	—	1,164,140
Total subsidiaries	**3,853,063**	**760,659**	**52,516**	**4,666,238**
Total Oldenburgische Landesbank Group	**115,566,147**	**24,147,456**	**3,550,428**	**143,264,031**

In general, all employees participate in the variable component except for persons in marginal jobs and temporary workers.

Compensation of the Supervisory Board

Compensation system

The compensation of the Supervisory Board was decided by the Shareholders' Meeting. It is governed by Art. 13 of the Articles of Incorporation. The compensation of the Supervisory Board is based on the board members' responsibilities and scope of activities.

On June 9, 2011, the Shareholders' Meeting decided to change the compensation system for the Supervisory Board to include fixed compensation alone as of fiscal 2011. The elimination of variable components of compensation is intended to reinforce the independence of the Supervisory Board still further. In general, the work load and liability risk of members of the Supervisory Board do not evolve in parallel with the Company's business success or financial position. On the contrary, the Supervisory Board members will often need to perform especially intensive supervisory and advisory duties precisely during difficult times when a variable component of compensation may actually decrease. Therefore, performance-based components of compensation will no longer be paid. Because the German Corporate Governance Code also recommends a performance-based component of compensation for the Supervisory Board, the Company has explained its deviation from the Code in that regard.

Compensation for work on the Supervisory Board

Members of the Supervisory Board receive annual fixed compensation of EUR 50,000. The Chairman receives EUR 100,000 and the Vice-Chairman receives EUR 75,000.

Compensation for committee work

Members of the Risk and Audit Committees receive an additional annual compensation of EUR 15 thousand each. The compensation for membership on the Executive Committee is EUR 12.5 thousand. The committee chairs each receive twice the amount of regular members. No additional compensation is provided for members of the Nominating or Mediation Committees.

Meeting honorarium

The members of the Supervisory Board receive an honorarium of EUR 500 for each meeting of the Supervisory Board or its committees that they attend in person. No additional honorarium is paid if multiple meetings are held on one day or on successive days.

Individualized compensation of members of the Supervisory Board at a glance

Supervisory Board members Moschner, Fischer and Schwarz also hold positions on the managing boards of other Allianz Group companies, and therefore waive compensation for their work on the Supervisory Board.

Total compensation paid to the Supervisory Board for fiscal 2011, including meeting honoraria, came to EUR 670,500 (prior year: EUR 695,230).

EUR		Fixed component	Performance-based compensation[1]	Committee work	Meeting honorarium	Total compensation
Andree Moschner[2], Chair	**2011**	**—**	**—**	**—**	**—**	**—**
	2010	—	—	—	—	—
Manfred Karsten, Vice-Chair	**2011**	**75,000**	**—**	**12,500**	**3,000**	**90,500**
	2010	37,500	36,000	20,417	1,500	95,417
Dr. Werner Brinker	**2011**	**50,000**	**—**	**—**	**2,500**	**52,500**
	2010	25,000	24,000	5,104	2,000	56,104
Claas E. Daun	**2011**	**50,000**	**—**	**—**	**2,500**	**52,500**
	2010	25,000	24,000	3,063	2,000	54,063
Carsten Evering	**2011**	**50,000**	**—**	**30,000**	**3,000**	**83,000**
	2010	25,000	24,000	28,271	2,500	79,771
Thomas Fischer[2]	**2011**	**—**	**—**	**—**	**—**	**—**
	2010	—	—	—	—	—
Prof. Dr. Andreas Georgi	**2011**	**50,000**	**—**	**72,500**	**3,000**	**125,500**
	2010	25,000	24,000	72,521	2,500	124,021
Stefan Lübbe	**2011**	**50,000**	**—**	**27,500**	**3,000**	**80,500**
	2010	25,000	24,000	24,500	2,000	75,500
Horst Reglin	**2011**	**50,000**	**—**	**—**	**2,500**	**52,500**
	2010	25,000	24,000	3,063	2,000	54,063
Uwe Schröder	**2011**	**50,000**	**—**	**27,500**	**3,500**	**81,000**
	2010	25,000	24,000	28,271	2,500	79,771
Rainer Schwarz[2]	**2011**	**—**	**—**	**—**	**—**	**—**
	2010	—	—	—	—	—
Jörg Thöle	**2011**	**50,000**	**—**	**—**	**2,500**	**52,500**
	2010	25,000	24,000	5,104	2,000	56,104
Total	**2011**	**475,000**	**—**	**170,000**	**25,500**	**670,500**
	2010[3]	247,917	238,000	190,313	19,000	695,230

1 A Shareholders' Meeting resolution of June 9, 2011, changed the compensation of the Supervisory Board to fixed compensation only, beginning with fiscal 2011.
2 Waiver per Art. 13 (7) of the Articles of Incorporation.
3 The totals for 2010 represent the compensation for all members of the Supervisory Board who were active in 2010. They therefore also include the proportionate compensation for Dr. Aloys Wobben, who left the Supervisory Board as of May 27, 2010.

The statutory value-added tax applicable to total compensation and meeting honoraria came to EUR 127,395 and was reimbursed.

In addition, Claas E. Daun received EUR 2 thousand as compensation for his membership on the Advisory Board of Oldenburgische Landesbank AG.

Loans to members of the Supervisory Board

Credit granted to members of the Supervisory Board was as follows as of December 31, 2011: Approved credit lines totaled EUR 247.0 thousand, EUR 15.4 thousand of which had been used as of December 31, 2011. The interest rates were between 6.00 percent and 9.88 percent. In addition, there were guarantee lines of EUR 46.6 thousand, for which commissions of between 0.50 percent and 3.25 percent were paid.

There were furthermore loans of EUR 230.5 thousand, at interest rates between 3.81 percent and 5.06 percent. The interest rates and terms are those commonly applied in the market. Loans of EUR 320 thousand were paid back during the past fiscal year. The interest rate on these loans was 5.30 percent. At the reporting date, EUR 4.3 thousand in credit card lines had been utilized, out of total limits of EUR 121.2 thousand.

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Group Management Report

Economic Conditions

The economic upswing from 2010 continued in Germany during 2011. Although the economic environment became increasingly troubled over the rest of the year after a very dynamic start, real gross domestic product grew about 3.0 percent. Growth is expected again in 2012, albeit on a substantially reduced scale.

After an optimistic start into 2011, the global economy soon suffered a variety of early shocks. The political upheavals in the Arab world caused a massive rise in oil prices; the earthquake and tsunami in Japan, together with the flood in Thailand, disrupted important Asian supply chains for the global economy; and finally, the escalation of the European government debt crisis spread concern in the markets. Because of the German economy's strong reliance on international networks, these developments caused an appreciable slowing of the economy around mid-year.

Until then, domestic demand, driven by investments, had been a particularly vigorous contributing factor to growth. And from the microeconomic vantage point, conditions still remained quite good for the domestic economy throughout the period. Lending interest rates remained at historically low levels, favoring demand for investment. Unemployment was at its lowest figure since Reunification, and benefited consumer spending, especially when combined with the significant wage increases in several economic sectors. However, the economic revival from previous months also led to a considerable increase in consumer prices, particularly as a result of higher prices for raw materials and foodstuffs.

At mid-year, the economic environment particularly felt the impact of concerns about future development in the euro zone. The result was substantial losses in prices on the world's stock markets. Rating downgrades for countries and banks in the euro area further unsettled the markets, causing the European Central Bank to intervene to limit credit spreads and refinancing costs in the affected euro countries. Survey-based sentiment indicators signaled a notable cooling of the economic outlook in Germany as well, but hard economic indicators like production and employment still remained unaffected, at least until year's end. At that point only a decrease in growth rates for domestic production had become evident. This trend can be attributed primarily to a slackening of the momentum provided by foreign trade. Nevertheless, foreign trade made a slightly positive contribution toward the increase in economic output for the year as a whole.

Since the growth rates seen in 2010 and the first half of 2011 were well above the potential figures, and thus the output gap that had opened up during the crisis of 2009 has now closed up, the latest tapering off in growth also signals a return to the long-term potential growth track.

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Business Performance

Results of operations

Consolidated profit

The following table compares the OLB Group's income statements for 2011 and 2010:

EUR m	2011	2010	Change	Change (%)
Interest and similar income	551.9	501.7	50.2	10.0
Interest expense and similar charges	307.2	263.7	43.5	16.5
Net interest income	244.7	238.0	6.7	2.8
Commission income	128.0	135.7	– 7.7	– 5.7
Commission expense	46.1	50.8	– 4.7	– 9.3
Net commission income	81.9	84.9	– 3.0	– 3.5
Net operating trading expense	– 1.6	– 0.7	– 0.9	>100
Other income	68.0	70.7	– 2.7	– 3.8
Operating income	**393.0**	**392.9**	**0.1**	—
Operating personnel expense	182.9	182.2	0.7	0.4
Office expense	120.1	123.2	– 3.1	– 2.5
Administrative expenses	303.0	305.4	– 2.4	– 0.8
Other expenses	1.2	3.3	– 2.1	– 63.6
Operating expenses	**304.2**	**308.7**	**– 4.5**	**– 1.5**
Risk provisions for credit business	88.4	24.6	63.8	>100
Realized net income / loss from financial assets	**23.0**	**12.9**	**10.1**	**78.3**
Net nonoperating trading income / expense	– 4.0	1.2	– 5.2	n / a
Net income / loss from financial assets	19.0	14.1	4.9	34.8
Restructuring expense	5.9	2.9	3.0	>100
Profit before taxes	**13.5**	**70.8**	**– 57.3**	**– 80.9**
Taxes	– 3.4	18.3	– 21.7	n / a
Profit after taxes	**16.9**	**52.5**	**– 35.6**	**– 67.8**
Basic and diluted earnings per share (EUR)	**0.73**	**2.25**	**– 1.52**	**– 67.56**

Fiscal 2011 presented a number of challenges for the banking sector. The uncertainty generated in the financial markets by the unresolved European debt problem led to abrupt price changes in the stock markets in the second half, together with historically low interest rates in Germany. Regulatory authorities' increasingly rigorous requirements affected banks' business models. Retail customers in particular were uncertain and reluctant about making investments. Amid this environment, operating income could be increased only slightly. However, operating expenses were lowered by rigorous cost discipline. Consequently, despite substantially higher risk provisions because of a sector-specific exceptional situation connected with a substantial specific loan loss provision for the shipping sector, the Bank was able to show a pretax profit.

Details of the individual components of profits:

Net interest income

EUR m	2011	2010	Change	Change (%)
Interest (and similar income)	551.9	501.7	50.2	10.0
Interest expense (and similar charges)	307.2	263.7	43.5	16.5
Net interest income	**244.7**	**238.0**	**6.7**	**2.8**
Customer lending volume at end of period (before risk provisions)	9,914.3	9,513.0	401.3	4.2
Interest rate margin in %	2.47	2.50	– 0.03	– 1.2

The euro crisis caused heavier demand for bonds from issuers regarded as reliable, like the Federal Republic of Germany. As a consequence, long-term interest levels decreased substantially, especially in the second half. This development was reinforced by the ECB's latest interest-rate reduction in December. At the same time, long-term refinancing on the capital market became increasingly difficult for banks, making it necessary to pay substantially higher risk premiums.

These developments serve to highlight the importance of the OLB Group's deposit business with our customers. During the reporting period, deposit volume increased 4.7 percent, to EUR 7.5 billion. Allianz Bank made a particularly strong contribution here, increasing its customer deposits by EUR 442.8 million to reach EUR 1.8 billion. The resulting increase in interest expenses was more than compensated by higher interest revenue from the lending business. Here the record growth in total lendings from the previous year exerted its first full-year effects in 2011.

In view of the ongoing government debt crisis in the euro area, the OLB Group adopted a more conservative position in its management of assets and liabilities than in the prior year. In combination with the sharp decrease in interest rates for top-rated securities, this change slowed the dynamic rise in net interest income.

Net commission income

EUR m	2011	2010	Change	Change (%)
Securities business	50.4	54.8	– 4.4	– 8.0
Asset management	10.2	10.8	– 0.6	– 5.6
Payment traffic	26.0	24.9	1.1	4.4
Foreign business	2.5	3.5	– 1.0	– 28.6
Insurance, home loan and savings, real estate business	13.3	12.7	0.6	4.7
Credit card business	2.9	2.5	0.4	16.0
Trustee and other fiduciary activities	0.1	0.1	—	—
Other	– 23.5	– 24.4	0.9	– 3.7
Net commission income	**81.9**	**84.9**	**– 3.0**	**– 3.5**

An important driver for net commission income is the securities business, which operated in an unpropitious environment in 2011. Market development was very volatile, and the stock markets in particular were troubled by nascent concerns about the economy. This affected our customers' investment choices by sharply heightening risk awareness, shortening investment horizons, and encouraging a preference for defensive forms of investments and classic deposits. To strengthen our already-strong position of trust with our customers through well-focused advice, in the Regional Bank segment we further expanded our area-wide presence in private banking in northwestern Germany. This effort, which is set up for the long term, was not yet able to yield an improvement in earnings in this market environment.

Compensation paid to the Allianz sales force in Germany for generating business resulted in commission payments of EUR 29.5 million (prior year: EUR 30.0 million; included under "Other").

Net operating and nonoperating trading income or expense

OLB operates in classic own-account trading only to a limited extent, and only within narrow risk limits. Our systematic risk management enabled us to successfully limit losses in own-account trading during the stock market slump in the third quarter. The foreign-currency business with our customers continued to perform well. Another factor affecting earnings was the measurement of swaps, which OLB uses to control its exposure to interest rate risk. These transactions are measured in accordance with the requirements of IAS 39 for hedge accounting. During the year, this measurement yielded on-paper income of EUR 0.5 million, which must be reported as part of net trading income. However, the measurement effects of these transactions will balance one another out over the full term of the swaps. The total income from trading for clients and on the Bank's own account, together with the measurement of hedges, yielded a net operating trading expense of EUR –1.6 million for 2011 (prior year: EUR –0.7 million).

Nonoperating trading income includes the measurement of derivatives in the Ammerland and Weser-Ems special funds, both of which are categorized among noncurrent financial assets. These derivatives are used to manage the funds' securities positions, and are subject to measurement in full at fair value.

Other income

The other income for the year largely comprises the reimbursement of Allianz Bank's loss by Allianz Deutschland AG.

Administrative expenses

EUR m	2011	2010	Change	Change (%)
Operating personnel expense	182.9	182.2	0.7	0.4
Office expense	120.1	123.2	– 3.1	– 2.5
Administrative expenses	**303.0**	**305.4**	**– 2.4**	**– 0.8**
Employees at 12/31	2,883	2,952	– 69	– 2.3
Full-time equivalents at 12/31	2,408	2,468	– 60	– 2.4
Cost-income ratio (%)	77.4	78.6	n/a	n/a

The administrative expenses for the year were affected by a variety of exceptional factors. Principal among these was the introduction of the bank levy, which will regularly reduce OLB's earnings by about EUR 1 million per year. In addition to the exceptional factors, cost increases resulted from the increase in the collective bargaining wage for banking employees, and from the IT sector, particularly for the reorganization of OLB's core banking system and for investments in infrastructure at Allianz Bank. Nevertheless, during the year it was possible to lower administrative expenses 0.8 percent through a systematic management of office expenses.

Risk provisions for credit business

In prior years, OLB has benefited from an extremely benign situation for risk provisions, compared to the rest of the sector. For the year under review as well, risk needs remained at low levels across the portfolio. The substantial increase in risk provisions results from a sector-specific crisis situation in shipping, connected with a substantial specific loan loss provision in the oceangoing shipping sector.

OLB Regional Bank, as a broad-based partner for companies in northwestern Germany, is also involved in ship financing, within manageable bounds. The drastic slump in charter rates over the past two years has posed immense challenges for successful ship operation. The impact of the drop in charter rates on the cost effectiveness of financed ships is undergoing intensive review, along with possible options for action.

The uncertain situation in the sector was also acknowledged by forming a sector-specific global risk provision.

Net income from financial assets

The Bank took advantage of the positive change in the stock markets during the first half of 2011 to realize gains. Trading gains were also realized in the bond market, in the course of the normal management of positions in fixed-yield securities in the liquidity reserve.

Restructuring expense

Concrete projects were adopted to improve structures and the efficiency of processes in both segments. The restructuring expense pertains to future payments for phased retirement and early retirement arrangements, as well as severance payments for the resulting staff reductions.

Profit / taxes

The pretax profit for fiscal 2011 came to EUR 13.5 million. Thus, because of an increase of EUR 63.8 million in risk provisions, the profit for 2011 is EUR 57.3 million below the prior-year figure (2010: EUR 70.8 million).

Allowing for a positive tax impact of EUR 3.4 million, this yields an after-tax profit of EUR 16.9 million. Earnings per share were EUR 0.73 (prior year: EUR 2.25).

Because of different measurement rules, particularly for the measurement of financial instruments and provisions, the profit under the German Commercial Code differs from the figure under IFRSs. The profit for 2011 according to the German Commercial Code was EUR 1.6 million. Most of the difference from the IFRS profit results from the measurement of pension provisions and the application of the strict lower-of-cost-or-market principle to the special funds.

For the allocation of this profit, a full allocation to retained earnings will be proposed to the shareholders at the Shareholders' Meeting on May 31, 2012.

Segment results

The following discussion breaks down the OLB Group's earnings performance between two segments: OLB Regional Bank, which reflects the traditional regional business of the Oldenburgische Landesbank Group and its 178 branches within its territory, and Allianz Bank, which offers banking products through Allianz agencies nationwide. More information about segment reporting is provided in Note (13) to the Consolidated Financial Statements.

Segment: OLB Regional Bank

EUR m	2011	2010	Change	Change (%)
Net interest income	227.4	223.8	3.6	1.6
Net commission income	68.3	69.7	– 1.4	– 2.0
Net operating trading income	– 1.6	– 0.8	– 0.8	100.0
Other income	0.7	0.8	– 0.1	– 12.5
Operating income	**294.8**	**293.5**	**1.3**	**0.4**
Operating personnel expense	144.8	146.0	– 1.2	– 0.8
Direct office expense	74.9	80.9	– 6.0	– 7.4
Intersegment cost offsetting	– 12.5	– 13.3	0.8	– 6.0
Administrative expenses	207.2	213.6	– 6.4	– 3.0
Other expenses	0.2	1.0	– 0.8	– 80.0
Operating expenses	**207.4**	**214.6**	**– 7.2**	**– 3.4**
Risk provisions for credit business	86.0	19.6	66.4	>100
Operating profit / loss	**1.4**	**59.3**	**– 57.9**	**– 97.6**
Realized net income from financial assets	19.0	9.4	9.6	>100
Net nonoperating trading income / expense	– 3.1	1.2	– 4.3	n / a
Net gain / loss from financial assets	15.9	10.6	5.3	50.0
Restructuring expense	2.0	2.9	– 0.9	– 31.0
Profit before taxes	**15.3**	**67.0**	**– 51.7**	**– 77.2**
Segment assets (EUR bn)	11.4	11.9	– 0.5	– 4.2
Segment liabilities (EUR bn)	10.8	11.3	– 0.5	– 4.4
Cost-income ratio (%)	70.4	73.1	– 2.7	– 3.7
Risk capital (average)	441.7	430.0	11.7	2.7
Risk assets (average)	6,092.6	5,931.0	161.6	2.7

See p. 090

In 2011, the OLB Regional Bank segment reconfirmed the high level of operating income it had achieved from the dynamic growth of the previous two fiscal years, despite more cautious positioning in its management of assets and liabilities. Net interest income from the lending and deposit business increased substantially again in 2011. Margins were kept stable, despite intense competitive pressure. Total lendings expanded further, while the high level of deposits was maintained. The Bank was particularly able to retain most of the deposits that had been attracted by the special terms of the high interest-rate account at the end of 2010, and to strengthen its relations with these new customers. In addition, the increases in the total lendings and deposits generated during the prior year made their first full-year contribution to net interest income. In this way, the gain generated from the customer business was more than able to compensate for the decrease resulting from management of assets and liabilities. In view of the uncertain evolution of the money and capital markets, OLB selectively shifted its refinancing to longer terms, thus accepting the possibility of higher refinancing expenses. All in all, net interest income increased once again from the prior year, to EUR 227.4 million (+1.6 percent).

Net commission income, at EUR 68.3 million, remained essentially level with the prior year (EUR 69.7 million). Although the securities business started out satisfactorily in the first half of 2011, the slump in the German stock market and the uncertainty provoked by the euro crisis caused weak performance in the second half, so that it was not possible to entirely match the previous year's result. Other commission business remained stable. The net operating trading expense is the net figure from own-account and customer trading in securities and foreign currency, together with the result from the measurement of interest rate swaps entered into for hedging purposes; the figure for fiscal 2011 was EUR –1.6 million (prior year: EUR –0.8 million).

Despite increased charges for the bank levy, which was imposed for the first time, the increase in collectively bargained wages for banking employees, and nonrecurring exceptional factors, administrative expenses were reduced by a substantial 3.0 percent, to EUR 207.2 million (prior year: EUR 213.6 million). In personnel expenses, average staff size was kept stable. Savings resulted in particular from lower performance-based compensation and from a capitalization of costs associated with the implementation of IT projects. These steps substantially compensated for nonrecurring additional charges. In office expenses, cost increases resulting from general inflation, particularly in energy costs, were compensated by reducing the costs of consultants and advertising / public relations. Costs were further reduced by exercising an option regarding value added tax.

For an explanation of the evolution of the Regional Bank's risk provisions, please see the pertinent comments on the consolidated profit for the period.

The net operating income does not include net income from the sale of financial assets or the derivatives used to manage that position. Here the Bank took advantage of the price increases in the stock markets, especially in the first half, to realize gains. Additionally, 2011 saw an expense for the recognition of a restructuring provision intended to support personnel changes in connection with further projects to improve efficiency in the organization of the Bank's procedures.

The segment profit totaled EUR 15.3 million, EUR 51.7 million less than for the prior year.

Segment: Allianz Bank
(an affiliate of Oldenburgische Landesbank AG)

EUR m	2011	2010	Change	Change (%)
Net interest income	17.3	14.2	3.1	21.8
Commission income (gross)	46.0	50.9	– 4.9	– 9.6
Gross income	**63.3**	**65.1**	**– 1.8**	**– 2.8**
Commission expense for payment traffic	2.9	5.7	– 2.8	– 49.1
Brokerage commissions	29.5	30.0	– 0.5	– 1.7
Other income	67.9	70.9	– 3.0	– 4.2
Operating income	**98.8**	**100.3**	**– 1.5**	**– 1.5**
Operating personnel expense	38.1	36.2	1.9	5.2
Direct office expense	45.8	43.2	2.6	6.0
Intersegment cost offsetting	12.5	13.3	– 0.8	– 6.0
Other expenses	1.0	2.3	– 1.3	– 56.5
Operating expenses	**97.4**	**95.0**	**2.4**	**2.5**
Risk provisions for credit business	2.4	5.0	– 2.6	– 52.0
Operating profit / loss	**– 1.0**	**0.3**	**– 1.3**	**n / a**
Net profit from financial assets	3.1	3.5	– 0.4	– 11.4
Restructuring expense	3.9	—	3.9	n / a
Profit / loss before taxes	**– 1.8**	**3.8**	**– 5.6**	**n / a**
Segment assets (EUR bn)	2.3	1.6	0.7	43.8
Segment liabilities (EUR bn)	2.3	1.6	0.7	43.8
Cost-income ratio (%)	98.6	94.7	3.9	4.1
Risk capital (average)	30.8	23.7	7.1	30.0
Risk assets (average)	424.2	326.8	97.4	29.8

Despite the difficulties in the capital market, the Allianz Bank segment, which has been building up since mid-2009, continued its steady expansion, although business performance lagged behind expectations.

Interesting products like a new checking account with free worldwide cash access, as well as attractive terms for deposit accounts, gained Allianz Bank new customers in 2011. The customer base grew 2.6 percent from the prior year, to 625 thousand.

Net interest income, which particularly results from the deposits business, rose 21.8 percent to EUR 17.3 million. Total deposits grew EUR 442.8 million over the year, or 33.4 percent, to EUR 1,768.5 million, thanks especially to the instant access savings account and Sparschatz savings products.

Total lendings grew 5.1 percent to EUR 330.1 million.

Net commission income decreased 9.6 percent from the prior year, to EUR 46.0 million, primarily because of the slump in the securities markets during the second half and the associated uncertainty and reluctance to buy on the part of our securities customers. Other commission income performed on approximately the same level as the prior year.

Broker commissions paid to the Allianz sales organization for attracting customers were unchanged in 2011, at about EUR 30 million.

Other income primarily comprises the coverage of Allianz Bank losses by Allianz Deutschland AG.

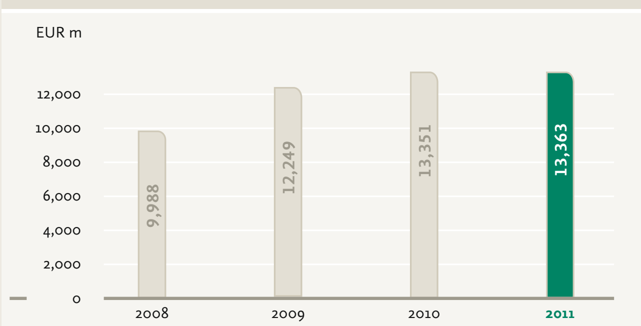
Operating expenses increased 2.5 percent in 2011, to EUR 97.4 million, primarily because of investments in IT infrastructure.

The segment was able to reduce risk provisions by about half in 2011, to EUR 2.4 million.

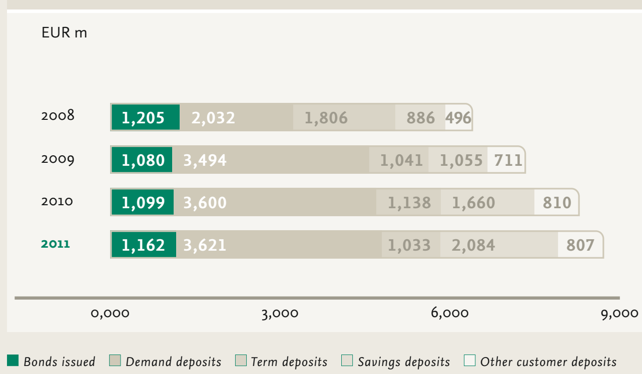
Allianz Bank generated additional net income of EUR 3.1 million from disposals of financial assets. This item also reflects an expense for a restructuring provision that will be needed to optimize sales processes.

Oldenburgische Landesbank AG and Allianz Deutschland AG have agreed that Allianz Deutschland AG will compensate for potential losses at Allianz Bank. This compensation is based on the segment's net result for the period under the German Commercial Code (HGB), and is included in the item for "Other income." Because of differences in the measurement rules for financial instruments and provisions, the expenses under IFRSs are higher, so that after the reimbursement from Allianz Deutschland, the segment showed a pretax loss of EUR –1.8 million.

Total assets



Customer deposits and OLB bonds



Changes in the balance sheet

The successful performance of the lending and deposits business is reflected in a further, albeit slight, growth of 0.1 percent in our total assets, to EUR 13,363 million.

See chart, p. 034 left

Total lendings

After the vigorous growth of the previous two years, the Bank intentionally aimed for moderate volume growth during the year. Rather than growth, business policy placed more emphasis on asserting our margin requirements against the competition, and on a more selective risk policy. Consequently, growth in total lendings decreased to 3.6 percent in 2011 (prior year: +11.9 percent), while volume grew to EUR 9,784.3 million.

EUR m	2011	2010	Change	Change (%)
Customer lending / Germany	9,843.0	9,444.0	399.0	4.2
Customer lending / outside Germany	71.3	69.0	2.3	3.3
Total lending volume (before risk provisions)	**9,914.3**	**9,513.0**	**401.3**	**4.2**
Less: risk provisions	130.0	70.4	59.6	84.7
Total lendings (after risk provisions)	**9,784.3**	**9,442.6**	**341.7**	**3.6**

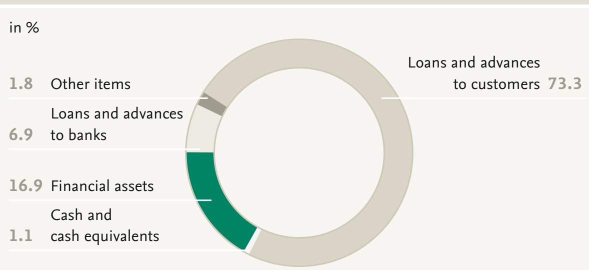
Liquidity

OLB is comfortably positioned for liquidity. This key figure, calculated as provided in the Liquidity Regulation, was 2.30 (prior year: 1.62) as of the end of the period, well above the regulatory minimum of 1.00. The interbank business was reduced substantially, with an eye to the risk position. Nevertheless, we were able to improve our liquidity considerably, because of our customers' strong demand for deposit products. The liquidity surpluses in the range under six months rose particularly far, while medium- and long-term surpluses were maintained at a high level. No refinancing on the capital market was necessary in 2011.

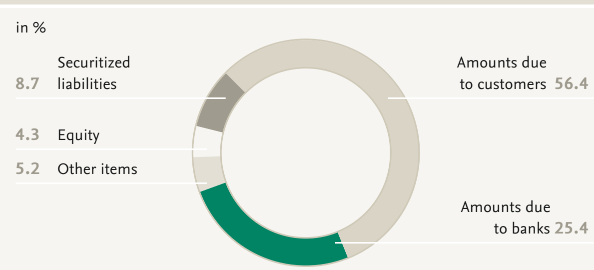
Financial assets

OLB invests in first-class securities (government bonds and Pfandbrief bonds). A portion of the funds attracted by Allianz Bank's successful deposit business was invested in these debt securities in 2011. The result was an increase of EUR 275.8 million in financial assets, to EUR 2,258.9 million. The Bank has no investments in securities from countries that have drawn on the euro rescue fund, or in subprime paper. To take advantage of opportunities for long-term returns, OLB invested EUR 76.6 million in stocks and other non-fixed-yield securities through a special fund. Equity interests of 50 percent or less, and investments in an unconsolidated subsidiary, accounted for a total of EUR 0.9 million.

Balance sheet ratios for assets



Balance sheet ratios for equity and liabilities



Deposits and borrowed funds

EUR m	2011	2010	Change	Change (%)
Customer deposits	**7,544.5**	**7,208.2**	**336.3**	**4.7**
Demand deposits	3,656.6	3,626.4	30.2	0.8
Term deposits	1,804.4	1,921.5	– 117.1	– 6.1
Savings deposits	2,083.5	1,660.3	423.2	25.5
Interbank money	**3,397.0**	**3,816.5**	**– 419.5**	**– 11.0**
Demand deposits	102.9	25.1	77.8	>100
Term deposits	3,294.1	3,791.4	– 497.3	– 13.1
Securitized liabilities	**1,161.7**	**1,099.3**	**62.4**	**5.7**
Subordinated debt	**274.2**	**254.4**	**19.8**	**7.8**
Total deposits and borrowed funds	**12,377.4**	**12,378.4**	**– 1.0**	**—**

Allianz was successful in attracting new customer funding in 2011. Most of the deposits that the Regional Bank had attracted at the end of 2010 with its high-interest-rate account product remained with the Bank. Both together resulted in an increase of EUR 336.3 million in customer deposits, to EUR 7,544.5 million (prior year: EUR 7,208.2 million).

See chart, p. 034 right

Equity

To further strengthen OLB's equity capitalization, on June 9, 2011, the OLB Shareholders' Meeting approved an allocation of EUR 26.4 million to retained earnings. Despite the further expansion of lendings, this allocation improved the Bank's core capital ratio to 8.5 percent (prior year: 7.8 percent). Realized gains on stocks and other securities, as well as price performance on the capital markets in the second half of 2011, yielded a substantial reduction in the revaluation reserve, from EUR 21.3 million to EUR 1.1 million as of the end of 2011.

Events after the reporting date

There were no events of particular significance after the reporting date.

Disclosures under Secs. 289 (4) and 315 (4) of the German Commercial Code (HGB), and explanations

Composition of issued capital

The issued capital of Oldenburgische Landesbank AG, in the amount of EUR 60,468,571.80, is divided into 23,257,143 no-par bearer shares. The shares are fully paid in. All shares carry the same rights and obligations. Each share confers one vote. The shareholders' participation in the Company's profits is proportionate to their holdings of the share capital (Sec. 60 of the German Stock Corporation Act – AktG). Treasury stock held by the Company itself is not eligible to vote or to participate in profits (Sec. 71b AktG). Under Art. 5 (2) Sentence 2 of the Articles of Incorporation, shareholders are not entitled to have their shares certificated. Details of the shareholders' rights and duties are specified by the Stock Corporation Act, particularly Secs. 12, 53a et seq., 118 et seq., and 186.

Restrictions on voting rights or on the transfer of shares

So far as the Board of Managing Directors is aware, there are no restrictions on voting rights or on the transfer of shares.

Capital holdings in excess of 10 percent of voting rights

Allianz Deutschland AG, of Munich, holds approximately 64.3 percent of the stock of Oldenburgische Landesbank AG; OLB-Beteiligungsgesellschaft mbH, of Oldenburg, holds approximately 25.3 percent (as of December 31, 2011). The majority shareholder of OLB-Beteiligungsgesellschaft mbH, in turn, is Allianz Deutschland AG, which holds approximately 98.8 percent. The sole shareholder of Allianz Deutschland AG is Allianz SE, of Munich.

Shares with special rights conferring control

There are no shares with special rights conferring control.

Nature of control of voting rights for shares held by employees

Those employees who hold interests in the capital of Oldenburgische Landesbank AG exercise their rights of control directly.

Provisions of law and of the Articles of Incorporation for the appointment and dismissal of members of the Board of Managing Directors, and for amending the Articles of Incorporation

The members of the Board of Managing Directors are appointed and dismissed by the Supervisory Board, in accordance with Sec. 84 of the German Stock Corporation Act (AktG). Members of the Board of Managing Directors are appointed for terms of no more than five years. Their terms may be extended, and reappointments are permitted. In appointing members of the Board of Managing Directors, particular care must be taken that they are reliable and professionally qualified to manage a banking institution (Sec. 33 (1) No. 4 of the German Banking Act – KWG). The Federal Financial Supervisory Authority (BaFin) must be notified of the intent to appoint a new member to the Board of Managing Directors, and of the appointment proper, in accordance with Sec. 24 (1) No. 1 of the German Banking Act. If the Board of Managing Directors lacks a necessary member, in emergencies an interested party may petition the court to appoint that member, in accordance with Sec. 85 of the Stock Corporation Act.

Under Art. 7 of the Articles of Incorporation, the Board of Managing Directors must have at least two members. Otherwise, the Supervisory Board may decide the number of members.

The Supervisory Board of Oldenburgische Landesbank AG is covered by the requirements of the German Co-Determination Act (MitbestG). Under Sec. 31 (2) of that Act, a member of the Board of Managing Directors must be appointed by a majority of at least two-thirds of the vote by the members of the Supervisory Board. If no such majority is obtained, the further procedure is governed by Secs. 31 (3) and (4) of the Co-Determination Act.

Members of the Board of Managing Directors may be dismissed by the Supervisory Board for cause (Sec. 84 (3) Stock Corporation Act). The resolution is to be adopted by the same rules as for an appointment. BaFin must be informed of the departure of a member of the Board of Managing Directors in accordance with Sec. 24 (1) No. 2 of the Banking Act.

Under certain circumstances, Sec. 36 of the Banking Act authorizes BaFin to demand the dismissal of members of the Board of Managing Directors. Dismissal may be demanded particularly in cases of unreliability or if a board member lacks the necessary professional qualifications.

Amendments of the Articles of Incorporation must be adopted by the Shareholders' Meeting. The amending resolution must be adopted by a simple majority of votes cast and by a majority of at least three-quarters of the share capital represented at the vote (Secs. 133 (1) and 179 (2) Sentence 1 of the Stock Corporation Act, respectively). Under Art. 16 (5) Sentence 2 of the Articles of Incorporation, a simple capital majority is sufficient in place of the capital majority required under Sec. 179 (2) Sentence 1 of the Stock Corporation Act (at least three-quarters of the share capital represented at the vote), if permitted by law. Under Art. 12 of the Articles of Incorporation, the Supervisory Board is authorized to make purely editorial amendments to the Articles.

Authorization of the Board of Managing Directors to issue or buy back stock

Under a resolution by the Shareholders' Meeting of May 27, 2010, the Board of Managing Directors is authorized until May 26, 2015, to acquire treasury shares of Oldenburgische Landesbank AG for purposes of securities trading, subject to the proviso that the trading portfolio of the stock to be acquired for this purpose cannot exceed 5 percent of the share capital at the end of any day. This authorization will enable the Board of Managing Directors to trade in the Company's stock on the Bank's own account.

Under Art. 6 of the Articles of Incorporation, the Board of Managing Directors is furthermore authorized to increase the Company's share capital on one or more occasions on or before May 21, 2012, subject to the consent of the Supervisory Board, by issuing new no-par shares in return for cash contributions, for a total of not more than EUR 15 million. The shareholders are to be given preemptive rights; however, the Board of Managing Directors is authorized to exclude fractional amounts from the shareholders' preemptive rights, subject to the consent of the Supervisory Board. This authorization enables the Board of Managing Directors to cover any capital needs quickly and flexibly.

Otherwise, the authority of the Board of Managing Directors to issue or repurchase stock is governed by the terms of law.

Material agreements of the Company subject to a change of control due to a takeover bid

Oldenburgische Landesbank AG is a party to the following agreements that provide special conditions in the event of a change of control due to a takeover bid:

- Under the Allianz Sustained Performance Plan (ASPP), Restricted Stock Units (RSUs) – in other words, virtual Allianz stock – are distributed as a share-based component of compensation to top management of the Allianz Group worldwide, including at Oldenburgische Landesbank AG. Additionally, until 2010, Stock Appreciation Rights (SARs) – virtual options on Allianz stock – were issued under the Group Equity Incentive (GEI) plan, and some of these still remain valid. The terms of these RSUs and SARs include change of control clauses. These apply if the majority of the voting capital in Oldenburgische Landesbank AG is acquired directly or indirectly by one or more third parties who do not belong to the Allianz Group. The change of control clauses provide for an exception from the usual exercise periods. In accordance with the terms of the RSU plans, RSUs are exercised by the Company for plan participants on the change of control date, waiving the vesting period that would otherwise apply. The cash payment per RSU must be at least equal to the price offered in the preceding takeover bid. In accordance with the SAR plan terms, SARs are exercised by the Company for the plan participants concerned on the change of control date, waiving the normal exercise dates. However, exercise of the SARs presupposes that the performance thresholds must have been met. The elimination of the vesting period in the event of a change of control takes account of the fact that the terms for stock price performance will change substantially in the event of a change of control.
- There is an agreement between Allianz Deutschland AG and Oldenburgische Landesbank AG under which Allianz Deutschland AG will assume all pretax losses incurred by the Allianz Bank segment of Oldenburgische Landesbank AG until the end of the fiscal year ending December 31, 2014. If Oldenburgische Landesbank AG ceases to be a member of the Allianz Group, this represents good cause for extraordinary termination of the loss takeover agreement. If the loss takeover agreement is terminated, Oldenburgische Landesbank AG will decide whether to continue operating the Allianz Bank segment without compensation for losses, or to relinquish it. If the segment is relinquished, Allianz Deutschland AG will assume the resulting costs.

Indemnification agreements in the event of a takeover bid

There are no indemnification agreements with members of the Board of Managing Directors or employees for the event of a takeover bid.

See Glossary, pp. 152, 153 and 154

Regulatory capital (Sec. 10a of the German Banking Act – KWG)

EUR m	2011	2010	Change	Change (%)
Tier 1 capital	**550.0**	**514.0**	**36.0**	**7.0**
Tier 2 capital[1]	256.0	262.0	– 6.0	– 2.3
Share capital and reserves (Sec. 10a KWG)	**806.0**	**776.0**	**30.0**	**3.9**
Risk assets for counterparty risks	5,950.0	6,108.0	– 158.0	– 2.6
Risk assets for market risks	25.0	54.0	– 29.0	– 53.7
Risk assets for operational risks	500.0	463.0	37.0	8.0
Risk assets	**6,475.0**	**6,625.0**	**– 150.0**	**– 2.3**

1 Not more than 100 percent of tier 1 capital

%	2011	2010
Core capital ratio[1]	8.5	7.8
Aggregate capital ratio[1]	12.4	11.7

1 Calculated including eligible amounts for operational risks and market risk positions

The regulatory capital of the OLB Group consists of tier 1 and tier 2 capital. Tier 1 capital primarily comprises issued capital, reserves, and the special item for general banking risks under Sec. 340g of the German Commercial Code.

After the adoption of the balance sheet, the tier 1 capital will come to EUR 550.0 million as of December 31, 2011. Tier 2 capital will come to EUR 256.0 million, and will be composed mainly of subordinated debt and unrealized reserves in securities. Thus, following the adoption of the balance sheet, the share capital and reserves will come to EUR 806.0 million (prior year: EUR 776.0 million).

Lending growth during the year shifted toward sectors with lower calculated risks; risk assets decreased overall from EUR 6,625.0 million for the prior year to EUR 6,475.0 million as of December 31, 2011. Following the adoption of the balance sheet, the core capital ratio under Sec. 10a of the Banking Act will be 8.5 percent as of December 31, 2011 (prior year: 7.8 percent), and the aggregate capital ratio will be 12.4 percent, following 11.7 percent the year before.

Compensation Report

The Compensation Report is a part of the Management Report, and can be found in the Corporate Governance Report. For simplicity's sake, that report is not reproduced here.

Report of Anticipated Developments

The outlook for the German economy clouded over in the second half of last year. Consumer spending and capital expenditures, the two domestic demand components that had hitherto been robust, suffered from a deterioration in sentiment. Germany's most important trading partners internationally have been dealing with structural problems, some of them severe, and therefore German exports and the foreign contribution to the economy are likely to weaken.

For that reason, we assume that the growth of gross domestic product in Germany will be substantially less in 2012 than in 2011, although still positive. At the same time, the German economy is again likely to hold up better in the coming year than the euro area as a whole. However, this outlook will be greatly influenced by the further evolution of the European government debt crisis. A further escalation of the government debt crisis could pose the risk of a slide into recession for Germany as well.

Looking at the economy in the northwestern part of the country, we expect performance to be slightly better than for Germany as a whole. This assessment is based on an extrapolation of economic data from almost two decades now, which show that growth in the Weser-Ems region averaged 0.2 percentage points higher than for the country as a whole. This growth had positive effects for consumer spending, the construction industry, and demand for capital goods. The agricultural and food industry will continue to have a stabilizing influence on economic performance in the northwest.

This positive performance of the northwestern German economic area is has drawn lasting support from an accelerating disappearance of the site disadvantages that a rural regional structure has traditionally entailed. Media networking is making it possible to reach national and international markets with ease, despite the region's location at the margins of Germany. Furthermore, the area's transportation infrastructure has seen substantial progress over the past few years. With government support, the region has developed centers of competence in important industries of the future, and these centers in turn have built up sector and industry clusters where expertise can be pooled and expanded. In addition, demographic change in the northwest differs positively from the national average. Unemployment in some counties is well below national figures, even though the region has a below-average proportion of employees with university level degrees. That deficiency, however, is compensated by a large share of graduates from dual-track vocational training programs, and is presumably also one of the reasons for the lower wage levels than in the rest of the country. All in all, therefore, the region offers good site conditions in important segments for the companies that operate here, supporting further economic growth in the northwest.

The economic situation has a direct impact on the evolution of credit risk, which still has a profound influence on the Bank's earnings situation, because of the great importance of the lending business with our customers. In addition to general economic influences, the future evolution of OLB's risk provisions will be significantly affected by the specific situation in the shipping industry. The focus here is on the development of charter rates, which are crucial for our clients' business success. Our planning assumes that over the medium term, charter rates will recover from their current lows and return to the long-term market average, with owners raising capital as planned, thus permitting ship operations on economically viable terms.

Given the present situation, future developments in the money and capital markets are subject to such uncertainties that no reliable projection seems possible. Although OLB has invested only in top-rated securities, changes in interest rates on the relevant markets – currently a matter heavily dependent on political decisions – will play an important role for the Bank's assets and results of operations. Apart from the valuation risks posed by price fluctuations on the interest and stock markets, there is also the possibility that if the euro crisis becomes more acute, the liquidity situation in the money and capital markets may deteriorate drastically once again. That in turn could severely limit the conditions for OLB's refinancing, or result in a need to pay substantial premiums. Our projections fundamentally assume that conditions will remain stable, without a crisis scenario. We expect a normal yield curve, with no significant deterioration in our refinancing situation. However, our positioning for market price risks, and our liquidity arrangements, take due account of the impending uncertainties with a conservative orientation, and with a maintenance of adequately dimensioned safety buffers.

In view of our competitive environment, we expect competition for customer business to remain intense. Pressures on margins will continue, and incentive plans, attracting new customers with premiums and subsidized products, will steadily increase price pressure still further. More rigorous consumer protection regulations will place additional pressure on costs and earnings in the retail banking business.

The rules that government and the regulatory authorities initiated in the course of the banking crisis will be gradually put into practice, and will affect banks' business models. In particular, interpretations by BaFin and the Bundesbank are already affecting capitalization requirements. Moreover, as the Basel III regulations are implemented, the minimum core capital ratio will rise from the current 4.0 percent to 4.5 percent in 2013, and ultimately to 8.5 percent in 2019. OLB already has a sound equity base, with a core capital ratio of 8.5 percent. To provide capital backing for our planned growth, we intend to apply a portion of future annual profits toward strengthening that equity base. We will also continue to supplement our own funds with subordinated funds, as before.

Implementing new or expanded reporting obligations at the technical and organizational level will entail new costs. Further development also poses the general risk that government actions and the interventions of national and European regulatory authorities might generate additional costs of bureaucracy and restrictions on business possibilities.

We foresee opportunities for the year ahead in a systematic mining of identified cost cutting potential, and in an optimized utilization of the existing sales force potential, especially at Allianz Bank. Closer cooperation and the joint use of technical platforms by both segments will be an important starting point here.

The performance of the OLB Group's business with customers will depend on the performance of its two segments, OLB Regional Bank and Allianz Bank. Since each of the segments is affected by its own specific situations in addition to the above influences, they are discussed separately below.

OLB Regional Bank

For its future business performance, OLB Regional Bank will continue as before to concentrate on the potential that exists within its region. The aim is to expand market position by appealing to customers in ways that fit their needs, while maintaining a clear focus in selecting target groups. Here we will trust in our existing strengths: an area-wide network of branches in the northwest, our strong advisory skills and customer orientation in business with retail, professional and corporate customers, our highly qualified staff, and a high-performance range of products. Another area of emphasis will be optimizing the Bank's cost structure. Besides realizing potential that has already been identified in IT and the digitization of formerly paper-based work processes, we also foresee possibilities in sharing procedures and platforms with Allianz Bank.

Our ability to gain further market share will depend on how well we can expand existing customer relationships and persuade new customers of our capabilities. Last fiscal year, in 2011, we were able to attract a net total of four thousand new customers. We intend to keep steadily expanding the Regional Bank's customer base in the years to come.

After a phase of dynamic growth, in fiscal 2011 OLB Regional Bank intentionally slowed the rapid pace of its lending growth, in favor of higher margins and balanced risk profiles. Total lendings grew 3.6 percent, to EUR 9,456.4 million – more slowly, as planned, than in previous years. Despite the uncertain economic environment, we still expect demand for credit to remain steady, together with prospects for growth offered by a well-focused appeal to hitherto under-represented target groups. For that reason, we expect to keep growing in coming years.

OLB Regional Bank has significantly enlarged its total deposits over the past few years. We expect competition for customer deposits to remain intense, with other banks offering heavily subsidized products and services. Our own plans are based on the assumption that we will be able to attract enough incoming funds to cover any outgoing funds, and thus, on balance, to maintain our existing high level. We also plan to attract more of our customers to pursue investment opportunities in securities.

Following the establishment of our area-wide market presence in private banking in the northwest last year, we now expect to be able to convince increasing numbers of customers of the value of our comprehensive advisory approach. Customers' investment conduct will remain heavily oriented to safety, so that we expect gains in revenue-generating activity to be moderate. We assume that development in other forms of commissions will be stable. Consequently, net commission income should benefit somewhat from gains in the securities business.

Within the bounds of our expectations about the economic environment, we expect stability or slight increases in net interest income and net commission income over the next two years. Given the volatility in the financial markets, any projection for trading results is subject to significant limitations. Our plans posit a small positive contribution to earnings from own-account trading and trading for customers.

We will counter ongoing cost pressure from higher collectively bargained wages, general inflation, and the necessary investments in systems and infrastructure, by enhancing efficiency in the organization of our procedures. Consequently, we assume that administrative expenses will rise at most only slightly over the next few years.

Regarding changes in risk provisions, please see the assessment in the general section above.

The performance of OLB Regional Bank's profits for the next two years will depend not only on the general economic environment, but also, to a significant degree, on the evolution of the situation in the shipping industry. Assuming that the evolution of charter rates will enable our customers to operate their ships cost-effectively, we project a substantial improvement in results for the coming year, upon which we will then expand further in the years thereafter.

Allianz Bank

Building on the net customer growth of 16 thousand new customers that it achieved in 2011, Allianz Bank plans to expand its customer base further over the next two years through a systematic integration into the Allianz sales network. A favorable influence here will be a structured advisory approach, newly conceived for the Allianz agency sales network, that systematically and fully addresses customers' needs and customer solutions, including bank investments, payment traffic and financing.

Over the course of 2011, Allianz Bank put its attractive new checking account product on the market, making it possible to get cash worldwide at no charge. This new account model and additional interesting products are expected to attract rising numbers of new customers to Allianz Bank in subsequent years.

The further expansion of specialized agencies will strengthen sales of banking products through Allianz. There are already 819 specialized agencies and bank branches that are actively assisted by the Bank's special advisory telephone support line.

In the future, we expect earnings to rise gradually thanks to a systematic utilization of the Allianz sales network. This earnings growth is especially expected to be generated by the investment and deposit business. The first signs of this development were already apparent in the growth of interest income in 2011. We expect only more limited growth rates from the securities business in the short term, because of the market turbulence surrounding the euro and the debt crisis.

Administrative expenses will probably remain approximately level with 2011 over the next two years. Inflation and increases in collectively bargained wages will be compensated by efficiency enhancements.

Risk provisions will be increased gradually, consistently with how fast the lending business expands.

Allianz Bank has good chances to become even better established within Allianz and on the market. The expected higher earnings and a constant cost base will reduce Allianz Bank's startup losses. In regard to those losses, Oldenburgische Landesbank AG and Allianz Deutschland AG have agreed that Allianz Deutschland AG will compensate for potential losses at Allianz Bank. This agreement applies through December 31, 2014. Oldenburgische Landesbank AG holds a right of termination linked to the expiration of the obligation to compensate for losses.

Given the above expectations – especially, a stable market environment and the described assessment of developments in the shipping industry – we expect the projected business performance of OLB Regional Bank and Allianz Bank to yield substantial growth in net interest income and net commission income. With only slight increases in administrative expenses and with risk provisions returning to normal, profits in the next two years should improve substantially. Because Allianz AG compensates for the startup losses in the Allianz Bank segment, that line of business will not affect pretax profits. For the profits of the OLB Group as a whole, the estimate for OLB Regional Bank applies: a substantial improvement in the coming year, and a slight increase in the years thereafter.

Group Risk Report

Principles of Whole Bank risk management

Risk strategy

The risk strategy provides the business policy foundation for all of the OLB Group's business activities that entail risk. It is adopted by the Board of Managing Directors of Oldenburgische Landesbank AG, and is reviewed at least once a year to take timely account of changing conditions. In designing the strategy, the Board of Managing Directors draws on the general principles in effect for the Allianz Group. Specific aspects relevant to OLB are adopted as part of the Bank's own risk strategy.

The objective of OLB's risk management process is to manage all risks incurred in generating additional income, to ensure the continuing expansion of the Bank's ability to cover risk. The focus of risk management is to optimize the risk-to-earnings ratio, subject to an established Whole Bank risk. The framework for fundamental risk disposition in the various areas of risk depends on the business strategy and the earnings goals for the Whole Bank.

The risk strategy is derived from planned and current business operations. It ensures

- that risk aspects are taken into account in deciding on OLB's business strategy,
- that OLB's future risk-carrying capacity is assured, and that the risks resulting from the planned business strategy are covered,
- that OLB's risk management process ensures that significant risks will be independently identified and assessed through suitable risk measurement procedures,
- that the Bank has appropriate risk reporting and monitoring capabilities in place.

As part of the risk strategy, we define counterparty risk, market price risk, liquidity risk and operational risks as significant risks that, because of their amount and nature, are material to the Company's continuing existence, and that must therefore be managed actively.

The decision about a strategic approach is made while taking due account of the opportunities associated with the risks, or in the case of operational risks, considering the costs associated with reducing or avoiding the risks. In general, risks can be incurred only if the available risk coverage potential is sufficient.

To ensure consistency of the risk strategy within their part of the Group, subsidiaries coordinate their pertinent strategies and concepts with Oldenburgische Landesbank AG.

Definition of types of risk

Counterparty risks

Counterparty risk is defined as the potential loss inherent in the deterioration of a business partner's creditworthiness, or that partner's default – whether a counterparty or other partner to a contract, or an issuer of a security – in other words, the party's potential inability or unwillingness to meet contractual obligations.

Country risk, a subcategory of counterparty risk, represents the transfer and convertibility risk for receivables from borrowers domiciled outside Germany. It serves to measure how political or economic conditions in the country under consideration may affect a debtor's payment practices. Country risk is not founded in a debtor's creditworthiness or solvency. Examples of country risks include prohibitions on payments, devaluations of the local currency, or embargos.

In addition, credit spread risk must also be considered a type of counterparty risk. This refers to the risk that credit spreads in the capital market may increase when the perception of counterparty risk changes, so that securities entailing a counterparty risk may be downgraded even though the issuers' credit rating holds steady.

Market price risks

Market price risk refers to the risk that the Bank may suffer losses because of changes in market prices, or in parameters that affect market prices. Examples include unexpected changes in stock prices, interest rates, or the prices of commodities, precious metals and real estate. It also includes the risk of changes in value that may occur if large positions can be bought or sold within a given time only at prices that are not consistent with the market.

Liquidity risks

Liquidity risk is the risk that it may be impossible to meet payment obligations, either at all or without assuming elevated covering costs (refinancing risk).

Operational risks
Operational risk is the risk of a direct or indirect loss through inadequacies or omissions in projects, processes or controls, due to technical, staffing, organizational or external factors. It also includes the risk of criminal conduct – losses due to criminal acts internally by employees and / or by external third parties. Examples of operational risks include transaction processing errors, computer failures, natural catastrophes, and fraud.

Legal risks
A legal risk is the risk of a loss due to the adoption of new laws or regulations, or the amendment of existing ones, or due to adverse court interpretations or applications of laws or regulations. It also includes the risk that contractual agreements may be legally unenforceable, or that a court may decide that other, less advantageous provisions apply to the Bank instead.

Reputation risks
Reputation risk is the risk of a direct or indirect loss caused by deterioration of the Bank's reputation in the eyes of shareholders, customers, employees, business partners, or the public at large.

Strategic risks / business risks
Strategic risk is the risk that long-term business objectives may not be achieved because of an inappropriate strategic decision-making process, or because of inadequate oversight of the implementation of strategies. Business risk furthermore includes risks that result from changes in external conditions, such as changes in the market environment or customer behavior, as well as technical advances.

Concentration risks
Concentration risks are not a risk category of their own, but may occur as an additional characteristic of the types of risk described above. They arise when a single risk position, or multiple correlated risk positions, within one or more types of risk , take on such importance for a bank that the realization of that risk jeopardizes the bank's existence. Examples might include default on a single large exposure or multiple exposures in a single sector.

Risk-carrying capacity
OLB applies two approaches in determining its risk-carrying capacity: a value-based approach and a period-based approach.

Value-based risk-carrying capacity
To determine its value-based risk-carrying capacity, OLB compares its risk coverage potential to Bank-wide risks. For that purpose, risk coverage potential is calculated using the net present values of asset positions, less the net present values of debt positions. For risk-carrying capacity to be confirmed, the Bank's risk coverage potential must always exceed the aggregate risk the Bank has incurred. To safeguard the Company's continuing existence and its leeway for action in business policy, OLB's risk strategy additionally defines a minimum level that is above this minimum requirement.

Whole Bank risk is determined by adding up the risk contributions of the individual types of risk. Under this conservative approach, diversification effects among risk types are left out of consideration. In calculating risk, OLB defines a confidence level of 99.93 percent for the various risk types, and a holding period of one year; in other words, a loss greater than the calculated risk will occur in only 0.07 percent of all cases.

The value-based approach to assessing risk-carrying capacity was developed further during fiscal 2011, and was divided into two sub-approaches. The first follows the standards of the Allianz Group, and focuses systematically on a liquidation scenario. Contrary to the approach from the previous year, this means that core assets that would be necessary for business operations are not considered available as risk coverage potential. Furthermore, the risk side includes the amount of capital for strategic risk, because this risk results primarily from the uncertainty of new business, which is not taken into account in the liquidation approach. The second sub-approach supplements the first with going-concern aspects based on regulatory requirements. Core assets are still not taken into account as risk coverage potential, because they are necessary for business operations. At the same time, this approach ensures that the regulatory minimum capitalization requirements are still met even after the calculated risk is realized.

Period-based risk-carrying capacity

In the period-based analysis of risk-carrying capacity, planned evolutions of on-balance-sheet figures for risk and capital are taken into account, and the parameters for changes are determined. Here development is examined under both normal and extreme market conditions. For this purpose, OLB has defined extreme but not improbable scenarios for the economy, in order to study their impact on multiple risk factors simultaneously, and on the valuation of portfolios. The objective is to generate suggestions for risk management actions that will safeguard OLB's risk-carrying capacity and ensure compliance with the regulatory capitalization requirements under the Solvency Regulation.

Organization of risk management and controlling

The Risk Committee is the central body that discusses and coordinates all strategically risk-relevant decisions. The Risk Committee includes the Chief Risk Officer, the member of the Board of Managing Directors responsible for Treasury and Own-Account Trading, and the managers of the Credit Management, Risk Controlling, Treasury / Own-Account Trading, Finance / Controlling, and Internal Auditing departments, and of the office of the Board of Managing Directors. The full Board of Managing Directors makes the final decision on aspects strategically relevant to risk. Its decisions are bound by the rules of procedure issued by the Supervisory Board, which define the required conditions. Any decisions outside the authority of the Board of Managing Directors are made in consultation with the Supervisory Board.

Risk management

The managers of the following corporate departments are responsible for risk management:

Type of risk	Corporate department
Counterparty risks	Whole Bank Credit Management
Market price risks and liquidity risks	Treasury / Own-Account Trading
Operational risks	Organization
Legal risks	Legal Department
Strategic risks and business risks	Finance / Controlling
Reputation risks	Corporate Communications

In keeping with the strategic focus and goals defined by the Board of Managing Directors in the business and risk strategy, and within the bounds of their assigned areas of authority, these units have the task of duly controlling risk on the basis of their analyses and assessments. This includes adequately designing organizational structures, processes and goal agreements in general, as well as individual credit decisions in particular.

Risk monitoring

Risk monitoring is headed by the managing director who has been assigned that responsibility, and includes the departments for Risk Controlling and Compliance / Money Laundering. These are implemented as units organizationally independent from the risk management system. The task of risk controlling is to fully and consistently analyze, measure and monitor risks. It provides the risk analyses and risk information (such as limit utilizations) that risk management needs for active management adequate to the risk at hand. The Compliance / Money Laundering office is responsible for monitoring compliance with various laws and guidelines, such as the regulations to prevent insider trading, money laundering or fraud.

In addition, Internal Auditing performs an assessment of the adequacy of the risk management and controlling system from outside the process, so as to test the effective functioning of the entire risk process and the other processes associated with it.

Risk reporting

In risk reporting, the risk controlling system reports regularly to decision makers (Supervisory Board, Board of Managing Directors, Risk Committee, pertinent department managers). The frequency of reporting depends on the significance of the risk and on regulatory requirements. Information that is significant for risk is immediately conveyed to management, the officers in charge, and to Internal Auditing if applicable.

Filing external risk reports with Deutsche Bundesbank regarding the lending business is the task of the Whole Bank Credit Management and Finance / Controlling departments.

The subsidiary banks of Oldenburgische Landesbank AG have implemented organizational procedures appropriate to their size.

Management and controlling of specific risks

Counterparty risks

Risk management in the customer lending business

Managing all counterparty risks in the customer lending business is the province of the Whole Bank Credit Management department. The approach is based on an integrated concept of clearly defined guidelines, authority structures, and incentive systems that is consistent with the Bank's strategic focus and objectives.

The loan decision process is structured consistently with this concept. An organizational and disciplinary separation between front office and back office is ensured at all levels. Credit management is divided into regional and central units.

Various organizational rules have been adopted depending on the credit risk to be decided. The aim is for the structure and the distribution of duties to ensure that decision-making and processing for credit commitments are both adequate to risk and efficient, as a function of lot sizes, risk content, and complexity. For example, for corporate and retail customers, OLB defines a total borrower-specific exposure volume of up to EUR 250 thousand as a homogeneous, low-risk transaction. These exposures are covered by simplified approval, decision-making and monitoring processes. Exposures in the nonhomogeneous portfolio (total exposure above EUR 250 thousand, and all special financing) are approved, decided and monitored individually on the basis of their specific risk content, in compliance with firmly defined rules.

Provided the credit ratings are adequate, the risk assessment and extension of loans in the homogeneous business is carried out by the front office for loans of up to EUR 50 thousand and private construction financing of up to EUR 250 thousand. For all other commitments, risk is assessed in cooperation between the front office and back office. In new business, the risk of insolvency is determined for each borrower, in the form of a credit rating category, on the basis of statistical creditworthiness procedures. The collateral furnished by the customer is appraised in parallel. Depending on its scope and complexity, this may be done in cooperation with the back office, or by internal and external certified appraisers. The loan volume, credit rating and collateral together provide an absolute measurement of the customer's credit risk.

During the life of the credit, exposures are continuously monitored. For exposures of more than EUR 250 thousand (not including private construction financing), the individual credit rating is updated annually, and the appraisal of the collateral is reviewed. In addition, all exposures undergo various computerized monitoring procedures that trigger an individual reassessment when risk signals arise.

Since real property plays such an important role as collateral for OLB, a central real estate monitoring unit has been set up that tracks regional changes in prices in the real estate market, and likewise triggers an individual reassessment of pertinent exposures when material changes occur.

Approval and monitoring of exposures is also coupled to risk. Depending on volume and credit rating, spheres of authority are defined so that credit decisions are always made at a level adequate to the risk involved.

Systems of incentives and requirements have been established to keep the risk of the credit portfolio as a whole within reasonable bounds. For example, there are guidelines for the acceptance and appraisal of collateral. Limits, for example for each borrower or for each provision of financing, mean that appropriate syndication partners may be brought in as needed. Risk-dependent prices, in conjunction with risk-adjusted measurement of sales units' earnings, create incentives to engage in new business only where there is adequate creditworthiness and appropriate collateral.

To ensure an adequate assessment of risk over the long term, an emphasis is placed on high-quality processes. Here extensive initial and continuing training for employees plays a crucial role, as does a regular review of processes. Moreover, follow-up analyses and validations make it possible to judge how meaningful the results of a credit assessment and collateral appraisal actually are, and permit projections about the future risk picture.

To avert risk concentration at the portfolio level, single-exposure and partial-portfolio limits are established above and beyond areas of authority. Monitoring these limits is the task of the Risk Controlling department.

In addition, Risk Controlling reviews the evolution of credit risks as a whole each quarter. It performs structural analyses of the portfolio (ratings, collateral, size classes, economic sectors, new business, etc.), and investigates the impact on expected loss and on both economic and regulatory equity requirements. The results are incorporated into the quarterly risk report to the Risk Committee, the Board of Managing Directors, and the Supervisory Board.

Risk management in own-account trading

OLB is not an investment bank. It sets its own-account trading apart in a trading portfolio, which is rather secondary in terms of both scope and risk. That portfolio includes securities and contracts that are held with the aim of generating economic results through short-term trading activities. The Bank also conducts own-account trading transactions in the non-trading portfolio when they are intended to safeguard the Bank's long-term liquidity and to control the risk of changes in interest rates within the defined limits. Thus, they serve to safeguard the Bank's long-term survival.

The principal lines of business included in the non-trading portfolio are money trading and trading in or issuing bonds. They are complemented by derivative transactions to hedge interest risks. The portfolio is completed by investments in two special funds that invest largely in bonds and stocks, which diversify risk.

OLB counters issuer and counterparty default risks in the trading business with banks, and in securities investments, by limiting its dealings fundamentally to trading partners who have first-class credit ratings, maintaining a defined limit system, and pursuing a broadly diversified portfolio. The strategic orientation is defined in the Bank's treasury strategy.

In terms of the approval process, credit risks from the trading business are treated analogously to the commercial business.

Risk measurement

To measure credit risk as a whole internally, OLB applies a method based on the IRB approach under the Solvency Regulation. This method calculates an expected loss on the credit portfolio over a one-year horizon.

Using that as a foundation, OLB has implemented a portfolio model that makes it possible to model all credit risks in the form of a value at risk. Here value at risk is defined as the potential loss that will not be exceeded with a defined probability (confidence level) under normal market conditions over a given period. The result for value at risk with a 99.93 percent confidence level and a one-year holding period represents the risk position for counterparty risk in the analysis of risk-carrying capacity.

Additionally, value at risk for the receivables portion of the portfolio and the securities portion of the non-trading portfolio are calculated each month. These values are limited in the risk strategy.

Market price risks

OLB is exposed to market price risks primarily in its customer business and in trading on its own account. Noteworthy factors here include:

- changes in interest rates and yield curves,
- the price of traded stocks, and
- currency parities,

as well as fluctuations (volatility) in these parameters.

A distinction is made between trading and non-trading portfolios in measuring and limiting market price risks. OLB's trading portfolio is restricted to stock, currency and interest rate transactions, and is thus limited to these risk categories. The risk from the non-trading portfolio derives primarily from changes in interest rates. It also includes, to a limited degree, stock risks and foreign currency risks from the OLB investment funds.

Risk measurement

Market price risks are quantified and limited at the Whole Bank level, primarily using statistical value-at-risk models.

The value-at-risk model for the non-trading portfolio is based on a historical simulation that incorporates changes in interest rates and stock prices, equally weighted over time since 1988.

To quantify the interest rate risk, the method calculates how the present value of the interest rate portfolio would change if the historically observed changes in interest rates were to occur. For variable-rate products, a fictive maturity scenario is estimated on the basis of their historical interest rate adjustment behavior.

The value at risk for the trading portfolio is calculated using a delta-normal method. Risk positions are calculated for the trading portfolio as a whole, and also for stocks, interest rates and currencies separately. Here the risk factors taken into account are stock prices and indexes, foreign exchange rates, and yield curves. These are modeled using the RiskMetrics method. The holding period, volatility and the stochastic distribution of the associated risk factor are taken into account.

The correlations needed to calculate value at risk in the trading portfolio are taken into account by way of a correlation matrix. Nonlinear risks (such as for stock options) are treated using the delta-plus method as prescribed by the Solvency Regulation, and are allocated to the appropriate portfolios as an add-on.

The simulations use the following parameters:

	Trading portfolio	Non-trading portfolio
Type of risk	Stock-price, interest-rate and currency risks	Stock-price and interest rate risks
Market data	250 trading days, equally weighted	Since beginning of 1988, equally weighted
Holding period of portfolio	10 days	1 year
Confidence level	99 %	99.93 %

For quality assurance in measuring risk for the trading portfolio, the value-at-risk results are also back-tested regularly. In this method, the hypothetical gains and losses as a result of actual price changes on a portfolio held constant are compared with the values projected by the value-at-risk model.

Risk management
The Treasury / Own-Account Trading department is responsible for controlling market price risk. Positioning in the non-trading portfolio is additionally deliberated in the Risk Committee, and the decisions are made by the Board of Managing Directors.

Limits are defined for risk as a whole. The measuring parameters are:
- value at risk for the non-trading portfolio,
- value at risk for the trading portfolio, and
- the economic loss in the trading portfolio.

Risk limits for market prices at the Whole Bank level as of December 31, 2011

Type of risk	Measurement parameter	Limit
Market price risks / non-trading portfolio	Value at risk (99.93 % / 1 year)	EUR 140.0 million
Market price risks / trading portfolio	Value at risk (99 % / 10 days)	EUR 4.0 million
	Total economic loss	EUR 3.0 million
	Economic loss for one trading sector (stocks, bonds or foreign currencies)	EUR 3.0 million

In addition to the Whole Bank limit, the non-trading portfolio includes the following individual limits for the OLB Regional Bank and Allianz Bank segments. In addition, separate limits are defined for stock positions and for the bond positions in the liquidity reserves of the Regional Bank and Allianz Bank segments.

For the trading portfolio, there are further internal operating limits that serve to ensure compliance with the above global limits. For example, a loss notification rule has been adopted that promptly points up losses in own-account trading and affords an opportunity to take early countermeasures. A diversification limit also applies, so as to avert risk concentrations.

The limit on market price risks was revised as part of the annual risk strategy update. The value at risk for the non-trading portfolio was raised from EUR 95 million to EUR 140 million, so that the interest rate control mechanisms could take adequate account of the rise in business volume over the past two years, and of the changes in the interest rate situation in the capital market. In this connection, the limitation on interest rate risks by way of the basis point value was eliminated.

Various stress scenarios are additionally used in assessing market price risk. For the non-trading portfolio, interest rate risks are reviewed in accordance with regulatory requirements. A variety of scenarios are defined for the trading portfolio that especially consider changes in stock prices and foreign exchange rates, interest rates, and their volatilities.

In November 2011, regulators redefined the regulatory requirements for reviewing interest rate risks in the non-trading portfolio. The previous interest rate shock scenario (+130 basis points / –190 basis points) was replaced by a more conservative scenario (+200 basis points / –200 basis points). The new rules were incorporated into the internal stress scenario for the non-trading portfolio.

Risk monitoring
The risk positions are monitored by Risk Controlling. Risk Controlling determines the level of utilization of the prescribed risk limits for the trading portfolio every day on the basis of end-of-day holdings. The Chief Risk Officer is informed at the beginning of each trading day about the evolution of market price risk, the utilization of limits, and gains and losses. Reports on market price risks in the non-trading portfolio are filed monthly.

Liquidity risks

Risk measurement
Short-term liquidity risks are measured and controlled on the basis of liquidity development summaries, made available daily, with a forward horizon of the next 30 days. This approach serves to ensure that the Bank is able to meet payments on short notice, especially by holding an appropriate liquidity reserve. Compliance with the regulatory liquidity key ratio is a strict additional requirement.

Additionally, OLB uses an application to measure and control medium-term to long-term liquidity risks. Risk Controlling uses this to monitor the liquidity situation each month, on the basis of analyses of future liquidity cash flow, among other factors. The liquidity cash flow here is the net figure for all future incoming and outgoing payments up to a given date. The analysis takes account of business performance both under normal conditions (“normal case”) and under stress scenarios (“recession,” “downgrade,” “combined”).

In the “normal case,” a constant business volume is assumed for the entire customer business. This scenario represents the liquidity situation under normal business conditions.

The “recession” scenario describes the consequences of an economic recession. Increasing loan defaults, larger drawdowns on credit lines, and declining savings ratios would cause cash outflows over the medium term. The assumption of additional higher measurement discounts on securities in the liquidity reserve furthermore incorporates components of a market crisis into the scenario.

The “downgrade” scenario assumes a deterioration in OLB’s credit rating. It assumes a short-term cash outflow for time deposits, demand deposits and savings deposits, as well as OLB bonds. Thus, this scenario incorporates elements of a bank run.

A “combined” scenario was developed and added in 2011. It combines the assumptions of the “recession” and “downgrade” scenarios.

The Board of Managing Directors is informed of the results of the analyses each month at the meeting of the Risk Committee.

Risk management
Short-term liquidity risks are limited on the basis of the regulatory key ratio under the Liquidity Regulation. Receivables and liabilities are assigned to maturity ranges for this purpose. According to regulatory requirements, the ratio of cash funds to liabilities in the first maturity range (daily or up to one month) cannot be less than 1. To ensure that this requirement is met at all times, an internal limit is defined, and appropriate risk-reducing measures are taken when it is reached. The Risk Committee is regularly informed of the evolution of this key ratio.

The limits for medium- to long-term liquidity risks are based on cumulative relative liquidity surpluses as the key indicator. These represent the liquidity cash flow for defined maturity ranges relative to total liabilities. Limits have been defined for the “recession,” “downgrade” and “combined” stress scenarios. The last was implemented for the first time during the fiscal year. If liquidity falls below the limit, risk-reducing measures are initiated.

Liquidity risk is controlled by the Treasury / Own-Account Trading department. If needed, management can draw at any time on the securities held in the liquidity reserve, or cover additional liquidity needs through sales, pledges for Bundesbank refinancing facilities, or forward sales under repo arrangements. Long-term liquidity needs are covered not only through customer business, but by taking out refinancing loans or placing borrower's note loans.

The details for measuring, limiting and controlling liquidity risk are defined in OLB's liquidity strategy.

Operational risks

Risk measurement

The OLB Group uses uniform, coordinated instruments to identify and measure operational risks. These are based on a classification of the Bank's business processes, which then serves as a foundation for a systematic collection and allocation of loss and risk data.

Relevant loss data on operating losses have been collected in a database since January 2003. The history from those losses forms the basis for a focused, detailed analysis and remediation of causes.

Annual scenario analyses are performed at the OLB Group to calculate the risk potential from operational risks. Critical scenarios are selected which, though their probabilities are low, would have a severe financial impact on the OLB Group.

The scenarios are discussed with the appropriate process officers, and assessed by them in regard to the potential amount and frequency of losses. The potential of operational risks for the current calculation of risk-carrying capacity is determined on the basis of the scenario analysis.

Following approval by the Federal Financial Supervisory Authority (BaFin), the regulatory capital requirements for operational risks are calculated using the standard approach. A progressive measurement approach for calculating operational risk is currently being tested.

Risk management

Management of operational risks is based on the scenario analyses, on analyses of losses actually incurred, and on the risk indicators for significant operational risks. Depending on the importance of the recognized risk fields, it may be necessary to take steps to limit risks, taking cost-benefit considerations into account. Such steps include optimizing processes and informing employees adequately (including through continuing training and by using up-to-date communication methods), as well as taking out insurance against major losses (for example, a fire at headquarters) and establishing an appropriate backup system for computer data.

During the year, the Compliance / Money Laundering unit performed analyses of the risks posed by criminality and corruption. Management of these risks is governed by the fraud prevention guideline and an anti-corruption guideline.

Legal risks

The process for identifying, measuring and controlling legal risks is identical to that for operational risks. Scenario analyses are used to quantify the risks of changes in the law, and depending on those risks' importance, appropriate steps are taken to limit them.

Managing legal risks is the responsibility of the Legal Department. For example, reviewed standard contracts are used to limit risk for established products. In this connection, the Legal Department supports the appropriate specialized departments in designing products so that the employed contracts always conform to the current legal environment, and any necessary consequences from changes in legislation or current case law can be implemented promptly.

In the case of individual contracts, moreover, the legal risks of the specific case are reviewed and limited by appropriate contract terms.

See Glossary, p. 154

Reputation risks
The process for identifying, measuring and controlling reputation risks is likewise identical to that for operational risks. It is the responsibility of Corporate Communications. Here too, scenarios are developed and suitable measures are instituted to limit damage. These include preventive measures, such as defining corporate guidelines and rules of conduct for employees that will promote a positive image of the OLB Group among the public, as well as consciously avoiding transactions that might cause damage to the Bank's reputation. In addition, steps have been defined to limit potential damage if various damage scenarios arise.

Strategic risks and business risks
To estimate strategic risks, the OLB Group uses the classic instruments of simulating the balance sheet and income statement. Business strategy undergoes continuous critical review, and is revised to meet changing conditions as needed.

Concentration risks
Concentration risk is managed by the responsible departments as part of their controlling of individual risk types.

Risk situation

Risk-carrying capacity
The following risk positions are used in determining OLB's risk-carrying capacity:

EUR m	2011	2010
Counterparty risk	325.0	421.4
Market price risk / non-trading portfolio	81.3	49.1
Market price risk / trading portfolio	5.5	5.5
Operational risk	39.9	33.3
Liquidity risk	0.9	—
Strategic risk	—	94.7
Whole Bank risk	**452.6**	**604.0**

A comparison of Whole Bank risk with the risk-covering potential computed on a value basis shows that OLB has risk-carrying capacity with a confidence level of 99.93 percent.

Counterparty risk
Counterparty risk is calculated on the basis of a credit value at risk using a credit portfolio model based on CreditMetrics™. The annual review of risk parameters resulted in significant risk relief in 2011. Methodological effects were not involved.

Market price risk in the non-trading portfolio
Market price risk in the non-trading portfolio is assessed and limited on a value basis through historical changes in interest rates and stock prices. During 2011, value at risk showed a gradual increase, especially from August onwards, to reach EUR 81.3 million at December 31, 2011. This change resulted in part from reallocations in the securities portfolio in favor of securities with longer maturities, with the goal of improving returns. Additionally, lower interest rates caused value at risk to increase because of an increase in the net present value of the interest portfolio.

Market price risk in the trading portfolio
Market price risk in the trading portfolio is likewise reflected using a value at risk. A limit for value at risk is applied (99.3 percent / 10 days).

Operational risk
The amount for operational risk was calculated on the basis of a value at risk from a customized OLB scenario analysis. The increase resulted from the annual reassessment.

Liquidity risk
A risk amount for liquidity risk was taken into account for the first time in 2011. The reason is the new focus on a liquidation approach, eliminating previous assumptions about new business that led to liquidity surpluses across all maturity bands. The new base situation now shows minor liquidity gaps that result in an insignificant liquidity risk.

Strategic risk
In 2010, business risk was determined using an approach that calculates a risk amount on the basis of comparisons between actual and projected figures for the principal items in the income statement. This consideration was supplemented with strategic factors. The corresponding risk amount for business risk was eliminated in the 2011 review of risk-carrying capacity, because business risk consists primarily of the planning risk for new business, and this factor is not taken into account because of the new focus on the liquidation approach.

Whole Bank risk
Whole Bank risk results from adding up the individual risk positions. This conservative approach to calculating risk thus makes no allowance for diversification effects between risk types. Under this assumption, the Whole Bank risk as of December 31, 2011, came to EUR 452.6 million.

Counterparty risks
As a result of the ongoing credit approval and monitoring process, the structure of the OLB Group's credit portfolio can be described as follows. The volumes shown here represent the maximum counterparty default risk within the meaning of IFRS 7.36(a) (carrying amounts after deduction of risk provisions):

Credit portfolio by class of receivable

EUR m	2011	2010
Loans and advances to customers	9,792.3	9,451.3
Loans and advances to banks	924.0	1,530.5
Financial assets	2,258.9	1,983.1
Trading assets	18.5	20.0
Contingent liabilities	337.2	360.3
Open credit commitments	494.0	620.5
Total	**13,824.9**	**13,965.7**

Most of the OLB Group's credit portfolio (77 percent, compared to the prior year's 75 percent) is made up of the customer credit business. This includes the items for loans and advances to customers, contingent liabilities, and open credit commitments.

Credit portfolio by quality of receivable

EUR m	Loans and advances to customers	Contingent liabilities	Open credit commitments	Other categories	Total	Prior-year total
Not overdue, no specific loan loss provision	9,372.5	329.9	490.2	3,200.7	13,393.3	13,556.1
Overdue, but no specific loan loss provision	196.0	3.5	1.9	0.3	201.7	216.0
Overdue with specific loan loss provision	223.8	3.8	1.9	0.4	229.9	193.6
Total	**9,792.3**	**337.2**	**494.0**	**3,201.4**	**13,824.9**	**13,965.7**

Clients are categorized as "overdue" when they have a significant overdraft under the terms of Basel II. This has been defined as an account overdraft or loan arrears of at least EUR 100 and at least 2.5 percent of the customer's approved credit volume. In addition, OLB categorizes overdrafts and arrears of EUR 250 thousand or more as material, irrespective of the customer's credit volume.

If a significant overdraft persists for more than 90 days, the customer is considered in default. The customer is included in the procedure for recognizing specific loan loss provisions, and is written down if needed (category: overdue with specific loan loss provision).

Credit ratings

The table below shows OLB's credit portfolio of receivables not overdue and with no specific loan loss provision, broken down by credit rating. The categorization is based on the internal rating class, where such classes are available. These classes have been defined for the customer credit portfolio, loans and advances to banks, and most financial assets. External ratings are used only when there is no internal rating. The guarantor's country rating is used for securities with government guarantees.

Receivables not overdue, with no specific loan loss provision – Breakdown by credit rating –

EUR m	Loans and advances to customers	Loans and advances to banks	Financial assets	Trading assets	Contingent liabilities	Open credit commitments	Total	Prior-year total
I–II	436.2	447.0	1,705.4	1.7	1.4	12.4	2,604.1	1,630.5
III–IV	852.9	465.2	465.8	3.6	32.7	26.6	1,846.8	3,128.0
V–VI	1,688.1	10.0	19.4	3.7	144.6	132.9	1,998.7	2,020.6
VII–VIII	2,997.5	0.1	0.4	2.1	83.3	191.8	3,275.2	3,318.4
IX–X	2,551.7	—	—	1.0	47.3	93.9	2,693.9	2,632.6
XI–XII	774.1	—	—	1.2	19.0	31.8	826.1	715.3
XIII–XIV	49.9	—	—	—	0.5	0.7	51.1	37.8
n/a	22.1	1.7	67.6	4.8	1.1	0.1	97.4	72.9
Total	**9,372.5**	**924.0**	**2,258.6**	**18.1**	**329.9**	**490.2**	**13,393.3**	**13,556.1**

See Glossary, p. 152

Credit rating	Explanation
I – II	Undoubted ability to meet payment obligation
III – IV	Extensive ability to meet payment obligation
V – VI	Ability to meet payment obligation even in difficult economic phases
VII – VIII	Ability to meet payment obligation with minor limitations
IX – X	Ability to meet payment obligation with limitations
XI – XII	Impaired ability to meet payment obligation
XIII – XIV	Increased or severe vulnerability to delinquency

About 93 percent (prior year: 94 percent) of the volume in the category of receivables not overdue and with no specific loan loss provision is viewed as able to meet payment obligations (credit ratings I – X). An impaired ability to pay under adverse circumstances (credit ratings XI – XII) must be assumed for 6.2 percent (prior year: 5.3 percent). Inability to pay is considered probable (credit ratings XIII – XIV) for only 0.4 percent (prior year: 0.3 percent).

Collateral

Collateral in the OLB Group's credit portfolio derives from the customer lending business, and is allocated, as applicable, to the categories of loans and advances to customers, contingent liabilities, and open credit commitments. Volumes in the other categories of receivables are unsecured.

Credit volume and associated collateral in the customer lending business

EUR m	Loans and advances to customers	Contingent liabilities	Open credit commitments	Total	Prior-year total
Volume in receivable category	9,792.3	337.2	494.0	**10,623.5**	10,432.1
Allocated collateral	5,592.6	65.4	18.4	**5,676.4**	5,410.1

About 53 percent (prior year: 52 percent) of the credit volumes in the customer lending business is secured with collateral. Most of this collateral, at 80 percent (prior year: 81 percent), is liens on residential and commercial property, followed by cash collateral such as deposit accounts, home loan and savings agreements, life insurance policies, etc., at 9 percent (prior year: 9 percent). About 11 percent is other collateral, primarily assignments as security and suretyships (prior year: 10 percent).

During the past fiscal year, the OLB Group did not take possession of either financial or nonfinancial assets that served as collateral for credit extended to customers. Thus, there are no matters of relevance under IFRS 7.38.

Arrears

Overdue receivables with no specific loan loss provision – Breakdown by length of arrears –

EUR m	Loans and advances to customers	Contingent liabilities	Open credit commitments	Other categories	Total	Prior-year total
Up to 30 days	163.7	3.4	1.9	0.3	169.3	204.2
31–60 days	28.5	0.1	—	—	28.6	10.6
61–90 days	3.8	—	—	—	3.8	1.2
Total	**196.0**	**3.5**	**1.9**	**0.3**	**201.7**	**216.0**

Most receivables in the category of overdue with no specific loan loss provisions (83.9 percent; prior year: 94.5 percent) are less than 30 days in arrears. The remaining 16.1 percent have been in arrears for longer (prior year: 5.5 percent).

Concentration risks

Concentration risks in regard to counterparty risks are analyzed as part of the quarterly risk reporting. This includes analyses on the basis of individual exposures (concentration of volume), sectors, or other defined partial portfolios.

OLB's credit portfolio has had more than proportionate growth in the upper exposure classes over the past few years. Nevertheless, as of December 31, 2011, the customer credit portfolio included only four exposures with credit volumes exceeding the regulatory reporting limit for large loans under Sec. 13a of the German Banking Act. To manage size concentration risks more actively, limits on exposures were introduced into the risk strategy during the year.

The distribution of the credit portfolio by sector is characterized by the clientele resident in the Bank's business region. The credit business in renewable energies, especially financing for wind power, biogas and photovoltaic installations, has gained considerably in significance over the past few years, generating quite considerable volumes in the OLB Group's credit portfolio. This evolution reflects OLB's superior skills in these lines of business.

To limit sector concentration risks in the credit portfolio, partial-portfolio limits have been defined, which were revised during the year. To focus more sharply on sector risk, project-related and non-project-related lendings were summarized for each special financing segment, and new limits were defined. All limits were maintained for the full fiscal year.

Financing for oceangoing vessels

In past years, OLB had built up a credit sub-portfolio in financing for oceangoing vessels. The ongoing economic, debt and financial crisis, combined with still-low charter rates in the shipping sector, had a significant negative impact on the risk profile for this partial portfolio during the year. OLB is carefully reviewing options for action on the financing affected, and has increased its credit risk provisions accordingly.

Collateral

Apart from concentration on individual borrowers, concentration risks may also arise from a focus on individual providers of security. However, since collateral and security derives from the broadly diversified customer lending portfolio, we do not foresee any relevant concentration risks for the OLB Group there.

Banks

On the whole, the counterparty risks from loans and advances to banks and bonds issued by banks are low: The entire volume has investment grade ratings (I–VI), and 98.8 percent of the receivables are in the I–IV range. See chart below, left

The financial-market and debt crisis had no evident adverse impacts specific to counterparty risks on the Bank's sub-portfolio in fiscal 2011. The credit rating structure improved from 2010, while volume on the whole decreased. OLB is pursuing an increasingly conservative risk policy in this segment.

Country risks

Country risks, as a specific type of counterparty risk, do not play a material role for the OLB Group.

Market price risks

Trading portfolio

Value at risk in the trading portfolio (99 percent / 10 days) by risk category in 2011:

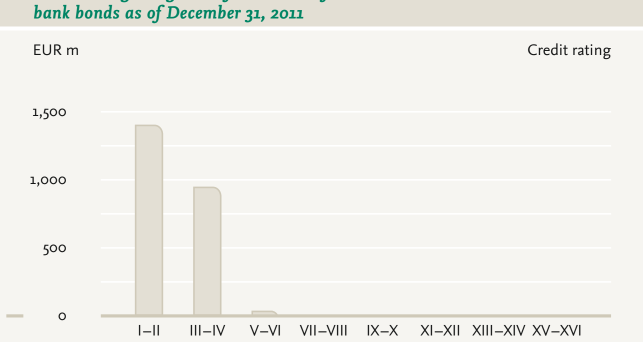
EUR m	Stock risks	Currency risks	Interest rate risks	Total trading
Mean	0.43	0.12	0.35	**0.65**
Minimum	0.01	—	—	**0.01**
Maximum	1.70	0.61	1.20	**2.24**

The market price risks in the trading portfolio (VaR model 99 percent / 10 days) for 2011 remained consistently within the limit of EUR 4 million. The average utilization was 16 percent of the limit. The maximum utilization, at 56 percent, came in August.

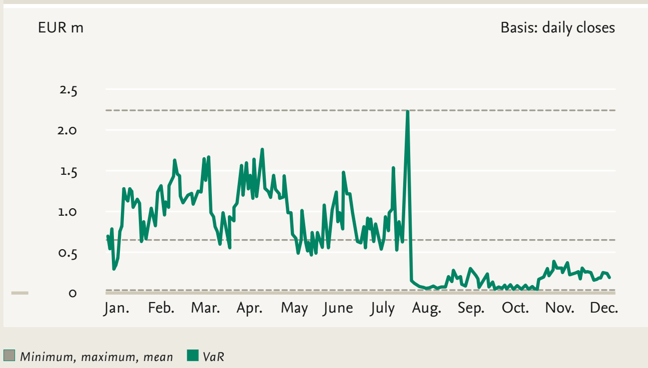
The market environment in 2011 was again dominated by crises in several European countries. The massive slump in prices on the stock exchange caused a leap in key risk figures in August. When individual loss limits were reached, trading portfolios were initially closed. Then trading was resumed in a significantly reduced scope until year's end.

See chart, below right

Credit rating categories of receivables from banks and bank bonds as of December 31, 2011



VaR for the trading portfolio in 2011 (99 percent / 10 days)



Non-trading portfolio

Value at risk for the non-trading portfolio (99.93 percent / 1 year) in 2011:

EUR m	VaR
Mean	57.4
Minimum	41.8
Maximum	81.8

On average, the market price risks for the non-trading portfolio (VaR model 99.93 percent / 1 year) for 2011 stayed below the prior-year level. The average value at risk, at EUR 57.4 million, was therefore below the 2010 figure of EUR 66.1 million. The limit was consistently maintained.

The substantial rise in value at risk beginning in August resulted from reallocations of securities in the liquidity reserve. To improve returns, the average remaining term of the securities was extended. Additionally, lower interest rates caused value at risk to rise because of an increase in the net present value of the interest portfolio.

See charts below

Liquidity risks

Changes in key regulatory ratio

EUR m	2011	2010
Mean	1.78	1.44
Minimum	1.56	1.26
Maximum	2.30	1.71

The minimum value of 1 for the key regulatory ratio was maintained throughout the year. On average, the key ratio was 78 percent above the required minimum. At December 31, 2011, the key ratio was 2.30.

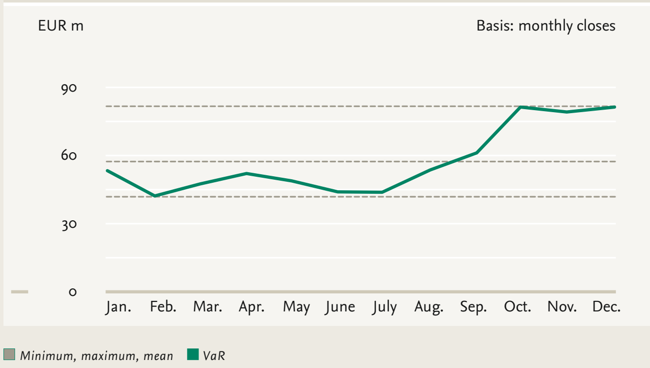
The substantial rise in the key ratio for liquidity during the year resulted from higher liquidity provisions in response to the crisis situation in the financial markets.

Maturities

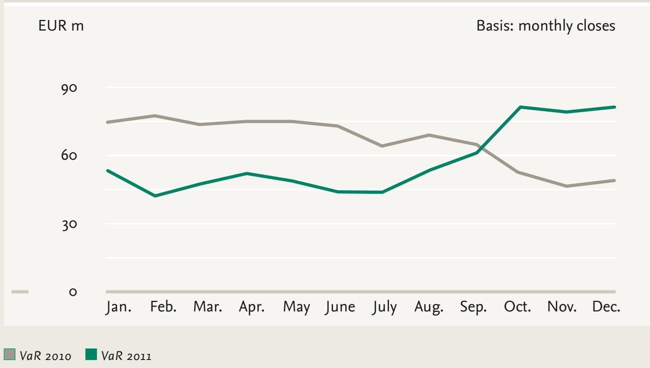
Various assumptions about the maturities of receivables and payables must be made in order to measure and control liquidity risks. In this regard, OLB follows the assumptions of the Liquidity Regulation. This implies that for certain liabilities, repayment is assumed to take place later than the earliest possible date. For demand deposits, for example, 10 percent of the repayments for customers, and 40 percent for banks, are expected in the following month. For the remainder, OLB assumes repayment at more than one year. On the other side, the assumptions under the Liquidity Regulation presume that part of the unused credit commitments will not be drawn. For 20 percent, a drawdown is assumed within the next month. For the remaining 80 percent, no drawdown is expected within the next year.

Irrespective of the assumptions from the Liquidity Regulation, the following tables show the breakdown of the actual remaining terms of receivables and liabilities. The figures are carrying amounts before deduction of risk provisions.

VaR for non-trading portfolio, Whole Bank, 2011 (99.3 percent / 1 year)



Comparison of VaR for non-trading portfolio, Whole Bank, 2010 / 2011 (99.3 percent / 1 year)



2011 receivables

EUR m	3 months or less	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total
					2011
Term loans and advances to banks	695.0	—	—	—	695.0
Loans and advances to customers[1]	1,729.3	589.8	2,430.3	5,172.9	9,922.3
Receivables at 12/31/2011	**2,424.3**	**589.8**	**2,430.3**	**5,172.9**	**10,617.3**

1 The receivables from customers with remaining terms of three months or less include receivables of EUR 1,159.7 million with indeterminate terms.

2011 liabilities

EUR m	3 months or less	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total
					2011
Bank demand deposits	102.8	—	—	—	102.8
Term liabilities to banks	313.4	182.1	1,205.1	1,593.6	3,294.2
Customer demand deposits	3,656.6	—	—	—	3,656.6
Savings deposits	1,368.3	543.8	171.4	—	2,083.5
Other term liabilities to customers	589.1	365.2	375.0	475.1	1,804.4
Securitized liabilities	19.9	172.4	449.4	520.0	1,161.7
Provisions and other liabilities	95.4	40.0	84.6	169.7	389.7
Tax liabilities	—	—	11.4	—	11.4
Subordinated debt	—	—	132.9	141.3	274.2
Liabilities at 12/31/2011	**6,145.5**	**1,303.5**	**2,429.8**	**2,899.7**	**12,778.5**

There are also receivables and liabilities arising from derivative financial instruments. The following table shows the liabilities arising from derivatives. Negative market values are suspended as of their maturity date.

2011 liabilities from derivatives

EUR m	3 months or less	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total
					2011
Interest rate swaps	2.7	1.4	48.8	64.2	117.1
Currency forwards/currency swaps	3.1	1.6	0.1	—	4.8
Currency options	0.2	0.1	0.1	—	0.4
Stock index options	—	—	—	—	—
Futures options	—	—	—	—	—
Stock options	—	—	—	—	—
Caps	—	—	—	0.1	0.1
Total at 12/31/2011	**6.0**	**3.1**	**49.0**	**64.3**	**122.4**

2010 receivables

EUR m	3 months or less	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total 2010
Term loans and advances to banks	1,400.7	50.0	—	—	1,450.7
Loans and advances to customers[1]	1,591.7	595.3	2,351.6	4,983.1	9,521.7
Receivables at 12/31/2010	**2,992.4**	**645.3**	**2,351.6**	**4,983.1**	**10,972.4**

1 The receivables from customers with remaining terms of three months or less include receivables of EUR 1,029.9 million with indeterminate terms.

2010 liabilities

EUR m	3 months or less	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total 2010
Bank demand deposits	25.1	—	—	—	25.1
Term liabilities to banks	1,015.9	270.8	989.1	1,515.6	3,791.4
Customer demand deposits	3,626.4	—	—	—	3,626.4
Savings deposits	924.5	625.6	110.2	—	1,660.3
Other term liabilities to customers	924.5	161.5	314.5	521.0	1,921.5
Securitized liabilities	10.0	72.6	329.5	687.2	1,099.3
Provisions and other liabilities	87.7	35.5	73.2	153.9	350.3
Tax liabilities	—	—	13.5	—	13.5
Subordinated debt	—	—	117.9	136.5	254.4
Liabilities at 12/31/2010	**6,614.1**	**1,166.0**	**1,947.9**	**3,014.2**	**12,742.2**

There are also receivables and liabilities arising from derivative financial instruments. The following table shows the liabilities arising from derivatives. Negative market values are suspended as of their maturity date.

2010 liabilities from derivatives

EUR m	3 months or less	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total 2010
Interest rate swaps	—	0.1	42.8	51.6	94.5
Currency forwards/currency swaps	2.6	1.1	0.2	—	3.9
Currency options	0.1	0.1	—	—	0.2
Stock index options	0.3	—	—	—	0.3
Futures options	—	—	—	—	—
Stock options	0.3	0.1	—	—	0.4
Caps	—	—	—	0.2	0.2
Total at 12/31/2010	**3.3**	**1.4**	**43.0**	**51.8**	**99.5**

Coverage of liabilities

Liabilities as a whole are covered by on-balance-sheet assets such as cash, deposits at central banks, securities and covered bonds, shares in special funds, and receivables from customers and banks.

The bonds, which are allocated to the available-for-sale (AfS) category, have a total value of EUR 2,238.8 million. Consequently, any liquidity requirements for existing liabilities can be covered by way of a sale out of this position. If a sale is not possible because of the market situation, the bonds may alternatively be used to procure short-term liquidity through open-market transactions with the ECB.

OLB, with more than 850,000 customers, has very diverse financing sources, and because of this highly granular exposure it has no material concentration of liquidity risk, either in assets or in financing sources.

Liquidity cash flows at December 31, 2011

In addition to the above surveys of the structure of remaining terms of receivables and liabilities, the following chart shows the liquidity cash flows for a seven-year period. Here it is assumed that the liquidity reserve, as soon as it is available, will be used to generate liquidity. See chart below

The liquidity cash flow shows significant surplus liquidity in all scenarios. OLB's liquidity is adequately assured even in economic recessions.

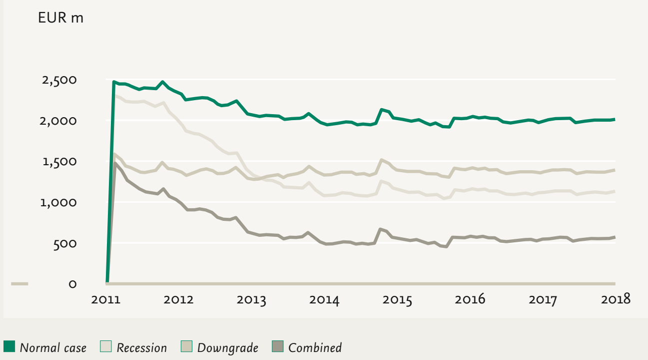
Principal features of the internal controlling system and risk management process with regard to the accounting process

Sections 289 (5) and 315 (2) No. 5 of the German Commercial Code, introduced by the Accounting Law Modernization Act and transposing the requirements of an EU Directive into German law, require publicly traded entities to describe, in their single-entity or group management report, as the case may be, the principal features of their internal controlling and risk management system with regard to their single-entity or group accounting process. The readership of the financial statements should be able to get a view of the main features of the controlling and risk management system that pertain to the individual company's or group's accounting process.

According to the statement of reasons for the Accounting Law Modernization Act, the internal controlling system comprises the principles, procedures and measures that ensure that the financial reporting process is effective and economical, that financial reports are reliable, and that the pertinent requirements of law are complied with. It also includes the internal auditing system insofar as it relates to accounting. The risk management system, with regard to the accounting process, is a part of the internal controlling system, and like that system, it relates to processes for monitoring and supervising accounting and financial reporting.

See Glossary, p. 152

Seven-year liquidity cash flows



OLB's Board of Managing Directors, on its own responsibility and on the basis of the Bank's own specific requirements, decides the scope and focus of the systems that have been established. In establishing and assessing the internal controlling system with regard to the accounting process, it applies the criteria of the "Internal Control – Integrated Framework" released by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The COSO framework is founded on several components: monitoring, information and communication, efficacy of control activities, risk assessment, and the corporate control environment.

The internal controlling system for the accounting process, and the IT systems that OLB uses, have the aim of identifying, assessing and reviewing risks in regard to financial reporting, and mitigating those risks by suitable measures. It includes guidelines and defined procedures for providing full data and documentation to reflect an appropriate and accurate picture of OLB's business transactions and net assets. These guidelines and procedures likewise ensure the ability to comply with the applied accounting regulations. All disposals and expenditures are subject to specific procedures for approval by OLB corporate management. There is a reasonable assurance that abuses that might materially impact the Bank's earnings and assets situation can be prevented.

Among the main components of the guidelines and procedures are compliance with the two-man rule for important controlling activities, a separation of functions within the organizational structure, and transparency.

In addition to the consolidated subsidiaries, the accounting process essentially includes the corporate Finance / Controlling department, with its Financial Reporting, Financial Accounting, Controlling and Allianz Bank Controlling groups, as well as the corporate Risk Controlling and Information Technology departments. The Financial Accounting group is in charge of organizing and overseeing accounting. The Financial Reporting group is in charge of organizing and overseeing the preparation of financial statements, with the support of the Financial Accounting group. The Controlling and Allianz Bank Controlling groups support the reporting process with quality assurance work, especially at the interfaces between internal and external reporting. The corporate Risk Controlling department particularly provides data for the measurement of transactions that are recognized at present value in the accounting process. The corporate Information Technology department provides the infrastructure for the systems participating in the accounting process. The systems employed are protected by appropriate IT safeguards against unauthorized access. Standard software is used for these systems wherever possible.

Compliance with guidelines and defined procedures is regularly monitored in internal audits by the Auditing and Organization departments, and by external audits. The results are reported to the Audit Committee of the Supervisory Board.

The corporate Finance / Controlling and Risk Controlling departments are overseen by a different member of the Board of Managing Directors than the Auditing department.

It should be pointed out, however, that even appropriate, properly functioning systems cannot offer an absolute assurance that risks will be identified and managed.

Oldenburg, February 28, 2012
Oldenburgische Landesbank AG

The Board of Managing Directors

Dr. Achim Kassow
Spokesman

Dr. Stefan Friedmann

Jörg Höhling

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Consolidated Financial Statements

Consolidated Income Statement of the Oldenburgische Landesbank Group for the period January 1 – December 31, 2011

EUR m	2011	2010	Change	Change (%)	Note / Page
Interest and similar income	551.9	501.7	50.2	10.0	
Interest expense and similar charges	307.2	263.7	43.5	16.5	
Net interest income	244.7	238.0	6.7	2.8	02 / 084
Commission income	128.0	135.7	– 7.7	– 5.7	
Commission expense	46.1	50.8	– 4.7	– 9.3	
Net commission income	81.9	84.9	– 3.0	– 3.5	03 / 085
Net operating trading expense	– 1.6	– 0.7	– 0.9	>100	04 / 086
Other income	68.0	70.7	– 2.7	– 3.8	05 / 086
Operating income	**393.0**	**392.9**	**0.1**	**—**	
Operating personnel expense	182.9	182.2	0.7	0.4	
Office expense	120.1	123.2	– 3.1	– 2.5	
Administrative expenses	303.0	305.4	– 2.4	– 0.8	06 / 087
Other expenses	1.2	3.3	– 2.1	– 63.6	07 / 087
Operating expenses	**304.2**	**308.7**	**– 4.5**	**– 1.5**	
Risk provisions for credit business	88.4	24.6	63.8	>100	08 / 088
Realized net income / loss from financial assets	23.0	12.9	10.1	78.3	
Net nonoperating trading income / expense	– 4.0	1.2	– 5.2	n / a	
Net income / loss from financial assets	19.0	14.1	4.9	34.8	09 / 088
Restructuring expense	5.9	2.9	3.0	>100	10 / 089
Profit before taxes	**13.5**	**70.8**	**– 57.3**	**– 80.9**	
Taxes	– 3.4	18.3	– 21.7	n / a	11 / 089
Profit after taxes	**16.9**	**52.5**	**– 35.6**	**– 67.8**	

Basic and diluted earnings per share (EUR)	**0.73**	**2.25**	**– 1.52**	**– 67.56**	12 / 090

Consolidated Statement of Comprehensive Income of the Oldenburgische Landesbank Group for the period January 1 – December 31, 2011

EUR m	2011	2010	Change	Change (%)
Profit after taxes	**16.9**	**52.5**	**– 35.6**	**– 67.8**
Unrealized changes in market value (gross)	0.1	0.9	– 0.8	– 88.9
Reclassification to income statement because of realization (gross)				
Because of realized gains and losses	– 26.9	– 14.6	– 12.3	84.2
Because of impairment	3.2	1.0	2.2	>100
Taxes on unrealized changes in fair value	– 1.2	2.4	– 3.6	n / a
Reclassification to income statement because of realization	4.6	2.0	2.6	>100
Total income and expenses recognized outside profit or loss	**– 20.2**	**– 8.3**	**– 11.9**	**>100**
Total income and expenses	**– 3.3**	**44.2**	**– 47.5**	**n / a**

All items following the after-tax profit are included in Note (36a) on cumulative measurement effect.

Consolidated Statement of Financial Position (Balance Sheet) of the Oldenburgische Landesbank Group at December 31, 2011

Assets EUR m	**12/31/2011**	**12/31/2010**	Change	Change (%)	Note / Page
Cash and cash equivalents	144.3	158.8	– 14.5	– 9.1	14 / 094
Trading assets	18.5	20.0	– 1.5	– 7.5	15 / 094
Loans and advances to banks (net after risk provisions of EUR 0.1 million; prior year: EUR 0.3 million)	924.1	1,530.5	– 606.4	– 39.6	16 / 094
Loans and advances to customers (net after risk provisions of EUR 130 million; prior year: EUR 70.4 million)	9,792.3	9,451.3	341.0	3.6	17 / 095
Financial assets	2,258.9	1,983.1	275.8	13.9	20 / 097
Property, plant and equipment	97.5	100.7	– 3.2	– 3.2	21 / 099
Intangible assets	10.0	8.0	2.0	25.0	22 / 100
Other assets (net after risk provisions of EUR 0 million; prior year: EUR 0.1 million)	78.9	80.0	– 1.1	– 1.4	23 / 100
Tax refund entitlements	19.9	6.6	13.3	>100	24 / 101
Deferred tax assets	19.0	12.0	7.0	58.3	34 / 107
Total assets	**13,363.4**	**13,351.0**	**12.4**	**0.1**	

Liabilities EUR m	**12/31/2011**	**12/31/2010**	Change	Change (%)	Note / Page
Trading liabilities	15.7	13.1	2.6	19.8	26 / 102
Due to banks	3,397.0	3,816.5	– 419.5	– 11.0	27 / 102
Due to customers	7,544.5	7,208.2	336.3	4.7	28 / 102
Securitized liabilities	1,161.7	1,099.3	62.4	5.7	29 / 103
Provisions and other liabilities	389.7	350.3	39.4	11.2	30 / 103
Tax liabilities	11.4	13.5	– 2.1	– 15.6	33 / 107
Subordinated debt	274.2	254.4	19.8	7.8	35 / 108
Equity	**569.2**	**595.7**	**– 26.5**	**– 4.4**	36 / 108
Issued capital	60.5	60.5	—	—	
Additional paid-in capital	202.9	202.9	—	—	
Retained earnings	271.2	244.8	26.4	10.8	
Cumulative effect of measurement of available-for-sale financial instruments	1.1	21.3	– 20.2	– 94.8	
Distributable profit	33.5	66.2	– 32.7	– 49.4	
Total equity and liabilities	**13,363.4**	**13,351.0**	**12.4**	**0.1**	

Statement of Changes in Consolidated Equity of the Oldenburgische Landesbank Group for the period January 1 – December 31, 2011

EUR m	Issued capital	Additional paid-in capital	Retained earnings	Cumulative effect of measurement	Distributable profit	Total equity
12/31/2009	**60.5**	**202.9**	**214.2**	**29.6**	**58.3**	**565.5**
Dividend distribution from profit carried forward	—	—	—	—	– 14.0	– 14.0
Profit for period	—	—	—	—	52.5	52.5
Change in measurement of available-for-sale financial instruments	—	—	—	– 8.3	—	– 8.3
Transfer to retained earnings	—	—	30.6	—	– 30.6	—
12/31/2010	**60.5**	**202.9**	**244.8**	**21.3**	**66.2**	**595.7**
Dividend distribution from profit carried forward	—	—	—	—	– 23.2	– 23.2
Profit for period	—	—	—	—	16.9	16.9
Change in measurement of available-for-sale financial instruments	—	—	—	– 20.2	—	– 20.2
Transfer to retained earnings	—	—	26.4	—	– 26.4	—
12/31/2011	**60.5**	**202.9**	**271.2**	**1.1**	**33.5**	**569.2**

A dividend of EUR 1.00 per share was distributed during the year (prior year: EUR 0.60 per share).

Further information on constituents of equity is provided in Note (36) below.

Consolidated Cash Flow Statement of the Oldenburgische Landesbank Group for the period January 1 – December 31, 2011

EUR m	2011	2010	Note / Page
Operating activities			
Profit for the year	16.9	52.5	
Write-downs of investments	3.2	1.0	
Write-ups of investments	—	—	
Write-downs and write-ups of property, plant and equipment and intangible assets	16.6	17.4	*21, 22 / 099, 100*
Change in provisons and risk provisions for credit business	120.2	52.3	*08, 30 / 088, 103*
Changes in other noncash items	– 45.7	– 46.1	
Proceeds from sale of property, plant and equipment and of financial assets	– 27.0	– 14.5	
Other adjustments	– 229.1	– 205.3	
Subtotal	– 144.9	– 142.7	
Change in loans and advances to banks	606.6	– 158.0	*16 / 094*
Change in loans and advances to customers	– 400.6	– 1,011.1	*17 / 095*
Change in trading assets	4.1	– 2.2	*15, 26 / 094, 102*
Change in other assets	– 10.4	45.7	
Change in amounts due to banks	– 419.5	31.9	*27 / 102*
Change in amounts due to customers	336.3	907.6	*28 / 102*
Change in securitized liabilities	62.4	19.2	*29 / 103*
Change in other liabilities	22.1	15.6	*30 / 103*
Interest received	549.1	495.2	
Dividends received	1.3	1.6	
Interest paid	– 305.0	– 261.2	
Income tax paid	– 16.3	– 30.3	
Cash flow from operating activities	**285.2**	**– 88.7**	
Investing activities			
Proceeds from disposal of financial assets	1,663.4	767.7	
Proceeds from disposal of property, plant and equipment	2.0	0.1	
Payments for the acquisition of financial assets	– 1,945.3	– 692.1	
Payments for the acquisition of property, plant and equipment and intangible assets	– 16.4	– 16.1	*21, 22 / 099, 100*
Cash flow from investing activities	**– 296.3**	**59.6**	
Financing activities			
Proceeds from changes in capital	—	—	
Dividends paid	– 23.2	– 14.0	
Change in subordinated debt	19.8	81.7	*35 / 108*
Net issue of profit participation rights	—	—	
Interest expense for profit participation rights	—	—	
Changes in cash from other financing activities	—	—	
Cash flow from financing activities	**– 3.4**	**67.7**	
Cash and cash equivalents			
Cash and cash equivalents as of 1 / 1	158.8	120.2	*14 / 094*
Cash and cash equivalents as of 12 / 31	144.3	158.8	*14 / 094*
Change in cash and cash equivalents	**– 14.5**	**38.6**	

Notes to the Consolidated Financial Statements

Summary of significant accounting policies

01 Basis of preparation

Under Sec. 290 (1) of the German Commercial Code (HGB), Oldenburgische Landesbank AG (OLB) is required to prepare consolidated financial statements for the OLB subgroup, because the conditions for exemption under Sec. 291 (1) of the Commercial Code do not apply as a consequence of the exclusion clause under Sec. 291 (3) No. 1 of the code.
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), all as adopted by the EU, as the consolidated accounts required under Art. 4 of the IAS Regulation. In addition, Sec. 340i (2) of the German Commercial Code, in conjunction with Sec. 315a (1) of that code, governs the application of the above code requirements, such as those for the Group management report, that are also to be applied to the IFRS consolidated financial statements, together with further explicit additional disclosures.

All standards whose application was mandatory for the fiscal years concerned and that were relevant to the OLB Group were applied in the preparation of these consolidated financial statements.

Application of the following amendments or additions to existing standards was mandatory for the first time for fiscal 2011, insofar as they were relevant to the OLB Group:

- Improvements to IFRSs (2008–2010), referring to
  - IFRS 1, IFRS 3, IFRS 7,
  - IAS 1, IAS 21, IAS 27, IAS 31, IAS 32, IAS 34, IAS 38, IAS 39
  - IFRIC 13
- Revised version of IAS 24 (2009) with amendments to IFRS 8
- Amendments to IFRS 1 and IFRS 7
- Amendments to IAS 32
- Amendments to IFRIC 14
- IFRIC 19 with amendments to IFRS 1

Amendments to IFRS 7 regarding disclosure obligations for the transfer of financial assets, which are mandatory for fiscal years beginning on or after July 1, 2011, were voluntarily applied early.

The changes had no material effect on the presentation of the OLB Group's net assets, financial position or results of operations.

The consolidated financial statements are an integral part of the annual financial report within the meaning of the German Act Implementing the Transparency Directive (Sec. 37v of the German Securities Trading Act – WpHG) of January 5, 2007.

The accounting policies applied within the OLB Group are consistent with the standards of European reporting directives. The additional disclosures required under the EU Directives have been incorporated into the Notes to the financial statements. The provisions of the German Stock Corporation Act (AktG) and of the Balance Sheet Reform Act have been applied. The reporting currency is the euro. The reporting year is the calendar year. As a rule, amounts are expressed in million euros (EUR m), rounded to one decimal place according to common commercial practice.

In accordance with Art. 3 of its Articles of Incorporation, the purpose of the Bank is to conduct banking transactions of all kinds, except for the investment business within the meaning of Sec. 1 (1) Sentence 2 No. 6 of the German Banking Act (KWG), old version.

The Bank consolidates all subsidiaries in which it holds all voting rights and all shares of capital, using the purchase method. The following were consolidated:

Consolidated entities

- W. Fortmann & Söhne KG, Oldenburg,
- Münsterländische Bank Thie & Co. KG, Münster,
- Grundstücksgesellschaft mit beschränkter Haftung, Oldenburg,
- OLB-Service Gesellschaft mit beschränkter Haftung, Oldenburg.

Special funds

Special funds are consolidated in accordance with SIC 12, because the Bank can exercise decision-making powers over them and assumes the majority of the associated risks and benefits. These funds are:

- AGI-Fonds Ammerland,
- AGI-Fonds Weser-Ems.

They are managed by Allianz Global Investors (AGI).

All receivables and payables, income and expenses, and internal profits resulting from intra-Group transactions have been eliminated.

Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Purchases and sales of financial assets are recognized (or derecognized, as the case may be) as of the trade date.

Categories of financial instruments

According to IAS 39, all financial instruments must be recognized in the balance sheet, must be classified in specified categories, and must be measured as a function of that classification.

- Financial assets or liabilities held for trading serve primarily to generate profits from short-term price fluctuations or dealer's margins.
- Financial investments held to maturity are assets with fixed payments and fixed terms, which the Bank can and will hold to maturity. The intent and ability to hold them must be documented at the time of acquisition and at the end of each reporting period. The Bank had not classified any assets in this category as of the reporting date.
- Loans and receivables extended by the Company are financial assets with fixed or determinable payments that are not quoted in an active market. This category primarily comprises loans and advances to banks and to customers.
- Available-for-sale financial assets are what remains – i. e., all financial assets that cannot be assigned to one of the foregoing categories; in other words, the Bank does not actively designate assets to this category. It recognizes such amounts as financial assets.
- The Bank does not exercise the option to designate financial assets or liabilities at fair value through profit or loss.

Financial liabilities not held for trading particularly include amounts due to banks and customers, and securitized liabilities.

All financial instruments are initially measured at cost, which is equivalent to the fair value or market value of the consideration paid (for the acquisition of financial assets) or the consideration received (for the acquisition of financial liabilities). Thereafter, financial assets are normally measured at fair value. Exceptions include loans and receivables not held for trading, and certain financial assets whose fair value cannot be determined reliably. These exceptions are measured at amortized cost. If they are equity instruments, these financial assets are measured at cost. Except for trading liabilities measured at fair value, financial liabilities are likewise recognized at amortized cost. OLB does not apply the fair-value option.

Financial assets and liabilities are assigned to the above categories at initial recognition. There were no reclassifications during the year.

A financial asset is derecognized at the time when the Bank loses control over the contractual rights proceeding from the asset. A financial liability is derecognized when it is extinguished.

See the Notes below for the accounting policies governing the individual items of the balance sheet and income statement.

Foreign currency translation

Foreign currency is translated in accordance with IAS 21. This requires monetary assets and liabilities denominated in foreign currency, as well as cash transactions still unsettled at the end of the reporting period, to be converted to euros at the spot rates as of the end of the reporting period. Forward-exchange transactions are measured at the current forward rates applicable for the remaining term. Nonmonetary assets carried at fair value are converted to euros at the current exchange rate.

Expenses and income resulting from foreign currency translation are normally recognized in the appropriate items of the income statement. There were no material open net foreign currency positions at the end of the fiscal year.

Offsetting

Financial assets and liabilities are offset and shown as a net amount in the balance sheet if the Bank has a legally enforceable right in regard to its business partner to set off the amounts, and if the transactions are settled on a net basis, or if the liability is settled simultaneously with the realization of the asset.

Net interest income

Interest income and interest expenses are recognized on an accrual basis. Interest income includes interest income from receivables and securities, as well as accrued premiums and discounts.

Current income includes dividends from stocks, dividends from investments in associates, and equity investments in which interests of 50 percent or less are held.

Dividends are recognized in profit or loss as of the date when the legal entitlement to the dividend arises. Rental income is recognized on an accrual basis. Interest on financial assets and liabilities not measured at fair value through profit or loss is measured using the effective-interest method.

Unwinding, as a change in the present value of written-down or written-off receivables, is carried out by way of an adjustment account, in favor of interest income. In that sense, the gross receivable does not change.

Interest income and expenses resulting from repo and reverse-repo transactions are likewise recognized on an accrual basis, in net interest income.

Net commission income

This item includes commissions from the securities business, asset management, payment traffic, foreign transactions, and commissions for services for trust business, as well as from brokerage of banking transactions, insurance policies, credit cards, home savings and loan contracts, and real estate. Commissions are credited to income at the date when the service is provided.

Net operating trading income / expense

The net operating trading income or expense includes all realized and unrealized gains and losses on trading assets and liabilities attributed to operating activities. It also includes commissions and all interest income and expenses, as well as dividend income, that result from operating trading activities. The ineffective portions of hedges under hedge accounting, within the narrowly defined bounds of IAS 39, are also reflected in the net operating trading income or expense.

Fair-value hedge accounting

The Bank recognizes hedge relationships under the strict rules of IAS 39.

Only fair-value hedges are formed, to hedge against changes in the market value of recognized assets due to interest rate risk. The hedged risk is defined as the risk of a change in fair value of the hedged items due to a change in the underlying reference interest rate. The reference interest rate for hedged interest-bearing transactions denominated in euros is based on the EURIBOR swap curve.

Interest rate swaps with defined maturities are used as hedging derivatives. The fixed-interest side is fixed over the term of the swap. The variable interest rate is coupled to the reference interest rate (EURIBOR) as the index.

The associated yield curve corresponds in maturity with the contractual maturity of the variable side of the swap. The same thing applies accordingly for the hedged items.

The hedged items pertain to homogeneous portfolios of loans of the same type in the “Loans and receivables” category, as well as individual investment securities in the available-for-sale category.

For these fair-value hedges, both the measurement of the hedging derivatives and the measurement of the underlying transactions in regard to interest rate risk are recognized in the net income for the current fiscal year. Contrary changes in measurement offset one another; ineffective portions within the narrowly defined bounds of IAS 39 are recognized in the net operating trading income or expense.

Positive market values of hedging derivatives under hedge accounting are recognized under other assets. Positive market values from non-trading derivatives that do not meet the strict criteria of IAS 39 are recognized under trading assets.

Negative market values of hedging derivatives under hedge accounting are recognized as other liabilities, in the item for provisions and other liabilities. Negative market values from non-trading derivatives that do not meet the strict criteria of IAS 39 are recognized under trading liabilities.

Net nonoperating trading income/expense

The result from the management of financial assets is recognized as net nonoperating income or expense. For this purpose, derivative transactions on these financial assets are reflected in net nonoperating trading income (or expense). Net nonoperating trading income is combined with the realized income from financial assets in the net income or loss from financial assets.

Restructuring expense

Restructuring expenses are recognized as of the date on which the Bank adopts a detailed restructuring plan for certain programs, and that plan has received formal approval and its implementation has begun. The recognized expenses are measured on the basis of qualified estimates of the expected costs of the individual measures.

Future liabilities beyond the horizon of one year are discounted to the underlying present value. Estimates are regularly evaluated to make sure that they are still reasonable, and are revised if necessary. Restructuring costs that cannot be covered with provisions are recognized in the period when they are incurred.

Restructuring expenses include only those components of discontinued activities or business units that are so clearly set apart that they cannot be connected with future continuing business. Since the timing of restructuring expenses can largely be determined by the Group, these expenses are shown separately from net operating income, to give the reader additional insight into current developments.

Taxes

Income tax to be paid on profits, on the basis of the applicable tax legislation, is expensed on an accrual basis. Deferred income tax assets and liabilities are recognized in full in the financial statements irrespective of their reversal date, using the balance-sheet-oriented approach, for temporary differences between the carrying amount of assets and liabilities and their tax base. They are recognized at the tax rates that have already been enacted or substantially enacted and that are expected to apply when the related tax asset or liability is reversed. Tax refund assets and tax liabilities are recognized for additional tax payments or tax refunds due. Deferred tax assets are recognized in the amount for which it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Other taxes are recognized under the administrative expenses.

Information about segment reporting

The OLB Group distinguishes two segments, OLB Regional Bank and Allianz Bank. The OLB Regional Bank segment reflects the Oldenburgische Landesbank Group's regional full-service banking business, with its branches in its familiar business territory. The Allianz Bank segment reflects the Allianz Bank business, including consulting and sales for banking products (sale of investment funds and securities, lending and deposit business) through Allianz agencies nationwide.

In compliance with IFRS 8, segment reporting is based on the Group management accounts, as a tool that is prepared monthly and oriented to decision-making, intended to support corporate management and control and to reflect risks and opportunities. Changes in organizational structure, and modifications in the allocation of income and costs, are recognized retroactively in the reporting of the current year and in the presentation of the previous year.

A segment's net interest income is calculated by measuring the segment's assets and liabilities on the basis of an offsetting concept oriented to market interest rates. Capital is allocated on the basis of the risk capital attributed to the segments. Administrative expenses include both direct costs and those costs that are allocated by netting between segments on the basis of an intra-Group exchange of services.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and balances with central banks that mature daily. Holdings are measured at their nominal value.

Trading assets and liabilities

Trading assets comprise debt securities, stocks and derivatives (positive market values). Trading liabilities comprise only negative market values from derivatives. Market values from hedge derivatives that are used for internal risk management but do not qualify for hedge accounting under IAS 39 are likewise included here.

Trading assets and liabilities are recognized at fair value plus transaction costs at the trade date, and thereafter are likewise measured at fair value.

In cases where there is no market quotation, the fair value is determined on the basis of the market prices of comparable instruments, or using recognized valuation models (especially present valuing and option pricing models). Reasonable adjustments are applied for measurement risks. Gains or losses from measurement are included in net trading income.

Fair-value option

Assets and liabilities designated for measurement under the fair-value option: The Bank does not apply this category at present.

Financial assets

The Group's financial assets consist of bonds, including other fixed-income securities; stocks, including other non-fixed-income securities; equity interests in entities in which 50 percent or less is held; and investments in unconsolidated associates.

The investments in associates pertain to a company in which the OLB Group holds a majority interest, but which it does not include in the consolidated financial statements because of its minor importance.

Equity interests are entities over which the Bank cannot exercise a significant influence and in which it holds interests of 50 percent or less; they serve to establish a lasting relationship with the entities concerned, but they are not recognized at equity.

All financial assets are treated as financial assets available for sale at any time, and at their initial recognition are measured at fair value plus the transaction costs directly associated with the purchase. They are normally measured at fair value thereafter. However, if neither a liquid market price nor the relevant factors for valuation models can be determined reliably for stocks not listed on a stock exchange, and for investments in associates and equity interests, these are recognized at cost.

For available-for-sale assets, the OLB Group recognizes measurement gains and losses in a separate equity item, outside profit or loss. In the event of the sale or impairment of an available-for-sale financial instrument, the amount of the accumulated valuation gains and losses hitherto recognized in equity is realized by reclassification to the income statement.

Securities classified as available for sale are regularly tested for impairment. In that testing, a distinction as to indicators is made between stocks and debt securities.

Equity instruments

Equity instruments in the available-for-sale category are considered impaired if their fair value has decreased either significantly or permanently below their acquisition cost; either criterion by itself is an indicator of impairment. Significance exists if the fair value is at least 20 percent below the amortized cost. Permanence exists if the fair value has been consistently below the amortized cost for at least nine months. The amount of the impairment is recognized in the income statement, under the item for net income / loss from financial assets. When the reason for the impairment no longer applies, equity instruments in the available-for-sale category cannot be written back up to their original cost, with an impact on profit or loss ("once impaired – always impaired"). Other losses of value are recognized in profit or loss, in the item for net income / loss from financial assets. Recoveries of value are recognized in equity, outside profit or loss. The reserve is not recycled to profit or loss until the time of sale of an asset, in the item for net income or loss from financial assets.

If the market value (fair value) of *Debt securities in the available-for-sale category* is significantly below the (amortized) cost, that is an indicator of permanent impairment. Here "significantly" means that the fair value has consistently been at least 20 percent below the amortized cost for more than six months. To objectively demonstrate a need for impairment, as triggering criteria the Bank likewise analyzes significant financial difficulties of the issuer, breach of contract, concessions to the issuer for economic or legal reasons connected with its financial difficulties, the probability of the issuer's insolvency or need for reorganization, or the disappearance of an active market for the financial asset because of financial difficulties. Impairments of fixed-income securities that may be sold at any time are recognized in profit or loss if there is objective evidence that a loss event has occurred that will reduce expected cash flows. A reduction in fair value below amortized cost due to changes in the risk-free interest rate does not constitute objective evidence of a loss event. The amount of the impairment is recognized in the income statement, under the item for net income / loss from financial assets. If the reasons for the previous impairment no longer exist, value is recovered subsequently in profit or loss up to a maximum equal to the amortized original cost, under the item for net income or loss from financial assets.

Current income from bonds, including premiums or discounts accrued over the term, is recognized in net interest income. Dividend income from stocks and income from investments in associates and equity interests are recognized in the same item. The gains and losses on the sale of these securities are recognized in the net income or loss from financial assets. The effects on earnings from derivatives that are economically classifiable as belonging to special funds, and that do not qualify for hedge accounting, are recognized under the net nonoperating trading income or expense.

Repurchase agreements

In a repurchase agreement ("repo"), the Group sells securities and at the same time agrees to buy them back at an agreed-upon price at a certain date. The Group retains the risks and rewards associated with the securities as a consequence of changes in interest rates or defaults, for the life of the transaction. Accordingly, the securities continue to be recognized in the Group's balance sheet as trading assets or financial assets. The value of the legal sale is included in the balance sheet item for amounts due to banks or amounts due to customers, as the case may be, and is recognized as a liability from repurchase agreements.

Interest expenses for repurchase agreements are amortized on an accrual basis and included in the net interest income.

Reverse-repo agreements

In a reverse repurchase agreement ("reverse repo"), the Group buys securities and at the same time agrees to sell them back at an agreed-upon price at a certain date. The other party to the contract retains the risks and rewards associated with the securities as a consequence of changes in interest rates or defaults, for the life of the transaction. Accordingly, the securities are not recognized as trading assets or financial assets in the Group's balance sheet. The value of the legal purchase is included in the balance sheet item for loans and advances to banks or loans and advances to customers, as the case may be, and is recognized as a receivable from reverse-repo agreements.

Interest income resulting from reverse-repo agreements is recognized on an accrual basis, in net interest income.

Loans and advances to banks and to customers

Loans and advances to banks and customers that originate with the Bank, as well as acquired receivables that are not used for trading purposes and that are not quoted on an active market, are measured at amortized cost, less impairment if applicable. These receivables are initially recognized at the transaction price, which is equivalent to the amount made available to the debtor. Therefore, at the time of initial recognition, the carrying amount of these receivables also includes priced-in transaction costs.

Interest income is recognized using the effective-interest method. Any differences between the nominal amount and the amount actually disbursed, and any loan processing fees, if they have the nature of interest, are recognized in profit or loss using the effective-interest method. Loans and advances are considered at risk of default if current information or events indicate a probability that a customer will not make an interest or principal payment when due under the agreement. Irrespective of any legal claims, interest is no longer recognized on outstanding receivables if a repayment of principal seems doubtful, and is therefore covered by a risk provision. From that time on, all payments are initially used to retire the receivable capital. Unwinding, as a change in the present value of written-down or written-off receivables, is carried out by way of an adjustment account, in favor of interest income. For the effects of unwinding, please see the table on net interest income. A distinction is made as to whether the effects result from written-down or written-off financial assets.

Where hedge accounting is used, the change in fair value of the hedged items that is applicable to the hedged risk – where it relates to loans and advances to customers – is recognized in the item for loans and advances to customers, as a counter-item to the change in fair value of the corresponding interest rate swaps. The fair value of the interest rate swaps is recognized in the items for other assets or other liabilities, as the case may be.

Impairment and provisions in the lending business (risk provisions)

To determine objectively if there is a need for impairment, the Bank analyzes certain triggering criteria: significant financial difficulties of the issuer or debtor, breach of contract, concessions to the borrower for economic or legal reasons in connection with its financial difficulties, the probability of the borrower's insolvency or need for reorganization, or indications from observable data that there has been a measurable reduction in expected future cash flows from a group of financial assets since their initial recognition, even though the reduction cannot be attributed to any particular asset in the group.

A customer's probability of default must particularly be examined if there are indications that the Bank will not receive as scheduled all receivables defined and payable under the loan agreement. A probability of default exists if the Bank finds it probable, on the basis of current information and events, that it will not receive as scheduled all receivables defined and payable under the loan agreement. Here there may be concerns about whether principal will be repaid in the amount provided under the loan agreement or at the date specified in the agreement.

Risk provisions represent the expected value of the impairment of credit receivables, taking account of not only actual impairments but also potential risks that derive from the structure and quality of the credit portfolio. Because of the methods employed, the size of the risk provision is subject to an estimation uncertainty. We believe the recognized risk provisions are adequate.

Normally, the method of deciding their amount may be allowed to depend on the significance of the receivable to the Bank (significant vs. non-significant receivables). For that reason, OLB distinguishes between the standardized loan business, in which risk is distributed almost uniformly (homogeneous portfolio), the customized loan business, which has an individualized risk exposure (nonhomogeneous loan portfolio), and country risks (see below), with their associated forms of provisioning.

Nonhomogeneous portfolio

Specific Loan Loss Provisions (SLLPs) are recognized in the nonhomogeneous portfolio to take account of any individually significant defaults that are discovered. The amount, allowing for the discounted value of collateral, is determined from the difference between the carrying amount of the receivable and the present value of expected payments to be received on that receivable. In addition, General Loan Loss Provisions (GLLPs) are recognized for impairments of receivables for which no individual provisions have been formed, since it must be expected that some defaults may have already occurred that could not yet be identified as of the end of the reporting period. In assessing impairment, the Bank combines financial assets with similar risk features and distinguishes between the ship portfolio and the other nonhomogeneous portfolio, on the basis of the changes that took place in the shipping market in fiscal 2011. To determine the GLLP for the ship portfolio, the Bank uses a specific model, consulting industry indexes and charter rates, which takes the relevant factors for estimating future cash flows into account. The amount of the risk provision for the remainder of the nonhomogeneous portfolio is based on the historical default probabilities and the derived losses given default, allowing for the discounted value of collateral.

Homogeneous portfolio

The discovered defaults in the homogeneous portfolio are covered with global loan loss provisions. Global loan loss provisions are also formed for defaults that may have already occurred but could not yet be identified as of the end of the reporting period. The two amounts together constitute the Portfolio Loan Loss Provision (PLLP). The amount is computed from the historical default probabilities and the derived losses given default, allowing for the value of collateral.

Annual estimation of parameters

The parameters for determining the GLLP, PLLP and guarantee provisions are updated annually. In computing the GLLP and PLLP, an additional risk markup under IAS 39 AG 89 is included, if necessary, to take account of higher insolvency probabilities due to economic conditions.

Country risks

The country risk provision reflects the risk related to transfers and convertibility of receivables in regard to borrowers domiciled outside Germany. Allowing for valid collateral and any customer risk provisions already in existence, the amount of the provision is computed as an expected loss given default (country risk provisioning ratio) on the customer's usage of facilities.

No country risk provisions were necessary as of the balance sheet date.

Risk provisions are normally deducted from the associated item in the balance sheet. However, if the risk provision pertains to off-balance-sheet credit operations (contingent liabilities, loan commitments), the risk provision is recognized among provisions.

Derecognition of receivables

As soon as a receivable becomes uncollectible, it is derecognized by taking a charge against any associated specific loan loss provision that has been established, or else directly against the income statement.

Written-down loans are considered uncollectible for accounting purposes no later than the expiration of longer terms. The length of the terms depends in particular on the collateral and our experience. This does not affect the validity or prosecution of our legal claims.

Amounts received for receivables that have been written off are recognized in the item for risk provisions for the credit business, with an impact on profit and loss.

Restructuring of receivables

In certain significant exceptional cases, for certain receivables that would otherwise be delinquent or impaired because the borrower's economic circumstances have deteriorated, the Bank agrees to renegotiate the contract terms. As part of troubled debt restructuring, the Bank may make concessions to borrowers such as deferring deadlines, waiving interest or principal, extending maturities, or the like, so that a specific loan loss provision can be averted. The risk report includes further details.

Property, plant and equipment

Land and buildings, as well as business and office equipment, are recognized at amortized cost. Subsequent costs are capitalized, provided they increase the future economic benefits of the associated assets. Repairs, maintenance and other costs of upkeep are recognized as expenses for the period in which they arise. Property, plant and equipment are depreciated on a straight-line basis over the following periods, in keeping with their estimated useful lives:

- Buildings 25–50 years
- Business and office equipment 3–13 years.

Depreciation is charged to administrative expenses. Gains or losses on disposals of property, plant and equipment or for land or buildings used by the Bank itself are recognized under other income or other expenses.

Finance leases

In 2010, OLB entered into a contract to lease automated teller machines and service terminals that is to be categorized as a finance lease. It is recognized in property, plant and equipment. The net carrying amount of equipment acquired during the year came to EUR 337 thousand as of December 31, 2011 (prior year: EUR 80 thousand). The maturity of agreements with minimum lease payments, in the amount of EUR 360 thousand (prior year: EUR 85 thousand) is between three and five years (prior year: between four and five years). The present value of these minimum lease payments was calculated at EUR 337 thousand (prior year: EUR 80 thousand), on the basis of an imputed interest rate determined from the terms of the lease. No contingent lease payments are recognized in the income statement.

Intangible assets

This item includes acquired software, which is amortized on a straight-line basis under other administrative expenses over its expected useful life.

After their initial recognition at cost, intangible assets are recognized at these historical values less all accumulated amortization and unscheduled write-downs. Normally, host applications are amortized over seven years and client-server applications are amortized over five years. Costs of maintenance for software programs are recognized in profit or loss as they are incurred.

Interest-bearing and non-interest-bearing liabilities

Interest-bearing and non-interest-bearing liabilities are normally recognized at amortized cost, taking directly attributable transaction costs into account. Amortization of discounts is expensed on a prorated basis over time, using the effective-interest method.

Provisions

Provisions are recognized in accordance with IAS 37 when the Group has present legal or constructive obligations that have arisen as a result of past transactions or events. For these provisions, it is probable that settlement of the obligation will result in an outflow of resources with economic benefit, and the amount of the obligation can be estimated reliably. Provisions must be reviewed and adjusted annually.

Provisions for credit risks in off-balance-sheet credit commitments are charged to the risk provisions for the credit business; provisions for restructuring are charged to the restructuring expense. Other allocations to provisions are normally charged to administrative expenses. Write-backs are recognized in the same items to which the provisions were originally applied.

Retirement plan obligations

Most of the Group's employees are included under a company retirement plan that is paid out in the form of retirement, disability and survivors' pensions. The rest of the employees are entitled to a lump sum payment when they reach retirement age, become disabled, or upon their death.

In general, pension plans are financed by payments from the pertinent Group companies; in addition, there are arrangements involving individual contributions from the employees.

For the actuarial calculation of the present value of earned pension entitlements, the net pension expense, and any additional costs for changes in defined-benefit pension plans, pension obligations are calculated annually by independent qualified actuaries using the projected unit credit method; this is an accrual method.

The pension obligation is measured at the present value of the pension entitlements earned as of the measurement date. Here account is taken of an interest rate consistent with current market conditions (for first-class fixed-yield industrial bonds with matching maturities), and of assumed increases in wages and salaries, pension trends, and expected income from the plan assets. Actuarial gains and losses, which result from experience-based adjustments, changes in actuarial assumptions and changes in the plans themselves, are recognized over the employees' average remaining service times if the gains or losses exceed the higher of either 10 percent of the present value of defined-benefit obligations or 10 percent of the fair value of the plan assets. The pension expense is recognized under administrative expenses, as expenses for retirement plans.

In addition, employees acquire an entitlement to benefits under an indirect benefits commitment. These are financed by premiums paid, with employee participation, to outside benefits providers (including the Versicherungsverein des Bankgewerbes a. G., Berlin). Premiums paid to outside benefits providers are recognized as a current expense, and are included under the administrative expenses, as expenses for retirement plans.

Trust business

Assets and liabilities that the Group holds in its own name but on behalf of others are not included in the balance sheet. Compensation paid for this business is recognized as commission income in the income statement.

Information about the cash flow statement

The cash flow statement shows the changes in the OLB Group's cash and cash equivalents due to cash flows from operating activities, investing activities, and financing activities. The cash flow from operating activities is generated using the indirect method from the consolidated financial statements. The cash flow from investing activities, which is determined by the direct method, primarily includes proceeds from the sale, and payments for the acquisition, of financial assets and property, plant and equipment. Financing activities, which are likewise determined by the direct method, reflect all cash flows from transactions in senior capital and from transactions in junior capital and profit participation rights. In keeping with general international banking practice, all other cash flows are attributed to operating activities. The shown cash and cash equivalents comprise cash on hand and balances with central banks.

Estimation uncertainties and critical accounting judgments

Estimation uncertainties and critical accounting judgments particularly arise in regard to forward-looking assumptions and in calculating pension obligations, determining assumed payment dates and cash flows and the necessary amounts for provisions, in calculating risk provisions and in recognizing deferred tax.

Information about the nature and extent of risk

In addition to the discussions of risks from the use of financial instruments as described in the individual Notes to the financial statements, the risk report also includes further qualitative and quantitative information, particularly about credit risks, market risks, and liquidity risks.

Notes to the Income Statement and Segment Reporting

02 Net interest income

EUR m	2011	2010
Interest income from		
Lending and money market transactions	473.9	441.8
Written-down financial assets[1]	1.2	0.1
Written-off financial assets[1]	0.3	0.3
Fixed-income securities and book-entry securities	55.0	43.8
Interest rate swaps	19.6	13.5
Current income from		
Stocks and other non-fixed-income securities, equity interests of 50 percent or less, and investments in associates	1.3	1.6
Other	0.6	0.6
Total interest income	**551.9**	**501.7**
Interest expenses for		
Deposits	224.6	185.0
Securitized liabilities	22.1	23.3
Subordinated debt	13.7	9.8
Interest rate swaps	42.3	41.9
Other	4.5	3.7
Total interest expenses	**307.2**	**263.7**
Net interest income	**244.7**	**238.0**

1 Accrued per IAS 39 (unwinding)

The total interest income from financial assets not measured at fair value through profit or loss was EUR 532.3 million (prior year: EUR 488.2 million). The total interest expense for financial liabilities not measured at fair value through profit or loss was EUR 264.9 million (prior year: EUR 221.8 million).

03 Net commission income

EUR m	2011	2010
Securities business	**50.4**	**54.8**
Income	53.6	57.9
Expenses	3.2	3.1
Asset management	**10.2**	**10.8**
Income	10.4	10.8
Expenses	0.2	—
Payment traffic	**26.0**	**24.9**
Income	28.0	31.2
Expenses	2.0	6.3
Foreign business	**2.5**	**3.5**
Income	2.5	3.5
Expenses	—	—
Insurance, home loan and savings, real estate business	**13.3**	**12.7**
Income	17.7	16.7
Expenses	4.4	4.0
Credit card business	**2.9**	**2.5**
Income	7.3	6.7
Expenses	4.4	4.2
Trustee and other fiduciary activities	**0.1**	**0.1**
Income	0.1	0.1
Expenses	—	—
Other	**–23.5**	**–24.4**
Income	8.4	8.8
Expenses	31.9	33.2
Net commission income	**81.9**	**84.9**
Income	128.0	135.7
Expenses	46.1	50.8

The “Other” commission expense pertains primarily to EUR 29.5 million in compensation for the Allianz sales organization in Germany for their successful conduct of business (prior year: EUR 30.0 million).

As an adjustment to conform more closely to internal reporting, portions of the portfolio fees recognized in the commission income from the securities business have been reclassified to commission income from asset management. The pertinent amount for the prior year came to EUR 2.8 million.

The prior-year figures have been adjusted accordingly. The adjustments to conform better with internal reporting provide a more accurate presentation.

The total commission income from financial assets not measured at fair value through profit or loss was EUR 6.3 million (prior year: EUR 6.2 million).

04 Net operating trading income / expense

Normally, market trading prices are used in determining the fair value of trading assets and trading liabilities. For products not quoted on a market, fair values are determined using present valuing or suitable option pricing models. The net trading income includes both realized net income and the net measurement result from trading activities.

The net interest and dividend income results from current expenses and income for interest-rate and stock products, and from non-trading derivatives.

Trading-related commissions consist of the Bank's expenses for stock market settlements and of earned margins in the foreign-exchange and precious-metals business.

The effect of non-trading derivatives reflects the recognition of the mutually compensating hedge adjustments for hedged items and hedging transactions under hedge accounting, including any ineffective portions within the narrowly defined bounds of IAS 39. Hedge adjustments represent the changes in present value on the basis of clean closeouts (excluding interest accrued), less amortization (at constant effective rates) resulting from the difference between the initial carrying amount and the maturity value.

The "Other" item primarily reflects income and expenses from hedging transactions for share-based payments to the Board of Managing Directors.

04 a Net operating trading expense by product

EUR m	2011	2010
Trading in interest-rate products	– 0.4	– 2.8
Trading in stock products	– 2.2	1.7
Foreign-currency and precious-metals business	1.0	2.4
Effects of non-trading derivatives	0.5	– 2.1
Other	– 0.5	0.1
Net operating trading expense	**– 1.6**	**– 0.7**

04 b Net operating trading expense by net realized income and net measurement income

EUR m	2011	2010
Realized income (net)	– 4.1	—
Measurement income (net)[1]	0.9	– 2.9
Write-ups	2.6	1.3
Write-downs	1.7	4.2
Net interest and dividend income from trading	0.3	0.3
Trading-related commissions	1.3	1.9
Net operating trading expense	**– 1.6**	**– 0.7**

1 Including effects from the application of IAS 39

The ineffective portions from hedge accounting recognized in net trading income are explained in the Note concerning the derivatives business.

05 Other income

EUR m	2011	2010
Other income	68.0	70.7

The other income for the year primarily comprised cost reimbursements from Allianz Deutschland AG for assuming the current loss of Allianz Bank.

06 Administrative expenses

EUR m	2011	2010
Wages and salaries	121.3	119.9
Social security	24.2	24.9
Bonuses	19.6	22.9
Pensions and other post-retirement benefits	17.8	14.5
Total operating personnel expenses	**182.9**	**182.2**
IT expenses	22.7	23.7
Expenses for sales support and services within the Allianz Group	22.4	22.5
Occupancy expenses	17.3	16.2
Advertising and representation expense	5.9	7.4
Business and office equipment expense	4.5	4.3
Other administrative expenses	30.7	33.3
Office expense before current depreciation and amortization	**103.5**	**107.4**
Current depreciation and amortization	**16.6**	**15.8**
Administrative expense	**303.0**	**305.4**

The "Other" administrative expenses are primarily costs for deposit insurance and the bank levy, together with the costs for the technical management of customer accounts and customer payment traffic. This item also includes expenses for outside services and consultants, as well as training and travel expenses and costs for the use of market information systems.

As an adjustment to the internal reorganization of responsibilities together with the associated reporting, portions of the telephone costs included in expenses for business and office equipment were reclassified to IT expenses. The pertinent amount for the prior year came to EUR 0.9 million.

The prior-year figures have been adjusted accordingly. The adjustments to conform better with internal reporting provide a more accurate presentation.

On average for the year, we had 2,926 employees (prior year: 2,973), not including apprentices and trainees.

07 Other expenses

EUR m	2011	2010
Other expenses	1.2	3.3

These are primarily payments made to our customers as gestures of goodwill.

08 Risk provisions for credit business

EUR m	2011	2010
Net result of impairment provisions	108.0	42.4
Additions to impairment provisions	127.3	48.1
Write-backs of impairment provisions	19.3	5.7
Net results from provisions	– 2.2	0.9
Additions to provisions	0.3	3.0
Write-backs of provisions	2.5	2.1
Direct write-downs	0.2	0.3
Receipts on written-off receivables	17.6	19.0
Risk provisions for credit business	**88.4**	**24.6**

09 Realized income from financial assets and net nonoperating trading income / expense

The net income from financial assets shows the results from sales and measurements of investment securities, equity interests of 50 percent or less, and investments in unconsolidated subsidiaries, as well as the nonoperating portion of net trading income.

The item for net nonoperating trading income or expense includes the components that are not attributable to net operating trading income. This reflects net trading contributions from the AGI-Fonds Weser-Ems and Ammerland special funds that resulted from entering into derivative transactions.

EUR m	2011	2010
Realized income (net)	26.2	13.9
Measurement loss (net)	– 3.2	– 1.0
Write-ups	—	—
Write-downs	3.2	1.0
Realized net income / loss from financial assets	**23.0**	**12.9**
Realized income (net)	– 3.1	1.2
Measurement loss (net)	– 0.9	—
Write-ups	—	—
Write-downs	0.9	—
Net nonoperating trading income / expense	**– 4.0**	**1.2**
Net income / loss from financial assets	**19.0**	**14.1**

The net realized income of EUR 26.2 million from financial assets comes from realizations of securities in the available-for-sale category (AfS). The measurement loss of EUR –3.2 million relates entirely to write-downs on AfS holdings.

The realized expense of EUR –3.1 million from nonoperating trading resulted from the maturity of derivatives in the special funds.

EUR m	2011	2010
Net income / loss on available-for-sale securities	23.0	12.9
Net income / loss on disposals and measurements at associates	—	—
Net income / loss from other financial assets	—	—
Net nonoperating trading income / expense	– 4.0	1.2
Net loss from financial assets	**19.0**	**14.1**

10 Restructuring expense

The Bank took steps in 2010 under its "ProFil II" and "Cost Benchmarking" projects to strengthen its market position amid competition on cost. A Company-wide labor agreement was signed between management and the Company-wide labor council of Oldenburgische Landesbank AG, and was communicated to the employees concerned. The provision of EUR 2.9 million recognized in 2010 was used in 2011 primarily to fund provisions for phased retirement arrangements. Further plans for steps to be taken were updated in 2011. Given the estimated payment dates, the projected payments will result in a further restructuring expense of EUR 2.0 million.

In 2011, the Bank adopted plans for the "Reorientation of the Allianz Bank Sales Organization." A Company-wide labor agreement was signed between management and the Company-wide labor council of Oldenburgische Landesbank AG, and was communicated to the employees concerned. Payments of EUR 0.6 million were made for this purpose in 2011. Given the estimated payment dates, the projected future payments will result in a further restructuring expense of EUR 3.3 million.

The programs covered by the restructuring expense pertain mainly to future payments for phased and early retirement arrangements, as well as severance payments.

EUR m	2011	2010
Restructuring expense	5.9	2.9

11 Taxes

EUR m	2011	2010
Current taxes (current year)	2.5	21.5
Current taxes (previous years)	– 2.3	– 0.4
Deferred taxes	– 3.6	– 2.8
Taxes	**– 3.4**	**18.3**

12 Basic and diluted earnings per share

For *Basic and undiluted earnings per share*, the profit is divided by the average weighted number of shares of stock outstanding during the year.

	2011	2010
Profit (EUR m)	16.9	52.5
Average number of shares outstanding (million)	23.3	23.3
Basic and diluted earnings per share (EUR)	**0.73**	**2.25**

There are no dilution effects in the OLB Group. For that reason, no distinction is made in reporting the earnings per share.

13 Segment reporting

For the bases and methods of segment reporting, please see the significant accounting policies in Note (01).

	2011			
EUR m	OLB Regional Bank segment	Allianz Bank segment	Consolidation	OLB Group total
Operating income	294.8	98.8	–0.6	393.0
Operating expenses	207.4	97.4	–0.6	304.2
Risk provisions for credit business	86.0	2.4	—	88.4
Operating profit	1.4	–1.0	—	0.4
Net income from financial assets	15.9	3.1	—	19.0
Restructuring expense	2.0	3.9	—	5.9
Profit before taxes	**15.3**	**–1.8**	**—**	**13.5**
Segment assets (EUR bn)	11.4	2.3	–0.3	13.4
Segment liabilities (EUR bn)	10.8	2.3	–0.3	12.8
Cost-income ratio (%)	70.4	98.6	—	77.4
Adjusted risk capital (average)	441.7	30.8	—	472.5
Risk assets (average)	6,092.6	424.2	—	6,516.8

	2010			
EUR m	OLB Regional Bank segment	Allianz Bank segment	Consolidation	OLB Group total
Operating income	293.5	100.3	–0.9	392.9
Operating expenses	214.6	95.0	–0.9	308.7
Risk provisions for credit business	19.6	5.0	—	24.6
Operating profit	59.3	0.3	—	59.6
Net income from financial assets	10.6	3.5	—	14.1
Restructuring expense	2.9	—	—	2.9
Profit before taxes	**67.0**	**3.8**	**—**	**70.8**
Segment assets (EUR bn)	11.9	1.6	–0.1	13.4
Segment liabilities (EUR bn)	11.3	1.6	–0.1	12.8
Cost-income ratio (%)	73.1	94.7	—	78.6
Adjusted risk capital (average)	430.0	23.7	—	453.7
Risk assets (average)	5,931.0	326.8	—	6,257.8

The performance of the segments is shown below:

Segment: OLB Regional Bank

EUR m	2011	2010	Change	Change (%)
Net interest income	227.4	223.8	3.6	1.6
Net commission income	68.3	69.7	– 1.4	– 2.0
Net operating trading expense	– 1.6	– 0.8	– 0.8	100.0
Other income	0.7	0.8	– 0.1	– 12.5
Operating income	**294.8**	**293.5**	**1.3**	**0.4**
Operating personnel expense	144.8	146.0	– 1.2	– 0.8
Direct office expense	74.9	80.9	– 6.0	– 7.4
Intersegment cost offsetting	– 12.5	– 13.3	0.8	– 6.0
Administrative expenses	207.2	213.6	– 6.4	– 3.0
Other expenses	0.2	1.0	– 0.8	– 80.0
Operating expenses	**207.4**	**214.6**	**– 7.2**	**– 3.4**
Risk provisions for credit business	86.0	19.6	66.4	>100
Operating profit	**1.4**	**59.3**	**– 57.9**	**– 97,6**
Realized net income / loss from financial assets	19.0	9.4	9.6	>100
Net nonoperating trading income / expense	– 3.1	1.2	– 4.3	n / a
Net income / loss from financial assets	15.9	10.6	5.3	50.0
Restructuring expense	2.0	2.9	– 0.9	– 31.0
Profit before taxes	**15.3**	**67.0**	**– 51.7**	**– 77.2**
Segment assets (EUR bn)	11.4	11.9	– 0.5	– 4.2
Segment liabilities (EUR bn)	10.8	11.3	– 0.5	– 4.4
Cost-income ratio (%)	70.4	73.1	– 2.7	– 3.7
Risk capital (average)	441.7	430.0	11.7	2.7
Risk assets (average)	6,092.6	5,931.0	161.6	2.7

Significant noncash items before taxes that do not involve scheduled write-downs:

EUR m	2011	2010
Allocations to asset-side risk provisions	123.5	42.7
Reversals of asset-side risk provisions	20.2	5.6
Allocations to provisions	34.3	40.4
Reversals of provisions	10.1	4.4
Net write-ups and write-downs on trading instruments	0.9	– 2.9
Net write-ups and write-downs on financial assets	– 3.5	– 1.0
Interest income from accrued interest	44.2	36.6
Interest expense from accrued interest	39.0	40.4

The scheduled depreciation and amortization of EUR 15.0 million on property, plant and equipment and on intangible assets (prior year: EUR 13.9 million) and the unscheduled write-downs of EUR 0.0 million (prior year: EUR 1.5 million) were for the OLB Regional Bank segment.

The principal components of earnings for the OLB Regional Bank segment are explained in the management report.

Segment: Allianz Bank (an affiliate of Oldenburgische Landesbank AG)

EUR m	2011	2010	Change	Change (%)
Net interest income	17.3	14.2	3.1	21.8
Commission income (gross)	46.0	50.9	– 4.9	– 9.6
Gross income	**63.3**	**65.1**	**– 1.8**	**– 2.8**
Commission expense for payment traffic	2.9	5.7	– 2.8	– 49.1
Brokerage commissions	29.5	30.0	– 0.5	– 1.7
Other income	67.9	70.9	– 3.0	– 4.2
Operating income	**98.8**	**100.3**	**– 1.5**	**– 1.5**
Operating personnel expense	38.1	36.2	1.9	5.2
Direct office expense	45.8	43.2	2.6	6.0
Intersegment cost offsetting	12.5	13.3	– 0.8	– 6.0
Other expenses	1.0	2.3	– 1.3	– 56.5
Operating expenses	**97.4**	**95.0**	**2.4**	**2.5**
Risk provisions for credit business	2.4	5.0	– 2.6	– 52.0
Operating profit / loss	**– 1.0**	0.3	– 1.3	n / a
Net profit from financial assets	3.1	3.5	– 0.4	– 11.4
Restructuring expense	3.9	—	3.9	n / a
Profit / loss before taxes	**– 1.8**	**3.8**	**– 5.6**	**n / a**
Segment assets (EUR bn)	2.3	1.6	0.7	43.8
Segment liabilities (EUR bn)	2.3	1.6	0.7	43.8
Cost-income ratio (%)	98.6	94.7	3.9	4.1
Risk capital (average)	30.8	23.7	7.1	30.0
Risk assets (average)	424.2	326.8	97.4	29.8

In deviation from the presentation in the prior-year report, internal interest transactions between segments are reflected here. Accordingly, the segment assets and segment liabilities from the prior year have each been increased by EUR 0.1 billion. This results overall in a more accurate presentation.

Significant noncash items before taxes that do not involve scheduled write-downs:

EUR m	1/1/2011 –12/31/2011	6/2/2010 –12/31/2010
Allocations to asset-side risk provisions	3.8	5.4
Reversals of asset-side risk provisions	0.4	0.2
Allocations to provisions	22.7	16.3
Reversals of provisions	1.3	2.5
Net write-ups and write-downs on trading instruments	—	—
Net write-ups and write-downs on financial assets	0.3	—
Interest income from accrued interest	0.9	7.0
Interest expense from accrued interest	15.1	11.7

The scheduled depreciation and amortization of EUR 2.5 million on property, plant and equipment and on intangible assets (prior year: EUR 1.9 million) was for the Allianz Bank segment.

Notes to the Statement of Financial Position (Balance Sheet) – Assets

14 Cash and cash equivalents

EUR m	2011	2010
Cash on hand	69.3	69.6
Balances with central banks	75.0	89.2
including: eligible for Deutsche Bundesbank refinancing	75.0	89.2
Cash and cash equivalents	**144.3**	**158.8**

The balances with Deutsche Bundesbank serve to meet minimum reserve requirements, among other purposes.

15 Trading assets

Trading activities include trading in bonds and other fixed-income securities, stocks and other non-fixed-income securities, and derivative financial instruments. All trading portfolios are measured at fair value.

Positive market values from derivative financial instruments are recognized as trading assets. Interest payments on interest rate swaps in the non-trading portfolio, used as hedging instruments, are recognized in the net interest income.

EUR m	2011	2010
Stocks and other non-fixed-income securities	0.7	4.9
Positive market values from derivative financial instruments in the trading portfolio	15.7	12.6
Positive market values of interest rate swaps in the non-trading portfolio used as hedging instruments	—	—
Positive market values from hedging of share-based payments	2.1	2.5
Other trading portfolios	—	—
Trading assets	**18.5**	**20.0**

All stocks and other non-fixed-income securities recognized as trading assets are both tradable and quoted on a stock exchange.

16 Loans and advances to banks

	2011			2010		
EUR m	Germany	Outside Germany	Total	Germany	Outside Germany	Total
Market and payment transactions in course of settlement	5.0	6.1	11.1	7.1	3.8	10.9
Other receivables	783.1	130.0	913.1	1,254.9	265.0	1,519.9
Loans	—	—	—	—	—	—
Loans and advances to banks	**788.1**	**136.1**	**924.2**	**1,262.0**	**268.8**	**1,530.8**
less: risk provisions	0.1	—	0.1	0.3	—	0.3
Loans and advances to banks (after risk provisions)	**788.0**	**136.1**	**924.1**	**1,261.7**	**268.8**	**1,530.5**

17 Loans and advances to customers

EUR m	2011 Germany	2011 Outside Germany	2011 Total	2010 Germany	2010 Outside Germany	2010 Total
Corporate customers	3,992.1	26.1	4,018.2	3,750.1	23.2	3,773.3
Public-sector entities	6.2	—	6.2	8.7	—	8.7
Retail customers	5,852.6	45.3	5,897.9	5,694.0	45.7	5,739.7
Loans and advances to customers	**9,850.9**	**71.4**	**9,922.3**	**9,452.8**	**68.9**	**9,521.7**
less: risk provisions	130.0	—	130.0	70.4	—	70.4
Loans and advances to customers (after risk provisions)	**9,720.9**	**71.4**	**9,792.3**	**9,382.4**	**68.9**	**9,451.3**

Loans and advances to customers are secured with collateral per standard banking practice. This collateral primarily consists of real-estate liens, contractual security agreements, securities accounts, and other cash collateral.

As part of hedge accounting, positive adjusted changes in market value of EUR 76.0 million (prior year: EUR 54.4 million) since the hedge relationships began were allocated to amortized cost.

17 a Breakdown by industry (before risk provisions)

EUR m	2011 Germany	2011 Outside Germany	2011 Total	2010 Germany	2010 Outside Germany	2010 Total
Manufacturing	534.5	8.0	542.5	517.0	6.5	523.5
Construction	123.5	0.1	123.6	117.2	0.1	117.3
Retail	360.6	2.8	363.4	385.9	2.5	388.4
Financial institutions and insurance companies	7.8	—	7.8	5.1	—	5.1
Transportation	505.3	9.2	514.5	482.1	9.6	491.7
Services	955.6	5.6	961.2	910.1	4.1	914.2
Utilities	1,314.2	—	1,314.2	1,128.3	—	1,128.3
Other	190.6	0.4	191.0	204.4	0.4	204.8
Corporate customers	3,992.1	26.1	4,018.2	3,750.1	23.2	3,773.3
Public-sector entities	6.2	—	6.2	8.7	—	8.7
Private individuals	5,852.6	45.3	5,897.9	5,694.0	45.7	5,739.7
Loans and advances to customers	**9,850.9**	**71.4**	**9,922.3**	**9,452.8**	**68.9**	**9,521.7**

17b Breakdown by type of transaction (before risk provisions)

EUR m	2011 Germany	2011 Outside Germany	2011 Total	2010 Germany	2010 Outside Germany	2010 Total
Loans	9,840.7	71.4	9,912.1	9,432.2	68.9	9,501.1
including: mortgages	—	—	—	—	—	—
including: public-sector loans	114.7	1.0	115.7	91.2	1.6	92.8
including: other loans secured with real-estate liens	4,824.8	31.2	4,856.0	4,684.2	28.7	4,712.9
Other receivables	10.2	—	10.2	20.6	—	20.6
Loans and advances to customers	**9,850.9**	**71.4**	**9,922.3**	**9,452.8**	**68.9**	**9,521.7**

Loans and advances to customers in the amount of EUR 2,678.4 million (prior year: EUR 2,278.4 million) were assigned as security for the Bank's own liabilities.

18 Total lendings

The total lendings reflect only those receivables for which specific credit agreements were entered into with the borrowers.

EUR m	2011 Germany	2011 Outside Germany	2011 Total	2010 Germany	2010 Outside Germany	2010 Total
Bills discounted	—	—	—	—	—	—
Corporate customers	3,985.0	26.0	4,011.0	3,742.5	23.2	3,765.7
Public-sector entities	6.2	—	6.2	8.7	—	8.7
Retail customers	5,851.8	45.3	5,897.1	5,692.8	45.8	5,738.6
Loans to customers	9,843.0	71.3	9,914.3	9,444.0	69.0	9,513.0
Loans to banks	—	—	—	—	—	—
Total lendings	**9,843.0**	**71.3**	**9,914.3**	**9,444.0**	**69.0**	**9,513.0**
less: risk provisions	130.0	—	130.0	70.4	—	70.4
Total lendings (after risk provisions)	**9,713.0**	**71.3**	**9,784.3**	**9,373.6**	**69.0**	**9,442.6**

19 Changes in risk provisioning

In addition to the risk provisions of EUR 127.8 million recognized as deductions from assets (prior year: EUR 70.8 million), the risk provisions also include the provisions of EUR 4.1 million (prior year: EUR 6.3 million) for contingent liabilities, which are included on the liabilities side.

EUR m	SLLP	PLLP	GLLP[3]	Provisions	Total
At 1/1/2011	**28.2**	**17.8**	**24.8**	**6.4**	**77.2**
Used	35.3	12.2	—	—	47.5
Written back[1]	5.4	—	14.0	2.5	21.9
Written back through unwinding[2]	1.2	—	—	—	1.2
Additions	106.0	5.8	15.5	0.3	127.6
Reclassifications	—	—	—	– 0.1	– 0.1
At 12/31/2011	**92.3**	**11.4**	**26.3**	**4.1**	**134.1**

1 Not including unwinding

2 In favor of interest income from impaired financial assets, accrued under IAS 39 (unwinding)

3 This item includes EUR 0.2 million in reversals of provisions for loans and receivables to banks, and EUR 0.1 million in additions to those provisions. There was a total net change of EUR 13.2 million for the ship portfolio in 2011.

20 Financial assets

Financial assets allocated to the available-for-sale category (AfS portfolio) comprise bonds and other fixed-income securities, stocks and other non-fixed-income securities, equity interests of 50 percent or less, and investments in unconsolidated subsidiaries.

As of December 31, 2011, bonds and other fixed-income securities (fair value), as well as stocks and other non-fixed-income securities, included securities for a value of EUR 1,176.4 million that were financed from the net borrowings for the assumed customer business of Allianz Bank.

Financial assets are broken down as follows:

EUR m	2011	2010
Bonds and other fixed-income securities (fair value)	2,238.8	1,927.4
Stocks (fair value)	4.3	46.7
Stocks (at cost)	1.9	1.9
Investment funds (fair value)	13.0	6.2
Total securities	2,258.0	1,982.2
Equity interests (at cost)	0.9	0.9
Investments in unconsolidated subsidiaries (at cost)	—	—
Financial assets	**2,258.9**	**1,983.1**

The financial assets are measured primarily at market value. Measurement at cost is applied if there is no active market and a fair value also cannot be determined reliably otherwise, because the range of fluctuation of estimates of fair value is significant, and the probability of the various estimates within this range cannot be reasonably determined. The carrying amounts of equity interests measured at cost was EUR 0.9 million (prior year: EUR 0.9 million).

Investments in unconsolidated subsidiaries (at cost) in the amount of EUR 26 thousand (prior year: EUR 26 thousand) are rounded according to common commercial practice.

20 a Breakdown of bonds and other fixed-income securities

EUR m	2011	2010
Bonds and other debt instruments from government issuers	650.1	508.9
Bonds and other debt instruments from other issuers	1,588.7	1,418.5
Bonds and other fixed-income securities	**2,238.8**	**1,927.4**
including: marketable securities	2,186.0	1,914.5
including: quoted in a market	2,186.0	1,914.5

Bonds and other fixed-income securities with a nominal total value of EUR 383.0 million will mature in 2012 (prior year: EUR 370.7 million).

20 b Breakdown of stocks and other non-fixed-income securities

EUR m	2011	2010
Stocks	6.2	48.6
Other	13.9	7.1
Stocks and other non-fixed-income securities	**20.1**	**55.7**
including: marketable securities	10.3	54.8
including: quoted in a market	10.3	52.9

20 c Changes in portfolio

	2011		2010	
EUR m	Investments	Investments in unconsolidated associates	Investments	Investments in unconsolidated associates
Historical acquisition costs	0.9	—	1.6	—
Historical write-ups	—	—	—	—
Historical write-downs	—	—	0.8	—
Carrying amount at 1/1/2011	**0.9**	**—**	**0.8**	**—**
Additions measured at cost	—	—	0.1	—
Disposals measured at cost	—	—	—	—
Historical write-ups included in disposals for the year	—	—	—	—
Historical write-downs included in disposals for the year	—	—	—	—
Additions through reclassification	—	—	—	—
Disposals through reclassification	—	—	—	—
Changes in portfolio during the year	**—**	**—**	**0.1**	**—**
Write-ups during the year	—	—	—	—
Write-downs during the year	—	—	—	—
Changes in measurement during the year	**—**	**—**	**—**	**—**
Carrying amount at 12/31/2011	**0.9**	**—**	**0.9**	**—**

Investments in unconsolidated associates at December 31, 2011, included the carrying amount of a wholly-owned unconsolidated subsidiary, OLB-Immobiliendienst-GmbH, of Oldenburg, for an amount of EUR 26 thousand.

21 Property, plant and equipment

EUR m	2011 Land and buildings	2011 Business and office equipment	2011 Total	2010 Land and buildings	2010 Business and office equipment	2010 Total
Historical acquisition costs	149.3	120.0	269.3	149.7	138.1	287.8
Historical write-ups	—	—	—	—	—	—
Historical write-downs	83.6	85.0	168.6	80.4	103.3	183.7
Carrying amount at 1/1/2011	**65.7**	**35.0**	**100.7**	69.3	34.8	104.1
Additions measured at cost	—	11.8	11.8	—	12.0	12.0
Disposals measured at cost	2.5	3.0	5.5	0.3	32.7	33.0
Historical write-ups included in diposals for the year	—	—	—	—	—	—
Historical write-downs included in disposals for the year	1.7	2.0	3.7	0.2	32.4	32.6
Additions through reclassification	—	—	—	—	—	—
Disposal through reclassification	—	—	—	—	—	—
Changes in portfolio during the year	**– 0.8**	**10.8**	**10.0**	– 0.1	11.7	11.6
Write-ups during the year	—	—	—	—	—	—
Write-downs during the year (scheduled)	3.4	9.8	13.2	3.5	10.0	13.5
Write-downs during the year (unscheduled)	—	—	—	—	1.5	1.5
Changes in measurement during the year	**– 3.4**	**– 9.8**	**– 13.2**	– 3.5	– 11.5	– 15.0
Carrying amount at 12/31/2011	**61.5**	**36.0**	**97.5**	**65.7**	**35.0**	**100.7**

The Group used land and buildings with a carrying amount of EUR 61.5 million (prior year: EUR 65.7 million).

No write-ups (recoveries of value) were recognized in fiscal 2011 for previous write-downs (impairments). As of the reporting date, as in the prior year, no property, plant or equipment had been assigned as collateral for the Bank's own liabilities.

21 a Finance leases

In 2010, OLB entered into a contract to lease automated teller machines and service terminals that is to be categorized as a finance lease. It is recognized in property, plant and equipment. The net carrying amount of equipment acquired during the year came to EUR 337 thousand as of December 31, 2011 (prior year: EUR 80 thousand). The maturity of agreements with minimum lease payments, in the amount of EUR 360 thousand (prior year: EUR 85 thousand), is between three and five years (prior year: between four and five years). The present value of these minimum lease payments was calculated at EUR 337 thousand (prior year: EUR 80 thousand), on the basis of an imputed interest rate determined from the terms of the lease. No contingent lease payments are recognized in the income statement.

22 Intangible assets

EUR m	2011	2010
Historical acquisition costs	23.7	24.8
Historical write-ups	—	—
Historical write-downs	15.7	18.5
Carrying amount at 1/1/2011	**8.0**	**6.3**
Additions measured at cost	4.6	4.1
Disposals measured at cost	—	5.2
Historical write-ups included in disposals for the year	—	—
Historical write-downs included in disposals for the year	—	5.2
Additions through reclassification	—	—
Disposals through reclassification	—	—
Changes in portfolio during the year	**4.6**	**4.1**
Write-ups during the year	—	—
Write-downs during the year (scheduled)	2.6	2.4
Write-downs during the year (unscheduled)	—	—
Changes in measurement during the year	**– 2.6**	**– 2.4**
Carrying amount at 12/31/2011	**10.0**	**8.0**

The intangible assets are software.

23 Other assets

EUR m	2011	2010
Deferred interest	45.1	43.6
Positive market values of hedge derivatives in the non-trading portfolio	—	0.5
Miscellaneous other assets	33.8	35.9
Other assets	**78.9**	**80.0**

The *Miscellaneous other assets* include not only receivables of EUR 8.4 million from Allianz Deutschland AG for reimbursable expenses for operating the Allianz Bank business, but receivables of EUR 3.8 million in the personnel segment (phased retirement). In 2011, there were EUR 3.6 million in outsourced plan assets for phased retirement obligations under a Contractual Trust Agreement (CTA), which were netted against other assets under the item for other provisions.

This item also includes various commission receivables and paper received for collection.

24 Tax refund entitlements

EUR m	2011	2010
Tax refund entitlements	**19.9**	**6.6**

The tax refund entitlements pertain to tax items under IAS 12 – in other words, these items reflect income tax refund entitlements (corporate income tax and local business income tax). Other tax credits for other taxes are recognized in the item for “Other assets.”

25 Assigned assets

At the reporting date, there were repurchase obligations for assets sold under repurchase agreements. Bonds were transferred whose risk exposure for interest rate changes and counterparty defaults was retained by the Bank. The Bank fair-values these bonds among its financial assets at EUR 402.7 million (prior year: EUR 789.5 million). This is equivalent to the full carrying amount of the original assets and the amount of the assets that were assigned but are still recognized. The associated liability for cash funds received is EUR 306.5 million (prior year: EUR 809.7 million). These are recognized among the liabilities due to banks, and among the “Other liabilities” as negative market values from swap agreements.

Notes to the Statement of Financial Position (Balance Sheet) – Liabilities

26 Trading liabilities

EUR m	2011	2010
Negative market values from derivative financial instruments in the trading portfolio	15.7	13.1
Negative market values from interest rate swaps in the non-trading portfolio used as hedging instruments	—	—
Negative market values from hedging of share-based payments	—	—
Trading liabilities	**15.7**	**13.1**

27 Amounts due to banks

EUR m	2011	2010
Demand deposits	98.4	20.0
Liabilities from repurchase agreements	228.7	809.7
Borrower's note loans and registered mortgage bonds	75.0	100.0
Market and payment transactions in course of settlement	4.5	5.1
Term deposits	313.6	592.6
Other term liabilities	2,676.8	2,289.1
Due to banks	**3,397.0**	**3,816.5**
including: banks in Germany	3,380.5	3,813.1
including: banks outside Germany	16.5	3.4

Amounts due to banks include fixed-interest liabilities of EUR 3,294.2 million (prior year: EUR 3,791.4 million) and variable-interest liabilities of EUR 102.8 million (prior year: EUR 25.1 million).

Cash received in the assignment of assets with a simultaneous agreement to repurchase them (repo agreements) came to EUR 228.7 million (prior year: EUR 809.7 million).

28 Amounts due to customers

EUR m	2011	2010
Demand deposits	3,621.1	3,599.7
Liabilities from repurchase agreements	—	—
Savings deposits	2,083.5	1,660.3
Borrower's note loans and registered mortgage bonds	759.2	768.8
Market and payment transactions in course of settlement	35.5	26.7
Term deposits	1,032.8	1,138.2
Other term liabilities	12.4	14.5
Due to customers	**7,544.5**	**7,208.2**

28 a Breakdown by customer group

EUR m	2011			2010		
	Germany	Outside Germany	Total	Germany	Outside Germany	Total
Corporate customers	2,354.8	30.0	2,384.8	2,282.8	46.5	2,329.3
Public-sector entities	165.8	—	165.8	193.1	—	193.1
Retail customers	4,944.3	49.6	4,993.9	4,641.4	44.4	4,685.8
Due to customers	**7,464.9**	**79.6**	**7,544.5**	**7,117.3**	**90.9**	**7,208.2**

Amounts due to customers include fixed-interest liabilities of EUR 3,476.2 million (prior year: EUR 3,177.3 million) and variable-interest liabilities of EUR 4,068.3 million (prior year: EUR 4,030.9 million). As in the prior year, there were no repo agreements with customers during the year.

29 Securitized liabilities

EUR m	2011	2010
Bonds issued	1,161.7	1,099.3
Securitized liabilities	**1,161.7**	**1,099.3**

Securitized liabilities consist solely of the Bank's own bond issues. Of the outstanding bonds, tranches with a nominal value of EUR 192.4 million (prior year: EUR 82.6 million) will mature in 2012. The securitized liabilities include variable-rate bonds for an amount of EUR 522.0 million (prior year: EUR 712.9 million).

30 Provisions and other liabilities

EUR m	2011	2010
Provisions for pensions and similar obligations	135.5	128.6
Other provisions	64.7	56.2
Deferred interest	54.1	52.1
Negative market values of hedge derivatives in the non-trading portfolio	109.4	89.0
Other liabilities	26.0	24.4
Provisions and other liabilities	**389.7**	**350.3**

The provisions are predominantly medium- to long-term in nature.

The other provisions pertain primarily to fees for preparation of the annual accounts, business plan compensation for Allianz Bank sales, phased retirement accounts, and provisions for commitments under guarantees.

The other liabilities include goods and services not yet billed and payroll withholdings not yet forwarded to the authorities. The other liabilities also include tax liabilities of EUR 6.4 million (prior year: EUR 5.2 million).

31 Provisions for pensions and similar obligations

EUR m	2011	2010	2009	2008	2007
Pension obligations at 1/1	**155.3**	**131.7**	**112.4**	**120.0**	**120.3**
Less actuarial loss at 1/1	26.7	9.6	5.6	19.0	24.9
Pension provisions recognized at 1/1	**128.6**	**122.1**	**106.8**	**101.0**	**95.4**
Current service cost	5.1	3.4	2.8	3.1	2.7
Imputed interest expense	7.5	6.9	6.6	6.5	5.3
Expected return on assets	–0.3	–0.1	—	—	—
Repayment of costs from plan change	—	1.6	—	—	—
Repayment of actuarial gains (–)/losses (+)	0.8	—	0.1	—	—
Net pension expense	**13.1**	**11.8**	**9.5**	**9.6**	**8.0**
Amortization and transfer	–0.1	0.4	11.1	0.5	1.6
Pension commitments through deferred compensation	–0.8	–0.7	–0.6	0.3	0.3
Pension benefits paid during year	–5.3	–5.0	–4.7	–4.6	–4.3
Pension provisions recognized at 12/31	**135.5**	**128.6**	**122.1**	**106.8**	**101.0**
Actuarial loss at 12/31	27.6	26.7	9.6	5.6	19.0
Total pension obligations at 12/31	**163.1**	**155.3**	**131.7**	**112.4**	**120.0**

The changes in the scope of obligations and in the fair value of fund assets are shown below, together with the current balance sheet values for the various defined-benefit pension plans.

EUR m	2011	2010
Change in scope of obligations		
Present value of earned pension entitlements at 1/1	160.8	133.2
Current service cost	5.1	3.4
Theoretical interest expense	7.5	6.9
Employee contributions	0.9	0.5
Cost of plan changes	—	1.6
Actuarial gains (–)/losses (+)	1.7	18.4
Pension payments	–5.3	–5.0
Acquisitions	—	1.4
Additions	–0.1	0.4
Present value of earned pension entitlements at 12/31[1]	**170.6**	**160.8**
Change in fair value of fund assets		
Fair value of fund assets at 1/1	5.5	1.5
Expected return on assets	0.3	0.1
Actuarial gains (+)/losses (–)	—	1.3
Employer contributions	0.8	0.7
Employee contributions	0.9	0.5
Transfers	—	1.4
Fair value of fund assets at 12/31	7.5	5.5
Funding status at 12/31	163.1	155.3
Actuarial gains (+)/losses (–) not repaid	–27.6	–26.7
Balance sheet value at 12/31	**135.5**	**128.6**

1 Including EUR 163.7 million (2010: EUR 155.8 million) directly committed by Group companies as of December 31, 2011, and EUR 6.9 million (2010: EUR 5.0 million) backed with fund assets

Current income on fund assets for fiscal 2011 came to EUR 0.3 million.

Fund assets

Referred to the fair value of fund assets, the current allocation of assets (weighted averages) is as follows:

%	2011	2010
Stocks	6.9	6.1
Bonds	27.5	90.9
Real estate	0.7	2.5
Other	64.9	0.5
Total	**100.0**	**100.0**

The most important key figures for defined-benefit pension plans:

EUR m	2011	2010	2009	2008	2007
Present value of earned pension entitlements	170.6	160.8	133.2	112.4	120.0
Fair value of fund assets	7.5	5.5	1.5	—	—
Funding status	163.1	155.3	131.7	112.4	120.0
Actuarial gains (–) / losses (+) from experience-based adjustments for:					
Scope of obligations	2.1	4.6	– 4.0	– 0.6	0.3
Fund assets	—	– 1.2	—	—	—

Measurement assumptions

Calculations were based on current biometric probabilities developed by actuaries. Assumptions about future staff turnover are also applied, as a function of age and years of service, along with probabilities for retirement within the Group.

The weighted assumptions in calculating the present value of earned pension entitlements and in calculating the net pension expense were as follows:

%	2011	2010	2009	2008	2007
Interest rate for discounting	4.75	4.75	5.25	6.00	5.50
Expected return on assets	4.60	4.70	5.40	—	—
Expected salary increases	2.50	2.50	2.30	3.30	2.50
Expected pension increases	1.90	1.90	1.70	2.30	2.00

The net pension expense is based in each case on the assumptions as of the end of the previous reporting period. For assumptions about the expected return on assets, the value from the current year is applied.

The assumed interest rate reflects market conditions at the end of the reporting period for first-class fixed-yield bonds matching the currency and duration of the pension obligations.

The assumed interest rate especially is associated with uncertainty and entails a substantial risk. A change of 0.25 percentage points in the assumed interest rate would have an effect of EUR 5.8 million on the present value of earned pension entitlements.

There were no effects from the change in the assumed interest rate on actuarial gains or losses for the year under report, because the assumed interest rate remained unchanged from the prior year.

The calculations are based on the “2005 G Guideline Tables” of Heubeck-Richttafeln-GmbH, Cologne. As in the prior year, the actuarial assumptions applied for employees both covered and not covered by collective bargaining agreements.

To finance pension commitments through deferred compensation, reinsurance policies were taken out with Allianz Lebensversicherungs-AG. Benefits from pension commitments correspond to the benefits from the reinsurance. Benefits from this reinsurance policy are pledged as collateral for benefits entitlements under pension commitments to employees and their entitled survivors.

Contributions paid

For fiscal 2012, the Group expects to pay employer contributions of EUR 14.5 million into the fund assets for defined-benefit pension plans (including a planned nonrecurring allocation of EUR 11.9 million), and EUR 5.8 million in direct pension payments to beneficiaries.

Contributions promised

Contribution commitments are financed through external provident funds or similar institutions. Fixed contributions (for example, referred to applicable income) are paid into these institutions, and the beneficiary’s claim is against the institutions, while the employer constructively has no further obligation other than to pay the contributions.

During fiscal 2011, expenses for contribution commitments of EUR 4.0 million (prior year: EUR 4.0 million) were paid into the Versicherungsverein des Bankgewerbes a. G., of Berlin, as contributions for employees. Contributions of EUR 13.1 million (prior year: EUR 13.2 million) were paid into the public pension insurance system.

32 Other provisions

EUR m	Restructuring provisions	Provisions for credit business	Other provisions for personnel operations	Miscellaneous other provisions	Total
At 1/1/2011	**2.9**	**6.3**	**27.0**	**20.0**	**56.2**
Used	0.2	—	17.3	8.2	25.7
Write-backs	—	2.5	2.7	2.6	7.8
Additions	5.3	0.3	17.9	18.8	42.3
Reclassification	– 2.7	—	2.3	0.1	– 0.3
At 12/31/2011	**5.3**	**4.1**	**27.2**	**28.1**	**64.7**

The reclassifications of EUR – 2.7 million in restructuring provisions resulted from funding of provisions for phased retirement accounts.

The “Miscellaneous other provisions” include provisions of EUR 19.8 million (prior year: EUR 6.7 million) with a term of more than one year; these were discounted. Otherwise no discounting was applied.

In 2011, there were outsourced plan assets of EUR 3.6 million for phased retirement obligations under a Contractual Trust Agreement (CTA). These were netted against other assets under the item for other provisions.

33 Tax liabilities

EUR m	2011	2010
At 1/1	**13.5**	**21.8**
Used	—	13.2
Write-backs	3.6	0.2
Additions	1.5	5.1
At 12/31	**11.4**	**13.5**

The tax liabilities pertain to tax items under IAS 12 – in other words, these items reflect income tax liabilities (corporate income tax and local business income tax). Other tax liabilities are recognized in the item for provisions and other liabilities.

34 Deferred taxes and income taxes

Deferred tax assets and provisions for deferred taxes were formed for differences between the recognized measurements and the tax bases for the following balance sheet items:

34 a Deferred tax assets and tax liabilities

EUR m	2011			2010
	Income tax receivables	Income tax liabilities	Net	Net
Financial assets	16.0	– 14.2	1.8	– 1.8
including: cumulative measurement effect of AfS financial instruments	5.0	– 3.5	1.5	– 2.0
Trading portfolios	—	—	—	– 0.5
Pension provisions	8.2	—	8.2	9.3
Other provisions	3.4	– 0.4	3.0	4.7
Other	6.0	—	6.0	0.3
Total	**33.6**	**– 14.6**	**19.0**	**12.0**

Asset and liability items for deferred taxes were offset in the balance sheet at the Company level, provided they concerned income taxes payable to the same tax authorities and carried a legally assertable right to offsetting. On balance, income tax receivables of EUR 33.6 million (prior year: EUR 26.8 million) and income tax liabilities of EUR 14.6 million (prior year: EUR 14.8 million) yield a deferred tax receivable of EUR 19.0 million (prior year: EUR 12.0 million).

Of the change of EUR 7.0 million in net deferred taxes, EUR 3.6 million is reflected in the income statement, and EUR 3.5 million is reflected in other comprehensive income.

34 b Income taxes

Income taxes include current income taxes and the amount of the deferred tax expense / income:

EUR m	2011	2010
Current taxes (current year)	2.5	21.5
Current taxes (previous years)	– 2.3	– 0.4
Deferred taxes	– 3.6	– 2.8
Recognized income taxes	**– 3.4**	**18.3**

The deferred taxes for 2011 are computed on the basis of an effective corporate income tax rate, including the reunification surcharge, of 15.8 percent (prior year: 15.8 percent), plus an effective rate of 15.2 percent (prior year: 15.2 percent) for local business income tax ("trade tax").

34 c Reconciliation accounts

The following table shows a reconciliation of the expected income tax expense and the effectively recognized tax expense.

EUR m	2011	2010
Profit before taxes	13.5	70.8
Applicable tax rate in %	31.000	31.000
Theoretical income tax	4.2	21.9
Tax effects		
Local business income tax	0.1	– 0.8
Nontaxable income	– 2.8	– 2.2
Other tax additions and deductions	0.2	– 0.1
Corporate income tax credit	– 0.3	– 0.2
Taxes from prior years	– 4.8	– 0.3
Recognized income taxes	**– 3.4**	**18.3**

35 Subordinated debt

The *Subordinated debt* of EUR 274.2 million (prior year: EUR 254.4 million) consists of EUR 186.3 million in subordinated borrower's note loans from customers (prior year: EUR 186.2 million) and subordinated OLB bearer notes of EUR 87.9 million (prior year: 68.2 million). In the event of the Bank's insolvency or liquidation, this debt can be repaid only after all non-subordinated creditors have been satisfied. There is no early redemption obligation.

The interest expense for subordinated debt during the year came to EUR 13.7 million (prior year: EUR 9.9 million). The interest rates for fixed-rate subordinated debt are in the range from 4.80 percent to 6.00 percent. The average interest rate is 5.01 percent.

	Bearer notes 2011	Borrower's note loans 2011
Year issued	2010 – 2011	2003 – 2010
Nominal amount (EUR m)	87.9	186.5
Issuer	OLB	OLB
Interest rate in %	4.0 – 5.1	4.8 – 6.0
Maturity	2017 – 2020	2013 – 2025

36 Equity

Issued capital. The issued capital of EUR 60.5 million was divided into 23,257,143 no-par bearer shares at December 31, 2011. Each share represents a notional portion of the share capital, and confers one vote in the Shareholders' Meeting. The shares are fully paid in.

In accordance with Sec. 271 (2) of the German Commercial Code, the Bank is an associate of Allianz SE and is included in Allianz's consolidated financial statements. Those financial statements can be obtained from Allianz SE in 80802 Munich, Germany, Königinstrasse 28, and are published in the electronic version of Germany's Federal Gazette, the Bundesanzeiger.

Authorized capital. The Board of Managing Directors is authorized to increase the Company's share capital on one or more occasions on or before May 21, 2012, subject to the consent of the Supervisory Board, by issuing new no-par shares in return for cash contributions, for a total of not more than EUR 15 million. The shareholders are to be given preemptive rights; however, the Board of Managing Directors is authorized to exclude fractional amounts from the shareholders' preemptive rights, subject to the consent of the Supervisory Board.

The authorization to increase the share capital by issuing new shares, which expires on May 21, 2012, was not exercised during the year.

Additional paid-in capital. The additional paid-in capital consists of the additional proceeds (premium) received on the issue of the Bank's own stock.

Retained earnings. The retained earnings comprise the Group's retained profits and all consolidation measures that affect profit or loss.

Allocation of profits in the single-entity financial statements under the German Commercial Code. According to the German Commercial Code (HGB) the pertinent profit for the period for fiscal 2011 was EUR 1.6 million. As there were no carry-forwards or allocations to reserves, this corresponds to the distributable profit. For the allocation of this profit, an allocation in full to retained earnings will be proposed to the shareholders at the Shareholders' Meeting on May 31, 2012.

36 a Cumulative effect of measurement of available-for-sale financial instruments

This item comprises the effects from changes in the measurement of available-for-sale financial instruments; at the date of actual realization, or in the event of an impairment, these changes are reclassified to the income statement. Likewise, changes in value from financial instruments covered by hedge accounting that were initially included in the cumulative effect of measurement are reclassified to the income statement.

EUR m	2011	2010
At 1/1	**21.3**	**29.6**
Unrealized changes in market value (gross)	0.1	0.9
Reclassification to statement of comprehensive income because of realization (gross)		
because of realized gains (–) and losses (+)	– 26.9	– 14.6
because of impairment	3.2	1.0
Taxes on unrealized changes in fair value	– 1.2	2.4
Reclassification to income statement because of realization	4.6	2.0
At 12/31	**1.1**	**21.3**

36 b Capital management, equity and risk assets under Sec. 10a of the German Banking Act (KWG)

OLB's equity capitalization is subject to the regulatory requirements of the German Banking Act (KWG), which requires at least 8 percent of risk assets to be backed with share capital and reserves. Regulatory capital may consist of three categories: tier 1 and tier 2 capital, which together constitute the capital and reserves, and tier 3 capital. The tier 1 capital consists of the Group's equity capital and additional adjustments. The tier 2 capital consists primarily of longer-term subordinated debt. There is no tier 3 capital at present. At least 4 percent of risk assets must be backed with tier 1 capital (core capital ratio).

In managing capital and equity, the emphasis is on complying with minimum capital requirements for the Group and its individual companies. An effort is made to ensure through suitable measures that there is sufficient leeway in equity capitalization to allow the Bank to act freely and remain on course for growth.

The basis for the allocation of capital is OLB's fundamental business policy focus. The emphases for capital allocation are determined taking account of an integrated risk return consideration for the strategies pursued in each own-account trading and client-business line.

EUR m	2011	2010
Tier 1 capital	**550.0**	**514.0**
including: deductions[1]	—	3.0
Tier 2 capital[2]	256.0	262.0
including: subordinated debt	232.0	254.0
including: securities revaluation reserves (of which 45 percent)	7.0	11.0
including: additions[3]	17.0	—
including: deductions[1]	—	3.0
Share capital and reserves (Sec. 10a KWG)	**806.0**	**776.0**
Risk assets for counterparty risks	5,950.0	6,108.0
Risk assets for market risks	25.0	54.0
Risk assets for operational risks	500.0	463.0
Risk assets	**6,475.0**	**6,625.0**

1 Per Sec. 10 (6a) KWG in conjunction with Sec. 10a KWG
2 Not more than 100 percent of tier 1 capital
3 Per Sec. 10 (2b) No. 9 KWG in conjunction with Sec. 10a KWG

The regulatory requirements for equity capitalization were met at all times.

36 c Capital ratios per Sec. 10a of the German Banking Act (KWG)

%	2011	2010
Core capital ratio[1]	8.5	7.8
Aggregate capital ratio[1]	**12.4**	**11.7**

1 Calculated including eligible amounts for operational risks and market risk positions

Notes to the Balance Sheet – Miscellaneous

37 Collateral furnished for own debt

Assets in the indicated amounts were furnished as collateral for the following debts:

EUR m	2011	2010
Amounts due to banks	2,991.3	3,065.2
Amounts due to customers	0.9	0.9
Secured liabilities	**2,992.2**	**3,066.1**

The total amount (at carrying amounts) of collateral furnished is made up of the following assets:

EUR m	2011	2010
Loans and advances to customers	2,678.4	2,278.4
Bonds	402.7	789.5
Furnished collateral[1]	**3,081.1**	**3,067.9**

1 Includes assets sold under repurchase agreements

The transferred loans and advances to customers are refinanced loans only. OLB works primarily with KfW, NBank and LRB as refinancing banks. Under their general terms and conditions, OLB fundamentally assigns the receivables from customers to the refinancing bank, together with all incidental rights, including collateral furnished by the customer for the refinanced receivable. The fair value of the receivables from customers transferred as collateral was EUR 2,408.4 million (prior year: EUR 2,116.0 million).

The fair value of the transferred bonds is the same as the carrying amount indicated above.

38 Amounts in foreign currency

EUR m	2011	2010
Assets in:		
USD	74.6	42.4
GBP	2.6	6.5
Other	26.3	33.2
Total assets	**103.5**	**82.1**
Liabilities in:		
USD	33.0	24.3
GBP	0.9	1.2
Other	11.3	3.7
Total liabilities	**45.2**	**29.2**

All amounts are totals of the euro equivalents of the currencies from outside the euro zone.

39 a Remaining terms of receivables and payables

Amounts receivable and payable are classified in the maturities table by bullet maturities and termination dates, as the case may be.

EUR m	3 months or less	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total 2011
Term loans and advances to banks	695.0	—	—	—	695.0
Loans and advances to customers	1,729.3	589.8	2,430.3	5,172.9	9,922.3
Receivables at 12/31/2011	**2,424.3**	**589.8**	**2,430.3**	**5,172.9**	**10,617.3**

EUR m	3 months or less	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total 2010
Term loans and advances to banks	1,400.7	50.0	—	—	1,450.7
Loans and advances to customers	1,591.7	595.3	2,351.6	4,983.1	9,521.7
Receivables at 12/31/2010	**2,992.4**	**645.3**	**2,351.6**	**4,983.1**	**10,972.4**

The receivables from customers with remaining terms of three months or less include receivables of EUR 1,159.7 million (prior year: EUR 1,029.9 million) with indeterminate terms.

EUR m	3 months or less	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total 2011
Bank demand deposits	102.8	—	—	—	102.8
Term liabilities to banks	313.4	182.1	1,205.1	1,593.6	3,294.2
Customer demand deposits	3,656.6	—	—	—	3,656.6
Savings deposits	1,368.3	543.8	171.4	—	2,083.5
Other term liabilities to customers	589.1	365.2	375.0	475.1	1,804.4
Securitized liabilities	19.9	172.4	449.4	520.0	1,161.7
Provisions and other liabilities	95.4	40.0	84.6	169.7	389.7
Tax liabilities	—	—	11.4	—	11.4
Subordinated debt	—	—	132.9	141.3	274.2
Liabilities at 12/31/2011	**6,145.5**	**1,303.5**	**2,429.8**	**2,899.7**	**12,778.5**

EUR m	3 months or less	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total
					2010
Bank demand deposits	25.1	—	—	—	25.1
Term liabilities to banks	1,015.9	270.8	989.1	1,515.6	3,791.4
Customer demand deposits	3,626.4	—	—	—	3,626.4
Savings deposits	924.5	625.6	110.2	—	1,660.3
Other term liabilities to customers	924.5	161.5	314.5	521.0	1,921.5
Securitized liabilities	10.0	72.6	329.5	687.2	1,099.3
Provisions and other liabilities	87.7	35.5	73.2	153.9	350.3
Tax liabilities	—	—	13.5	—	13.5
Subordinated debt	—	—	117.9	136.5	254.4
Liabilities at 12/31/2010	**6,614.1**	**1,166.0**	**1,947.9**	**3,014.2**	**12,742.2**

39 b Classification of total liabilities by remaining terms

Under IFRS 7, the classification of total liabilities by remaining terms must also be disclosed.

This is provided in the following tables:

EUR m	3 months or less	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total
					2011
Bank demand deposits	102.8	—	—	—	102.8
Term liabilities to banks	315.5	183.3	1,213.3	1,604.4	3,316.5
Customer demand deposits	3,656.6	—	—	—	3,656.6
Savings deposits	1,368.3	543.8	171.4	—	2,083.5
Other term liabilities to customers	589.1	365.2	375.0	475.1	1,804.4
Securitized liabilities	19.9	172.4	456.5	520.1	1,168.9
Provisions and other liabilities	92.7	38.6	39.3	109.7	280.3
Tax liabilities	—	—	11.4	—	11.4
Subordinated debt	—	—	133.0	141.4	274.4
Balance sheet item	**6,144.9**	**1,303.3**	**2,399.9**	**2,850.7**	**12,698.8**
Contingent liabilities and other obligations	831.2	—	—	—	831.2
Total liabilities at 12/31/2011	**6,976.1**	**1,303.3**	**2,399.9**	**2,850.7**	**13,530.0**

EUR m	3 months or less	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total
					2010
Bank demand deposits	25.1	—	—	—	25.1
Term liabilities to banks	1,022.5	272.5	995.5	1,525.4	3,815.9
Customer demand deposits	3,626.4	—	—	—	3,626.4
Savings deposits	924.5	625.6	110.2	—	1,660.3
Other term liabilities to customers	924.5	161.5	314.5	521.0	1,921.5
Securitized liabilities	10.0	72.9	339.0	686.9	1,108.8
Provisions and other liabilities	87.7	35.5	32.5	106.1	261.8
Tax liabilities	—	—	13.5	—	13.5
Subordinated debt	—	—	118.0	136.5	254.5
Balance sheet item	**6,620.7**	**1,168.0**	**1,923.2**	**2,975.9**	**12,687.8**
Contingent liabilities and other obligations	980.8	—	—	—	980.8
Total liabilities at 12/31/2010	**7,601.5**	**1,168.0**	**1,923.2**	**2,975.9**	**13,668.6**

40 Derivative transactions

Derivative financial instruments that make it possible for market and credit risks to be transferred between different parties derive their values from such factors as interest rates and indexes, as well as from the trading prices of stocks and foreign exchange rates. Discounts on positive market values are taken into account for counterparty risks. The most important derivative products include swaps, forward-rate agreements, currency forwards, stock options, and credit derivatives. Derivatives may be standardized contracts on the exchange, or may take the form of bilaterally bargained over-the-counter (OTC) transactions.

Derivatives are used both for the Bank's internal risk management for our trading positions, and also in our assets and liabilities management.

For measurement purposes, a distinction is made between exchange-traded and OTC products.

Exchange-traded contracts are settled in cash daily (only for the exercise of index options).

Positive and negative market values are recognized only if the contract terms provide that settlement in full will not take place until the maturity date (only for European options; Eurex products = American options), or if the variation margin (only in the case of futures) has not been settled at the balance sheet date (for example, because of the stock markets' different time zones).

If no market price is quoted (OTC derivatives), the estimation methods established in the financial markets (including present valuing and option pricing models) are applied. The market value of a derivative here is equivalent to the total of all future cash flows discounted to the measurement date (present value or dirty closeout value). The following table shows the nominal volumes by remaining terms of the derivative transactions we have entered into, together with their positive and negative fair values. The nominal amounts normally serve only as a reference figure for the calculation of the mutually agreed settlement payments (for example, interest entitlements and / or obligations in the case of interest rate swaps), and thus do not represent receivables and / or payables in the balance-sheet sense.

			Nominal volume / maturity			Total	
EUR m	Positive fair values	Negative fair values	1 year or less	Over 1 year to 5 years	Over 5 years	2011	2010
Interest-related derivatives	8.4	–117.2	200.5	709.3	472.6	1,382.4	1,337.4
including: interest rate swaps (non-trading portfolio)	—	–109.4	150.0	513.0	355.0	1,018.0	1,018.0
Currency-related derivatives	7.3	–7.7	369.9	5.4	—	375.3	454.6
including: foreign currency options – calls	0.4	—	6.1	1.1	—	7.2	9.6
including: foreign currency options – puts	—	–0.4	6.1	1.1	—	7.2	9.6
Stock-related / index-related derivatives	2.1	–0.2	32.5	—	—	32.5	60.2
Credit derivatives	—	—	—	—	—	—	—
Other derivatives	—	—	—	—	—	—	—
Total derivatives	**17.8**	**–125.1**	**602.9**	**714.7**	**472.6**	**1,790.2**	**1,852.2**
including: products in EUR	11.0	–117.9	226.6	697.7	463.6	1,387.9	1,431.6
including: products in USD	6.1	–6.3	189.0	14.8	8.9	212.7	197.1
including: products in GBP	0.3	–0.3	48.2	—	—	48.2	31.3
including: products in JPY	0.1	—	22.4	—	—	22.4	47.7

At year's end, interest rate swaps with a nominal volume of EUR 1,018.0 million were designated for hedge accounting (prior year: EUR 1,018.0 million).

In hedge accounting under IAS 39, interest rate swaps in the non-trading portfolio underwent adjusted negative changes of EUR 33.2 million in market value. Corresponding receivables from customers underwent adjusted positive changes of EUR 31.5 million in market value. The net effect of EUR –1.7 million is recognized in the net operating trading expense.

Off-Balance-Sheet Business

41 Contingent liabilities and other obligations

The contingent liabilities and other obligations include potential future obligations of the Group deriving from limited-term credit lines extended to customers but not yet drawn upon. Through credit facilities, the Group allows its customers to have rapid access to funds that they need to meet their short-term obligations and for long-term financing needs. Additionally, this item shows obligations under suretyships and guarantees, as well as documentary credits. Income from suretyships is included in the net commission income, and the amount is determined by applying agreed rates to the nominal amount of the suretyships.

The figures do not permit direct conclusions as to the resulting liquidity needs. Further information about liquidity risks and their management and oversight is included in the risk report.

EUR m	2011	2010
Obligations under suretyships and guarantees		
Credit suretyships	15.6	17.1
Other suretyships and guarantees	316.8	337.0
Documentary credits	4.8	6.2
including: credit openings	4.6	6.1
including: credit confirmations	0.2	0.1
Contingent liabilities	**337.2**	**360.3**
Committed credit facilities		
Current account credits	353.0	473.2
Guarantee lines	96.9	88.6
Mortgage loans / public-sector loans	44.1	58.7
Other obligations	**494.0**	**620.5**

The risk provisions for off-balance-sheet obligations are recognized under “Other provisions.”

The figures in the tables reflect the amounts that would have to be written off if the customer fully utilized the facilities and then became delinquent, assuming no collateral had been furnished. A large portion of these obligations may expire without having been drawn. The figures are not representative of actual future credit commitments, or of liquidity needs arising from these obligations. Collateral, where applicable, serves for the aggregate exposure to customers under loans and guarantees. In addition, there are third-party subinterests in irrevocable credit commitments and guarantees.

42 Other financial obligations

EUR m	2011			
	1 year or less	Over 1 year to 5 years	Over 5 years	Total
Obligations under leases	43.1	92.4	23.6	159.1
Obligations for maintenance of information technology	1.5	3.4	0.9	5.8
Obligations under commenced capital spending projects	2.9	—	—	2.9
Call commitments and joint liability	2.1	—	—	2.1
Other financial obligations	**49.6**	**95.8**	**24.5**	**169.9**

EUR m	2010			
	1 year or less	Over 1 year to 5 years	Over 5 years	Total
Obligations under leases	45.3	87.8	22.4	155.5
Obligations for maintenance of information technology	2.9	3.7	1.0	7.6
Obligations under commenced capital spending projects	4.3	—	—	4.3
Call commitments and joint liability	2.1	—	—	2.1
Other financial obligations	**54.6**	**91.5**	**23.4**	**169.5**

Obligations under leases pertain to rental and lease agreements for buildings and business equipment. These resulted in expenses of EUR 13.7 million for the year (prior year: EUR 12.3 million). The building leases as a rule have terms of 10 years. Leases for business equipment have terms of between 3 and 5 years.

Call obligations for stocks, bonds and other shares came to EUR 0.1 million (prior year: EUR 0.1 million); joint liability obligations under Sec. 26 of the German Act on Limited Liability Companies in GmbH Form (GmbH-Gesetz) came to EUR 2.0 million (prior year: EUR 2.0 million).

The joint liability commitments pertain to Liquiditäts-Konsortialbank GmbH (LIKO). The carrying amount of the OLB Group's equity interest comes to EUR 0.3 million. The OLB Group is conditionally liable for additional commitments to LIKO up to an amount of EUR 2.0 million. Furthermore, under Art. 5 (4) of the LIKO Articles of Association, OLB may also be jointly liable if other shareholders fail to meet their obligations to provide additional payments. Where joint liability exists, the creditworthiness of the joint shareholders is beyond doubt in every case.

A liability for Munich Filmpartners (MFP) under Sec. 172 (4) of the German Commercial Code has revived, in the amount of EUR 75 thousand.

In addition, Oldenburgische Landesbank AG is a member of a deposit insurance fund that covers liabilities to creditors up to a defined maximum amount. As a member of the deposit insurance fund, which itself is a shareholder in LIKO, Oldenburgische Landesbank AG and the other fund members are separately liable for additional capital payments up to a maximum of the annual contribution of Oldenburgische Landesbank AG. For 2011, Oldenburgische Landesbank AG was charged a contribution of EUR 4.8 million (prior year: EUR 4.2 million).

In addition, an amount of EUR 1.1 million was paid for the first time into the Banking Institution Restructuring Fund (the "bank levy").

Under Art. 5 (10) of the statute of the deposit insurance fund, we have agreed to hold the Bundesverband deutscher Banken e. V. harmless from any losses that may occur as a result of measures in favor of banks in which we hold majority ownership.

Under that same statute, Allianz Deutschland AG has agreed to hold the Bundesverband deutscher Banken e. V. harmless from any losses that may occur in the Bank's favor under Sec. 2 (2). This declaration is irrevocable as long as Allianz Deutschland AG is in a relationship with Oldenburgische Landesbank AG that is covered by Sec. 5 (10) of the statute. Section 2 regulates the duties and purpose of the deposit insurance fund. The deposit insurance fund has the duty of paying interest for the depositors' benefit, in the event that banks incur or are threatened with financial difficulties, and particularly where there is a threat of cessation of payments, so as to prevent confidence in private banking institutions from being compromised. Under Sec. 2 (2), in performing this task, all measures to provide assistance are permitted, particularly including payments to individual creditors, payments to banks, the assumption of guarantees or the assumption of liabilities under measures covered by Sec. 46a of the Banking Act.

In the case of subsidiaries within the meaning of Sec. 290 (1) and (2) of the German Commercial Code which conduct banking business or perform functions supplemental to the banking business, Oldenburgische Landesbank AG is careful to see, proportionally to the interest it holds, that – apart from political risks – these companies can meet their obligations.

43 Trust business

EUR m	2011	2010
Trust receivables from customers	14.5	19.1
Trust assets[1]	**14.5**	**19.1**
Trust payables to banks	10.9	13.6
Trust payables to customers	3.6	5.5
Trust liabilities	**14.5**	**19.1**

1 Including EUR 19.1 million (prior year: EUR 24.3 million) in trustee loans

Supplementary Information

44 **Fair values and carrying amounts of financial instruments by measurement class and balance sheet item**

The financial instruments in the following table are primarily on-balance-sheet and off-balance-sheet financial assets and liabilities to which IFRS 7 applies. For these financial instruments, classes have been formed that make it possible to decide whether amortized cost or fair value should be applied as the relevant measurement standard under IAS 39. Cash and cash equivalents are shown separately, because they are measured at their nominal value and therefore are not classified as either financial assets at amortized cost or financial assets at fair value. The fair values for each measurement class of financial instruments are compared to carrying amounts, and a reconciliation to the items on the assets and liabilities side of the balance sheet is carried out. Risk discounts are applied as part of the fair values for financial liabilities – and for financial assets, only on the unhedged portion of a receivable. The prior-year figures have been revised to provide a more accurate presentation.

44 a Financial assets

EUR m	Category[1]	At nominal value		At amortized cost		At fair value		Total 2011	
		Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	LaR	144.3	144.3	—	—	—	—	144.3	144.3
Trading assets	HfT	—	—	—	—	18.5	18.5	18.5	18.5
Loans and advances to banks (net after risk provisions)	LaR	—	—	924.1	924.7	—	—	924.1	924.7
Loans and advances to customers (net after risk provisions)	LaR	—	—	9,792.3	9,917.4	—	—	9,792.3	9,917.4
Financial assets (fair value)	AfS	—	—	—	—	2,256.1	2,256.1	2,256.1	2,256.1
Financial assets (at cost)	AfS	—	—	2.8	2.8	—	—	2.8	2.8
Other assets[2]	LaR	—	—	45.1	45.1	—	—	45.1	45.1
Total loans and receivables (LaR)		**144.3**	**144.3**	**10,761.5**	**10,887.2**	**—**	**—**	**10,905.8**	**11,031.5**
Total held for trading (HfT)		**—**	**—**	**—**	**—**	**18.5**	**18.5**	**18.5**	**18.5**
Total available for sale (AfS)		**—**	**—**	**2.8**	**2.8**	**2,256.1**	**2,256.1**	**2,258.9**	**2,258.9**
Total for all measurement categories		**144.3**	**144.3**	**10,764.3**	**10,890.0**	**2,274.6**	**2,274.6**	**13,183.2**	**13,308.9**

1 LaR = Loans and Receivables, HfT = Held for Trading, AfS = Available for Sale
2 EUR 0.5 million of other liabilities measured at fair value pertain to positive market values from hedging transactions that qualify for hedge accounting under IAS 39.

EUR m	Category[1]	At nominal value		At amortized cost		At fair value		Total 2010	
		Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	LaR	158.8	158.8	—	—	—	—	158.8	158.8
Trading assets	HfT	—	—	—	—	20.0	20.0	20.0	20.0
Loans and advances to banks (net after risk provisions)	LaR	—	—	1,530.5	1,532.8	—	—	1,530.5	1,532.8
Loans and advances to customers (net after risk provisions)	LaR	—	—	9,451.3	9,182.9	—	—	9,451.3	9,182.9
Financial assets (fair value)	AfS	—	—	—	—	1,980.3	1,980.3	1,980.3	1,980.3
Financial assets (at cost)	AfS	—	—	2.8	2.8	—	—	2.8	2.8
Other assets[2]	LaR	—	—	43.6	43.6	0.5	0.5	44.1	44.1
Total loans and receivables (LaR)		**158.8**	**158.8**	**11,025.4**	**10,759.3**	**0.5**	**0.5**	**11,184.7**	**10,918.6**
Total held for trading (HfT)		**—**	**—**	**—**	**—**	**20.0**	**20.0**	**20.0**	**20.0**
Total available for sale (AfS)		**—**	**—**	**2.8**	**2.8**	**1,980.3**	**1,980.3**	**1,983.1**	**1,983.1**
Total for all measurement categories		**158.8**	**158.8**	**11,028.2**	**10,762.1**	**2,000.8**	**2,000.8**	**13,187.8**	**12,921.7**

1 LaR = Loans and Receivables, HfT = Held for Trading, AfS = Available for Sale
2 EUR 0.5 million of other liabilities measured at fair value pertain to positive market values from hedging transactions that qualify for hedge accounting under IAS 39.

The amount of the impairment loss for trading assets is shown in the Notes on net trading income. The impairment loss for financial assets can be found in the Notes on the net income or loss on financial assets and on the cumulative effect of measurement of available-for-sale financial instruments. Impairments on loans and advances to customers and banks are reflected in the Notes on risk provisions for the credit business. Net income or losses on the specified classes of financial instruments are also shown there.

44 b Financial liabilities

EUR m	Category[1]	At nominal value – Carrying amount	At nominal value – Fair value	At amortized cost – Carrying amount	At amortized cost – Fair value	At fair value – Carrying amount	At fair value – Fair value	Total – Carrying amount	Total – Fair value
2011									
Trading liabilities	HfT	—	—	—	—	15.7	15.7	15.7	15.7
Amount due to banks	OL	—	—	3,397.0	3,798.1	—	—	3,397.0	3,798.1
Amount due to customers	OL	—	—	7,544.5	7,617.9	—	—	7,544.5	7,617.9
Securitized liabilities	OL	—	—	1,161.7	1,079.9	—	—	1,161.7	1,079.9
Provisions and other liabilities[2]	OL	—	—	163.5	163.5	109.4	109.4	272.9	272.9
Subordinated debt	OL	—	—	274.2	281.6	—	—	274.2	281.6
Total held for trading (HfT)		**—**	**—**	**—**	**—**	**15.7**	**15.7**	**15.7**	**15.7**
Total other liabilities (OL)		**—**	**—**	**12,540.9**	**12,941.0**	**109.4**	**109.4**	**12,650.3**	**13,050.4**
Total for all measurement categories		**—**	**—**	**12,540.9**	**12,941.0**	**125.1**	**125.1**	**12,666.0**	**13,066.1**

1 HfT = Held-for-Trading, OL = Other Liabilities
2 Other liabilities measured at fair value pertain to accrued interest and to EUR 109.4 million in negative market values from hedging transactions that qualify for hedge accounting under IAS 39.

EUR m	Category[1]	At nominal value – Carrying amount	At nominal value – Fair value	At amortized cost – Carrying amount	At amortized cost – Fair value	At fair value – Carrying amount	At fair value – Fair value	Total – Carrying amount	Total – Fair value
2010									
Trading liabilities	HfT	—	—	—	—	13.1	13.1	13.1	13.1
Amount due to banks	OL	—	—	3,816.5	3,890.6	—	—	3,816.5	3,890.6
Amount due to customers	OL	—	—	7,208.2	7,247.2	—	—	7,208.2	7,247.2
Securitized liabilities	OL	—	—	1,099.3	1,068.1	—	—	1,099.3	1,068.1
Provisions and other liabilities[2]	OL	—	—	141.1	141.1	89.0	89.0	230.1	230.1
Subordinated debt	OL	—	—	254.4	266.5	—	—	254.4	266.5
Total held for trading (HfT)		**—**	**—**	**—**	**—**	**13.1**	**13.1**	**13.1**	**13.1**
Total other liabilities (OL)		**—**	**—**	**12,519.5**	**12,613.5**	**89.0**	**89.0**	**12,608.5**	**12,702.5**
Total for all measurement categories		**—**	**—**	**12,519.5**	**12,613.5**	**102.1**	**102.1**	**12,621.6**	**12,715.6**

1 HfT = Held-for-Trading, OL = Other Liabilities
2 Other liabilities measured at fair value pertain to accrued interest and to EUR 89.9 million in negative market values from hedging transactions that qualify for hedge accounting under IAS 39.

The fair value is the amount obtainable from the trading of a financial instrument in a bargained transaction between knowledgeable, willing, independent parties. Fair value is best expressed by a market value, if a market price is available. Financial instruments primarily comprise securities, receivables, liabilities and derivatives.

For most financial instruments, and primarily for loans, deposits and non-marketable derivatives, no market prices are directly available because there is no organized market on which these instruments are traded. For these instruments, fair value was determined using measurement methods accepted in financial mathematics, applying current market parameters. The present-value method and option pricing models were used in particular. Accordingly, fair value is a model value referred to the reporting date, and can only be viewed as an indicator for the amount recoverable in a future sale. Further explanations of the methods of measuring risk associated with financial instruments are provided in the risk report in the section on risk position, under risk-bearing capacity and counterparty risks.

Financial instruments that mature daily

Financial instruments that mature daily are recognized at nominal value. These instruments include cash on hand, as well as overdraft facilities and demand deposits of banks and customers.

Receivables and liabilities

To determine market value, future cash flows defined by contract are calculated and discounted at suitable market interest rates. Borrowers' creditworthiness is taken into account with an appropriate adjustment of the discount rates.

Trading assets and liabilities

The Group measures trading assets and liabilities, including debt securities, stocks, derivative financial instruments and foreign exchange transactions, at their market value or derived fair value. If no price quotation is available, fair values are measured using financial mathematics.

Securities

Securities held as financial assets are categorized as available-for-sale financial instruments in accordance with IAS 39, and are measured at fair value. If no price quotation is available, fair values are measured using financial mathematics.

Long-term liabilities

Securitized liabilities and subordinated debt are measured on the basis of quoted market prices where available, and taking various factors into account, including current market interest rates and the Group's credit rating. If no price quotation is available, fair values are measured using financial mathematics.

44 c Fair-value hierarchy

The following table ranks financial instruments recognized at fair value in the three fair-value categories according to the IFRS fair-value hierarchy.

Financial instruments held as assets

	2011			
Carrying amount in EUR m	Financial instruments traded in an active market (Level 1)	Measurement models based on market data (Level 2)	Measurement models not based on market data (Level 3)	Total
Trading assets	0.7	—	—	0.7
Trading assets (derivative)	—	17.8	—	17.8
Financial assets (fair value)	1,464.9	791.2	—	2,256.1
Other financial instruments at fair value held as assets	—	—	—	—
Financial instruments at fair value held as assets	**1,465.6**	**809.0**	**—**	**2,274.6**

Carrying amount in EUR m	Financial instruments traded in an active market (Level 1)	Measurement models based on market data (Level 2)	Measurement models not based on market data (Level 3)	Total
				2010
Trading assets	4.9	—	—	4.9
Trading assets (derivative)	0.4	14.7	—	15.1
Financial assets (fair value)	1,034.8	945.5	—	1,980.3
Other financial instruments at fair value held as assets	—	0.5	—	0.5
Financial instruments at fair value held as assets	**1,040.1**	**960.7**	**—**	**2,000.8**

Financial instruments held as liabilities

Carrying amount in EUR m	Financial instruments traded in an active market (Level 1)	Measurement models based on market data (Level 2)	Measurement models not based on market data (Level 3)	Total
				2011
Trading liabilities	0.2	15.5	—	15.7
Other financial liabilities at fair value	—	109.4	—	109.4
Total financial instruments at fair value held as liabilities	**0.2**	**124.9**	**—**	**125.1**

Carrying amount in EUR m	Financial instruments traded in an active market (Level 1)	Measurement models based on market data (Level 2)	Measurement models not based on market data (Level 3)	Total
				2010
Trading liabilities (derivative)	0.7	12.4	—	13.1
Other financial liabilities at fair value	—	89.0	—	89.0
Total financial instruments at fair value held as liabilities	**0.7**	**101.4**	**—**	**102.1**

During the year, EUR 17.2 million in fixed-income securities was transferred from Level 1 to Level 2, primarily because their market prices were linked to valuation models from the Bloomberg market price information service.

In compliance with IFRS specifications, OLB has followed the reporting practices of its parent company, Allianz, to ensure a uniform categorization of financial instruments in the various levels of the fair value hierarchy throughout the Group.

One major characteristic is that Pfandbrief mortgage bonds are normally assigned to Level 2 throughout the Group, because of their low trading volume on exchanges. However, this should not be construed as indicating any adverse change in their probability of redemption.

The market values of derivatives entered into in OTC trading are likewise included in Level 2 even where the market presented identical comparable prices.

For all financial instruments that were not already assigned to the first two levels, the price connection was also checked. Where quoted market prices existed, they were taken as a basis, and the instruments were categorized in Level 1. Where price models from the market information provider Bloomberg were used, the instruments were categorized in Level 2.

45 Related-party transactions

Allianz Deutschland AG holds approximately 64.3 percent of the stock of Oldenburgische Landesbank AG; OLB-Beteiligungsgesellschaft mbH holds approximately 25.3 percent (as of December 31, 2011). The majority shareholder of OLB-Beteiligungsgesellschaft mbH, in turn, is Allianz Deutschland AG, which holds approximately 98.8 percent. The sole shareholder of Allianz Deutschland AG is Allianz SE.

In the course of normal business operations, transactions are conducted with related parties on arm's-length terms. The scope of these transactions is shown below; transactions eliminated in the consolidation process are not included. Persons considered related parties are members of the Board of Managing Directors and Supervisory Board of Oldenburgische Landesbank AG and its parent companies Allianz Deutschland AG and Allianz SE, as well as their family members. The Board of Managing Directors and Supervisory Board of Oldenburgische Landesbank AG are considered persons in key positions. Members of the managing boards and supervisory boards of companies at the parent company level are included under "Other related parties." Entities considered related parties are unconsolidated subsidiaries of Oldenburgische Landesbank AG (shown in the list of subsidiaries), entities in which members of the Bank's Supervisory Board hold a management position, the Bank's majority shareholder Allianz Deutschland AG (shown as a parent company) and other Allianz Group companies for which Allianz SE is the ultimate parent.

Receivables and liabilities

EUR m	2011	2010
Loans and advances to customers		
Persons in key positions at OLB AG	0.5	0.6
Subsidiaries	0.7	1.2
Other related parties	35.5	68.4
Other assets		
Parent companies	9.6	10.2
Other related parties	24.3	16.6
Total receivables	**70.6**	**97.0**
Amounts due to customers		
Persons in key positions at OLB AG	0.8	0.8
Subsidiaries	0.2	0.2
Other related parties	105.1	119.8
Provisions and other liabilities		
Parent companies	2.2	1.4
Other related parties	14.1	9.1
Total liabilities	**122.4**	**131.3**

The above receivables from and liabilities to customers concern money market transactions, loans and deposits, and refinancing funds. Receivables from persons in key positions at OLB AG are almost entirely secured with real-estate liens. Receivables from subsidiaries are not secured because of their affiliation within the Group. Collateral of EUR 27.0 million has been provided for receivables from other related parties. No collateral was furnished for liabilities. Additionally, there were guarantee lines of EUR 27.7 million to other related entities at December 31, 2011 (prior year: EUR 27.3 million). The Bank also conducts service, securities, foreign-currency trading and forward-rate transactions with related parties.

These transactions affected the computation of profits as shown in the following table:

EUR m	2011	2010
Net interest income		
Persons in key positions at OLB AG	—	—
Parent companies	—	—
Subsidiaries	—	0.1
Other related parties	–0.3	–0.1
Net commission income		
Persons in key positions at OLB AG	—	—
Parent companies	—	—
Subsidiaries	2.2	1.9
Other related parties	24.4	27.5
Office expense		
Persons in key positions at OLB AG	—	—
Parent companies	–9.5	–8.3
Subsidiaries	—	—
Other related parties	–22.9	–23.1
Other net operating income		
Persons in key positions at OLB AG	—	—
Parent companies	67.9	70.6
Subsidiaries	—	—
Other related parties	—	0.2
Total profit	**61.8**	**68.8**

Oldenburgische Landesbank AG established a new business segment, Allianz Bank, as of June 1, 2009. Allianz Bank is operated as an affiliate of Oldenburgische Landesbank AG, under the combined responsibility of the OLB Board of Managing Directors. In accordance with the Allianz Bank business plan, the setup costs and expected startup losses will cause Allianz Bank to show a net loss in the first few years. In this regard, Oldenburgische Landesbank AG and Allianz Deutschland AG have agreed that Allianz Deutschland AG will compensate for potential losses at Allianz Bank. This agreement applies through December 31, 2014. Oldenburgische Landesbank AG holds a right of termination linked to the expiration of the obligation to compensate for losses.

However, Oldenburgische Landesbank AG is entitled to all profits from the Allianz Bank affiliate. No partial-profit transfer agreement on the profits from Allianz Bank has been entered into. In its business plan for Allianz Bank, Oldenburgische Landesbank AG assumes that Allianz Bank will show a profit in the medium to long term.

The computation of profits includes EUR 127.3 million in income (prior year: EUR 133.4 million) and EUR 65.6 million in expenses (prior year: EUR 64.5 million) for related-party transactions. The income is principally Allianz Deutschland AG's compensation for the loss on ongoing business operations at Allianz Bank, and commissions from Allianz Group companies for brokering and managing portfolios of fund and insurance products. The expenses are principally Allianz Bank's costs for sales compensation paid to Allianz agencies, and for services provided from within the Allianz Group. The terms and conditions for the interest and commissions business, including collateral, as well as the intra-Group charges, are those commonly applied in the market.

With regard to the indemnification declaration furnished by Allianz Deutschland AG to the Bundesverband deutscher Banken e. V. in favor of Oldenburgische Landesbank AG, please see the comments in the section on "Other financial obligations."

Credit granted to members of the Board of Managing Directors was as follows as of December 31, 2011: Approved credit lines totaled EUR 524.3 thousand, EUR 113 thousand of which had been used as of December 31, 2011. The interest rate for each line was 6.00 percent. There was an existing guarantee line of EUR 2.4 thousand, for which a commission of 2.70 percent was billed. There was furthermore a loan of EUR 100 thousand. The interest rate was 2.89 percent. The interest rates and terms are those commonly applied in the market. At the reporting date, EUR 6 thousand in credit card lines had been utilized, out of total limits of EUR 90.1 thousand.

Credit granted to members of the Supervisory Board was as follows as of December 31, 2011: Approved credit lines totaled EUR 247.0 thousand, EUR 15.4 thousand of which had been used as of December 31, 2011. The interest rates were between 6.00 percent and 9.88 percent. In addition, there were guarantee lines of EUR 46.6 thousand, for which commissions of between 0.50 percent and 3.25 percent were paid. There were further loans of EUR 230.5 thousand, for which the rates were between 3.81 percent and 5.06 percent. The interest rates and terms are those commonly applied in the market. Loans of EUR 320 thousand were paid back during the past fiscal year. The interest rate on these loans was 5.30 percent. At the reporting date, EUR 4.3 thousand in credit card lines had been utilized, out of total limits of EUR 121.2 thousand.

Compensation paid to the Board of Managing Directors in fiscal 2011 came to EUR 2.9 million (prior year: EUR 2.9 million). This figure includes RSUs with a total fair value of EUR 0.7 million (prior year: EUR 0.8 million). Members of the Board of Managing Directors received a total of EUR 30.1 thousand (including value-added tax; prior year: EUR 20.6 thousand) in 2011 for memberships on governing bodies of companies owned by the Group. On December 31, 2011, the actuarial net present value of pension obligations, on an IFRS basis, for members of the Board of Managing Directors who were active at that date, came to EUR 3.2 million (prior year: EUR 2.7 million). The expense for pension obligations was EUR 0.3 million (prior year: EUR 0.3 million). The components of compensation by category are shown in the following table:

EUR m	2011	2010
Benefits due short-term	2.1	1.9
Other benefits due long-term	0.1	0.2
Share-based payments	0.7	0.8
Total	**2.9**	**2.9**
Benefits for termination of employment	2.1	—
Benefits after termination of employment	0.3	0.3

We paid compensation of EUR 3.2 million to former members of the Board of Managing Directors or their survivors (prior year: EUR 1.6 million). The actuarial net present value of the pension obligations for this group of persons, on an IFRS basis, came to EUR 16.4 million (prior year: EUR 14.8 million).

Compensation paid to the Supervisory Board in fiscal 2011 came to EUR 0.7 million (prior year: EUR 0.7 million). All of these are benefits payable in the short term.

Furthermore, Mr. Claas E. Daun, who numbers among the “Persons in key positions” because of his activity on the Supervisory Board of OLB AG, was paid EUR 2,000 in compensation for his membership on the Advisory Board of Oldenburgische Landesbank AG.

The compensation of the Board of Managing Directors and the Supervisory Board is reported individually in the Group management report.

46 Share-based payments

Employee stock purchase plans. Stock of Allianz SE is also offered to entitled employees of the OLB Group on preferred terms, within a specified time period. To be entitled to participate, employees must normally have been in an uninterrupted, unterminated employment or training relationship with the Bank for at least six months before the stock is offered; moreover, the purchase is subject to limitations on the amount that employees may invest in the stock acquisition. The amount of stock of the OLB Group issued under these offerings came to 34,427 shares for the fiscal year; the difference of EUR 0.4 million between the strike price and the market price for 2011 is recognized under the personnel expense.

Group Equity Incentive Plans. The OLB Group’s Group Equity Incentive Plans (GEI Plans) are intended to support the focus of top management, particularly the Board of Managing Directors, on sustainably enhancing corporate value. Until 2010, the GEIs included “virtual stock options” (Stock Appreciation Rights, SARs) and “virtual shares” (Restricted Stock Units, RSUs). As of the time of grant in 2011, the Allianz Equity Incentive Plan (AEI) replaced the GEI Plans. Under the AEI Plan, plan participants receive only virtual shares (Restricted Stock Units).

Stock Appreciation Rights Plans. The SARs granted to a plan participant obligate the OLB Group to pay in cash, for each right granted, the difference between the trading price of Allianz stock on the exercise date and the reference price. The maximum difference is limited to 150 percent of the reference price. The reference price is the average of the closing prices of Allianz SE stock on the ten trading days following the financial press conference of Allianz SE in the year of issue. The SARs granted up until 2008 may be exercised after a vesting period of two years, and expire after seven years. The vesting period for SARs issued from 2009 onward is four years; they too expire after seven years. Once the vesting period has expired, plan participants may exercise the SARs if the following market conditions are fulfilled:

1. the stock price of Allianz SE must have exceeded the Dow Jones EURO STOXX Price Index at least once for a period of five successive trading days during the plan period, and
2. the stock price of Allianz SE must exceed the reference price by at least 20 percent at the time of exercise.

Additionally, provided that the above market conditions are fulfilled, SARs may be exercised by the Company prior to the expiration of the vesting period if a plan participant dies, majority ratios change, or the plan participant leaves the Company because of a termination for business reasons.

Rights not exercised on the last date of the plan are exercised automatically if the requirements have been met. If the requirements have not been met, or if a participant in the plan has left the OLB Group’s employ, the rights expire.

The fair value of SARs at the time of grant is determined using a Cox–Rubenstein binomial option valuation model. The volatility is derived from observable historical market prices. If no historical information is available in regard to the exercise of SARs (especially if the plans issued from 2006 to 2008 are not in the money), it is assumed that the expected term is the same as the term until the SARs expire.

The following table shows the assumptions for computing the fair value of SARs at the time of grant:

	2011	2010	2009	2008	2007
Expected volatility in %	—	29.00	60.0	32.0	27.9
Risk-free interest rate in %	—	2.70	2.6	3.6	3.9
Expected dividend yield in %	—	5.60	6.2	5.3	3.0
Stock price in EUR	—	88.09	55.19	112.80	158.01
Expected term in years	—	7	7	7	7

No new units were granted in 2011.

The OLB Group reports SARs as cash-settled compensation. For that reason, the Group includes the fair value of the SARs as a personnel expense on an accrual basis over the duration of the vesting period. After the vesting period expires, any changes in the fair value of unexercised rights are recognized as a personnel expense. During the fiscal year ended December 31, 2011, the total personnel expense associated with unexercised rights came to EUR 60 thousand (2010: EUR 118 thousand).

As of December 31, 2011, the OLB Group had established a provision of EUR 114 thousand (2010: EUR 343 thousand) for unexercised SARs.

The following table shows the performance of the SARs:

	Units	Eligible for exercise	Weighted average strike price	Weighted average fair value at measurement date	Weighted average remaining term in years
At 12/31/2009	**58,386**	**—**	**113.37**	**8.06**	**3.1**
Granted	16,346	—	87.36	17.31	—
Exercised	—	—	—	—	—
Reassignment within Group	2,606	—	104.02	—	—
At 12/31/2010	**77,338**	**—**	**107.56**	**7.48**	**3.1**
Granted	—	—	—	—	—
Exercised	– 10,995	—	83.47	—	—
Reassignment within Group	—	—	—	—	—
At 12/31/2011	**66,343**	**—**	**111.55**	**2.55**	**2.5**

Restricted Stock Unit plans. The RSUs granted to a plan participant obligate the OLB Group to make a cash payment equivalent to the average trading price of the stock of Allianz SE on the ten trading days preceding the expiration of the vesting period, or to issue one share of Allianz SE or another equity instrument of the same value for each right granted. The RSUs have a vesting period of five years. The OLB Group exercises the RSUs on the first trading day after their vesting period expires. On the exercise date, the OLB Group may define the method of performance for the individual RSUs.

Additionally, RSUs may be exercised by the Company prior to the expiration of the vesting period if a plan participant dies, majority ratios change, or the plan participant leaves the Company because of a termination for business reasons. RSUs are virtual shares that carry no rights to dividend payments. Their fair value is calculated by subtracting the net present value of expected future dividend payments from the current prevailing price on the measurement date.

The following table shows the assumptions for computing the fair value of RSUs at the time of grant:

in %	2011	2010
Average interest rate	—	1.40
Average dividend yield	—	5.50

No new units were granted in 2011.

The OLB Group recognizes RSUs as cash-settled compensation because the OLB Group is planning on cash settlement. For that reason, the Group includes the fair value of the RSUs as a personnel expense on an accrual basis over the duration of the vesting period. During the fiscal year ended December 31, 2011, the total personnel expense associated with unexercised RSUs came to EUR 320 thousand (2010: EUR 547 thousand).

As of December 31, 2011, the OLB Group had established a provision of EUR 857 thousand (2010: EUR 1,200 thousand) for RSUs that could not be exercised.

Allianz Equity Incentive Plan. The AEI Plan replaced the GEI plans as of the 2011 grant year.

Under the new compensation structure, which has been in effect since January 1, 2010, the 2012 RSUs are treated as compensation granted to participants for the 2011 year. The additional provision and personnel expense for the RSUs issued in March 2012 are estimated on the basis of a 100 percent target achievement, as included in the goal agreement for each plan participant for 2011.

The RSUs granted to a plan participant obligate the OLB Group to make a cash payment equivalent to the average trading price of Allianz SE stock on the exercise date and the nine preceding trading days, or to exchange each virtual share for one share of Allianz SE. The payout is limited to 200 percent of the increase in the stock price above the price at the time of issue.

The RSUs under the AEI plan are subject to a four-year vesting period. The RSUs are released on the last day of the vesting period. The OLB Group may define the method of performance for the individual RSUs.

Additionally, RSUs may be exercised by the Company prior to the expiration of the vesting period if a plan participant dies, majority ratios change, or the plan participant leaves the Company because of a termination for business reasons.

The RSUs are virtual stock that do not carry an entitlement to payment of a dividend and are subject to a payout limit. Their fair value is calculated from the trading price prevailing on the measurement date, less the aggregate net present value of the future dividend payments expected until maturity, and the fair value of the payout limit. The payout limit is measured as a European short-call option on the basis of current market figures on the measurement date.

The following table shows the assumptions for computing the fair value of RSUs at the time of grant:

	2012	2011
Stock price in EUR	84.90	102.00
Average dividend yield in %	5.50	4.80
Average interest rate in %	1.25	2.00
Expected volatility in %	25.00	19.00

The 2012 RSUs are treated as compensation granted to the participants for the 2011 year. Consequently, the assumptions for the RSUs issued in March 2012 are based on a best estimate.

The OLB Group recognizes RSUs within the new compensation structure as cash-settled compensation because the OLB Group is planning on cash settlement. For that reason, the OLB Group recognizes the fair value of the RSUs as a personnel expense on an accrual basis, over the one-year period for which they are earned and then over the vesting period. During the fiscal year ended December 31, 2011, the total personnel expense associated with the RSU component of the AEI Plan came to EUR 357 thousand (2010: EUR 165 thousand).

As of December 31, 2011, the OLB Group had established a provision of EUR 430 thousand (2010: EUR 165 thousand) for these RSUs.

The following table shows the performance of the RSUs:

	Units	Weighted average value	Weighted average strike price
At 12/31/2009	**25,667**	**79.68**	**—**
Granted	8,114	68.54	—
Exercised	– 9,888	—	82.87
Reassignment within Group	1,269	—	—
At 12/31/2010	**25,162**	**78.05**	**—**
Granted	11,591	60.12	—
Exercised	– 6,348	—	100.11
Reassignment within Group	—	—	—
At 12/31/2011	**30,405**	**64.06**	**—**

47 Independent auditors' fees

EUR m	2011	2010
Audit of financial statements	0.8	0.7
Other confirmation and valuation services	0.4	0.5
Total[1]	**1.2**	**1.2**

1 Of the 2011 total, EUR 0.1 million pertain to the prior year.

48 Risk of changes in market prices

In the interest of greater clarity, for information on market risks associated with the trading and non-trading portfolios we refer the reader to the risk report in the Group management report, particularly the section on market price risk in the discussion of risk-bearing capacity under "Risk situation."

49 Concentration of credit risk

In the interest of greater clarity, for information on the concentration of credit risk we refer the reader to the risk report in the Group management report, particularly the section on concentration risks under the definition of risk types.

50 List of shareholdings

Name and registered office of the company	Share of capital held %	Equity 12/31/2011 EUR m	Profit for period 1/1–12/31/2011 EUR m	Profit for period 1/1–12/31/2010 EUR m
W. Fortmann & Söhne KG, Oldenburg	100.00	8.77	0.33	0.45
Münsterländische Bank Thie & Co. KG, Münster	100.00	8.30	0.62	0.48
Grundstücksgesellschaft mit beschränkter Haftung, Oldenburg	100.00	0.03	—	—
OLB-Service Gesellschaft mit beschränkter Haftung, Oldenburg	100.00	0.03	—	—
OLB-Immobiliendienst-GmbH, Oldenburg	100.00	0.03	—	—
AGI-Fonds Ammerland[1]	100.00	n / a	8.67	6.69
AGI-Fonds Weser-Ems[1]	100.00	n / a	3.62	4.30

1 Managed by Allianz Global Investors, Frankfurt am Main

The Group has profit-and-loss transfer agreements with the following subsidiaries:
- Grundstücksgesellschaft mit beschränkter Haftung, Oldenburg
- OLB-Immobiliendienst-GmbH, Oldenburg
- OLB Service Gesellschaft mit beschränkter Haftung, Oldenburg.

In addition to Oldenburgische Landesbank AG, headquartered in 26122 Oldenburg, Stau 15/17 – entered in the Commercial Register of Oldenburg Local Court under No. HRB 3003 – the consolidated financial statements include the companies and special funds listed in the list of shareholdings, as described in Note (01). OLB-Immobiliendienst-GmbH, of Oldenburg, is excepted.

51 Employees

On average for the year, Oldenburgische Landesbank had 2,926 employees (prior year: 2,973).
They comprised the following categories:

Number	2011	2010
Full-time employees (average)		
Women	935	971
Men	1,298	1,317
Part-time employees (average)		
Women	660	654
Men	33	31
Total employees	**2,926**	**2,973**

The number of employees at December 31, 2011, was 2,883; the OLB Group also had 226 apprentices and trainees (132 of them women).

52 Corporate governance

The Declaration of Compliance with the Recommendations of the Government Commission on the German Corporate Governance Code has been issued by the Board of Managing Directors and the Supervisory Board as required under Sec. 161 of the German Stock Corporation Act, and is kept permanently available to shareholders on the Internet, in the Investor Relations area of our Web site, www.olb.de (path: www.olb.de/dieolb/2613.php).

53 Dividend payment

According to the German Commercial Code (HGB), the pertinent profit for the period for fiscal 2011 was EUR 1.6 million. As there were no carry-forwards or allocations to reserves, this corresponds to the distributable profit. For the allocation of this profit, an allocation in full to retained earnings will be proposed to the shareholders at the Shareholders' Meeting on May 31, 2012.

54 Date of release for publication

The present consolidated financial statements were released by the full Board of Managing Directors of Oldenburgische Landesbank AG for publication on February 28, 2012. Events from the balance sheet date until the release date may be included in consideration. Thereafter, under Sec. 173 of the Stock Corporation Act, changes in the consolidated financial statements may be made only by resolution of the Shareholders' Meeting.

Oldenburg, February 28, 2012
Oldenburgische Landesbank AG

The Board of Managing Directors

Dr. Achim Kassow
Spokesman

Dr. Stefan Friedmann

Jörg Höhling

Management's Statement of Responsibility

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the Group's net assets, financial position, and results of operations, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the Group's expected development.

Oldenburg, February 28, 2012
Oldenburgische Landesbank AG

The Board of Managing Directors

Dr. Achim Kassow
Spokesman

Dr. Stefan Friedmann

Jörg Höhling

Independent Auditors' Opinion

We have audited the consolidated financial statements prepared by Oldenburgische Landesbank Aktiengesellschaft, of Oldenburg – comprising the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in equity, the cash flow statement, and the notes to the consolidated financial statements – together with the Group management report, for the period from January 1 through December 31, 2011. The preparation of the consolidated financial statements and the Group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB, are the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer – IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework, and in the Group management report, are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group, and expectations as to possible misstatements, are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the Group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used, and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB, and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The Group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Hamburg, March 13, 2012
KPMG AG Wirtschaftsprüfungsgesellschaft

Leitz	Schmidt
Certified public auditor	Certified public auditor

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Additional Information

Other Offices Held by Corporate Officers

Honorary Chairman of the Supervisory Board

Dr. Bernd W. Voss

Supervisory Board

The members of the Supervisory Board held the positions listed below.

Andree Moschner
Chair
Member of the Board of Management of Allianz Deutschland AG, Munich; CEO of Allianz Beratungs- und Vertriebs-AG, Munich
Positions on other legally required supervisory boards of German companies:
Positions within the corporate group:
- Allianz Global Investors Kapitalanlagegesellschaft mbH, Frankfurt am Main

Manfred Karsten
Vice-Chair
Banker, Oldenburgische Landesbank AG, Oldenburg; Chairman of the Corporate Employee Council

Dr. Werner Brinker
Chairman of the Board of Management, EWE Aktiengesellschaft, Oldenburg
Positions on other legally required supervisory boards of German companies:
- VNG Verbundnetz Gas Aktiengesellschaft, Leipzig
- Solutronic AG, Köngen

Positions within the corporate group:
- EWE ENERGIE AG, Oldenburg (Chairman)
- EWE TEL GmbH, Oldenburg (Chairman)
- swb AG, Bremen (Chairman)

Memberships in comparable supervisory bodies:
- Werder Bremen GmbH & Co. KG aA, Bremen

Positions within the corporate group:
- EWE ENRJI A. S., Bursa, Turkey
- Kayserigaz AS, Turkey
- Bursagaz AS, Turkey

Claas E. Daun
Chairman of the Board of Management, Daun & Cie. AG, Rastede
Positions on other legally required supervisory boards of German companies:
- Mehler AG, Fulda (Chairman)
- Stöhr & Co. AG, Mönchengladbach (Chairman)

Positions within the corporate group:
- KAP Beteiligungs-AG, Stadtallendorf (Chairman)

Memberships in comparable supervisory bodies:
- KAP International Holdings Ltd., Johannesburg, South Africa (Chairman)
- Steinhoff International Holdings Ltd., Johannesburg, South Africa
- Zimbabwe Spinners & Weavers Ltd., Harare (Zimbabwe) Harare / Simbabwe

Carsten Evering
Branch Manager, Oldenburg-Süd Region,
Oldenburgische Landesbank AG, Friesoyte and Gehlenberg

Thomas Fischer (until December 31, 2011)
Member of the Board of Management, Allianz Beratungs- und Vertriebs-AG, Munich
Memberships in comparable supervisory bodies:
Positions within the corporate group:
- Allianz Autowelt GmbH, Munich (Chairman)
- esa EuroShip GmbH, Bad Friedrichshall (until January 1, 2012)

Prof. Dr. Andreas Georgi
Consultant, Starnberg
Positions on other legally required supervisory boards of German companies:
- Asea Brown Boveri AG, Mannheim
- Rheinmetall AG, Düsseldorf
- RWE Dea AG, Hamburg (until February 2012)

Memberships in comparable supervisory bodies:
- Felix Schoeller Holding GmbH & Co. KG, Osnabrück

Stefan Lübbe
Director, Member of the Management, Oldenburg-Süd Region, Oldenburgische Landesbank AG, Cloppenburg

Dr. Thomas Naumann (since February 20, 2012)
Member of the Board of Management of Allianz Deutschland AG, Munich

Horst Reglin
Union Secretary, Vereinte Dienstleistungsgewerkschaft, Oldenburg
Positions on other legally required supervisory boards of German companies:
- Öffentliche Lebensversicherungsanstalt Oldenburg
- Oldenburgische Landesbrandkasse

Uwe Schröder
Banker, Oldenburgische Landesbank AG, Oldenburg

Rainer Schwarz
Member of the Board of Management of Allianz Deutschland AG, Munich
Positions on other legally required supervisory boards of German companies:
Positions within the corporate group:
- Vereinte Spezial Krankenversicherung AG, Munich

Memberships in comparable supervisory bodies:
Positions within the corporate group:
- Allianz Prozess-Finanz GmbH, Munich

Jörg Thöle
Customer Support Officer, Osnabrück / Osnabrücker Land Region, Oldenburgische Landesbank AG, Osnabrück;
Representative of the Deutscher Bankangestellten-Verband

Board of Managing Directors

The members of the Board of Managing Directors held the positions listed below.

Dr. Achim Kassow (since August 1, 2011)
Spokesman of the Board of Managing Directors, Oldenburgische Landesbank AG

Dr. Stefan Friedmann
Member of the Board of Managing Directors, Oldenburgische Landesbank AG
Memberships in comparable supervisory bodies:
Positions within the corporate group:
- W. Fortmann & Söhne KG, Oldenburg (since May 19, 2011)
- Münsterländische Bank Thie & Co. KG, Münster (Chairman) (since May 19, 2011)
- OLB-Immobiliendienst-GmbH, Oldenburg (Chairman)

Jörg Höhling
Member of the Board of Managing Directors, Oldenburgische Landesbank AG

Benedikt Buhl (until May 19, 2011)
Spokesman of the Board of Managing Directors, Oldenburgische Landesbank AG
Memberships in comparable supervisory bodies:
Positions within the corporate group:
- W. Fortmann & Söhne KG, Oldenburg (Chairman) (until May 19, 2011)
- Münsterländische Bank Thie & Co. KG, Münster (Chairman) (until May 19, 2011)

Dr. Peter Schinzing (until December 31, 2011)
Deputy Spokesman of the Board of Managing Directors, Oldenburgische Landesbank AG
Memberships in comparable supervisory bodies:
Positions within the corporate group:
- W. Fortmann & Söhne KG, Oldenburg (Chairman from May 19, 2011, to December 31, 2011)
- Münsterländische Bank Thie & Co. KG, Münster (from May 19, 2011, to December 31, 2011)

Advisory Board

Dr. Carl Ulfert Stegmann – Chair
Vice-Chairman of the Supervisory Board, Aktiengesellschaft Reederei Norden-Frisia, Norderney

Karl-Heinz Diekmann – Vice-Chair
Lohne

Manfred Adrian
Publisher, Wilhelmshavener Zeitung, Wilhelmshaven

Dr. Maria Apel
General Partner, Pöppelmann GmbH & Co. KG, Lohne

Prof. Dr. Heinz-W. Appelhoff
Shareholder in Treuhand Oldenburg GmbH, Oldenburg

Christian Basse
Managing Partner, SKN Druck und Verlag GmbH & Co. KG, Norden

Harald Beenen
Managing Director, H. Beenen Vermögensverwaltung GmbH & Co. KG, Aurich

Dr. Jan Bernd Berentzen
Managing Shareholder, Berentzen Mally Marketing plus Services GmbH, Greven

Clemens van den Berg
Shareholder, van den Berg GmbH & Co. KG, Lingen

Dr. Fritz Blume
Private income, Jever

Dr. Franz J. Bönkhoff
Partner, Wirtschafts- und Steuerberaterkanzlei Dr. Bönkhoff & Partner, Oldenburg

Dr. Bernhard Brons
Member of the Board of Management, Reederei Aktien-Gesellschaft "EMS," Emden

Heiner Bröring
Former Managing Director, H. Bröring GmbH und Co. KG, Dinklage

Heinz Buse
Owner and Managing Director, Heinz Buse Corporate Group, Leer

Philip Freiherr von dem Bussche
Spokesman of the Board of Management, KWS SAAT AG, and Farmer, Einbeck

Dr. Markus Connemann
Managing Director, Hammerlit GmbH, Leer

Claas E. Daun
Chairman of the Board of Management, Daun & Cie. AG, Rastede

Stefan Delkeskamp
Managing Shareholder, Delkeskamp Verpackungswerke GmbH, Nortrup

Inge Gehring
Wildeshausen

Manfred-Wilhelm Göddeke
Managing Director (ret.), Rhein-Umschlag GmbH & Co. KG, Oldenburg

Isabel Hüppe
Attorney-at-law, Hamburg

Heinz Josef Imsiecke
Publisher, Münsterländische Tageszeitung, Cloppenburg

Werner zu Jeddeloh
Managing Director, BÜFA GmbH & Co. KG, Oldenburg

Prof. Dr. Dr. h. c. Hans Kaminski
Institute Director and Managing Director, Institut für Ökonomische Bildung, Oldenburg

Hans-Dieter Kettwig
Managing Director, ENERCON GmbH, Aurich

Jörg-Peter Knochen
Former Managing Partner, Oldenburgische Volkszeitung Druckerei und Verlag KG, Vechta

Reinhard Köser
Publisher, Nordwest-Zeitung, Oldenburg

Dr. Dieter Köster
CEO, Köster GmbH, Osnabrück

Angela Krüger-Steinhoff
Managing Director, Steinhoff Familienholding GmbH, Westerstede

Dr. Andreas Kühnl
Managing Director, H. Kemper GmbH & Co. KG, Nortrup

Friedrich-Wilhelm Freiherr von Landsberg-Velen
Managing Partner, Ferienzentrum Schloss Dankern GmbH, Haren

Hermann Lanfer
Managing Shareholder, Lanfer Logistik GmbH, Meppen

Prof. Dr. Dirk Lepelmeier
Managing Director, Nordrheinische Ärzteversorgung, Düsseldorf

Johannes van der Linde
Managing Partner, LUDWIG FREYTAG GmbH & Co. Kommanditgesellschaft, Oldenburg

Dirk Lütvogt
Managing Partner, Friedrich Lütvogt GmbH & Co. KG, Wagenfeld

Peter Mager
Steinfeld

Bernd Meerpohl
CEO, Big Dutchman AG, Vechta

Bernard Meyer
Managing Director, MEYER-WERFT GmbH, Papenburg

Consul Friedrich A. Meyer
Managing Shareholder, F.A. Meyer Beteiligungs-GmbH, Wilhelmshaven

Harald Müller
Managing Shareholder, Erwin Müller Gruppe Lingen, Lingen

Markus Müller
Generalintendant, Oldenburgisches Staatstheater, Oldenburg

Eske Nannen
Managing Director, Kunsthalle Emden Stiftung Henri und Eske Nannen und Schenkung Otto van de Loo, Emden

Holger Neumann
Managing Director, Pallas Group, Diepholz

Dieter Niederste-Hollenberg
Chairman of the Supervisory Board, BauKing AG, Hanover

Fritz-Dieter Nordmann
Managing Shareholder, Nordmann corporate group, Wildeshausen

Peter Pickel
Managing Partner, August Pickel GmbH & Co. KG, Oldenburg

Christian Rauffus
Managing Partner, Rügenwalder Wurstfabrik Carl Müller GmbH & Co. KG, Bad Zwischenahn

Hubert Rothärmel
Chairman of the Supervisory Board, CeWe Color Holding AG, Oldenburg

Klaus Rücker
Managing Shareholder, Rücker Group, Aurich and Wismar

Ralf Schu
Managing Director, Papier- u. Kartonfabrik Varel GmbH & Co. KG, Varel

Dirk Schulte Strathaus
Publisher, Delmenhorster Kreisblatt, Delmenhorst

Herbert Siedenbiedel
Managing Director, Nordwest Medien GmbH & Co. KG, Oldenburg

Carl Ulfert Stegmann
Board of Management, Aktiengesellschaft Reederei Norden-Frisia, Norderney

Franz Thiele jun.
Managing Director, Thiele & Freese GmbH & Co. KG, Emden

Harald Vogelsang
Managing Director, Hugo Vogelsang Maschinenbau GmbH, Essen (Oldenburg)

Michael Wagener
Member of the Board of Management, EWE AG, Oldenburg

Heidi Gräfin von Wedel
Wilhelmshaven

Manfred Wendt
Speaker for the Management, Johann Bunte Bauunternehmung GmbH & Co. KG, Papenburg

Doris Wesjohann
Member of the Board of Management, PHW Group, Visbek

Dr. Aloys Wobben
Managing Sole Shareholder, ENERCON Group, Aurich

Roland Zerhusen
Managing Director, ZERHUSEN Kartonagen GmbH, Damme

as of March 13, 2012

Managers

General Representative

Hilger Koenig

Members of Regional Bank Management

Corporate customers

Michael Glade
Weser Region

Ludger Greten
Aurich / Emden Region

Rainer Grewing
Oldenburg-Süd Region

Jürgen Hindersmann
Ems-Vechte Region

Josef Kordt
Oldenburg / Bad Zwischenahn Region

Diedrich Kück
Jade Region

Ralph Schröder
Münsterland /
Grafschaft Diepholz Region

Peter Schulz
Osnabrück / Osnabrücker Land Region

Horst Söker
Ems-Hümmling Region

Wolfgang Thole
Coast Region

Fritz-Hannes van Beckum
Leer / Westerstede Region

Retail customers

Joachim Fecht
Aurich / Emden Region

Günther Florack
Weser Region

Frank Glaubitz
Jade Region

Holger Kesten
Oldenburg / Bad Zwischenahn Region

Robert Kösters
Coast Region

Stefan Lübbe
Oldenburg-Süd Region

Andreas Poppen
Ems-Hümmling Region

Ludger Pott
Ems-Vechte Region

Rainer Schröder
Leer / Westerstede Region

Frank Uhlhorn
Osnabrück / Osnabrücker Land Region

Stefan Wichert
Münsterland /
Grafschaft Diepholz Region

Allianz Bank Sales Management

Rudi Fischer

Allianz Bank Banking Business Management

Christian Klee
Stefan Reder
Harald Schaal
Kurt-Georg Weggler

Corporate Department Heads

Marc Arkenau
Human Resources

Katja Aus dem Moore
Compliance / Money Laundering

Torsten Buja
Corporate Business Operations

Peter Cordes
Information Technology

Thomas Cordes
Allianz Bank Sales Programs

Dr. Wolf-Dieter Flöge
Legal Department

Thomas Fritzsche
Sales Management

Markus Graw
Organization

Holger Heithorst
Risk Controlling

Katja Heymann
Allianz Bank Products

Manfred Köckhuber
Sabine Lippl
Allianz Bank Service Center

Thomas Lotz
Finance / Controlling

Olaf Mohrschladt
Product Management

Steffen Opitz
Private Banking

Dr. Thomas Ostendorf
Office of the Board of Management

Heiko Panning
Credit Management

Rainer Schulte-Göbel
Headquarters Customer Support

Britta Silchmüller
Corporate Communications

Michael Tietz
Auditing

Helmut van Osten
Treasury / Own-Account Trading

Alexander Walter
Allianz Bank Online Banking

Frank Willers
Credit Management

as of March 13, 2012

We mourn the passing of

The following employees

Susanne Wriedt
May 16, 2011

Philipp Warnken
October 16, 2011

and of the following retirees

Horst Kappe
March 17, 2011

Kerstin Linkert
April 14, 2011

Karl Kuhlmann
April 17, 2011

Brigitte Weißgräber
April 17, 2011

Hannelore Twisterling
May 8, 2011

Gertrud Rädecker
May 10, 2011

Martha Janßen
May 16, 2011

Günter Leimbrink
June 7, 2011

Margret Kloppenburg
June 28, 2011

Ulrich Hennich
June 30, 2011

Vera Pinnau
August 1, 2011

Helmuth Barfuss
August 6, 2011

Rudolf Lammers
August 13, 2011

Angelika Gerdes
August 26, 2011

Reinhard Bartels
September 6, 2011

Hermann Möhlenkamp
September 12, 2011

Kurt Kühn
September 13, 2011

Elke Friedrichs
September 17, 2011

Antonie Koch
November 17, 2011

Karl de Freese
December 25, 2011

Alfred Brengelmann
December 27, 2011

Carsten Dietz
January 2, 2012

Johannes Rippert
February 8, 2012

Bruno Knorr
February 12, 2012

Joachim Holstein
February 18, 2012

Dieter Sigmund
February 29, 2012

Report of the Supervisory Board

The Supervisory Board continuously monitored the management of the Bank during the year, advised the Board of Managing Directors on running the institution, and participated directly in decisions of fundamental importance. The organization of activities and the areas of responsibility of the Supervisory Board are set forth in the rules of procedure of the Supervisory Board and those of the Board of Managing Directors.

Overview

The Supervisory Board was regularly informed by the Board of Managing Directors about the course of business and the condition and performance of Oldenburgische Landesbank AG (OLB) and its subsidiaries. We also obtained information about the Bank's strategic focus, major business events, and the risk situation. We furthermore participated in the planning by the Board of Managing Directors for fiscal 2012. We also obtained reports on deviations of actual business developments from previously reported goals, together with an explanation of the reasons. The Supervisory Board monitored and advised management on the basis of the written and oral information provided by the Board of Managing Directors. Matters of particular significance were thoroughly examined and discussed with the Board of Managing Directors. In addition to the reports from the Board of Managing Directors, we also obtained reports from the Internal Auditing and Compliance departments and the independent auditors.

The Supervisory Board met five times in fiscal 2011. The meetings were held in March, May, June, September and December. The Chairman of the Supervisory Board also maintained contact with the Board of Managing Directors between meetings, and with them regularly discussed the Bank's strategy, business performance, risk management and other matters of importance.

The reports by the Board of Managing Directors on business performance and other reports on special issues were accompanied by written presentations and documentation that were made available as preparation to every member of the Supervisory Board in good time before each meeting. The same applied for all documentation for the financial statements, and the audit reports of the independent auditors. Where acts of management were subject to the consent of the Supervisory Board or one of its committees, the matters were duly resolved upon.

Matters addressed by the full board

The Supervisory Board's regular deliberations concerned the economic condition of Oldenburgische Landesbank AG and the Group. The Supervisory Board obtained information about earnings performance at every meeting, and discussed full details of the course of business development in the Regional Bank and Allianz Bank segments with the Board of Managing Directors. In addition to regular reports on the risk situation and on Internal Auditing activities, we also obtained a separate report from the Board of Managing Directors on the Company's business and risk strategy, which we discussed with the Board of Managing Directors.

We addressed matters of compensation on several occasions. For example, we decided the level of goal achievement for each member of the Board of Managing Directors for fiscal 2010, and set the goals for 2012. We also reviewed the compensation system for the Board of Managing Directors and the Supervisory Board, and obtained further information from the Board of Managing Directors about the structure of compensation systems for OLB employees.

The Supervisory Board dealt in great detail with the resignations and the suspensions of the employment agreements of Mr. Buhl and Dr. Schinzing. We gave particular attention to the resulting need to fill vacancies on the Board of Managing Directors. We appointed Dr. Achim Kassow as the new Spokesman of the Board of Managing Directors, and Ms. Karin Katerbau as a member of that board.

At multiple meetings, we addressed troubled loan exposures of OLB in ship financing. In that connection, we obtained an overview of the Bank's entire credit portfolio in the shipping sector, and examined the risk structures in that portfolio. We discussed our findings in depth with the Board of Managing Directors.

We also revised the rules of procedure for the Board of Managing Directors and the Supervisory Board to reflect current developments.

Work in the committees of the Supervisory Board

The Supervisory Board has established five committees to assist it in performing its duties efficiently: the Executive Committee, the Audit Committee, the Risk Committee, the Nominating Committee, and the Mediation Committee.

The committees prepare the decisions of the Supervisory Board and the work of the full meetings of the board. In addition, where appropriate and permitted by law, the Supervisory Board transferred some of its decision-making authority to committees. The committee chairs regularly and fully informed the Supervisory Board of the committees' work. The membership of the individual committees can be found in the Corporate Governance Report on pages 010 to 012 of this Annual Report.

See pp. 010–012

During 2011, the *Executive Committee* held a total of four meetings. It dealt primarily with matters concerning the Board of Managing Directors, including the structure and amount of that board's compensation. The Executive Committee prepared the review of the compensation system for the Board of Managing Directors, and developed a proposal for the full membership of the Supervisory Board about setting goals for variable compensation for the current fiscal year. The committee also discussed the degree of achievement of the goals set for the members of the Board of Managing Directors for fiscal 2010, and presented a corresponding recommendation to the full Supervisory Board. The committee also advised on the resignations of Mr. Buhl and Dr. Schinzing, and submitted proposals to the full Supervisory Board for filling the resulting vacancies on the Board of Managing Directors. Finally, the committee approved credit lines for members of governing bodies, in accordance with Sec. 15 of the German Banking Act, and the appointment of Mr. Koenig as a General Representative with full authority to sign for the Bank.

The *Audit Committee* met twice in fiscal 2011. With the independent auditors attending, who first presented the principal results of their audit, the committee discussed and reviewed the annual financial statements of Oldenburgische Landesbank AG and the Group, as well as the management reports and audit reports. The committee also addressed the Report on Relations with Affiliated Companies and the associated audit report. The Audit Committee found no cause for objection in either the documents of the financial statements or the Report on Relations with Affiliated Companies. It also satisfied itself of the independence of the independent auditors, decided the main emphases for the audit, and engaged the auditors. The committee furthermore submitted a recommendation to the full Supervisory Board for the Supervisory Board's recommendation to the Shareholders' Meeting regarding the election of the independent auditors. The Audit Committee again gave special attention to the Bank's internal controlling systems. It obtained information from separate reports on the integrated controlling system in general, and specifically about the financial accounting system. It also reviewed the reporting process, and obtained an overview of the principal regulatory content of International Financial Reporting Standard 9. It likewise reviewed the Internal Auditing and Compliance system and furthermore obtained descriptions of the principal activities of these two units. It discussed the semiannual financial report with the Board of Managing Directors before publication. Finally, the Audit Committee submitted a suggestion to the full Supervisory Board for the Declaration of Compliance with the German Corporate Governance Code, and proposed improvements as part of the review of the efficiency of the Supervisory Board's work.

The *Risk Committee* held four meetings last year. It discussed the business and risk strategy with the Board of Managing Directors, and concerned itself in depth with the Bank's current risk position. Quarterly risk reports addressed such matters as credit risks, market price risks, liquidity risks and operational risks. The Risk Committee dealt in great detail with troubled loans for ship financing, and discussed measures for risk reduction with the Board of Managing Directors. It also obtained a detailed description of the large-loan business and the total amount of loans extended by OLB to finance wind power, ships, and biogas facilities, with special attention to the risk structure of these portfolios. The Risk Committee furthermore conducted a thorough review of the Bank's risk management system. Its discussions also concerned real estate investments, market risk limits for transactions in interest rates, stocks, foreign currency, and precious metals, and the investment plan for fiscal 2012.

There was no occasion to convene either the *Nominating Committee* or the *Mediation Committee* formed under Sec. 31 (3) of the German Co-Determination Act.

Corporate Governance and Declaration of Compliance

The Supervisory Board and Board of Managing Directors thoroughly discussed the implementation of the provisions of the German Corporate Governance Code. At the end of 2011, both bodies issued a Declaration of Compliance with the German Corporate Governance Code in accordance with Sec. 161 of the German Stock Corporation Act. The Company has complied with all recommendations of the German Corporate Governance Code since the last Declaration of Compliance was issued, and will continue to comply with those recommendations, with the sole exception that the provision on compensation for the Supervisory Board that was adopted by the Shareholders' Meeting on June 9, 2011, does not include a performance-based component. The Declaration of Compliance of December 2011 was published on OLB's Web site, and is also reproduced in the Management Declaration per Sec. 289a of the German Commercial Code on pages 014 and 015 of this Annual Report. The above Management Declaration also includes the Corporate Governance Report and additional explanations about corporate governance at Oldenburgische Landesbank AG.

See pp. 014–015

The Supervisory Board reviewed the efficiency of its activities again in the past year. Based on the preparations made by the Audit Committee, we discussed current measures for improvement and adopted appropriate steps to be taken in the future.

Audit of parent-company and consolidated financial statements

KPMG AG Wirtschaftsprüfungsgesellschaft, of Hamburg, has audited the parent-company and consolidated financial statements of Oldenburgische Landesbank AG as of December 31, 2011, together with the management reports for the parent company and the Group, and has granted them an unqualified audit opinion. The parent company's financial statements were prepared in accordance with the German Commercial Code (HGB); the consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRSs), in the form applicable in the European Union, together with the supplementary provisions of commercial law to be applied under Sec. 315a (1) of the German Commercial Code.

The documents for the financial statements and KPMG's audit reports for fiscal 2011 were forwarded to all members of the Supervisory Board in a timely manner. These documents were discussed in detail by the Audit Committee at its meeting of March 6, 2012, and by the full Supervisory Board at its meeting of March 13. The auditors participated in both of these discussions. They reported to us on the material results of their audits and were available to answer questions and provide additional information. The independent auditors furthermore confirmed that OLB's internal control systems are appropriate and that management has taken appropriate steps for the early detection of developments that might jeopardize the Company's continued existence.

On the basis of its own audit and review of the parent-company and consolidated financial statements and the parent-company and Group management reports, as well as the proposed allocation of profits, the Supervisory Board found no objections, and concurred in the results of KPMG's audit of the financial statements. The Supervisory Board approved the parent-company and consolidated financial statements prepared by the Board of Managing Directors; the annual financial statements of the parent company are thereby adopted. We concur in the allocation of profits proposed by the Board of Managing Directors.

Report on Relations with Affiliated Companies

The Board of Managing Directors furthermore submitted to the Supervisory Board the Report on Relations with Affiliated Companies, together with the associated audit report prepared by KPMG. On the basis of their audit, completed without finding objections, the independent auditors provided the following audit opinion:

"Following our conscientious audit and assessment, we confirm that

1. the factual details of the report are correct,
2. in the transactions detailed in the report, the consideration furnished by the company was not excessive,
3. there are no circumstances that argue for an assessment materially different from that of the Board of Managing Directors in regard to the measures detailed in the report."

The Report on Relations with Affiliated Companies, together with the associated audit report, was forwarded to all members of the Supervisory Board. These documents were discussed by the Audit Committee and by the full board, with the independent auditors attending. The independent auditors reported on the material findings of their audit. On the basis of its own review, the Supervisory Board approved the Report on Relations with Affiliated Companies. We have noted with approval the associated report by the independent auditors.

In accordance with the final results of its own audit, the Supervisory Board has no objections to the declaration by the Board of Managing Directors at the end of the Report on Relations with Affiliated Companies.

Changes in the Supervisory Board and Board of Managing Directors

Mr. Thomas Fischer resigned from his seat on the Supervisory Board with effect as of December 31, 2011. The Supervisory Board thanked Mr. Fischer for his work on the board. Oldenburg Local Court appointed Dr. Thomas Naumann as his successor. Dr. Naumann's appointment must be ratified by the shareholders of OLB at the coming annual Shareholders' Meeting.

Mr. Benedikt Buhl and Dr. Peter Schinzing resigned from their seats on the Board of Managing Directors with effect as of May 19 and December 31, 2011, respectively. The Supervisory Board thanked Mr. Buhl and Dr. Schinzing for their work for the Company. Dr. Friedmann will also be resigning from the Board of Managing Directors upon expiration of his term of office on June 30, 2012. Effective August 1, 2011, the Supervisory Board appointed Dr. Achim Kassow to succeed Mr. Buhl as the new Spokesman of the Board of Managing Directors. It also appointed Ms. Karin Katerbau and Dr. Thomas Bretzger to the Company's Board of Managing Directors. Ms. Katerbau will take office on April 16, 2012; Dr. Bretzger will begin his activity on July 1, 2012.

The Supervisory Board wishes to thank every employee of Oldenburgische Landesbank AG and the OLB Group companies for their dedication and for their successful hard work.

Oldenburg, April 13, 2012
For the Supervisory Board

Andree Moschner
Chairman

Branch Offices

A

Affinghausen
Ahlhorn
Ankum
Apen
Aschendorf
Augustfehn
Aurich
Aurich-Esenser Str.

B

Bad Bentheim
Bad Essen
Bad Zwischenahn
Badbergen
Bakum
Barnstorf
Barssel
Bassum
Berne
Bersenbrück
Bockhorn
Bohmte
Börger
Borkum
Brake
Bramsche
Bramsche-Engter
Bramsche-Gartenstadt
Bremen
Bremerhaven
Brinkum
Bunde

C

Cloppenburg

D

Damme
Delmenhorst
Delmenhorst-Bremer Str.
Delmenhorst, Hasporter Damm
Delmenhorst-Oldenburger Str.
Delmenhorst-Stedinger Str.
Diepholz
Dinklage
Ditzum
Dornum
Dörpen

E

Edewecht
Elsfleth
Emden
Emden-Auricher Str.
Emden-Borssum
Emlichheim
Emsbüren
Emstek
Esens
Essen

F

Freren
Friedrichsfehn
Friesoythe
Fürstenau

G

Ganderkesee
Garrel
Gehlenberg
Goldenstedt
Grossefehn
Grossenmeer
Grossheide

H

Hage
Hagen a.T.W.
Hahn-Lehmden
Haren
Harpstedt
Haselünne
Heide
Herzlake
Holdorf
Holte-Lähden
Horumersiel
Hude

J

Jaderberg
Jemgum
Jever
Juist

K

Kirchweyhe

L

Langeoog
Lastrup
Lathen
Leer
Leer-Heisfelde
Leer-Loga
Lemwerder
Lindern
Lingen
Lingen-Georgstr.
Lohne
Löningen
Lorup

M

Marienhafe
Melle
Meppen
Meppen-Esterfeld
Merzen
Molbergen
Moordorf

N

Neuenhaus
Neuenkirchen
Neuenkirchen-Bramsche
Norden
Nordenham
Nordenham-Blexen
Nordenham-Ellwürden
Nordenham-Friedrich-August-Hütte
Norderney
Nordhorn
Nordhorn-Blanke
Nortrup

O

Ocholt
Oldenburg
Oldenburg-Bloherfelde
Oldenburg-Bürgerfelde
Oldenburg-Donnerschweer Str.
Oldenburg-Eversten
Oldenburg-Haarentor
Oldenburg-Kreyenbrück
Oldenburg-Lange Str.
Oldenburg-Nadorst
Oldenburg-Ofenerdiek
Oldenburg-Osternburg
Osnabrück
Osnabrück-Lüstringen
Osnabrück-Rosenplatz
Osnabrück-Sedanplatz
Osterfeine

P

Papenburg
Papenburg-Obenende
Pewsum

Q

Quakenbrück
Quakenbrück-Friedrichstr.

R

Rastede
Remels
Rhauderfehn
Rheine
Riepe
Rodenkirchen

S

Sande
Sandkrug
Saterland
Schüttorf
Schortens
Sögel
Spelle
Steinfeld
Stuhr
Sulingen
Syke

T

Twistringen

U

Uelsen

V

Varel
Varel-Dangast
Varel-Obenstrohe
Vechta
Vechta-Langförden
Verden
Visbek

W

Wagenfeld
Wallenhorst
Wardenburg
Warsingsfehn
Weener
Werlte
Westerholt
Westerstede
Westoverledingen
Wiefelstede
Wiesmoor
Wietmarschen-Lohne
Wildeshausen
Wilhelmshaven
Wilhelmshaven-Altengroden
Wilhelmshaven-Fedderwardergroden
Wittmund

Z

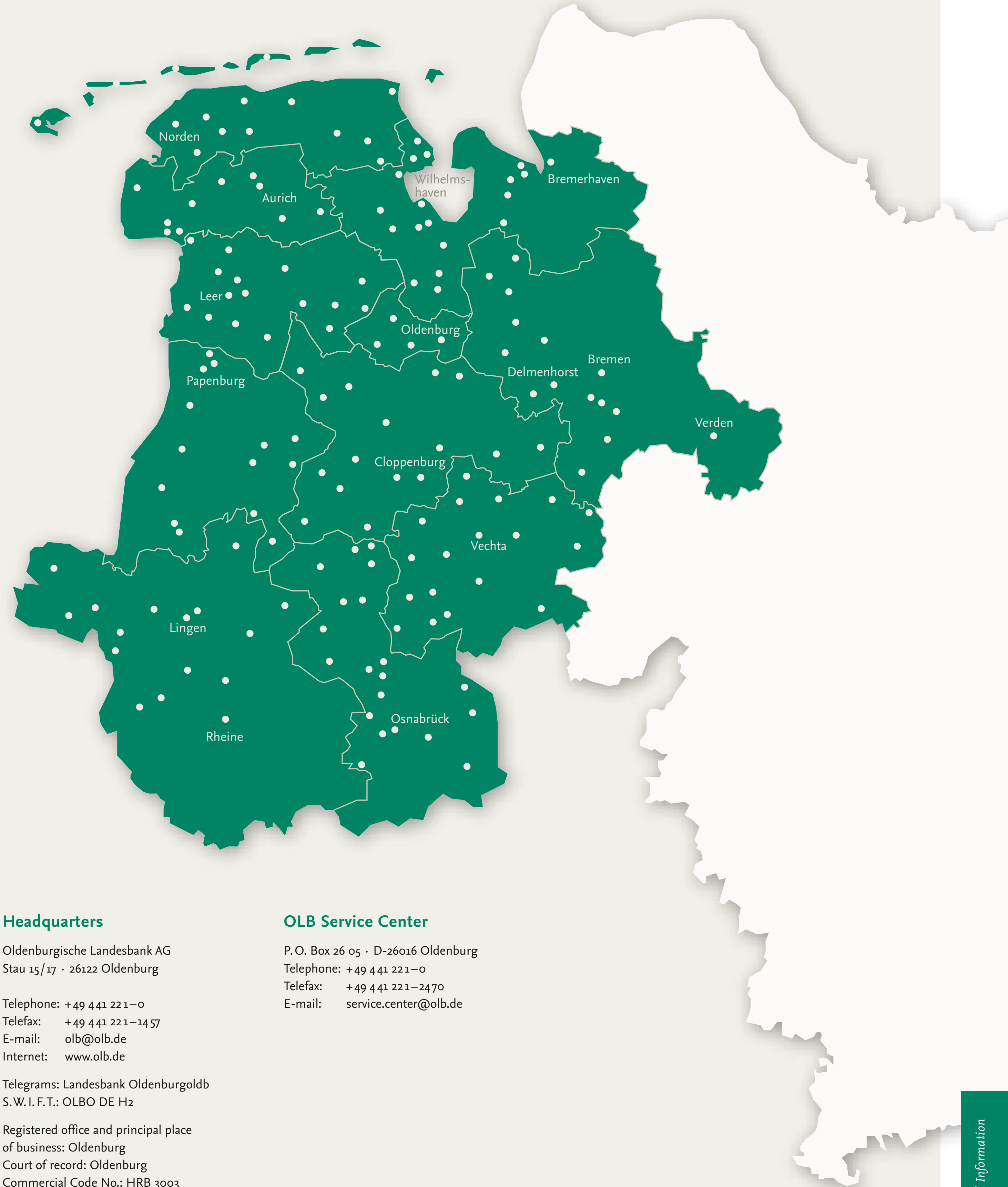
Zetel

Additional automated tellers

Ankum, EDEKA-Neukauf · Bad Zwischenahn, filling station · Bösel · Eltern-Herzlake, rest stop with Esso station · Goldenstedt-Lutten · Harkebrügge, AVIA station Hohenkirchen · Jever, CARO filling station and car wash center · Lingen, Famila market · Neulehe, Bäckerei Bruns · Norddeich-Hafen, ticket dispenser · Oldenburg, Alexanderstrasse · Oldenburg, Edewechter Landstrasse · Oldenburg, IKEA · Oldenburg, Scheideweg · Oldenburg-Wechloy, Famila market · Osnabrück, L+T market Papenburg, Dever-Park · Papenburg-Rhede, Bankshop · Rostrup · Sedelsberg, filling station · Wildeshausen, Famila market · Wilhelmshaven, Bismarck · Wilhelmshaven, Gökerstrasse · Wilhelmshaven, Leffers, Bahnhofstrasse · Wilhelmshaven, Vosslapp

as of March 31, 2012

OLB's Business Territory



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Commercial Code No.: HRB 3003

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Glossary

A

Allianz Equity Incentive (AEI) An instrument by which an Allianz company establishes a long-term bond with executives by issuing company stock to them and thus strengthening their identification with the company, or bringing their interests into line with its own.

Allianz Sustained Performance Plan All elements of performance-based compensation are governed by a simplified, uniform goal agreement form, and are described in a model that applies throughout the Allianz Group: the Allianz Sustained Performance Plan (ASPP). The goal agreement form establishes both the goals for each year and the three-year medium-term goals.

Available for sale (AfS) Refers to financial assets available for sale.

B

Back testing A method of quality assurance for value-at-risk (VaR) models. It compares the potential losses predicted by the value at risk against actual losses. Over an extended period, it checks whether in retrospect, potential losses were exceeded significantly more often than should have been expected according to the established probability (confidence level).

Basel II / III New regulatory standards set by the Basel Committee on Banking Supervision.

Basis point value The basis point value (BPV) indicates the absolute change in the price of a bond if the bond's yield is varied by one basis point (0.01 points).

C

CDAX Banks Also CDAX-Banken. A stock index calculated and published by Deutsche Börse AG. It includes a number of German bank stocks that are listed for trading in the official segment of the market.

Confidence level A way of expressing the probability that a potential loss will not exceed an upper limit defined by the value at risk.

Cost-income ratio A key performance indicator: administrative expenses divided by the total of net interest and commission income plus net trading income.

COX–Rubinstein binomial model Strictly speaking, the Cox–Ross–Rubinstein (1979) model or binomial model. A model for pricing options consistently with the market, based on a binary structure that reflects the decrease or increase in a stock's trading price per unit of time.

Credit spread The credit spread refers to the risk premium that the issuer must pay to the buyer of a bond at risk of default. It may take the form of markdowns on the bond's price, or premiums on yield, whose amount is determined by the issuer's credit standing.

Current service cost A current expense that derives from employee pension entitlements, and that is distributed linearly according to actuarial assumptions across the periods in which the employee performs work. Used as a basis for calculating a present value for a given period, such as a fiscal year.

D E F

Delta The delta of an option indicates how the option's price responds to changes in the price of the "underlying" (the underlying security or price).

Delta-plus method Under the delta-plus method, option positions are recognized at their delta equivalents, plus additional amounts for the gamma and vega risks, in order to determine total equity capitalization requirements.

Discount A discount is the amount by which the issue price of a security, such as a stock, falls below its par value. Discount is also the term for an amount deducted from the nominal amount of a loan before it is disbursed.

Dow Jones EURO STOXX Price Index A stock index of the 50 largest, most important stocks in the European Monetary Union. The index has been maintained in Zurich since February 26, 1998.

Expected loss Expected loss refers to the loss expected on a risk position within a given holding time.

Fair value The amount obtainable from the trading of a financial instrument in a bargained transaction between knowledgeable, independent parties.

Future A forward agreement that is standardized in quantity, quality and settlement date, under which a commodity traded on the money market, capital market, precious metals market or foreign exchange market must be delivered or accepted at a fixed price at a specified future date.

G H

Gamma The gamma of an option indicates how the option's delta responds to changes in the price of the "underlying" (the underlying security or price).

General Loan Loss Provision (GLLPs) See Risk provisions.

Gross domestic product (GDP) All economic output of a country within a given period.

Group Equity Incentive (GEI) This Allianz program for share-based compensation applied only until 2010, and was replaced by the new share-based Allianz Equity Incentive program (see p. 152 of this Glossary).

Guarantee Includes suretyships and guaranties.

Hedge accounting OLB uses hedge accounting as part of its risk strategy, to limit exposure to interest rate risks. For this purpose, hedged items (such as loans or securities) are compared to hedging transactions (such as interest rate swaps).

Under international accounting standards, the hedged item and the hedging transaction are to be measured using different approaches. To reflect these valuation differences in an economically more accurate way in the income statement, OLB uses the separately applicable rules of IAS 39 for hedge accounting. These require the hedged item and the hedging transaction to be combined into a single measurement unit, which is measured at fair value in such a way that changes in value compensate for one another.

OLB uses only the fair-value hedge accounting method.

H I

Hedging Safeguarding asset items against exposure to the risk of fluctuations in stock prices, interest rates, and foreign exchange rates. By taking a contrary position in the forward market (using futures and options), hedging attempts to compensate for losses of value in a cash position (purchase of securities, currencies, merchandise). Hedging strategies using futures or options are subject to a wide variety of imponderables; the efficiency of the entire position must be monitored constantly.

IAS / IFRS In 1973, the International Accounting Standards Committee (IASC) was founded as a private association of national associations of accountants and auditors to advance the international comparability of accounting. In 2000, the EU decided to cooperate with the IASC in further developing accounting regulations. After the IASC was restructured in 2001, it was renamed the IASB (International Accounting Standards Board). All International Accounting Standards (IASs) adopted to that date by the IASC remained in effect for the time being, and are being gradually amended or replaced with new standards by the IASB. These new accounting standards developed by the IASB are the International Financial Reporting Standards (IFRSs). In order for these standards to take effect, the European Union adopts them in what is known as an "endorsement" process. Ratification by the various national legislatures is not necessary, since the EU Directives apply directly to all accession countries of the European Union.

Impairment An unscheduled reduction in the recognized value of assets, such as goodwill, loan receivables, securities, or property, plant and equipment, due to a presumably permanent loss of value of the associated items.

L N

Loss notification The loss notification rule is an early-warning and alarm system for recognizing and avoiding adverse changes in profits on the own-account trading portfolio. Calculations are based on the percentage between the economic profit for the year and the individual measurement basis for each portfolio.

Non-trading portfolio Sometimes called the “bank book” or “non-trading book”; the portfolio of all banking transactions not attributable to the trading portfolio – in other words, transactions that cannot be traded.

No-par share A share of company stock without a par value. Dividing the nominal share capital by the total number of no-par shares issued yields a notional par value, which must come to at least one euro according to the No-Par Shares Act.

O P

Option The right to buy (in a call option) or sell (in a put option) a commodity such as securities or currency to or from another party, at a fixed price, within a certain period or at a certain date.

Over the counter (OTC) Pertaining to financial instruments (derivatives): not traded in a standardized manner, on a stock exchange, but directly between market participants (over the counter).

Performance For a security, a percentage indicating the positive or negative change in the security’s value over a defined period.

Portfolio Loan Loss Provisions (PLLPs) See Risk provisions.

Premium A markup, in percent or units of currency, for example on securities or loans. For newly issued securities, this is the amount by which the issue price exceeds the par value, or the amount by which the trading price exceeds the intrinsic value of the investment. For many funds, this is the compensation paid for advisory services at the time of acquisition, or also a sales fee paid, as a percentage, to a bank, financial advisor, or fund company. For loans, the premium is the markup to be paid by the debtor in addition to the interest. The opposite is called a discount.

Projected unit credit method An actuarial method of determining the present value of expectancies in order to determine the value of pension provisions.

R

Rating A standardized method for independent agencies to evaluate the creditworthiness of companies (issuer rating) and the bonds and money-market paper they issue (issue rating). The procedures used by banks to determine borrowers’ creditworthiness are also called rating methods.

Repo agreements In a repurchase agreement (“repo”), the Group sells securities and at the same time agrees to buy them back at an agreed-upon price at a certain date. The Group retains the risks and rewards associated with the securities for the entire duration of the arrangement. Accordingly, the securities continue to be recognized in the Group’s balance sheet as trading assets or financial assets. The value of the legal sale is included in the balance sheet item for amounts due to banks or amounts due to customers, as the case may be, and is recognized as a liability from a repurchase agreement.

Restricted Stock Units (RSUs) Virtual shares that are issued, for example under a Group Equity Incentive Plan, as share-based payments from the company to its employees. As a rule, RSUs are exercised after certain goals set by the company are met, or after the expiration of a vesting period. They may also be exercised in the form of an equivalent amount in cash, or other equivalents.

R

Reverse repo agreements In a reverse repurchase agreement ("reverse repo"), the Group buys securities and at the same time agrees to sell them back at an agreed-upon price at a certain date. The other party to the contract retains the risks and rewards associated with the securities as a consequence of changes in interest rates or defaults, for the life of the transaction. Accordingly, the securities are not recognized as trading assets or financial assets in the Group's balance sheet. The value of the legal sale is included in the balance sheet item for loans and advances to banks or loans and advances to customers, as the case may be, and as a receivable from reverse repo transactions.

Risk controlling Ongoing measurement and monitoring of risk, including the development of methods and the associated system for risk analysis and reporting, by a neutral, independent unit.

Risk management Operating management of business in specific portfolios from the viewpoint of risk and return.

Risk provisions Recognizable risks of default are taken into account by forming Specific Loan Loss Provisions and other provisions. Specific Loan Loss Provisions (SLLPs) are determined taking all expected discounted future cash flows into account. For counterparty risks on lending transactions that may have already arisen at the reporting date, but that have not been identified yet, portfolio loan loss provisions are formed, whose amount depends on the empirical calculation of historical probabilities of default and loss ratios on loan portfolios that are not otherwise covered by provisions. Particular Loan Loss Provisions (PLLPs) are formed for the homogeneous credit portfolio. General Loan Loss Provisions (GLLPs) are formed for the non-homogeneous portfolio.

S

Scoring A method in which the risk factors of an investment or loan are used in qualitative and quantitative methods to obtain a measurement by way of a risk profile.

Specific Loan Loss Provisions (SLLPs) See Risk provisions.

Stock Appreciation Rights (SARs) Virtual options that are granted, for example under a Group Equity Incentive plan, as share-based payments from the company to its employees. The exercise of the options is directly linked to the company's results, usually the price of its stock. Options may be exercised in the form of cash payments, stock or other equivalents.

Swap The general term for an exchange of property, rights, etc., especially for exchanges of cash flows in the same currency (interest rate swap) or in different currencies (currency swap).

T V

Trading portfolio A banking regulatory term for positions in financial instruments, bonds and negotiable receivables that are held by banking institutions for the purpose of short-term resale, taking advantage of fluctuations in prices and interest rates.

"True and fair view" principle Under Sec. 264 (2) of the German Commercial Code (HGB), accounting information, such as in an annual report, must provide a "true and fair view" of the actual condition of the company's net assets, financial position and results of operations.

Value at risk (VaR) Value at risk is defined as the potential loss on a risk position that will not be exceeded with a defined probability (confidence level) under normal market conditions, for a given holding period.

Vega The vega of an option indicates how the option price responds to changes in volatility (the range of fluctuation in the value of the "underlying").

Volatility A measure of the past (historical) or expected (implicit) range of fluctuation of the value of stocks, currencies and interest rates. If a stock's price fluctuates widely, the stock has a high volatility. For investors, this means an opportunity for fast, large trading gains – but also a risk of losses that can be just as fast.

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