Oldenburgische
Landesbank AG

Oldenburgische Landesbank Group
Financial Report 2012

The Oldenburgische Landesbank Group at a Glance

EUR m	12/31/2012	12/31/2011	Change (%)
Total assets	**14,406.6**	**13,363.4**	**7.8**
Loans and advances to banks[1]	414.5	924.1	– 55.1
Loans and advances to customers[1]	10,338.7	9,792.3	5.6
Total lendings[1]	10,338.2	9,784.3	5.7
Financial assets	3,353.9	2,258.9	48.5
Amounts due to banks	4,021.6	3,397.0	18.4
Amounts due to customers	8,221.5	7,544.5	9.0
Securitized liabilities	812.9	1,161.7	– 30.0
Equity	651.3	569.2	14.4

EUR m	1/1/2012 – 12/31/2012	1/1/2011 – 12/31/2011	Change (%)
Net interest income	235.5	244.7	– 3.8
Net commission income	90.2	81.9	10.1
Other operating income	38.6	66.4	– 41.9
Operating personnel expense	176.5	182.9	– 3.5
Office expense	113.2	120.1	– 5.7
Risk provisions	42.6	88.4	– 51.8
Profit before taxes	48.1	13.5	> 100
Profit after taxes	**38.6**	**16.9**	**> 100**

	12/31/2012	12/31/2011	
Total distributions per no-par share (EUR)[2]	0.25	—	
Cost-income ratio (%)	80.4	77.4	
Core capital ratio (%)[3]	8.2	8.5	
Aggregate capital ratio (%)[3]	11.6	12.4	
Employees (number)	2,785	2,883	
Full-time equivalents	2,293	2,408	
Branches of Oldenburgische Landesbank AG Regional Bank	177	178	
Branches and specialized agencies of Allianz Bank	817	819	

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 2012

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To Our Shareholders

Letter to Our Shareholders

Dear shareholders,
dear friends of OLB,

Turbulence was the principal feature of 2012. The year's economic news was dominated by the government debt crisis in the euro zone, leading to historically low interest rates in the capital market. Even though the European Central Bank was able to reassure the financial markets with its control mechanisms, and even though trading prices on the stock markets rose again toward year's end, general business conditions for banks did not improve. Low interest rates pushed margins down and posed challenges for the entire banking industry.

Nevertheless, even amid this difficult market environment, 2012 was a good year for OLB. Thanks to the growth of our business with customers, our operating income remained stable. We kept our costs under control. Risk provisioning returned to normal. A further positive factor was that we were able to realize gains on our financial investments. All in all, we increased our pretax profit substantially, from the prior year's EUR 13.5 million to EUR 48.1 million.

In 2012, we had planned to offer more to our customers and shareholders. That we have done. We will again be able to propose a dividend distribution to the Shareholders' Meeting, and to reinforce the Bank's resources with a substantial reinvestment of profits. That is important so that we can continue to support our clients as they grow, and to meet the increasing capitalization requirements under Basel III.

Dr. Achim Kassow

Our portfolio of lendings grew once again in 2012. We were able to serve as a reliable partner for both our corporate clients, especially by assisting their investment projects, and our retail clients, by smoothing the way for their real estate purchases. We reduced our risks in the shipping sector.

At our more than 170 branches, we again invested in our advisors' qualifications to assist retail and corporate clients. We also continued to develop our capacity to assist high-asset clients and independent professionals. In that connection, we have set up new centers of competence for private banking and independent professionals throughout our business territory. We also expanded our ability to support the agricultural and renewable energy sectors. Here our clients will benefit from our agricultural engineers' ability to back our customer support officers on location with extensive professional knowledge.

Another significant change was the decision – not an easy one, but necessary – to discontinue operations at Allianz Bank as of June 30, 2013. Our expectation that the Allianz Bank business model would bring growth in the intensely competitive retail customer business did not materialize.

Unfortunately, this step is unavoidably linked with a loss of jobs, especially at Allianz Bank's nationwide locations. We are in joint discussions with employee representatives about how to best approach this difficult task with care and sound judgment.

The decision about Allianz Bank does not affect Allianz's investment in OLB. OLB will remain a part of the Allianz Group. We will continue to be the house bank for Allianz employees and Allianz agents. And we are Allianz's most important partner in the insurance business in Northwest Germany.

What are our plans for the current fiscal year? We will concentrate on our successful core business as the largest private regional bank in the Northwest, with a long tradition of service. On the basis of our good market position in this region, our skilled and dedicated employees, and our close-meshed network of branch offices, we intend to continue our long-term record of growth.

Discipline on costs will remain an important factor. The general environment is not getting any easier for banks. In our region, the shipping industry in particular still remains in a difficult situation. Our goal is therefore to keep operating profits stable and to further strengthen the Bank's solid foundation.

Sincerely yours,

Dr. Achim Kassow
Chairman of the Board of Managing Directors

The Share

Performance of OLB stock

The course of reforms and savings that the euro area has undertaken to combat the government debt crisis, together with the central banks' policies of low interest rates, had a positive impact on stock markets in 2012. Many European stock exchanges recorded substantial gains by year's end. In Germany, investors also profited from a stable economy, although the DAX German stock index was quite volatile over the course of the year. After getting off to a good start and rising to an interim high of roughly 7,200 in March, in early June prices fell back to where they had begun the year, around 6,000 points. During the second half, the index gained steadily to close out the year 25 percent higher, at more than 7,600. The DAX again made small gains on this figure at the beginning of 2013.

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Bank and financial stocks fluctuated even more than the DAX as a whole in 2012, under the pressure of evolving news. On balance, however, the CDAX Banks sector index ended the year nearly 14 percent above where it had started. OLB's stock was unable to benefit from this development. After bottoming out at EUR 17.50, it closed the year at EUR 21.00, more than 31 percent below where it had started, at EUR 30.50. In early 2013, the stock recovered slightly, to reach EUR 25.50 on March 15. In direct comparison with the evolution of the comparable CDAX Banks index, OLB stock still continues to perform better than the five-year sector average.

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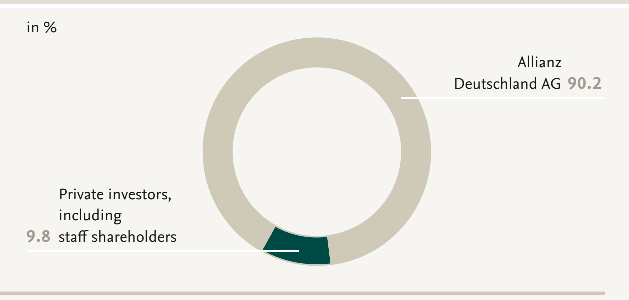
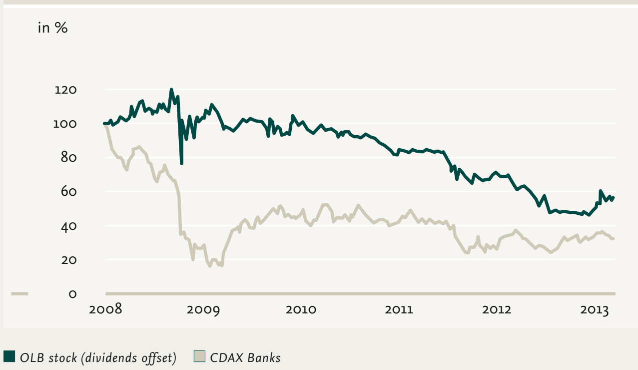
Ownership structure



Performance of OLB stock compared to CDAX Banks, 2008 – 2013



Ownership structure

Allianz Deutschland AG, of Munich, holds approximately 90.2 percent of the stock of Oldenburgische Landesbank AG (as of December 31, 2012). The remainder is held by private investors, including staff shareholders.

Oldenburgische Landesbank AG stock is traded on the regulated market of the Berlin and Hamburg-Hanover exchanges, over the counter in Düsseldorf, and in the Open Market of the Frankfurt exchange, under German securities identification number (WKN) 808 600. At 101.6 thousand shares, trading volume in OLB stock for 2012 was below the prior-year figure of 134.2 thousand shares. The principal trading floor, with the comparatively highest trading volumes, was the Hamburg-Hanover exchange. The number of shares outstanding is just under 23.3 million. Multiplied by the trading price per share, this yields a market capitalization of more than EUR 590 million (as of March 15, 2013).

As one of Germany's major second-line stocks, the stock of Oldenburgische Landesbank AG also plays a significant role at the regional level. OLB is the only bank included in the Lower Saxony Stock Index, the NISAX20, under WKN 600 788. This regional index, established in May 2002, includes the 20 largest listed companies in the state of Lower Saxony. OLB stock, with an index weight of 0.8 percent, is in 14th place here.

Financial calendar

2013	
Release of interim report as of March 31, 2013	**May 15, 2013**
Shareholders' Meeting in Bremen	**June 5, 2013**
Release of interim report as of June 30, 2013	**August 14, 2013**
Release of interim report as of September 30, 2013	**November 13, 2013**

Key information

2013	
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 15, 2013	**EUR 593.1 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 as of May 15, 2012. 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. In certain cases, a well-justified deviation from a Code recommendation may very well be in the interest of good corporate management. The Declaration of Compliance issued by the Board of Managing Directors and Supervisory Board in December 2012 can be found in the Management Declaration in this Annual Report.

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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.

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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 four 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 Chairman. 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 its Chairman. The full board decides by a simple majority of the board members participating in the vote. In the event of a tie, the Chairman'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.

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 discusses 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 2012 can be found in the Compensation Report.

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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 a tie again 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 third parties, must disclose those conflicts to the Supervisory Board.

Goals for composition of the Supervisory Board and status of implementation

At its meeting on December 2, 2010, in implementation of the recommendation in Item 5.4.1 of the German Corporate Governance Code in its version of May 26, 2010, the Supervisory Board adopted specific goals for its composition. The new version of the German Corporate Governance Code, of May 15, 2012, additionally provides in Item 5.4.1 that a number of independent members of the Supervisory Board that the board deems appropriate should also be incorporated into the list of goals. For that reason, the Supervisory Board revised the goals for its composition in a resolution of December 11, 2012, as follows:

The Supervisory Board of Oldenburgische Landesbank AG (OLB) seeks a membership that will ensure qualified supervision and advice for the management of OLB. 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 OLB. Where the requirements listed below relate to employee representatives on the Supervisory Board, it should be borne in mind that the Supervisory Board has no influence over the nominations for employee representatives. The shareholder representatives on the Supervisory Board are also not decided by the Supervisory Board itself, but elected by the Shareholders' Meeting; however, the Supervisory Board does propose nominees to the Shareholders' Meeting.

1. Requirements for individual members of the Supervisory Board

- 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.
- Allowance for the age limit of 70 established in the Supervisory Board's rules of procedure.
- 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 positions on governing bodies or consulting duties for significant OLB competitors.

2. Requirements for the composition of the entire board

- At least six members of the Supervisory Board, including at least one shareholder representative, should be independent within the meaning of Item 5.4.2 of the German Corporate Governance Code. Under that recommendation of the Code, a member of the Supervisory Board is not to be considered independent, in particular, if he or she has a personal or business relationship with OLB, its governing bodies, a controlling shareholder, or an entity associated with the controlling shareholder, such as might result in a material, not merely transient conflict of interests. With regard to employee representatives, it is assumed that their independence is not affected by the simple fact that they represent employees or by an employment relationship.
- At least one independent member with a knowledge of accounting or auditing within the meaning of Section 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.

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The members of the Supervisory Board for fiscal 2012 can be found in the Compensation 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.

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 six additional members of the Supervisory Board, up to three each elected by nomination of the shareholder and employee representatives. The Risk Committee currently has six 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 asset management companies. 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 Stock Corporation Act, and 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
- Manfred Karsten
- Prof. Dr. Andreas Georgi
- Stefan Lübbe
- Uwe Schröder
- Rainer Schwarz (since February 16, 2012)

Risk Committee
- Prof. Dr. Andreas Georgi, Chair
- Carsten Evering
- Stefan Lübbe
- Andree Moschner
- Dr. Thomas Naumann (since May 30, 2012)
- 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
- Manfred Karsten
- Prof. Dr. Andreas Georgi
- Jörg Thöle

The Report of the Supervisory Board includes details of the meetings held by the Supervisory Board and its committees in fiscal 2012, 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 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 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 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).

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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.

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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 2012, 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, 2012, was less than 1 percent of the stock issued by the Company.

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 2012, 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 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. As that particular recommendation has now been eliminated from the German Corporate Governance Code, in the future OLB will again comply with all recommendations. The Declaration of Compliance of December 2012 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. Oldenburgische Landesbank AG complies, and will continue to comply, with all recommendations of the "Government Commission on the German Corporate Governance Code" in the version of May 15, 2012, as promulgated by the Federal Ministry of Justice in the Official Part of the Federal Gazette, the Bundesanzeiger.

2. Since the last Declaration of Compliance, from December 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 in that declaration (in deviation from Item 5.4.6 (2) sentence 1 of the German Corporate Governance Code in the version of May 26, 2010, there was no performance-based component of the compensation of the Supervisory Board). This deviation has ceased to apply with the new version of the Code dated May 15, 2012, because the new version no longer includes a recommendation for performance-based compensation for members of the Supervisory Board.

Oldenburg, December 2012
Oldenburgische Landesbank AG

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

For the Supervisory Board:
(signed) 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 2012.

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. The Allianz Group 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 https://www.allianz.com/v_1339509001000/media/investor_relations/de/corporate_governance/verhaltenskodices/verhaltenskodex.pdf.

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.

See pp. 008 ff.

The members of the Board of Managing Directors and the Supervisory Board for fiscal 2012 are listed in the Compensation Report.

See pp. 018 ff.

The composition and working procedures of the committees of the Supervisory Board are described in the Corporate Governance Report.

See pp. 012 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 2012. The Supervisory Board decided at that time to keep the compensation system for the Board of Managing Directors unchanged.

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.* Non-cash 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 2012 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

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individual members of the Board of Managing Directors that sets forth quantitative and qualitative targets. 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.

b) *Medium-term bonus.* In addition to the annual bonus, the Chairman of the Board of Managing Directors is accorded a three-year bonus. For this purpose, an amount equal to the fixed annual bonus is set aside for each year over a three-year period. 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. The medium-term bonus for 2010 through 2012 will be calculated in 2013.

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 Incentive, 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.

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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.

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Concerning the measurement of these rights and 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 in the form of a defined-contribution arrangement.

Individualized 2012 compensation of the Board of Managing Directors

Individualized details of the compensation paid to the Board of Managing Directors in fiscal 2012 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)	Share-based payments (long-term)	
Dr. Achim Kassow	**2012**	**440.0**	**17.8**	**201.3**	**201.3** [1]	**201.3**	**1,061.7**
	2011	183.3	3.0	91.7	91.7	441.7 [2]	811.4
Dr. Thomas Bretzger (since July 1, 2012)	**2012**	**110.0**	**2.5**	**92.9**	**—**	**92.9**	**298.3**
	2011	—	—	—	—	—	—
Jörg Höhling	**2012**	**220.0**	**15.2**	**188.0**	**—**	**188.0**	**611.2**
	2011	220.0	11.7	137.1	—	137.1	505.9
Karin Katerbau (since April 16, 2012)	**2012**	**156.0**	**24.5**	**137.5**	**—**	**637.5** [3]	**955.5**
	2011	—	—	—	—	—	—
Dr. Stefan Friedmann (until June 30, 2012)	**2012**	**110.0**	**10.9**	**97.0**	**—**	**97.0**	**314.9**
	2011	220.0	21.7	135.7	—	135.7	513.1
Total compensation	**2012**	**1,036.0**	**70.9**	**716.7**	**201.3**	**1,216.7**	**3,241.6**
	2011 [4]	1,033.3	71.7	957.4	91.7	714.5	2,868.6

1 The three-year bonus refers to the period from 2010 through 2012. As Dr. Achim Kassow joined the Board of Managing Directors on August 1, 2011, he will receive this bonus pro rata temporis for the period from August 1, 2011, through December 31, 2012. The Supervisory Board has set the bonus for this period at a total of EUR 293 thousand. The amount shown here corresponds to that amount less the provision of EUR 91.7 thousand already allocated to endow the bonus for 2011.

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. Achim Kassow's previous employer.

3 This amount comprises the contractual award of Restricted Stock Units (RSUs) for 2012 and a special award of RSUs as compensation for entitlements from Karin Katerbau's previous employer.

4 The totals for 2011 represent the compensation for all members of the Board of Managing Directors who were active in 2011. They therefore also include the compensation for the members Benedikt Buhl and Dr. Peter Schinzing, who left the Board of Managing Directors in 2011.

As of December 31, 2012, the number of share-based rights held by members of the Board of Managing Directors totaled 49,357 SARs and 33,045 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.

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The total compensation paid to the Board of Managing Directors in fiscal 2012 came to EUR 3.2 million (prior year: EUR 2.9 million).

Credit granted to members of the Board of Managing Directors was as follows as of December 31, 2012: Approved credit lines totaled EUR 430 thousand (prior year: EUR 524.3 thousand), EUR 21 thousand of which (prior year: EUR 113 thousand) had been used as of December 31, 2012. The interest rate for each line was 6.00 percent. The interest rates and terms are those commonly applied in the market. At the reporting date, EUR 0.5 thousand (prior year: EUR 6 thousand) in credit card lines had been utilized, out of total limits of EUR 75 thousand (prior year: EUR 90.1 thousand). There were no loan or guarantee-line commitments to members of the Board of Managing Directors as of the reporting date.

Members of the Board of Managing Directors also received a total of EUR 11.2 thousand (including value-added tax) in 2012 for memberships on governing bodies of companies owned by the Group.

Payments for company retirement plans and comparable benefits in fiscal 2012 came to EUR 61 thousand for Ms. Katerbau, EUR 162 thousand for Dr. Kassow, EUR 42 thousand for Dr. Bretzger, EUR 81 thousand for Mr. Höhling, and EUR 4 thousand for Dr. Friedmann. These were recognized as current service cost under IAS 19.

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On December 31, 2012, 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 2012 came to EUR 763 million (prior year: EUR 4.6 million). Of this amount, EUR 59 thousand was for Ms. Katerbau, EUR 222 thousand for Dr. Kassow, EUR 41 thousand for Dr. Bretzger, and EUR 441 thousand for Mr. Höhling.

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A total of EUR 1.3 million was paid to former members of the Board of Managing Directors or their survivors. The actuarial net present value of pension obligations for this group, on an IFRS basis, came to EUR 20.3 million (prior year: EUR 16.4 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.

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 receive a fixed compensation in the form of a monthly gross salary, together with individual profit-sharing bonuses based on goal achievement levels that range from 60 percent to 140 percent. 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:

EUR	2012 total compensation			
	Fixed component	Variable component	Commissions	Total
OLB Regional Bank	89,459,031	17,155,400	4,007,265	110,621,696
Allianz Bank	20,853,436	3,693,547	15,841	24,562,824
Total Oldenburgische Landesbank AG	**110,312,467**	**20,848,947**	**4,023,106**	**135,184,520**
Münsterländische Bank Thie & Co. KG	1,337,436	350,896	2,089	1,690,421
Bankhaus W. Fortmann & Söhne KG	1,263,923	228,520	39,251	1,531,694
OLB-Immobiliendienst-GmbH	248,748	91,249	91	340,088
Grundstücksgesellschaft mbH	—	—	—	—
OLB Service GmbH	—	—	—	—
Total subsidiaries	**2,850,107**	**670,665**	**41,431**	**3,562,203**
Total Oldenburgische Landesbank Group	**113,162,574**	**21,519,612**	**4,064,537**	**138,746,723**

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. Members of the Supervisory Board receive only a fixed compensation. The amount of the compensation of the Supervisory Board is based on the board members' responsibilities and scope of activities.

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 15,000 each. The compensation for membership on the Executive Committee is EUR 12,500. 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 the same day or on successive days.

Individualized compensation of members of the Supervisory Board at a glance

Supervisory Board members Moschner, Schwarz and Dr. Naumann also held positions on the managing boards of other Allianz Group companies during the year, and therefore waived compensation for their work on the Supervisory Board.

EUR		Fixed component	Committee work	Meeting honorarium	Total compensation
Andree Moschner[1], Chair	**2012**	**—**	**—**	**—**	**—**
	2011	—	—	—	—
Manfred Karsten, Vice-Chair	**2012**	**75,000**	**12,500**	**2,500**	**90,000**
	2011	75,000	12,500	3,000	90,500
Dr. Werner Brinker	**2012**	**50,000**	**—**	**2,500**	**52,500**
	2011	50,000	—	2,500	52,500
Claas E. Daun	**2012**	**50,000**	**—**	**2,500**	**52,500**
	2011	50,000	—	2,500	52,500
Carsten Evering	**2012**	**50,000**	**30,000**	**3,000**	**83,000**
	2011	50,000	30,000	3,000	83,000
Prof. Dr. Andreas Georgi	**2012**	**50,000**	**72,500**	**2,500**	**125,000**
	2011	50,000	72,500	3,000	125,500
Stefan Lübbe	**2012**	**50,000**	**27,500**	**2,500**	**80,000**
	2011	50,000	27,500	3,000	80,500
Dr. Thomas Naumann[1] (since February 20, 2012)	**2012**	**—**	**—**	**—**	**—**
	2011	—	—	—	—
Horst Reglin	**2012**	**50,000**	**—**	**2,500**	**52,500**
	2011	50,000	—	2,500	52,500
Uwe Schröder	**2012**	**50,000**	**27,500**	**2,500**	**80,000**
	2011	50,000	27,500	3,500	81,000
Rainer Schwarz[1]	**2012**	**—**	**—**	**—**	**—**
	2011	—	—	—	—
Jörg Thöle	**2012**	**50,000**	**—**	**2,500**	**52,500**
	2011	50,000	—	2,500	52,500
Total	**2012**	**475,000**	**170,000**	**23,000**	**668,000**
	2011	475,000	170,000	25,500	670,500

1 Waiver per Art. 13 (7) of the Articles of Incorporation

Total compensation paid to the Supervisory Board for fiscal 2012, including meeting honoraria, came to EUR 668,000 (prior year: EUR 670,500).

The statutory value-added tax applicable to total compensation and meeting honoraria came to EUR 126,920 and was reimbursed.

In addition, Claas E. Daun received EUR 2,000 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, 2012: Approved credit lines totaled EUR 241.1 thousand (prior year: EUR 247.0 thousand), EUR 14.1 thousand of which (prior year: EUR 15.4 thousand) had been used as of December 31, 2012. The interest rates were between 4.74 percent and 8.49 percent. In addition, there were guarantee lines of EUR 46.6 thousand (prior year: EUR 46.6 thousand), for which commissions of between 0.50 percent and 3.25 percent were paid. There were furthermore loan commitments of EUR 730.3 thousand (prior year: EUR 230.5 thousand), of which EUR 640.3 thousand had been drawn as of December 31, 2012. The interest rates were between 1.51 percent and 5.06 percent. The interest rates and terms are those commonly applied in the market. At the reporting date, EUR 3.9 thousand (prior year: EUR 4.3 thousand) in credit card lines had been utilized, out of total limits of EUR 126.5 thousand (prior year: EUR 121.2 thousand).

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Group Management Report

Economic Conditions

The economic upswing in Germany continued in 2012. Thanks in particular to a good first half, real gross domestic product grew nearly 1 percent.

At the beginning of 2012, the German economy was showing strong growth. However, following a first-quarter increase in economic output of 0.5 percent over the same period the year before, the pace of growth slowed over the rest of the year, to 0.3 percent in the second quarter, and 0.2 percent in the third quarter. The provisional figures for the final quarter indicate that the economy cooled further.

Foreign trade provided impetus. Buoyed by the excellent competitiveness of German companies, German exports showed themselves resistant to the tendencies toward economic weakness that were evident in broad parts of the rest of Europe, especially in the first half. Although exports to these other European countries decreased considerably, German industry was able to cushion the reduction through its widely diversified markets and by doing more business in other economic regions.

The domestic market gave mixed signals. Rising consumer spending contributed to growth, and supported the German economy during the year. The stable employment situation, with an annual average of 2.9 million unemployed, together with an uptrend in wages and salaries and moderate inflation of 2.0 percent, year on year, encouraged security of planning, especially with regard to larger purchases that retain value over time. Robust consumer spending compensated in part for a simultaneous decline in capital expenditures. Businesses held back on buying new machinery and equipment, so that equipment spending contracted. Weak investment in commercial construction was a further impediment to growth. Increasing spending on residential construction was not able to make up entirely for the substantial decrease in public construction after government economic programs expired.

Sentiment among German businesses and consumers virtually mirrored the economy over the course of the year. The widespread economic optimism at the beginning of the year flagged toward mid-year, as turbulence within the euro area intensified. As debate about the possible exit of Greece from the common currency and about the future of the European Monetary Union persisted, uncertainty spread further and darkened consumer sentiment. At the same time, corporate propensity to invest suffered from the increasingly troubled economic outlook and the slackening impetus for growth provided by foreign trade. All in all, the result was a decrease in German gross domestic product in the fourth quarter of 2012. At year's end, however, there was increasing confidence that the worst of the financial crisis in the euro zone was past.

The economy in Northwest Germany

The economy in Northwest Germany performed largely consistently with the rest of the country during the first decade of the 21st century. One remarkable feature, however, is that the slump resulting from the 2009 crisis in the financial market impacted the Northwest considerably less severely than the nation as a whole. One significant reason may well be that the Weser-Ems region has a significantly lower export level (approx. 30 percent) than the figure for all of Germany (approx. 45 percent). This means that foreign trade has less of an impact – both positive and negative – than it does for the German economy as a whole. Although this mitigated the downturn in the Northwest as the global economic crisis reached its zenith, the continuing decline in the area's exports over the past few years also had an adverse impact on the subsequent upswing, which had been driven largely by foreign trade.

The parallelism with the German business cycle as a whole was also evident in the Northwest German economy's performance in 2012. After a good start in the first half, the economy steadily lost momentum over the rest of the year. In the last quarter especially, sectors of particular importance in the region – industry, construction and retail – lamented declining new orders and consumer reticence. This situation slowed companies' capital expenditures in the Northwest. The job market situation was largely unchanged.

The banking environment

The financial industry has been in a phase of radical change and renewal for several years now. Business models are being put to the test and revised, and regulatory requirements have increased costs and expenses and forced entire lines of business to make adjustments. As the larger banks in particular began to refocus on the comparatively stable business with retail and corporate clients, competition for these customer segments, which was already vigorous, intensified further and pushed margins down. The entry of new actors into the financing of retail and corporate customers also reduced banks' profit potential in these segments. The general economic situation also contributed to pull down banks' earnings. Low interest rates, combined with a flat yield curve, first of all narrowed margins in the interest business, while at the same time, banks lacked their traditional earnings opportunities from related maturity transformations. The securities business suffered from private investor reluctance, caused by the ongoing uncertainty provoked by the various crises that have largely dominated the global economy since 2007. Many banks halted or significantly restricted their proprietary trading; in the medium term, this may adversely affect liquidity in some market segments, causing higher volatility.

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Banks will have to adjust to this adverse environment for the foreseeable future. Given the levels of public debt, central banks will continue tending to keep interest levels low, in order to avert more severe upheavals in the financial markets. Legislators and the supervisory authorities have initiated or already implemented numerous measures to strengthen banks' liquidity and equity, and to protect consumers. These measures will lastingly lower the industry's prospects for returns.

Business Performance

Results of operations

Consolidated profit

The following table compares the OLB Group's statements of comprehensive income for 2012 and 2011:

EUR m	2012	2011	Change	Change (%)
Interest and similar income	532.0	551.9	– 19.9	– 3.6
Interest expense and similar charges	296.5	307.2	– 10.7	– 3.5
Net interest income	235.5	244.7	– 9.2	– 3.8
Commission income	134.8	128.0	6.8	5.3
Commission expense	44.6	46.1	– 1.5	– 3.3
Net commission income	90.2	81.9	8.3	10.1
Net operating trading expense	– 1.8	– 1.6	– 0.2	12.5
Other income	40.4	68.0	– 27.6	– 40.6
Operating income	**364.3**	**393.0**	**– 28.7**	**– 7.3**
Operating personnel expense	176.5	182.9	– 6.4	– 3.5
Office expense	113.2	120.1	– 6.9	– 5.7
Administrative expenses	289.7	303.0	– 13.3	– 4.4
Other expenses	3.2	1.2	2.0	>100
Operating expenses	**292.9**	**304.2**	**– 11.3**	**– 3.7**
Risk provisions for credit business	42.6	88.4	– 45.8	– 51.8
Realized net income / loss from financial assets	21.2	23.0	– 1.8	– 7.8
Net nonoperating trading income / expense	– 1.9	– 4.0	2.1	– 52.5
Net income / loss from financial assets	19.3	19.0	0.3	1.6
Restructuring expense	—	5.9	– 5.9	– 100.0
Profit before taxes	**48.1**	**13.5**	**34.6**	**>100**
Taxes	9.5	– 3.4	12.9	n / a
Profit after taxes	**38.6**	**16.9**	**21.7**	**>100**

Basic and diluted earnings per share (EUR)	**1.66**	**0.73**	**0.93**	**>100**

The OLB Group's earnings revived substantially during the year. The pretax profit of EUR 48.1 million was well above the prior year's EUR 13.5 million, which included the impact of high risk provisioning. Nevertheless, conditions for our business remain demanding, as the results of operations also reflect. Historic low interest rates in Germany were a particular burden on the deposit business, and resulted in declining interest margins. Clients remained reticent about investing. Although OLB Regional Bank was able to cushion these adverse effects with good credit business, Allianz Bank, which focuses on the deposit and securities business, was unable to achieve its growth targets in such an environment.

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Details of the individual components of profits:

Net interest income

EUR m	2012	2011	Change	Change (%)
Interest (and similar income)	532.0	551.9	– 19.9	– 3.6
Interest expense (and similar charges)	296.5	307.2	– 10.7	– 3.5
Net interest income	**235.5**	**244.7**	**– 9.2**	**– 3.8**
Customer lending volume at end of period (before risk provisions)	10,415.8	9,914.3	501.5	5.1
Interest rate margin in %	2.26	2.47	– 0.21	– 8.5

The government debt crisis in the euro zone, in combination with the ECB's monetary-policy measures, caused market interest rates to decline further in countries that were considered safe, including Germany. The result was declining interest rate margins, which had an especially profound adverse effect on banks with a large deposit business.

The OLB Group's average interest rate margin decreased from the previous year's 2.47 percent to 2.26 percent. Deposit volume, however, grew 9.0 percent to EUR 8,221.5 million. Despite declining margins, these funds are highly important to OLB as a stable refinancing resource.

Low interest rates and the stable economy in the Northwest help support demand for credit. OLB Regional Bank, as a reliable partner for medium-sized corporate clients in the region, was able to benefit. Total lendings, with stable customer margins, grew 5.7 percent, to EUR 10.3 billion.

Net commission income

EUR m	2012	2011	Change	Change (%)
Securities business	52.6	50.4	2.2	4.4
Asset management	10.0	10.2	– 0.2	– 2.0
Payment traffic	26.3	26.0	0.3	1.2
Foreign business	2.4	2.5	– 0.1	– 4.0
Insurance, home loan and savings, real estate business	15.9	13.3	2.6	19.5
Credit card business	3.2	2.9	0.3	10.3
Trustee and other fiduciary activities	—	0.1	– 0.1	– 100.0
Other	– 20.2	– 23.5	3.3	– 14.0
Net commission income	**90.2**	**81.9**	**8.3**	**10.1**

Our clients continue to apportion their private assets conservatively. Despite low interest rates on deposits and a stable uptrend in the German stock market, clients have preferred investments that promise to preserve capital and maintain stable value. This was evident in a substantial rise in revenue from real estate brokerage and in new home loan and savings agreements. Net commission income expanded significantly in both areas during the year. In the securities business and asset management, the Regional Bank segment provides support from experienced private banking advisors for our clients throughout the region. Allianz Bank supports the Allianz insurance agencies with customer advice from qualified investment specialists. On that basis, it was possible to increase the securities business slightly from the year before.

Net operating trading income or expense

Own-account securities trading is of no strategic importance to OLB. In the course of refocusing on our core competences, we have decided to concentrate entirely on our client business, and to withdraw from proprietary trading. We closed out existing positions by year's end. We will continue to conduct client business in foreign currencies and interest rate hedging instruments as usual. Up to the end of 2012, own-account and client-account trading showed a net loss of EUR –0.9 million (prior year: EUR –1.6 million). This figure includes an expense of EUR –1.9 million (prior year: EUR –0.6 million) for buybacks of our own bonds from our clients.

The net operating trading expense also includes an effect of EUR –1.4 million (prior year: EUR +0.5 million) from the measurement of hedging relationships that OLB uses to manage interest rate risk.

The total net operating trading expense for 2012 thus came to EUR –1.8 million (prior year: EUR –1.6 million).

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	2012	2011	Change	Change (%)
Operating personnel expense	176.5	182.9	– 6.4	– 3.5
Office expense	113.2	120.1	– 6.9	– 5.7
Administrative expenses	**289.7**	**303.0**	**– 13.3**	**– 4.4**
Employees at 12/31	2,785	2,883	– 98	– 3.4
Full-time equivalents at 12/31	2,293	2,408	– 115	– 4.8
Cost-income ratio (%)	80.4	77.4	n/a	n/a

The slower growth in earnings caused by the market environment was actively counteracted on the cost end. Personnel expenses for 2012 reflected successful savings from revising the setup of the Allianz Bank sales organization. As a result, even though the collective bargaining wage rose 2.9 percent, costs were lowered below the prior-year level. In office expenses, all expenditures underwent a critical review and have been re-prioritized.

Risk provisions for credit business

A dominant factor in the prior year was provisions for risks associated with the sector-specific crisis situation in shipping, together with a substantial specific loan loss provision in the oceangoing shipping sector. There were no major individual problems in 2012, so that it was possible to keep risk provisions lower. Moreover, because of the stable economic conditions during the past fiscal year, the provisioning situation improved for the majority of our credit portfolio.

The shipping industry continues to grapple with structural problems, so that no rapid recovery is in sight here despite the stable economic conditions in Germany. We support our clients in adjusting their financing models to the changes in conditions that have resulted from the structural crisis.

In the ship financing business, a particularly crucial factor is the long-term evolution of charter rates over a ship's entire useful life. Because ships have long useful lives, the projections underlying any assessment inherently entail considerable uncertainties. We acknowledged foreseeable risks during the year by forming appropriate risk provisions.

Net income from financial assets

The Bank took advantage of rising stock prices, together with the high valuation of fixed-income securities caused by the decline in market interest rates, to realize gains in our special fund and in our liquidity reserve.

Profit / taxes

The pretax profit for fiscal 2012 came to EUR 48.1 million – a substantial recovery from the prior year (EUR 13.5 million). The tax expense for the year was calculated at EUR 9.5 million, so that the profit after tax is EUR 38.6 million.

The reporting principles under the German Commercial Code (HGB) provide for different measurement rules, particularly in measuring financial instruments and provisions, so that the year's net profit of Oldenburgische Landesbank AG under the Commercial Code – the figure that is used for the allocation of profits – is EUR 43.1 million. The proposed allocation of this profit calls for EUR 5.8 million to be paid out as a dividend of EUR 0.25 per no-par share.

See Glossary, p. 159

Segment results

The following discussion breaks down the OLB Group's earnings performance between two segments: OLB Regional Bank, which represents the traditional regional business of the Oldenburgische Landesbank Group and its 177 branches within its territory, and Allianz Bank, which offers banking products through Allianz Bank agencies nationwide. More information about segment reporting is provided in Note 13 to the Consolidated Financial Statements.

See p. 094

Segment: OLB Regional Bank

EUR m	2012	2011	Change	Change (%)
Net interest income	221.3	227.4	– 6.1	– 2.7
Net commission income	69.7	68.3	1.4	2.0
Net operating trading income	– 1.9	– 1.6	– 0.3	18.8
Other income	0.2	0.7	– 0.5	– 71.4
Operating income	**289.3**	**294.8**	**– 5.5**	**– 1.9**
Operating personnel expense	145.6	144.8	0.8	0.6
Direct office expense	79.5	74.9	4.6	6.1
Intersegment cost offsetting	– 11.5	– 12.5	1.0	– 8.0
Administrative expenses	213.6	207.2	6.4	3.1
Other expenses	2.0	0.2	1.8	>100
Operating expenses	**215.6**	**207.4**	**8.2**	**4.0**
Risk provisions for credit business	39.6	86.0	– 46.4	– 54.0
Operating profit / loss	**34.1**	**1.4**	**32.7**	**>100**
Realized net income from financial assets	19.5	19.0	0.5	2.6
Net nonoperating trading income / expense	– 1.9	– 3.1	1.2	– 38.7
Net gain / loss from financial assets	17.6	15.9	1.7	10.7
Restructuring expense	—	2.0	– 2.0	– 100.0
Profit before taxes (segment profit)	**51.7**	**15.3**	**36.4**	**>100**
Segment assets (EUR bn)	12.6	11.4	1.2	10.5
Segment liabilities (EUR bn)	12.0	10.8	1.2	11.1
Cost-income ratio (%)	74.5	70.4	4.1	5.8
Risk capital (average)	456.4	441.7	14.7	3.3
Risk assets (average)	6,295.5	6,092.6	202.9	3.3

OLB Regional Bank continued its record of stable growth in the client business in 2012. Total lendings grew further, and at year's end topped EUR 10 billion for the first time. This was EUR 590 million above the prior-year level, and once again proved OLB's importance as a sound financing partner for our clients and for the Northwest economic region. Total customer deposits grew 0.8 percent from the prior year, to EUR 5.8 billion. The positive momentum from the growing volume in the lending business was unable to entirely compensate for the decline in market interest rates and the associated slippage of margins in the deposit business. Net interest income decreased slightly, by 2.7 percent, to EUR 221.3 million.

We noted strong demand in 2012 for brokerage of real estate, insurance and home loan and savings agreements. Low interest rates and clients' concerns about inflation also made a contribution here. Accordingly, business volume, with the associated commission income, grew substantially.

Our clients continue to apportion their private assets conservatively. The experienced specialists in the Private Banking & Independent Professionals department enable OLB Regional Bank to offer personalized, strategic financial planning for clients within its business territory. Assistance for high-asset retail clients and independent professionals has been combined so as to take advantage of synergy effects. Here too, OLB is following its long-standing policy of taking the overall view. This broad base enabled us to keep the securities business for 2012 at the same level as the prior year, and to benefit from stronger demand in other areas.

In administrative expenses, despite a 2.9-percent rise in collectively bargained wages, the increase in personnel expenses was kept down to EUR 0.8 million. This was due in part to a slight decline in the average number of employees in 2012, and to lower performance-based compensation. The prior-year office expense included the non-recurring effect of a tax refund for previous years that was not repeatable in 2012, resulting in a rise in this expense. Moreover, IT expenses increased because of an investment in converting the system platform for our core bank application. In subsequent years, this project will achieve savings in current operating costs.

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.

In managing our liquidity reserves, we realized trading gains during the first half on both stocks and bonds, generating net income of EUR 17.6 million from financial assets.

All in all, the segment profit totaled EUR 51.7 million, a further substantial recovery from the prior year, which was particularly reduced by high risk provisions for a special case.

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

EUR m	2012	2011	Change	Change (%)
Net interest income	14.2	17.3	– 3.1	– 17.9
Commission income (gross)	51.2	46.0	5.2	11.3
Gross income	**65.4**	**63.3**	**2.1**	**3.3**
Commission expense for payment traffic	3.2	2.9	0.3	10.3
Brokerage commissions	27.5	29.5	– 2.0	– 6.8
Other income	40.3	67.9	– 27.6	– 40.6
Operating income	**75.0**	**98.8**	**– 23.8**	**– 24.1**
Operating personnel expense	30.9	38.1	– 7.2	– 18.9
Direct office expense	33.7	45.8	– 12.1	– 26.4
Intersegment cost offsetting	11.5	12.5	– 1.0	– 8.0
Administrative expenses	76.1	96.4	– 20.3	– 21.1
Other expenses	1.2	1.0	0.2	20.0
Operating expenses	**77.3**	**97.4**	**– 20.1**	**– 20.6**
Risk provisions for credit business	3.0	2.4	0.6	25.0
Operating profit / loss	**– 5.3**	**– 1.0**	**– 4.3**	**>100**
Net profit from financial assets	1.7	3.1	– 1.4	– 45.2
Restructuring expense	—	3.9	– 3.9	– 100.0
Loss before taxes (segment profit / loss)	**– 3.6**	**– 1.8**	**– 1.8**	**100.0**
Segment assets (EUR bn)	1.9	2.3	– 0.4	– 17.4
Segment liabilities (EUR bn)	1.9	2.3	– 0.4	– 17.4
Cost-income ratio (%)	103.1	98.6	4.5	4.6
Risk capital (average)	27.3	30.8	– 3.5	– 11.4
Risk assets (average)	376.5	424.2	– 47.7	– 11.2

The two mainstays of Allianz Bank are the deposit business and the securities business. In the current market situation, with record-low interest rates in Germany, it was not possible to compensate on the assets side for the decline in margins from demand and savings deposits, so that net interest income decreased by EUR 3.1 million, to EUR 14.2 million. An improvement in the securities business made it possible to increase net commission income for the year by EUR 5.2 million, to EUR 51.2 million.

All in all, gross income grew a moderate 3.3 percent, to EUR 65.4 million. Despite this increase, business fell far short of the growth targets set for 2012.

At the end of 2011, we already applied carefully selected cost reductions to counteract the lower growth in clients, volumes and earnings than had been expected. The effects of these efforts were clearly evident in 2012. For example, revising the setup of the sales organization made it possible to reduce personnel expenses substantially and to cut administrative expenses by more than EUR 20 million, to EUR 77.3 million.

Nevertheless, Allianz Bank closed out fiscal 2012 overall with another operating loss – before compensation from Allianz – of EUR 45.2 million (prior year: EUR 68.7 million). Allianz Bank's earnings performance therefore remained below the medium-term planning figures.

Oldenburgische Landesbank AG and Allianz Deutschland AG had agreed that Allianz Deutschland AG would compensate for the segment's losses calculated on the basis of the German Commercial Code (HGB). Because of differences in measurement rules for financial instruments and provisions, expenses under IFRS are higher, so that despite the compensation for the loss, which appears in the item "Other income," the segment showed a pretax loss of EUR –3.6 million.

Changes in the balance sheet

See charts, p. 038 left and p. 039

Total lendings

The Bank held firm to its conservative risk policy in the lending business. We seek sustainably profitable growth, and set a high priority on asserting our margin requirements against the competition. As a financing partner much sought after in the Northwest, we were able to continue our steady growth in the lending business during 2012, thanks to lively demand for credit. Total lendings passed the EUR-10-million mark for the first time.

EUR m	2012	2011	Change	Change (%)
Customer lending / Germany	10,343.0	9,843.0	500.0	5.1
Customer lending / outside Germany	72.8	71.3	1.5	2.1
Total lending volume (before risk provisions)	**10,415.8**	**9,914.3**	**501.5**	**5.1**
Less: risk provisions	77.6	130.0	– 52.4	– 40.3
Total lendings (after risk provisions)	**10,338.2**	**9,784.3**	**553.9**	**5.7**

Liquidity

Despite a considerable return to normal in the money and capital markets during the year, OLB manages its liquidity position so as to maintain conservative safety buffers and ensure the Bank's ability to meet payments, even in the event of sudden bottlenecks in the financial markets. With a liquidity of 1.55 as of the reporting date (prior year: 2.15), OLB was again well above the regulatory minimum of 1.00. There was no refinancing on the capital market in 2012.

Financial assets

OLB invested primarily in government bonds and Pfandbrief bonds. A portion of the gains in the deposit business were invested in these first-class securities, resulting in an increase in financial assets from EUR 2,258.9 million to EUR 3,353.9 million. The carrying amount for equity interests of 50 percent or less and for investments in unconsolidated subsidiaries, recognized under financial assets, came to EUR 1.0 million.

Deposits and borrowed funds

EUR m	2012	2011	Change	Change (%)
Customer deposits	**7,568.2**	**7,544.5**	**23.7**	**0.3**
Demand deposits	4,236.5	3,656.6	579.9	15.9
Term deposits	1,169.3	1,804.4	– 635.1	– 35.2
Savings deposits	2,162.4	2,083.5	78.9	3.8
Liabilities under repo agreements with a central counterparty	**653.3**	**—**	**653.3**	**n / a**
Limited-term	653.3	—	653.3	n / a
Interbank money	**4,021.6**	**3,397.0**	**624.6**	**18.4**
Demand deposits	151.9	102.9	49.0	47.6
Term deposits	3,869.7	3,294.1	575.6	17.5
Securitized liabilities	**812.9**	**1,161.7**	**– 348.8**	**– 30.0**
Subordinated debt	**274.3**	**274.2**	**0.1**	**—**
Total deposits and borrowed funds	**13,330.3**	**12,377.4**	**952.9**	**7.7**

Equity

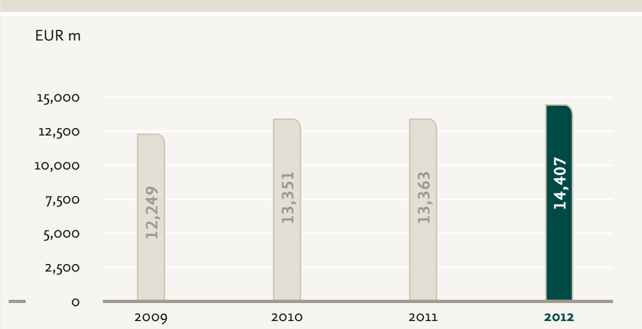
Equity according to IFRSs grew substantially from year end to year end, from EUR 569.2 million to EUR 651.3 million. One contributing factor was that the prior-year profit of EUR 1.6 under the German Commercial Code (HGB) was allocated to retained earnings, in accordance with a resolution of the Shareholders' Meeting. Another is that valuation reserves for fixed-income securities grew substantially, from EUR 1.1 million to EUR 44.7 million, because of declining market interest rates. The result was a significant increase in the cumulative effect from the measurement of available-for-sale financial instruments.

Because of the steady growth in total lendings, the core capital ratio, calculated on an HGB basis, was 8.2 percent at year's end, slightly below the prior year's 8.5 percent. To permit further lending growth while maintaining a stable capital ratio, OLB will propose to its shareholders at the Shareholders' Meeting on June 5, 2013, to allocate a portion of EUR 37.3 million of the distributable profit to retained earnings.

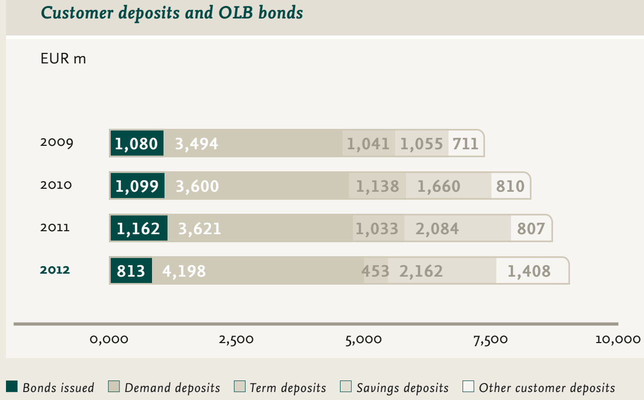
Events after the reporting date

Allianz Bank was founded as an affiliate of Oldenburgische Landesbank AG (OLB) in 2009, with the sale of Dresdner Bank. The aim was to take over and expand the banking business that had hitherto been brokered through Allianz agencies. These growth expectations, however, failed to material-

Total assets



Customer deposits and OLB bonds



ize across the board, and Allianz Bank's business showed a deficit again in 2012. As there is no sign of a lasting turnaround in light of the ongoing financial crisis and low interest rates, the decision was reached in January 2013 for Allianz Bank to discontinue its activities and cease operations as of June 30, 2013. The financial impact of this decision is described in the Report of Anticipated Developments.

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 are 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 90.2 percent of the stock of Oldenburgische Landesbank AG (as of December 31, 2012). 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.

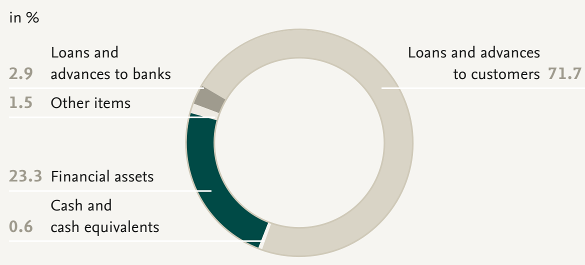
Nature of control of voting rights for shares held by employees

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

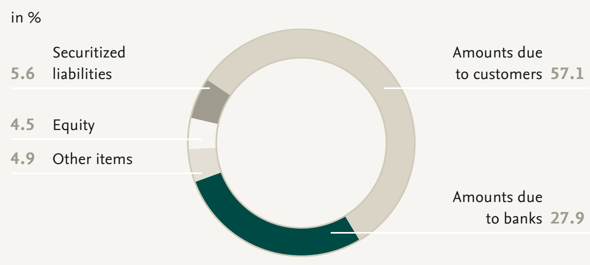
Provisions of law and of the Articles of Incorporation for the appointment and dismissal of members of the Board of Managing Directors, and for amending the Articles of Incorporation

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

Balance sheet ratios for assets



Balance sheet ratios for equity and liabilities



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 Sec. 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.

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 30, 2017, 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:

See Glossary, pp. 156–159

- 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.

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

EUR m	2012	2011	Change	Change (%)
Tier 1 capital	**544.0**	**550.0**	**– 6.0**	**– 1.1**
Tier 2 capital[1]	229.0	256.0	– 27.0	– 10.5
Share capital and reserves (Sec. 10a KWG)	**773.0**	**806.0**	**– 33.0**	**– 4.1**
Risk assets for counterparty risks	6,066.0	5,950.0	116.0	1.9
Risk assets for market risks	34.0	25.0	9.0	36.0
Risk assets for operational risks	538.0	500.0	38.0	7.6
Risk assets	**6,638.0**	**6,475.0**	**163.0**	**2.5**

1 Not more than 100 percent of tier 1 capital

%	2012	2011
Core capital ratio	8.2	8.5
Aggregate capital ratio	11.6	12.4

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 came to EUR 544.0 million as of December 31, 2012. Tier 2 capital came to EUR 229.0 million, and was composed mainly of subordinated debt and unrealized reserves in securities. Thus, following the adoption of the balance sheet, the share capital and reserves came to EUR 773.0 million (prior year: EUR 806.0 million).

Lending growth during the year increased risk assets from EUR 6,475.0 million to EUR 6,638.0 million as of December 31, 2012. After adoption of the balance sheet, the core capital ratio under Sec. 10a of the Banking Act was 8.2 percent as of December 31, 2012 (prior year: 8.5 percent), and the aggregate capital ratio was 11.6 percent, following 12.4 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

Our expectation that the Allianz Bank business model would bring profitable growth in the intensely competitive retail customer business has not come to fruition. In view of the continuing difficulty of the market environment, no lasting turnaround is in sight. The decision was therefore reached in January 2013 that Allianz Bank will discontinue its activities and cease operations as of June 30, 2013. OLB Regional Bank's business is not affected by this decision, and OLB will continue to do business successfully with clients in Northwest Germany.

Allianz Bank

The situation of the Allianz Bank segment will be defined for the coming year by the implementation of the decision to discontinue its business operations. Business in accounts, cards, loans and deposits will cease, and the 45 bank branches at Allianz agencies will close. This will mean eliminating a total of about 450 jobs around the country.

By the time business operations cease on June 30, 2013, interest and commission income will already have decreased substantially because of the expected reorientation of former clients. During the second half, a smaller amount of income will come in from continuing business relationships with Allianz Group employees and agents, and from the winding up of client business with fixed maturities. In addition to the cost of continuing operations, the closure of Allianz Bank will also entail substantial non-recurring expenses. Consequently, Allianz Bank will show a substantially higher loss for 2013, which will be compensated by Allianz Deutschland AG under the agreement between Oldenburgische Landesbank AG and Allianz Deutschland AG. That agreement applies through December 31, 2014.

OLB Regional Bank

Oldenburgische Landesbank AG will continue unchanged to serve Northwest Germany as a regional bank.

In view of the business environment in the region, we expect growth to slow in 2013, consistently with the national trend. The cooling of regional business conditions toward the end of 2012 will continue to exert an effect, especially because companies will be less likely to invest. The stable job market and favorable financing conditions, however, are likely to strengthen domestic business conditions again in 2013, and in conjunction with brightening prospects for exports, should cause the economy to pick up momentum over the course of 2013. This will provide a good environment for stable business growth among our clients, with consequent positive effects on both risk provisions and demand for credit.

The lending business with our clients will be further supported by the current low interest rates. Since the government debt crisis erupted in the euro zone, interest rate developments in the money market and capital market have been heavily influenced by political events and by the European Central Bank's conduct toward the countries in crisis. A change in interest rate levels affects the Bank's asset and earnings position in the short term through the measurement of securities in the liquidity reserve, and in the medium term affects the returns on our assets and liabilities. In particular, a further protracted decrease in interest rates would have a significant adverse impact on the Bank's profitability. Even if a certain calm appears to have set in over the past few months, and though it has been possible to keep the crisis situation from being exacerbated further, any projection of changes in interest rates over the next few years, and the resulting impact on the Bank's profits, is fraught with uncertainty.

An exacerbation of the government debt crisis in the euro zone could also cause a drastic deterioration of liquidity in the money and capital markets, restricting options for financing or permitting financing only with high interest premiums. With our strong deposit business, we have a stable refinancing base. Moreover, OLB has invested its liquidity reserve solely in first-class securities. We take due account of the impending uncertainties with a conservative orientation, and by maintaining adequately dimensioned safety buffers. Transient liquidity bottlenecks in the money and capital markets therefore have no direct adverse impact on our assets and earnings position. All in all, we do not expect developments in the money and capital markets to place significant burdens on profits.

See Glossary, p. 156

Although the implementation of Basel III requirements in European law has recently been postponed, the planned rules and the intensification of bank regulation are already having a substantial effect on banks' business environment. Introducing and continuing to implement the new rules will entail substantial costs. Moreover, higher requirements for liquidity and equity capitalization will limit banks' earning potential.

Competition with other institutions represented in the region, and especially with direct banks for the retail customer business, will also remain intense in the coming years. Pressure on margins and prices will therefore remain high.

With more than 450,000 clients, OLB is the leading private regional bank in the Northwest. In 2012, we expanded our client base even further, gaining a net total of 3,400 clients. We intend for our services to attract still more new clients in the coming years, and thus to steadily expand our market share in our territory.

Given the stable economic outlook for our region, together with low client interest rates, we expect demand for credit to remain lively. During 2012, OLB Regional Bank significantly increased its total lendings by 6.2 percent, to EUR 10.0 billion. An improved position in assistance and support, together with advances in credit processing, will further strengthen the lending business. We expect that we will be more than able to compensate through new lendings for loan redemptions due in the coming years, and that we will be able to achieve steady growth in future years as well.

Since the government debt crisis in the euro area, the need for safety in money investments has risen substantially, especially among retail customers. The result has particularly been a considerable reluctance to invest in securities. Instead, clients entrust their deposits to OLB. We expect that OLB Regional Bank will continue increasing the volume of client funds entrusted to us in the years to come. We foresee good market opportunities here, particularly in attracting new customers in the private banking business. As concerns our securities business, we expect our clients to gradually return to the capital markets – in part also because of low interest rates. Slight growth in the associated commission business therefore seems possible.

Given the above conditions in the business environment, we expect net interest and commission income to remain stable or grow slightly from 2012 over the next two years.

Increases in collectively bargained wages and general inflation will also make it necessary to enhance efficiency in our procedural organization in the years to come as well, so as to ensure a sustainable, viable relationship between expenses and income. One particular starting point for improvements in business processes is standardizing procedures in the credit business and in transaction processing. The impact of the restructuring of Allianz Bank will be limited to a few central functions, and will eliminate certain economies of scale for OLB Regional Bank.

Because of the expected stable economic environment in our region, we still expect risk provisions to change inconspicuously for our credit portfolio as a whole. In the shipping sector, because of structural problems, the situation must be expected to remain difficult in the coming years. We must wait and see what impact the announced withdrawal of leading shipping financiers from the market will have. In the ship financing business, a particularly crucial factor is the long-term evolution of charter rates over a ship's entire useful life. The projections underlying any assessment inherently entail considerable uncertainties, in view of ships' long useful lives. We acknowledged foreseeable risks during 2012 by forming appropriate risk provisions. Our planning of risk provisions has allowed for the uncertain possibility that charter rates may recover later than expected.

All in all, given the above expectations for the economic environment and assuming that the difficult situation in the shipping sector does not deteriorate further, we expect OLB Regional Bank to have stable operating profits in the next two years. During 2012, we took advantage of market opportunities and earned a high net income from financial assets. Our planning is not based on any expectation that this effect will recur.

Once operations cease at Allianz Bank, the economic position of the OLB Group over the next two years will be largely determined by OLB Regional Bank. Because Allianz AG compensates for Allianz Bank losses, that line of business does not affect pretax profits. Therefore, the assessment for OLB Regional Bank applies for the profits of the OLB Group as a whole.

OLB has a sound capital ratio of 8.2 percent. To permit further growth in the client business, we plan to continue applying significant portions of our annual profits to strengthen equity. We will also continue to supplement our own funds with subordinated funds, as before.

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 a maximum utilization of risk is defined, based on the potential to cover risk less a risk buffer defined by management,
- that OLB's risk management process ensures that significant risks will be independently identified and assessed through suitable risk measurement procedures, and
- 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 are incurred only if the available risk coverage potential is sufficient.

To ensure consistency of 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.

See Glossary, p. 156

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 Whole Bank 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 Whole Bank risk – 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 risk buffer that is above this minimum requirement.

See Glossary, p. 158

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 determining risk-carrying capacity furthermore analyzes two points of view. The first focuses systematically on a liquidation scenario. The second supplements the first with going-concern aspects based on regulatory requirements. Here core assets are 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

A period-based analysis of risk-carrying capacity is based on multi-year projections for the balance sheet and income statement. 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 the managers of the Credit Management, Risk Controlling, Treasury, 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 in credit management	Whole Bank Credit Management
Market price risks and liquidity risks	Treasury
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 performed by the Risk Controlling and Compliance departments. 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 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 customer credit, 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.

Risk assessment and loan approval in the homogeneous portfolio depend on the type of transaction and on who is in charge of providing customer support. Provided the credit ratings are adequate, loans for up to EUR 50 thousand to retail and corporate customers in the branch business, and for up to EUR 250 thousand in private construction financing, are decided by the front office. Loan extensions to clients in the Private Banking, Independent Professionals, and Corporate Client segments, for amounts up to EUR 250 thousand, are decided by the front-office customer support officer in charge, provided that the credit ratings are adequate. Within the bounds of the front office's own authority, the back office supports the front office in conducting credit checks and preparing a rating. For all other commitments, risk assessment and the credit decision are carried out in cooperation between the front 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, the risk strategy defines single-exposure and partial-portfolio limits 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.

See Glossary, pp. 157–158

Risk management in own-account trading

OLB is not an investment bank. In its own holdings, it distinguishes between a trading portfolio, which is rather secondary in terms of both scope and risk, and a non-trading portfolio.

See Glossary, p. 157

The trading portfolio primarily includes securities and contracts that are held with the aim of generating economic gains through short-term trading activities. It also includes interest-rate and currency positions that result from the client business.

Short-term own-account trading activities are not of strategic importance. OLB has decided to discontinue these activities, and had closed out its positions by the end of 2012. The customer business in foreign-currency and interest-rate hedging instruments will continue.

The Bank conducts 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. 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 and to central-bank counterparties, as well as by maintaining a defined-limit system and pursuing a broadly diversified portfolio. The strategic orientation is defined in the Bank's risk 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.

See Glossary, p. 159

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 was restricted in 2012 to stock, currency and interest rate transactions; it was therefore 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 special fund.

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 book 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.

See Glossary, p. 157

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 what is known as “clean backtesting,” the hypothetical gains and losses as a result of actual price changes for a portfolio held constant are compared with the values projected by the value-at-risk model.

See Glossary, p. 156

Risk management

The Treasury 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 (99.93 percent / 1 year),
- value at risk for the trading portfolio (99 percent / 10 days), and
- the economic loss in the trading portfolio.

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.

By decision of the Board of Managing Directors, the value at risk limit for the trading portfolio was cut in half in July 2012, from the former EUR 4 million to EUR 2 million. Cessation of trading activities in the trading portfolio is currently resulting in very low utilization of the risk limits, as a result of the interest-rate and foreign-currency positions from the customer business that remains. A reconfiguration of the limit structure for the trading portfolio is in preparation.

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. They were revised during 2012 and adjusted to changes in legal requirements.

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 and under stress scenarios.

In the “normal case,” growth assumptions for the portfolios of lendings and deposits are made for the first year on the basis of planned values or values derived from experience, as the case may be. After that period, generally a constant business volume is assumed. 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.

The “combined” scenario combines the assumptions of the “recession” and “downgrade” scenarios.

In addition to the scenarios described above, concentration risk analyses were incorporated into the liquidity risk analysis during the year. For this purpose, the cash outflow of the top 10 deposit customers is studied, and the impact on risk indicators is analyzed.

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. If liquidity falls below the limit, risk-reducing measures are initiated.

Liquidity risk is controlled by the Treasury unit. 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.

See Glossary, p. 158

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 method of calculating operational risk is currently in preparation.

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 under review, the Compliance unit performed analyses of the risks posed by criminality and corruption. Management of these risks is governed by the fraud prevention guideline and an anticorruption 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.

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 is reviewed and developed further in an annual process, during which it is also revised to meet changing conditions. Implementation of the strategy is monitored on the basis of suitable key performance indicators that are defined for the implementation of each sub-strategy as part of the strategy process.

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	2012	2011
Counterparty risk	370.0	325.0
Market price risk / non-trading portfolio	120.9	81.3
Market price risk / trading portfolio	2.8	5.5
Operational risk	38.3	39.9
Liquidity risk	4.4	0.9
Whole Bank risk	**536.4**	**452.6**

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 increase in the figures is the consequence of changes in the portfolio during 2012.

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. The value at risk in 2012 underwent a gradual increase until May, reaching EUR 136.1 million. Part of the reason was the lower level of interest rates, which caused an increase in the present value of the interest rate book and the associated risk indicators. Another reason was that the volume of securities in the liquidity reserve was increased, in view of interest rate expectations, so as to take advantage of opportunities for gains. During the second half, the tendencies to increase interest rate risk as a result of the lending business were countered by risk-mitigating measures, so as to maintain the defined limits.

Market price risk in the trading portfolio

Market price risk in the trading portfolio is likewise reflected using a value at risk. A scaled limit for value at risk is applied (99.93 percent / 10 days). The reduction of the value-at-risk limit (99 percent / 10 days) by one-half during 2012 resulted in a change in approach here as well.

Operational risk

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

Liquidity risk

The liquidity risk is calculated using a value-at-risk model. It reflects the risk that OLB might have to procure refinancing funds on less advantageous terms because of higher credit spreads in the capital market. Despite the increase in 2012, the liquidity risk remains at a low level.

Whole Bank risk

Whole Bank risk results from adding up the individual risk positions. This conservative approach to calculating risk makes no allowance for the effects of diversification between risk types. Under this assumption, the Whole Bank risk as of December 31, 2012, came to EUR 536.4 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	2012	2011
Loans and advances to customers	10,338.7	9,792.3
Loans and advances to banks	414.5	924.0
Financial assets	3,353.9	2,258.9
Trading assets	14.1	18.5
Contingent liabilities	319.7	337.2
Open credit commitments	591.6	494.0
Total	**15,032.5**	**13,824.9**

Most of the OLB Group's credit portfolio (75 percent, compared to the prior year's 77 percent) is made up of the customer credit business. It 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	9,712.3	299.9	584.2	3,780.9	14,377.3	13,393.3
Overdue, but no specific loan loss provision	301.0	15.1	1.6	0.1	317.8	201.7
Overdue with specific loan loss provision	325.4	4.7	5.8	1.5	337.4	229.9
Total	**10,338.7**	**319.7**	**591.6**	**3,782.5**	**15,032.5**	**13,824.9**

See Glossary, p. 156

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	452.1	226.5	2,587.9	—	1.3	13.3	3,281.1	2,604.1
III–IV	844.8	185.0	682.4	1.9	22.6	61.1	1,797.8	1,846.8
V–VI	1,866.5	0.1	1.0	2.9	115.3	155.9	2,141.7	1,998.7
VII–VIII	3,358.0	0.3	—	1.9	100.3	237.3	3,697.8	3,275.2
IX–X	2,398.7	—	—	1.7	44.3	70.6	2,515.3	2,693.9
XI–XII	670.0	—	—	0.4	15.8	40.0	726.2	826.1
XIII–XIV	100.6	—	—	—	0.2	3.1	103.9	51.1
n/a	21.6	2.6	82.6	3.7	0.1	2.9	113.5	97.4
Total	**9,712.3**	**414.5**	**3,353.9**	**12.5**	**299.9**	**584.2**	**14,377.3**	**13,393.3**

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: 93 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 5.1 percent (prior year: 6.2 percent). Inability to pay is considered probable (credit rating XIII–XIV) for only 0.7 percent (prior year: 0.4 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	10,338.7	319.7	591.6	**11,250.0**	10,623.5
Allocated collateral	5,749.8	70.3	—	**5,820.1**	5,676.4

About 52 percent (prior year: 53 percent) of the credit volumes in the customer lending business are secured with collateral.

Most of this collateral, at 77 percent (prior year: 80 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 12 percent (prior year: 9 percent). About 11 percent is other collateral, primarily assignments as security (prior year: 11 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	287.1	14.9	1.5	0.1	303.6	169.3
31–60 days	11.4	0.2	—	—	11.6	28.6
61–90 days	2.5	—	0.1	—	2.6	3.8
Total	**301.0**	**15.1**	**1.6**	**0.1**	**317.8**	**201.7**

Most receivables in the category of overdue with no specific loan loss provisions (95.5 percent; prior year: 83.9 percent) are less than 30 days in arrears. The remaining 4.5 percent have been in arrears for longer (prior year: 16.1 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, 2012, the customer credit portfolio included only three 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 2011 fiscal year. Growth in the upper size classes above EUR 10 million was below the portfolio average during 2012.

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 considerable volumes in the OLB Group's credit portfolio. This growth continued in 2012 – a reflection of OLB's superior skills in these lines of business.

To limit sector concentration risks in the credit portfolio, partial-portfolio limits have been defined for the renewable energy sector. All limits were maintained for the full fiscal year.

Financing for oceangoing vessels

In past years, acting as a broad-based partner for companies in the Northwest, OLB has built up a credit sub-portfolio in ship financing, within manageable limits. The shipping industry continues to grapple with structural problems, so that no rapid recovery is in sight despite the good economic conditions in Germany.

In the ship financing business, a particularly crucial factor is the long-term evolution of charter rates over a ship's entire useful life. Because ships have long useful lives, the projections underlying any assessment inherently entail considerable uncertainties. We acknowledged foreseeable risks during 2012 by forming appropriate risk provisions. Changes in the affected lendings are kept under close watch.

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 99.8 percent of the receivables are in the I–IV range.

See chart, p. 062 left

The credit rating structure for receivables from banks improved slightly from 2011, while volume on the whole decreased. OLB continues to pursue a 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 2012:

The figures shown here include the application of a backtesting factor of 2, calculated as part of the model calibration.

EUR m	Stock risks	Currency risks	Interest rate risks	Total trading
Mean	0.53	0.02	0.34	**0.65**
Minimum	—	—	0.01	**0.01**
Maximum	2.55	0.13	1.63	**2.79**

See chart below

The market price risks in the trading portfolio (VaR model 99 percent/10 days) for 2012 remained consistently within the defined limits (EUR 4 million until July 17, 2012, then EUR 2 million). The average utilization of the new limit was 33 percent. The maximum utilization came in March, and amounted to 70 percent of the limit of EUR 4 million that applied at that time.

The market environment in 2012 was again dominated by crises in several European countries. Trading was already cut back significantly in the second quarter of 2012, and was finally discontinued by year's end.

Non-trading portfolio

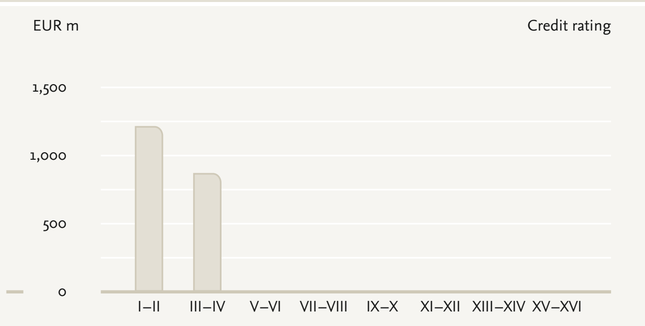
Value at risk for the non-trading portfolio (99.93 percent/1 year) in 2012:

EUR m	VaR
Mean	118.0
Minimum	86.2
Maximum	136.1

See charts, p. 063

On average, the market price risks for the non-trading portfolio (VaR model 99.93 percent/1 year) for 2012 were above the prior-year level. The average value at risk, at EUR 118.0 million, was well above the 2011 figure of EUR 57.4 million. The limit was consistently maintained.

Credit rating categories of receivables from banks and bank bonds as of December 31, 2012



VaR for the trading portfolio in 2012 (99 percent/10 days)

During the first half of the year, value at risk rose because of changes in interest rates, but also because of specific steps taken. Declining interest rates caused the present value of the interest rate book to rise, causing an increase in the risk indicators. Moreover, the volume of securities in the liquidity reserve was increased, in view of interest rate expectations, so as to take advantage of opportunities for gains by way of higher risks of changes in interest rates.

During the second half, the lively lending business served to increase risks from changes in interest rates. This development was countered by measures to mitigate interest rate risks and maintain the defined limits.

From the end of May to the end of 2012, the reporting limit for the Basel II coefficient was exceeded. The overrun was duly reported to the regulators.

Liquidity risks
Changes in key regulatory ratio

EUR m	2012	2011
Mean	1.96	1.77
Minimum	1.55	1.56
Maximum	2.20	2.15

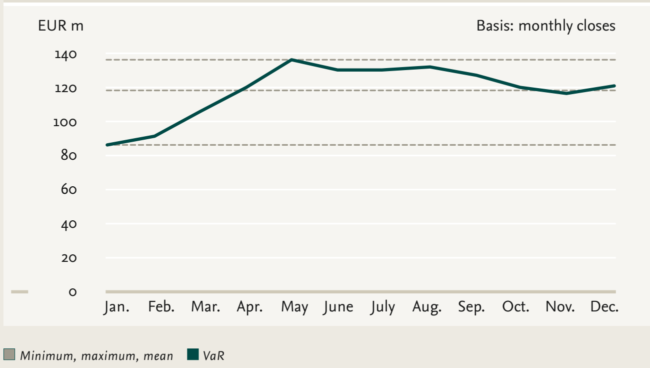
The minimum value of 1 for the key regulatory ratio was maintained throughout the year. On average, the key ratio was 96 percent above the required minimum. At December 31, 2012, the key ratio was 1.55.

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

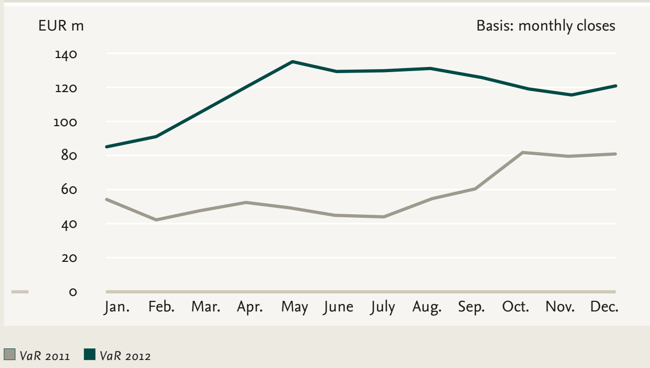
Maturities
Various assumptions about the maturities of receivables and payables must be made in order to measure and control liquidity risks. In this regard, OLB follows the assumptions of the Liquidity Regulation.

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, 2012 (99.3 percent / 1 year)



Comparison of VaR for non-trading portfolio, Whole Bank, 2011 / 2012 (99.3 percent / 1 year)



2012 receivables

EUR m	3 months or less	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total
					2012
Term loans and advances to banks	300.1	—	—	—	300.1
Loans and advances to customers[1]	1,432.8	649.5	2,604.8	5,729.2	10,416.3
Receivables at 12/31/2012	**1,732.9**	**649.5**	**2,604.8**	**5,729.2**	**10,716.4**

1 The receivables from customers with remaining terms of three months or less include receivables of EUR 977.9 million with indeterminate terms.

2012 liabilities

EUR m	3 months or less	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total
					2012
Bank demand deposits	151.9	—	—	—	151.9
Term liabilities to banks	466.6	514.8	1,273.9	1,614.4	3,869.7
Customer demand deposits	4,236.5	—	—	—	4,236.5
Savings deposits	1,896.4	240.2	25.8	—	2,162.4
Other term liabilities to customers	827.8	374.3	183.0	437.5	1,822.6
Securitized liabilities	170.9	147.6	90.6	403.8	812.9
Provisions and other liabilities	79.2	39.3	120.4	169.0	407.9
Tax liabilities	—	—	7.1	—	7.1
Subordinated debt	60.0	10.0	146.0	58.3	274.3
Liabilities at 12 / 31 / 2012	**7,889.3**	**1,326.2**	**1,846.8**	**2,683.0**	**13,745.3**

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.

2012 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
					2012
Interest rate swaps	—	7.0	84.6	69.5	161.1
Currency forwards / currency swaps	0.8	0.5	—	—	1.3
Currency options	—	0.1	—	—	0.1
Stock index options	—	—	—	—	—
Futures options	—	—	—	—	—
Stock options	—	—	—	—	—
Caps	—	—	—	—	—
Total at 12/31/2012	**0.8**	**7.6**	**84.6**	**69.5**	**162.5**

2011 receivables

EUR m	2011				
	3 months or less	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total
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	2011				
	3 months or less	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total
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	2011				
	3 months or less	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total
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**

Coverage of liabilities

See Glossary, p. 156

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. Any liquidity requirements for existing liabilities can be covered on short notice by way of a sale of the bonds in the "Available for sale" (AfS) category. 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 some 840,000 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.

See chart below

Liquidity cash flows at December 31, 2012

In addition to the above surveys of the structure of remaining terms of receivables and liabilities, the chart below 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.

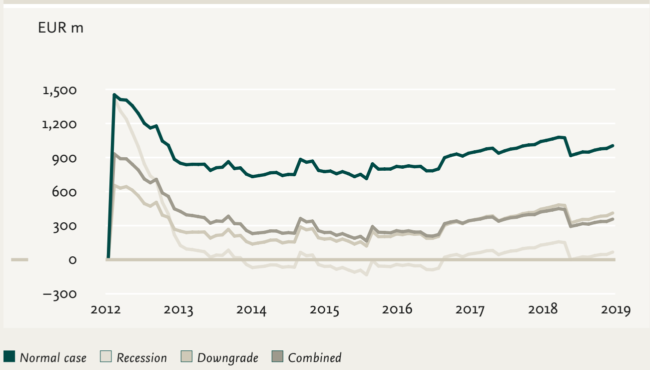
The liquidity cash flow shows a comfortable liquidity situation at OLB for the coming seven years, assuming a normal course of business ("normal case"), and adequate liquidity in the fictive "downgrade" and "combined" scenarios. In an economic recession scenario, OLB would still have an assurance of adequate liquidity for two years. To ensure an adequate certainty of survival in even longer phases of economic weakness, within that time period there would be a need to take action to build up OLB's liquidity reserves by raising long-term funding on the capital market or by attracting customer deposits.

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 group management report, the principal features of their internal controlling and risk management system with regard to the group's 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 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. OLB's Board of Managing Directors, on its own responsibility and

Seven-year liquidity cash flows



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 management, 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, Risk Controlling, and Internal Auditing departments are overseen by different members of the Board of Managing Directors.

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, March 12, 2013
Oldenburgische Landesbank AG

The Board of Managing Directors

Dr. Achim Kassow
Chairman

Dr. Thomas Bretzger

Jörg Höhling

Karin Katerbau

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Consolidated Financial Statements

Consolidated Statement of Comprehensive Income of the Oldenburgische Landesbank Group for the period January 1 – December 31, 2012

Income statement

EUR m	2012	2011	Change	Change (%)	Note / Page
Interest and similar income	532.0	551.9	– 19.9	– 3.6	
Interest expense and similar charges	296.5	307.2	– 10.7	– 3.5	
Net interest income	235.5	244.7	– 9.2	– 3.8	02 / 088
Commission income	134.8	128.0	6.8	5.3	
Commission expense	44.6	46.1	– 1.5	– 3.3	
Net commission income	90.2	81.9	8.3	10.1	03 / 089
Net operating trading expense	– 1.8	– 1.6	– 0.2	12.5	04 / 090
Other income	40.4	68.0	– 27.6	– 40.6	05 / 090
Operating income	**364.3**	**393.0**	**– 28.7**	**– 7.3**	
Operating personnel expense	176.5	182.9	– 6.4	– 3.5	
Office expense	113.2	120.1	– 6.9	– 5.7	
Administrative expenses	289.7	303.0	– 13.3	– 4.4	06 / 091
Other expenses	3.2	1.2	2.0	>100	07 / 091
Operating expenses	**292.9**	**304.2**	**– 11.3**	**– 3.7**	
Risk provisions for credit business	42.6	88.4	– 45.8	– 51.8	08 / 092
Realized net income / loss from financial assets	21.2	23.0	– 1.8	– 7.8	
Net nonoperating trading income / expense	– 1.9	– 4.0	2.1	– 52.5	
Net income / loss from financial assets	19.3	19.0	0.3	1.6	09 / 092
Restructuring expense	—	5.9	– 5.9	– 100.0	10 / 093
Profit before taxes	**48.1**	**13.5**	**34.6**	**>100**	
Taxes	9.5	– 3.4	12.9	n / a	11 / 093
Profit after taxes	**38.6**	**16.9**	**21.7**	**>100**	
Basic and diluted earnings per share (EUR)	**1.66**	**0.73**	**0.93**	**>100**	12 / 093

Other comprehensive income

EUR m	2012	2011	Change	Change (%)
Profit after taxes	**38.6**	**16.9**	**21.7**	**>100**
Unrealized changes in market value (gross)	86.2	0.1	86.1	>100
Reclassification to income statement because of realization (gross)				
Because of realized gains (–) and losses (+)	– 22.4	– 26.9	4.5	– 16.7
Because of impairment	0.4	3.2	– 2.8	– 87.5
Taxes on unrealized changes in fair value	– 26.2	– 1.2	– 25.0	>100
Reclassification to income statement because of realization	5.6	4.6	1.0	21.7
Other changes in capital	– 0.1	—	– 0.1	n / a
Other comprehensive income	**43.5**	**– 20.2**	**63.7**	**n / a**
Total income and expenses	**82.1**	**– 3.3**	**85.4**	**n / a**

In accordance with the amendments to IAS 1, other comprehensive income is to be broken down based on whether the expenses and income it includes are or are not potentially reclassifiable to profit or loss subsequently. As currently these items are solely the cumulative effect of the measurement of unrealized changes in the fair value of securities resulting from available-for-sale financial instruments, all expenses and income are potentially reclassifiable to profit or loss at a later date.

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, 2012

Assets EUR m	**12/31/2012**	**12/31/2011**	Change	Change (%)	Note / Page
Cash and cash equivalents	84.1	144.3	– 60.2	– 41.7	*14 / 098*
Trading assets	14.1	18.5	– 4.4	– 23.8	*15 / 098*
Loans and advances to banks (net after risk provisions of EUR 0.1 million; prior year: EUR 0.1 million)	414.5	924.1	– 509.6	– 55.1	*16 / 098*
Loans and advances to customers (net after risk provisions of EUR 77.6 million; prior year: EUR 130 million)	10,338.7	9,792.3	546.4	5.6	*17 / 099*
Financial assets	3,353.9	2,258.9	1,095.0	48.5	*20 / 101*
Property, plant and equipment	91.0	97.5	– 6.5	– 6.7	*21 / 103*
Intangible assets	9.9	10.0	– 0.1	– 1.0	*22 / 104*
Other assets (net after risk provisions of EUR 0 million; prior year: EUR 0 million)	83.7	78.9	4.8	6.1	*23 / 104*
Tax refund entitlements	8.8	19.9	– 11.1	– 55.8	*24 / 105*
Deferred tax assets	7.9	19.0	– 11.1	– 58.4	*34 / 111*
Total assets	**14,406.6**	**13,363.4**	**1,043.2**	**7.8**	

Liabilities EUR m	**12/31/2012**	**12/31/2011**	Change	Change (%)	Note / Page
Trading liabilities	10.0	15.7	– 5.7	– 36.3	26 / 106
Due to banks	4,021.6	3,397.0	624.6	18.4	27 / 106
Due to customers	8,221.5	7,544.5	677.0	9.0	28 / 106
Securitized liabilities	812.9	1,161.7	– 348.8	– 30.0	29 / 107
Provisions and other liabilities	407.9	389.7	18.2	4.7	30 / 107
Tax liabilities	7.1	11.4	– 4.3	– 37.7	33 / 111
Subordinated debt	274.3	274.2	0.1	—	35 / 112
Equity	**651.3**	**569.2**	**82.1**	**14.4**	36 / 113
Issued capital	60.5	60.5	—	—	
Additional paid-in capital	202.9	202.9	—	—	
Retained earnings	272.7	271.2	1.5	0.6	
Cumulative effect of measurement of available-for-sale financial instruments	44.7	1.1	43.6	>100	
Distributable profit	70.5	33.5	37.0	>100	
Total equity and liabilities	**14,406.6**	**13,363.4**	**1,043.2**	**7.8**	

Statement of Changes in Consolidated Equity of the Oldenburgische Landesbank Group for the period January 1 – December 31, 2012

EUR m	Issued capital	Additional paid-in capital	Retained earnings	Cumulative effect of measurement	Distributable profit	Total equity
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**
Dividend distribution from profit carried forward	—	—	—	—	—	—
Profit for period	—	—	—	—	38.6	38.6
Change in measurement of available-for-sale financial instruments	—	—	—	43.6	—	43.6
Transfer to retained earnings	—	—	1.6	—	– 1.6	—
Other changes in capital	—	—	– 0.1	—	—	– 0.1
12/31/2012	**60.5**	**202.9**	**272.7**	**44.7**	**70.5**	**651.3**

In 2012, no dividend from profit carried forward was distributed for fiscal 2011 (prior year: EUR 1.00 per share).

Further information on constituents of equity is provided under Note 36 below.

Consolidated Cash Flow Statement of the Oldenburgische Landesbank Group for the period January 1 – December 31, 2012

EUR m	2012	2011	Note / Page
Operating activities			
Profit for the year	38.6	16.9	
Write-downs of investments	0.4	3.2	
Write-ups of investments	—	—	
Write-downs and write-ups of property, plant and equipment and intangible assets	20.8	16.6	*21, 22 / 103, 104*
Change in provisons and risk provisions for credit business	42.7	120.2	*08, 30 / 092, 107*
Changes in other noncash items	– 173.6	– 45.7	
Proceeds from sale of property, plant and equipment and of financial assets	– 22.6	– 27.0	
Other adjustments	– 204.4	– 229.1	
Subtotal	– 298.1	– 144.9	
Change in loans and advances to banks	509.6	606.6	*16 / 098*
Change in loans and advances to customers	– 494.0	– 400.6	*17 / 099*
Change in trading assets	– 1.3	4.1	*15, 26 / 098, 106*
Change in other assets	1.5	– 10.4	
Change in amounts due to banks	624.6	– 419.5	*27 / 106*
Change in amounts due to customers	677.0	336.3	*28 / 106*
Change in securitized liabilities	– 348.8	62.4	*29 / 107*
Change in other liabilities	39.7	22.1	*30 / 107*
Interest received	533.9	549.1	
Dividends received	0.8	1.3	
Interest paid	– 302.3	– 305.0	
Income tax paid	– 28.0	– 16.3	
Cash flow from operating activities	**914.6**	**285.2**	
Investing activities			
Proceeds from disposal of financial assets	1,002.3	1,663.4	
Proceeds from disposal of property, plant and equipment	0.4	2.0	
Payments for the acquisition of financial assets	– 1,963.3	– 1,945.3	
Payments for the acquisition of property, plant and equipment and intangible assets	– 14.3	– 16.4	*21, 22 / 103, 104*
Cash flow from investing activities	**– 974.9**	**– 296.3**	
Financing activities			
Proceeds from changes in capital	—	—	
Dividends paid	—	– 23.2	
Change in subordinated debt	0.1	19.8	*35 / 112*
Net issue of profit participation rights	—	—	
Interest expense for profit participation rights	—	—	
Changes in cash from other financing activities	—	—	
Cash flow from financing activities	**0.1**	**– 3.4**	
Cash and cash equivalents			
Cash and cash equivalents as of 1 / 1	144.3	158.8	*14 / 098*
Cash and cash equivalents as of 12 / 31	84.1	144.3	*14 / 098*
Change in cash and cash equivalents	**– 60.2**	**– 14.5**	

The change of EUR –173.6 million in other noncash items results, under operating activities, primarily from the utilization of EUR 112.8 million in risk provisions (see Note 19) and, under other comprehensive income, from unrealized changes in fair value of EUR 86.2 million gross, and from a reclassification of EUR –22.4 million gross to profit and loss because of realized gains (see Note 36a).

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 2012, insofar as they were relevant to the OLB Group:
- Amendment to IFRS 7 – Financial Instruments: Disclosures
  - Transfer of financial assets

The following amendments or additions to existing rules were voluntarily applied early:
- Amendment to IAS 1 – Presentation of Financial Statements (application mandatory for fiscal years beginning on or after July 1, 2012)
  - Presentation of items of other comprehensive income

The following amendments or additions to existing rules were not voluntarily applied early:
- IAS 19 (revised 2011) – Employee Benefits (first applicable for fiscal years beginning on or after January 1, 2013).

These changes will cause a first-time recognition of actuarial losses in other comprehensive income in 2013. These amounts came to EUR 64.3 million as of December 31, 2012. This charge against other comprehensive income is countered by a reduction of EUR 19.9 million in corresponding deferred taxes, resulting in a net expense of EUR 44.4 million, which will be initially recognized outside profit and loss, in other comprehensive income.

Furthermore, a number of other standards and interpretations have been adopted which, in our opinion, will have no material effect on the consolidated financial statements:
- Amendments to IAS 27 – Separate Financial Statements
  (first-time application for fiscal years beginning on or after January 1, 2014)
- Amendments to IAS 26 – Investments in Associates and Joint Ventures
  (first-time application for fiscal years beginning on or after January 1, 2014)
- Amendments to IAS 32 – Netting of Financial Assets and Liabilities
  (first-time application for fiscal years beginning on or after January 1, 2014)
- IFRS 10 – Consolidated Financial Statements
  (first-time application for fiscal years beginning on or after January 1, 2014)
- IFRS 11 – Joint Arrangements
  (first-time application for fiscal years beginning on or after January 1, 2014)
- IFRS 12 – Disclosure of Interests in Other Entities
  (first-time application for fiscal years beginning on or after January 1, 2014)
- IFRS 13 – Fair Value Measurement
  (first-time application for fiscal years beginning on or after January 1, 2013).

Other than IAS 19, 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. 2 of its Articles of Incorporation, the purpose of the Bank is to conduct banking and financial 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.

Consolidated entities

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:

- W. Fortmann & Söhne KG, Oldenburg,
- Münsterländische Bank Thie & Co. KG, Münster.

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).

Under a merger agreement dated September 15, 2011, Grundstücksgesellschaft mbH, which was still consolidated in 2011, was merged with Oldenburgische Landesbank AG as of January 1, 2012. From OLB AG's viewpoint, this is a vertical merger with a subsidiary ("upstream merger"). The merger was recorded in the Commercial Register on February 14, 2012.

Under a merger agreement dated March 13, 2012, OLB-Beteiligungsgesellschaft mbH, which was not consolidated in 2011 and which held shares in Oldenburgische Landesbank AG, was merged with Oldenburgische Landesbank AG as of January 1, 2012. From OLB AG's viewpoint, this is a vertical merger with a parent entity ("downstream merger"). The merger was recorded in the Commercial Register on June 14, 2012.

Both for Oldenburgische Landesbank AG and for Grundstücksgesellschaft mbH and OLB-Beteiligungsgesellschaft mbH, the merger was under the joint control of the Oldenburgische Landesbank Group's ultimate parent company, Allianz SE.

OLB Service GmbH, which was still consolidated in 2011, ceased business operations at the end of 2011. This company was removed from consolidation in the financial statements of the Oldenburgische Landesbank Group as of January 1, 2012.

In no case were there any material effects on the annual financial statements of the Oldenburgische Landesbank Group as of December 31, 2012.

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 (including transaction costs), 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 for which no price is quoted on active market, 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. 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 defined bounds of IAS 39, are also reflected in the net operating trading income.

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.

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 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 defined bounds of IAS 39 are recognized in net operating trading income.

Positive market values of hedging derivatives under hedge accounting are recognized under the item "Other assets." Positive market values of derivatives that are not designated as hedging relationships under hedge accounting are recognized as part of trading assets.

Negative market values of hedging derivatives under hedge accounting are recognized as other liabilities, in the item "Provisions and other liabilities." Negative market values of derivatives that are not designated as hedging relationships under hedge accounting are recognized as part of trading liabilities.

Net nonoperating trading income / expense

The result from the measurement of derivatives in the Ammerland and Weser-Ems special funds, both of which are categorized as noncurrent financial assets, is recognized under the net nonoperating trading income or expense. The derivatives are used to manage the funds' investment positions, and are subject to measurement in full at fair value. 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 refer to discontinued activities or business units that are so clearly set apart that they cannot be connected with future continuing business. No restructuring expenses were incurred in 2012.

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 entitlements 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. No changes were made in this regard in 2012.

Net interest income is calculated appropriately for cost centers on the basis of separate portfolio management, and is allocated 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.

The basis of all netting procedures is the provisions of the "Agreement between Allianz Deutschland AG, Munich, and Oldenburgische Landesbank AG, Oldenburg, in Connection with the Takeover of the So-Called 'Allianz Banking' Business Unit from Dresdner Bank AG" and the associated service agreements, as well as the agreement with Allianz Deutschland AG on "Procedure for Internal Allocation of Costs, Profits and Losses within Oldenburgische Landesbank AG to the Allianz Bank Affiliate."

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 the positive market values of derivatives. 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. This means that transaction costs are recognized immediately in profit or loss.

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 which serve to establish a lasting relationship with the entities concerned.

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 other comprehensive income, 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 other comprehensive income 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 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 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 other comprehensive income, 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 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 (known as "forbearance measures") 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 net nonoperating trading income.

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, as a receivable from reverse repo transactions.

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 principal. 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 that have similar risk characteristics. The amount of the risk provision for 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.

Receipts on written-off receivables

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

OLB has 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 maturity of the agreements is between three and five years. The present value of these minimum lease payments was calculated 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. 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 experienced-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. These have effects in determining fair values 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, as well as elsewhere.

Retroactive adjustments

The present Notes concerning financial assets and liabilities (44a and 44b) include adjustments of the prior-year disclosures of fair values. In compliance with IAS 8.41 and IAS 8.42, the application of an amended risk-adjusted discounting interest rate yields corrected fair values of the following positions recognized at amortized cost: loans and advances to customers (net after risk provisions), amounts due to banks, and amounts due to customers. These corrections are shown in the table below.

Fair value (EUR m)	2011 corrected	2011 published	Correction
Loans and advances to customers	10,773.9	9,917.4	856.5
Amounts due to banks	3,507.7	3,798.1	– 290.4
Amounts due to customers	7,525.2	7,617.9	– 92.7

This change in the disclosure in the Notes to the financial statements has no impact on the figures presented in the prior-year consolidated statement of comprehensive income or in the consolidated balance sheet. There is likewise no impact on the diluted and basic earnings per share reported for the prior year.

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	2012	2011
Interest income from		
Lending and money market transactions	458.0	473.9
Written-down financial assets[1]	1.2	1.2
Written-off financial assets[1]	0.5	0.3
Fixed-income securities and book-entry securities	52.6	55.0
Interest rate swaps	18.3	19.6
Current income from		
Stocks and other non-fixed-income securities, equity interests of 50 percent or less, and investments in associates	0.8	1.3
Other	0.6	0.6
Total interest income	**532.0**	**551.9**
Interest expenses for		
Deposits	208.5	224.6
Securitized liabilities	22.1	22.1
Subordinated debt	13.8	13.7
Interest rate swaps	47.2	42.3
Other	4.9	4.5
Total interest expenses	**296.5**	**307.2**
Net interest income	**235.5**	**244.7**

1 Accrued per IAS 39 (unwinding)

The total interest income from financial assets not measured at fair value through profit or loss was EUR 513.7 million (prior year: EUR 532.3 million). The total interest expense for financial liabilities not measured at fair value through profit or loss was EUR 249.3 million (prior year: EUR 264.9 million).

03 Net commission income

EUR m	2012	2011
Securities business	**52.6**	**50.4**
Income	55.5	53.6
Expenses	2.9	3.2
Asset management	**10.0**	**10.2**
Income	10.4	10.4
Expenses	0.4	0.2
Payment traffic	**26.3**	**26.0**
Income	28.6	28.0
Expenses	2.3	2.0
Foreign business	**2.4**	**2.5**
Income	2.4	2.5
Expenses	—	—
Insurance, home loan and savings, real estate business	**15.9**	**13.3**
Income	20.5	17.7
Expenses	4.6	4.4
Credit card business	**3.2**	**2.9**
Income	7.4	7.3
Expenses	4.2	4.4
Trustee and other fiduciary activities	**—**	**0.1**
Income	—	0.1
Expenses	—	—
Other	**– 20.2**	**– 23.5**
Income	10.0	8.4
Expenses	30.2	31.9
Net commission income	**90.2**	**81.9**
Income	134.8	128.0
Expenses	44.6	46.1

The “Other” commission expense pertains primarily to EUR 27.5 million in compensation paid to the Allianz sales organization in Germany for their conduct of business (prior year: EUR 29.5 million).

The total commission income from financial assets not measured at fair value through profit or loss was EUR 5.2 million (prior year: EUR 6.5 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 also includes both realized net income and the net result from the measurement of financial instruments that OLB recognizes in the "Held for trading" measurement category.

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

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 item "Effect of hedged transactions and derivatives for management of the interest rate book" shows the changes in the measurement of these transactions.

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 income by product

EUR m	2012	2011
Trading in interest rate products	–3.8	–0.4
Trading in stock products	0.4	–2.2
Foreign-currency and precious-metals business	2.5	1.0
Effect of hedged transactions and derivatives for management of the interest rate book	–1.4	0.5
Other	0.5	–0.5
Net operating trading expense	**–1.8**	**–1.6**

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

EUR m	2012	2011
Realized income (net)	–2.8	–4.1
Measurement income (net)[1]	–1.0	0.9
Write-ups	3.0	2.6
Write-downs	4.0	1.7
Net interest and dividend income from trading	0.4	0.3
Trading-related commissions	1.6	1.3
Net operating trading expense	**–1.8**	**–1.6**

1 Including effect of hedged transactions and derivatives for management of the interest rate book

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	2012	2011
Other income	40.4	68.0

The other income for the year primarily comprised cost reimbursements in the amount of EUR 39.9 million (prior year: EUR 67.6 million) from Allianz Deutschland AG for assuming the current loss of Allianz Bank.

06 Administrative expenses

EUR m	2012	2011
Wages and salaries	117.8	121.3
Social security	23.4	24.2
Bonuses	18.8	19.6
Pensions and other post-retirement benefits	16.5	17.8
Total operating personnel expenses	**176.5**	**182.9**
IT expenses	27.7	22.7
Expenses for sales support and services within the Allianz Group	14.7	22.4
Occupancy expenses	16.0	17.3
Advertising and representation expense	5.1	5.9
Business and office equipment expense	2.8	4.5
Other administrative expenses	29.9	30.7
Office expense before current depreciation and amortization	**96.2**	**103.5**
Current depreciation and amortization	**17.0**	**16.6**
Administrative expense	**289.7**	**303.0**

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 (EC cards, mailing of account statements, and processing of vouchers for bank transfer orders). 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.

On average for the year, we had 2,814 employees (prior year: 2,926), not including apprentices and trainees.

07 Other expenses

EUR m	2012	2011
Other expenses	3.2	1.2

These are primarily payments made to customers either as gestures of goodwill or as indemnification.

08 Risk provisions for credit business

EUR m	2012	2011
Net result of impairment provisions	60.2	108.0
Additions to impairment provisions	83.4	127.3
Write-backs of impairment provisions	23.2	19.3
Net results from provisions	1.2	– 2.2
Additions to provisions	2.1	0.3
Write-backs of provisions	0.9	2.5
Direct write-downs	0.1	0.2
Receipts on written-off receivables	18.9	17.6
Risk provisions for credit business	**42.6**	**88.4**

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 loss 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	2012	2011
Realized income (net)	21.2	26.2
Measurement loss (net)	—	– 3.2
Write-ups	—	—
Write-downs	—	3.2
Realized net income / loss from financial assets	**21.2**	**23.0**
Realized income (net)	– 2.3	– 3.1
Measurement loss (net)	0.4	– 0.9
Write-ups	0.4	—
Write-downs	—	0.9
Net nonoperating trading income / expense	**– 1.9**	**– 4.0**
Net income / loss from financial assets	**19.3**	**19.0**

The net realized income of EUR 21.2 million from financial assets comes from realizations of securities in the “Available for sale” category (AfS). The measurement loss is EUR 0.0 million.

The realized expense of EUR –2.3 million from nonoperating trading resulted from the sale or maturity of derivatives in the special funds. The measurement income is EUR 0.4 million.

EUR m	2012	2011
Net income / loss on available-for-sale securities	21.2	23.0
Net income / loss on disposals and measurements at associates	—	—
Net income / loss from other financial assets	—	—
Net nonoperating trading income / expense	– 1.9	– 4.0
Net loss from financial assets	**19.3**	**19.0**

The net income / loss from financial assets includes realization income of EUR 2.6 million on an investment in an unlisted stock recognized at cost for EUR 0.4 million.

10 Restructuring expense

Restructuring expenses refer to discontinued activities or business units that are so clearly set apart that they cannot be connected with future continuing business. These include future payments under phased and early retirement arrangements, and settlement payments under the projects for “Reorienting Allianz Bank Sales” and from the continuation of the “ProFil II” and “Cost Benchmarking” projects. No restructuring expenses were incurred in 2012.

EUR m	2012	2011
Restructuring expense	—	5.9

11 Taxes

EUR m	2012	2011
Current taxes (current year)	19.8	2.5
Current taxes (previous years)	– 0.7	– 2.3
Deferred taxes (current year)	– 6.9	– 1.1
Deferred taxes (previous years)	– 2.7	– 2.5
Taxes	**9.5**	**– 3.4**

12 Basic and diluted earnings per share

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

	2012	2011
Profit (EUR m)	38.6	16.9
Average number of shares outstanding (million)	23.3	23.3
Basic and diluted earnings per share (EUR)	**1.66**	**0.73**

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 1.

EUR m	OLB Regional Bank segment	Allianz Bank segment	Consolidation	OLB Group total
				2012
Operating income	289.3	75.0	—	364.3
Operating expenses	215.6	77.3	—	292.9
Risk provisions for credit business	39.6	3.0	—	42.6
Operating profit	34.1	– 5.3	—	28.8
Net income from financial assets	17.6	1.7	—	19.3
Restructuring expense	—	—	—	—
Profit / loss before taxes (segment profit / loss)	**51.7**	**– 3.6**	**—**	**48.1**
Segment assets (EUR bn)	12.6	1.9	– 0.1	14.4
Segment liabilities (EUR bn)	12.0	1.9	– 0.1	13.8
Cost-income ratio (%)	74.5	103.1	—	80.4
Adjusted risk capital (average)	456.4	27.3	—	483.7
Risk assets (average)	6,295.5	376.5	—	6,672.0

EUR m	OLB Regional Bank segment	Allianz Bank segment	Consolidation	OLB Group total
				2011
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 / loss before taxes (segment profit / loss)	**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

The performance of the segments is shown below:

Segment: OLB Regional Bank

EUR m	2012	2011	Change	Change (%)
Net interest income	221.3	227.4	– 6.1	– 2.7
Net commission income	69.7	68.3	1.4	2.0
Net operating trading expense	– 1.9	– 1.6	– 0.3	18.8
Other income	0.2	0.7	– 0.5	– 71.4
Operating income	**289.3**	**294.8**	**– 5.5**	**– 1.9**
Operating personnel expense	145.6	144.8	0.8	0.6
Direct office expense	79.5	74.9	4.6	6.1
Intersegment cost offsetting	– 11.5	– 12.5	1.0	– 8.0
Administrative expenses	213.6	207.2	6.4	3.1
Other expenses	2.0	0.2	1.8	>100
Operating expenses	**215.6**	**207.4**	**8.2**	**4.0**
Risk provisions for credit business	39.6	86.0	– 46.4	– 54.0
Operating profit	**34.1**	**1.4**	**32.7**	**>100**
Realized net income / loss from financial assets	19.5	19.0	0.5	2.6
Net nonoperating trading income / expense	– 1.9	– 3.1	1.2	– 38.7
Net income / loss from financial assets	17.6	15.9	1.7	10.7
Restructuring expense	—	2.0	– 2.0	– 100.0
Profit before taxes (segment profit)	**51.7**	**15.3**	**36.4**	**>100**
Segment assets (EUR bn)	12.6	11.4	1.2	10.5
Segment liabilities (EUR bn)	12.0	10.8	1.2	11.1
Cost-income ratio (%)	74.5	70.4	4.1	5.8
Risk capital (average)	456.4	441.7	14.7	3.3
Risk assets (average)	6,295.5	6,092.6	202.9	3.3

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

EUR m	2012	2011
Allocations to asset-side risk provisions	79.7	123.5
Reversals of asset-side risk provisions	24.4	20.2
Allocations to provisions	35.9	34.3
Reversals of provisions	6.0	10.1
Net write-ups and write-downs on trading instruments	– 1.0	0.9
Net write-ups and write-downs on financial assets	– 0.4	– 3.5
Interest income from accrued interest	40.3	44.2
Interest expense from accrued interest	37.8	39.0

Scheduled depreciation and amortization of EUR 14.5 million on property, plant and equipment and on intangible assets (prior year: EUR 15.0 million) and unscheduled write-downs of EUR 1.7 million (prior year: EUR 0.0 million) pertained to 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	2012	2011	Change	Change (%)
Net interest income	14.2	17.3	– 3.1	– 17.9
Commission income (gross)	51.2	46.0	5.2	11.3
Gross income	**65.4**	**63.3**	**2.1**	**3.3**
Commission expense for payment traffic	3.2	2.9	0.3	10.3
Brokerage commissions	27.5	29.5	– 2.0	– 6.8
Other income	40.3	67.9	– 27.6	– 40.6
Operating income	**75.0**	**98.8**	**– 23.8**	**– 24.1**
Operating personnel expense	30.9	38.1	– 7.2	– 18.9
Direct office expense	33.7	45.8	– 12.1	– 26.4
Intersegment cost offsetting	11.5	12.5	– 1.0	– 8.0
Administrative expenses	76.1	96.4	– 20.3	– 21.1
Other expenses	1.2	1.0	0.2	20.0
Operating expenses	**77.3**	**97.4**	**– 20.1**	**– 20.6**
Risk provisions for credit business	3.0	2.4	0.6	25.0
Operating profit / loss	**– 5.3**	**– 1.0**	**– 4.3**	**>100**
Net profit from financial assets	1.7	3.1	– 1.4	– 45.2
Restructuring expense	—	3.9	– 3.9	– 100.0
Loss before taxes (segment profit / loss)	**– 3.6**	**– 1.8**	**– 1.8**	**100.0**
Segment assets (EUR bn)	1.9	2.3	– 0.4	– 17.4
Segment liabilities (EUR bn)	1.9	2.3	– 0.4	– 17.4
Cost-income ratio (%)	103.1	98.6	4.5	4.6
Risk capital (average)	27.3	30.8	– 3.5	– 11.4
Risk assets (average)	376.5	424.2	– 47.7	– 11.2

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

EUR m	1/1/2012 – 12/31/2012	1/1/2011 – 12/31/2011
Allocations to asset-side risk provisions	3.7	3.8
Reversals of asset-side risk provisions	—	0.4
Allocations to provisions	16.6	22.7
Reversals of provisions	6.5	1.3
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	0.5	0.9
Interest expense from accrued interest	8.3	15.1

Scheduled depreciation and amortization of EUR 2.4 million on property, plant and equipment and on intangible assets (prior year: EUR 2.5 million) and unscheduled write-downs of EUR 2.1 million (prior year: EUR 0.0 million) pertained to the Allianz Bank segment.

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

14 Cash and cash equivalents

EUR m	2012	2011
Cash on hand	81.5	69.3
Balances with central banks	2.6	75.0
including: eligible for Deutsche Bundesbank refinancing	2.6	75.0
Cash and cash equivalents	**84.1**	**144.3**

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

15 Trading assets

Own-account securities trading has hitherto been of no strategic importance. It has been discontinued, and positions were closed out by year's end. Client business in foreign currencies and interest rate hedging instruments will continue as usual.

Positive market values from derivative financial instruments are recognized as trading assets. Interest payments on derivatives used to manage the interest rate book are recognized in the net interest income.

EUR m	2012	2011
Stocks and other non-fixed-income securities	—	0.7
Positive market values from derivative financial instruments	10.1	15.7
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	4.0	2.1
Other trading portfolios	—	—
Trading assets	**14.1**	**18.5**

16 Loans and advances to banks

	2012			2011		
EUR m	Germany	Outside Germany	Total	Germany	Outside Germany	Total
Market and payment transactions in course of settlement	9.4	8.1	17.5	5.0	6.1	11.1
Other receivables	247.0	150.1	397.1	783.1	130.0	913.1
Loans	—	—	—	—	—	—
Loans and advances to banks	**256.4**	**158.2**	**414.6**	**788.1**	**136.1**	**924.2**
less: risk provisions	0.1	—	0.1	0.1	—	0.1
Loans and advances to banks (after risk provisions)	**256.3**	**158.2**	**414.5**	**788.0**	**136.1**	**924.1**

17 Loans and advances to customers

EUR m	2012 Germany	2012 Outside Germany	2012 Total	2011 Germany	2011 Outside Germany	2011 Total
Corporate customers	4,204.9	30.1	4,235.0	3,992.1	26.1	4,018.2
Public-sector entities	30.3	—	30.3	6.2	—	6.2
Retail customers	6,108.3	42.7	6,151.0	5,852.6	45.3	5,897.9
Loans and advances to customers	**10,343.5**	**72.8**	**10,416.3**	**9,850.9**	**71.4**	**9,922.3**
less: risk provisions	77.6	—	77.6	130.0	—	130.0
Loans and advances to customers (after risk provisions)	**10,265.9**	**72.8**	**10,338.7**	**9,720.9**	**71.4**	**9,792.3**

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 92.3 million (prior year: EUR 76.0 million) since the hedge relationships began were allocated to amortized cost.

17a Breakdown by industry (before risk provisions)

EUR m	2012 Germany	2012 Outside Germany	2012 Total	2011 Germany	2011 Outside Germany	2011 Total
Manufacturing	544.2	7.6	551.8	534.5	8.0	542.5
Construction	126.5	—	126.5	123.5	0.1	123.6
Retail	401.1	7.0	408.1	360.6	2.8	363.4
Financial institutions and insurance companies	7.8	—	7.8	7.8	—	7.8
Transportation	452.0	9.0	461.0	505.3	9.2	514.5
Services	1,013.4	6.5	1,019.9	955.6	5.6	961.2
Utilities	1,413.1	—	1,413.1	1,314.2	—	1,314.2
Other	246.8	—	246.8	190.6	0.4	191.0
Corporate customers	4,204.9	30.1	4,235.0	3,992.1	26.1	4,018.2
Public-sector entities	30.3	—	30.3	6.2	—	6.2
Private individuals	6,108.3	42.7	6,151.0	5,852.6	45.3	5,897.9
Loans and advances to customers	**10,343.5**	**72.8**	**10,416.3**	**9,850.9**	**71.4**	**9,922.3**

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

EUR m	2012 Germany	2012 Outside Germany	2012 Total	2011 Germany	2011 Outside Germany	2011 Total
Loans	10,327.5	72.8	10,400.3	9,840.7	71.4	9,912.1
including: mortgages	—	—	—	—	—	—
including: public-sector loans	108.6	1.3	109.9	114.7	1.0	115.7
including: other loans secured with real-estate liens	4,859.7	29.2	4,888.9	4,824.8	31.2	4,856.0
Other receivables	16.0	—	16.0	10.2	—	10.2
Loans and advances to customers	**10,343.5**	**72.8**	**10,416.3**	**9,850.9**	**71.4**	**9,922.3**

Loans and advances to customers in the amount of EUR 2,838.9 million (prior year: EUR 2,678.4 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	2012 Germany	2012 Outside Germany	2012 Total	2011 Germany	2011 Outside Germany	2011 Total
Corporate customers	4,204.9	30.1	4,235.0	3,985.0	26.0	4,011.0
Public-sector entities	30.3	—	30.3	6.2	—	6.2
Retail customers	6,107.8	42.7	6,150.5	5,851.8	45.3	5,897.1
Loans to customers	10,343.0	72.8	10,415.8	9,843.0	71.3	9,914.3
Loans to banks	—	—	—	—	—	—
Total lendings	**10,343.0**	**72.8**	**10,415.8**	**9,843.0**	**71.3**	**9,914.3**
less: risk provisions	77.6	—	77.6	130.0	—	130.0
Total lendings (after risk provisions)	**10,265.4**	**72.8**	**10,338.2**	**9,713.0**	**71.3**	**9,784.3**

19 Changes in risk provisioning

In addition to the risk provisions of EUR 77.6 million recognized as deductions from assets (prior year: EUR 130.0 million), the risk provisions also include the provisions of EUR 3.9 million (prior year: EUR 4.1 million) for contingent liabilities, which are included on the liabilities side.

EUR m	SLLP	PLLP	GLLP[3]	Provisions	Total
At 1/1/2012	**92.3**	**11.4**	**26.3**	**4.1**	**134.1**
Used	98.1	13.3	—	1.4	112.8
Written back[1]	7.3	—	15.9	0.9	24.1
Written back through unwinding[2]	1.2	—	—	—	1.2
Additions	60.8	14.9	7.7	2.1	85.5
Reclassifications	—	—	—	—	—
At 12/31/2012	**46.5**	**13.0**	**18.1**	**3.9**	**81.5**

1 Not including unwinding
2 In favor of interest income from impaired financial assets, accrued under IAS 39 (unwinding)
3 This item includes EUR 0.0 million in reversals of provisions for loans and receivables to banks, and EUR 0.1 million in additions to those provisions.

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, 2012, 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 1,478.4 million (prior year: 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	2012	2011
Bonds and other fixed-income securities (fair value)	3,306.9	2,238.8
Stocks (fair value)	—	4.3
Stocks (at cost)	1.1	1.9
Investment funds (fair value)	44.9	13.0
Total securities	3,352.9	2,258.0
Equity interests (at cost)	0.9	0.9
Investments in unconsolidated subsidiaries (at cost)	0.1	—
Financial assets	**3,353.9**	**2,258.9**

The carrying amounts of equity interests measured at cost came to EUR 0.9 million (prior year: EUR 0.9 million).

Investments in unconsolidated subsidiaries (at cost) in the amount of EUR 52 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	2012	2011
Bonds and other debt instruments from government issuers	1,220.6	650.1
Bonds and other debt instruments from other issuers	2,086.3	1,588.7
Bonds and other fixed-income securities	**3,306.9**	**2,238.8**
including: marketable securities	3,289.9	2,186.0
including: quoted in a market	3,289.9	2,186.0

Bonds and other fixed-income securities with a nominal total value of EUR 352.0 million will mature in 2013 (prior year: EUR 383.0 million).

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

EUR m	2012	2011
Stocks	1.1	6.2
Other	45.8	13.9
Stocks and other non-fixed-income securities	**46.9**	**20.1**
including: marketable securities	30.1	10.3
including: quoted in a market	30.1	10.3

The other non-fixed-income securities are primarily shares in investment funds.

20 c Changes in portfolio

	2012		2011	
EUR m	Investments	Investments in unconsolidated associates	Investments	Investments in unconsolidated associates
Historical acquisition costs	0.9	—	0.9	—
Historical write-ups	—	—	—	—
Historical write-downs	—	—	—	—
Carrying amount at 1/1	**0.9**	**—**	**0.9**	**—**
Additions measured at cost	—	—	—	—
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	—	0.1	—	—
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	**0.9**	**0.1**	**0.9**	**—**

Investments in unconsolidated associates at December 31, 2012, included the carrying amount of two wholly-owned unconsolidated subsidiaries, OLB-Immobiliendienst-GmbH, of Oldenburg, and OLB Service GmbH, of Oldenburg, for an amount of EUR 26 thousand each.

21 Property, plant and equipment

EUR m	2012 Land and buildings	2012 Business and office equipment	2012 Total	2011 Land and buildings	2011 Business and office equipment	2011 Total
Historical acquisition costs	146.0	128.5	274.5	149.3	120.0	269.3
Historical write-ups	—	—	—	—	—	—
Historical write-downs	84.5	92.5	177.0	83.6	85.0	168.6
Carrying amount at 1/1	**61.5**	**36.0**	**97.5**	**65.7**	**35.0**	**100.7**
Additions measured at cost	—	8.4	8.4	—	11.8	11.8
Disposals measured at cost	—	10.0	10.0	2.5	3.0	5.5
Historical write-ups included in diposals for the year	—	—	—	—	—	—
Historical write-downs included in disposals for the year	—	9.8	9.8	1.7	2.0	3.7
Additions through reclassification	—	—	—	—	—	—
Disposals through reclassification	—	—	—	—	—	—
Changes in portfolio during the year	**—**	**8.2**	**8.2**	**– 0.8**	**10.8**	**10.0**
Write-ups during the year	—	—	—	—	—	—
Write-downs during the year (scheduled)	3.3	10.9	14.2	3.4	9.8	13.2
Write-downs during the year (unscheduled)	—	0.5	0.5	—	—	—
Changes in measurement during the year	**– 3.3**	**– 11.4**	**– 14.7**	**– 3.4**	**– 9.8**	**– 13.2**
Carrying amount at 12/31	**58.2**	**32.8**	**91.0**	**61.5**	**36.0**	**97.5**
for information: cumulative write-downs at 12/31	87.8	94.1	181.9	85.3	92.8	178.1

The Group used land and buildings with a carrying amount of EUR 58.2 million (prior year: EUR 61.7 million).

No write-ups (recoveries of value) were recognized in fiscal 2012 for previous write-downs (impairments).

All unscheduled write-downs were recognized in the office expense for the year in which the write-down was taken.

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

OLB has 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 0.2 million at year's end (prior year: EUR 0.3 million). The maturity of agreements with minimum lease payments, in the amount of EUR 0.3 million (prior year: EUR 0.4 million), is between three and five years. The present value of these minimum lease payments was calculated on the basis of an imputed interest rate determined from the terms of the lease. Of this figure, EUR 0.1 million (prior year: EUR 0.2 million) applies to the period of one year or less, and EUR 0.2 million (prior year: EUR 0.2 million) applies to the period of one to five years. No contingent lease payments are recognized in the income statement.

22 Intangible assets

EUR m	2012	2011
Historical acquisition costs	28.3	23.7
Historical write-ups	—	—
Historical write-downs	18.3	15.7
Carrying amount at 1/1	**10.0**	**8.0**
Additions measured at cost	6.0	4.6
Disposals measured at cost	0.8	—
Historical write-ups included in disposals for the year	—	—
Historical write-downs included in disposals for the year	0.8	—
Additions through reclassification	—	—
Disposals through reclassification	—	—
Changes in portfolio during the year	**6.0**	**4.6**
Write-ups during the year	—	—
Write-downs during the year (scheduled)	2.8	2.6
Write-downs during the year (unscheduled)	3.3	—
Changes in measurement during the year	**–6.1**	**–2.6**
Carrying amount at 12/31	**9.9**	**10.0**
for information: cumulative write-downs at 12/31	23.6	18.3

The intangible assets are software.

All unscheduled write-downs were recognized in the office expense for the year in which the write-down was taken.

23 Other assets

EUR m	2012	2011
Deferred interest	40.8	45.1
Positive market values of hedge derivatives in the non-trading portfolio	—	—
Miscellaneous other assets	42.9	33.8
Other assets	**83.7**	**78.9**

The miscellaneous other assets include not only receivables of EUR 12.4 million (prior year: EUR 8.4 million) from Allianz Deutschland AG for a still-pending portion of the reimbursable expenses for operating the Allianz Bank business in 2012, but also receivables of EUR 2.8 million (prior year: EUR 3.8 million) for phased retirement in the personnel segment. In 2012, there were EUR 4.6 million (prior year: 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	2012	2011
Tax refund entitlements	**8.8**	**19.9**

The tax refund entitlements pertain to tax items under IAS 12 – in other words, this item of the balance sheet reflects income tax entitlements for corporate income tax and local business income tax (as income tax assets). Other tax credits for other taxes are recognized in the item "Other assets."

25 Assigned assets

Under repurchase agreements, pledges of security and open-market transactions, 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 1,587.7 million (prior year: EUR 403.6 million). The associated liabilities come to EUR 1,486.2 million (prior year: EUR 320.2 million). These liabilities are recognized among the liabilities due to customers and banks, and in the item "Other liabilities" as negative market values from swap agreements.

In the refinancing business with other institutions and insurance companies, out of total loans and advances to customers of EUR 2,838.9 million (prior year: EUR 2,686.5 million), receivables were transferred to the refinancing entities, while the risk exposure for interest rate changes and counterparty defaults was retained by the Bank. The fair value of loans and advances to customers in the refinancing business was EUR 3,111.4 million (prior year: EUR 2,930.8 million). The associated liabilities for refinanced funds came to EUR 2,836.0 million (prior year: EUR 2,683.6 million). These are recognized among the amounts due to customers and banks.

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

26 Trading liabilities

EUR m	2012	2011
Negative market values from derivative financial instruments	10.0	15.7
Negative market values from hedging derivatives excluded from hedge accounting	—	—
Negative market values from hedging of share-based payments	—	—
Trading liabilities	**10.0**	**15.7**

27 Amounts due to banks

EUR m	2012	2011
Demand deposits	115.0	98.4
Liabilities from repurchase agreements	662.5	228.7
Cash collateral received	7.8	—
Borrower's note loans and registered mortgage bonds	55.0	75.0
Market and payment transactions in course of settlement	29.1	4.5
Term deposits	331.6	313.6
Other term liabilities	2,820.6	2,676.8
Due to banks	**4,021.6**	**3,397.0**
including: banks in Germany	4,000.5	3,380.5
including: banks outside Germany	21.1	16.5

Amounts due to banks include fixed-interest liabilities of EUR 3,877.5 million (prior year: EUR 3,294.2 million) and variable-interest liabilities of EUR 144.1 million (prior year: EUR 102.8 million).

Cash received in the assignment of assets with a simultaneous agreement to repurchase them under repo agreements, including cash collateral received, came to EUR 670.3 million (prior year: EUR 228.7 million).

28 Amounts due to customers

EUR m	2012	2011
Demand deposits	4,198.4	3,621.1
Liabilities from repurchase agreements	653.3	—
Savings deposits	2,162.4	2,083.5
Borrower's note loans and registered mortgage bonds	706.2	759.2
Market and payment transactions in course of settlement	38.1	35.5
Term deposits	453.0	1,032.8
Other term liabilities	10.1	12.4
Due to customers	**8,221.5**	**7,544.5**

28 a Breakdown by customer group

EUR m	2012			2011		
	Germany	Outside Germany	Total	Germany	Outside Germany	Total
Corporate customers	2,934.4	27.6	2,962.0	2,354.8	30.0	2,384.8
Public-sector entities	192.0	—	192.0	165.8	—	165.8
Retail customers	5,006.1	61.4	5,067.5	4,944.3	49.6	4,993.9
Due to customers	**8,132.5**	**89.0**	**8,221.5**	**7,464.9**	**79.6**	**7,544.5**

Amounts due to customers include fixed-interest liabilities of EUR 3,511.4 million (prior year: EUR 3,476.2 million) and variable-interest liabilities of EUR 4,710.1 million (prior year: EUR 4,068.3 million).

Cash received in the assignment of assets with a simultaneous agreement to repurchase them under repo arrangements came to EUR 653.3 million (prior year: EUR 0.0 million). The counterparty in two cases is the Federal Republic of Germany, so that these liabilities are recognized under domestic public-sector entities. The other transactions are settled by way of a central clearing agency of the stock exchange (non-bank). These liabilities are recognized under domestic corporate customers.

29 Securitized liabilities

EUR m	2012	2011
Bonds issued	812.9	1,161.7
Securitized liabilities	**812.9**	**1,161.7**

Securitized liabilities consist solely of the Bank's own bond issues. Of the outstanding bonds, tranches with a nominal value of EUR 319.0 million (prior year: EUR 192.4 million) will mature in 2013. The securitized liabilities include variable-rate bonds for an amount of EUR 403.7 million (prior year: EUR 522.0 million).

30 Provisions and other liabilities

EUR m	2012	2011
Provisions for pensions and similar obligations	127.6	135.5
Other provisions	59.0	64.7
Deferred interest	46.1	54.1
Negative market values of hedge derivatives under hedge accounting	152.5	109.4
Other liabilities	22.7	26.0
Provisions and other liabilities	**407.9**	**389.7**

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 income tax liabilities of EUR 7.2 million (prior year: EUR 6.4 million).

31 Provisions for pensions and similar obligations

EUR m	2012	2011	2010	2009	2008
Pension obligations at 1/1	**163.1**	**155.3**	**131.7**	**112.4**	**120.0**
Less actuarial loss at 1/1	27.6	26.7	9.6	5.6	19.0
Pension provisions recognized at 1/1	**135.5**	**128.6**	**122.1**	**106.8**	**101.0**
Current service cost	4.6	5.1	3.4	2.8	3.1
Imputed interest expense	7.8	7.5	6.9	6.6	6.5
Expected return on assets	– 0.8	– 0.3	– 0.1	—	—
Repayment of costs from plan change	—	—	1.6	—	—
Repayment of actuarial gains (–)/losses (+)	0.9	0.8	—	0.1	—
Net pension expense	**12.5**	**13.1**	**11.8**	**9.5**	**9.6**
Amortization and transfer	– 0.1	– 0.1	0.4	11.1	0.5
Pension commitments through deferred compensation	– 0.7	– 0.8	– 0.7	– 0.6	0.3
Allocation under defined-contribution pension agreement	– 14.2	—	—	—	—
Pension benefits paid during year	– 5.4	– 5.3	– 5.0	– 4.7	– 4.6
Pension provisions recognized at 12/31	**127.6**	**135.5**	**128.6**	**122.1**	**106.8**
Actuarial loss at 12/31	64.3	27.6	26.7	9.6	5.6
Total pension obligations at 12/31	**191.9**	**163.1**	**155.3**	**131.7**	**112.4**

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	2012	2011
Change in scope of obligations		
Present value of earned pension entitlements at 1/1	170.6	160.8
Current service cost	4.6	5.1
Theoretical interest expense	7.8	7.5
Employee contributions	1.1	0.9
Cost of plan changes	—	—
Actuarial gains (–)/losses (+)	37.6	1.7
Pension payments	– 5.4	– 5.3
Acquisitions	—	—
Additions (+) / Disposals (–)	– 0.1	– 0.1
Present value of earned pension entitlements at 12/31[1]	**216.2**	**170.6**
Change in fair value of fund assets		
Fair value of fund assets at 1/1	7.5	5.5
Expected return on assets	0.8	0.3
Actuarial gains (+)/losses (–)	—	—
Employer contributions	14.9	0.8
Employee contributions	1.1	0.9
Transfers	—	—
Fair value of fund assets at 12/31	24.3	7.5
Funding status at 12/31	191.9	163.1
Actuarial gains (+)/losses (–) not repaid	– 64.3	– 27.6
Balance sheet value at 12/31	**127.6**	**135.5**

1 Including EUR 178.9 million (prior year: EUR 163.7 million) directly committed by Group companies as of December 31, 2012, and EUR 37.3 million (prior year: EUR 6.9 million) backed with fund assets. The fair value of the associated plan assets as of December 31, 2012, was EUR 24.3 million (prior year: EUR 7.5 million).

Current income on fund assets for fiscal 2012 came to EUR 0.8 million (prior year: EUR 0.3 million).

Fund assets

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

in %	2012	2011
Stocks	2.8	6.9
Bonds	11.4	27.5
Real estate	0.4	0.7
Other	85.4	64.9
Total	**100.0**	**100.0**

The majority of the fund assets shown under "Other" pertain to reinsurance.

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

EUR m	2012	2011	2010	2009	2008
Present value of earned pension entitlements	216.2	170.6	160.8	133.2	112.4
Fair value of fund assets	24.3	7.5	5.5	1.5	—
Funding status	191.9	163.1	155.3	131.7	112.4
Actuarial gains (–) / losses (+) from experience-based adjustments for:					
Scope of obligations	– 3.5	2.1	4.6	– 4.0	– 0.6
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:

in %	2012	2011	2010	2009	2008
Interest rate for discounting	3.25	4.75	4.75	5.25	6.00
Expected return on assets	4.58	4.70	4.70	5.40	—
Expected salary increases	2.50	2.50	2.50	2.30	3.30
Expected pension increases	1.90	1.90	1.90	1.70	2.30

The long-term expected returns on assets for each class of investment were determined on the basis of studies of the capital market.

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 8.1 million on the present value of earned pension entitlements. Largely because of the change of 150 basis points in the assumed interest rate, the actuarial loss increased from EUR 27.6 million to EUR 64.3 million.

The calculations are based on the Allianz "AT2010GA" tables. These are a version of the "2005 G Guideline Tables" of Heubeck-Richttafeln-GmbH, Cologne, modified specifically for the Company. 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 3.9 million into the fund assets for defined-benefit pension plans (prior year: EUR 14.5 million – including a non-recurring allocation of EUR 11.9 million) and EUR 5.4 million (prior year: 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 2012, expenses for contribution commitments of EUR 3.7 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 12.5 million (prior year: EUR 13.1 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 1/1/2012	**5.3**	**4.1**	**27.2**	**28.1**	**64.7**
Used	3.0	1.4	15.8	10.2	30.4
Write-backs	0.1	0.9	4.4	7.1	12.5
Additions	—	2.1	20.6	14.6	37.3
Reclassification	—	—	– 0.4	0.3	– 0.1
At 12/31/2012	**2.2**	**3.9**	**27.2**	**25.7**	**59.0**

The "Other provisions" include provisions of EUR 20.2 million (prior year: EUR 19.8 million) with a term of more than one year; these were discounted. Otherwise, no discounting was applied. The impact of interest rates on the "Other provisions" nets out (prior year: EUR 0.7 million), and comprises EUR 0.6 million in income from time effects (prior year: EUR 0.5 million) and EUR –0.6 million in expenses from the change in interest rates (prior year: EUR –0.2 million).

In 2012, there were outsourced plan assets of EUR 4.7 million (prior year: EUR 3.8 million) under a Contractual Trust Agreement (CTA) for phased retirement obligations of EUR 7.3 million (prior year: EUR 7.4 million). These assets were netted against other assets under the item for other provisions.

33 Tax liabilities

EUR m	2012	2011
At 1/1	**11.4**	**13.5**
Used	6.8	—
Write-backs	—	3.6
Additions	2.5	1.5
At 12/31	**7.1**	**11.4**

The tax liabilities pertain to tax items under IAS 12 – in other words, these items reflect corporate income tax and local business income tax as income tax liabilities. 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		2012			2011
	Change recognized	Income tax receivables	Income tax liabilities	Net	Net
Financial assets		17.7	– 32.4	– 14.7	1.8
including: AfS financial instruments	Net income from financial assets	17.0	– 12.5	4.5	0.3
including: cumulative measurement effect of AfS financial instruments	Other comprehensive income	0.7	– 19.9	– 19.2	1.5
Trading portfolios	Net trading income	1.2	—	1.2	—
Pension provisions	Administrative expenses	5.3	—	5.3	8.2
Other provisions	Administrative expenses	7.0	– 0.9	6.1	3.0
Other	Administrative expenses	10.0	—	10.0	6.0
Total		**41.2**	**– 33.3**	**7.9**	**19.0**

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, the income tax receivables of EUR 41.2 million (prior year: EUR 33.6 million) and income tax liabilities of EUR 33.3 million (prior year: EUR 14.6 million) yield a deferred tax receivable of EUR 7.9 million (prior year: EUR 19.0 million).

The change of EUR –11.1 million in net deferred taxes (prior year: EUR 7.0 million) results from changes in temporary differences. Of this total, EUR 9.6 million (prior year: EUR 3.6 million) is recognized in profit or loss, and EUR –20.7 million (prior year: EUR 3.5 million) is recognized 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	2012	2011
Current taxes (current year)	19.8	2.5
Current taxes (previous years)	– 0.7	– 2.3
Deferred taxes (current year)	– 6.9	– 1.1
Deferred taxes (previous years)	– 2.7	– 2.5
Recognized income taxes	**9.5**	**– 3.4**

The current taxes for 2012 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 13.9 percent (prior year: 13.9 percent) for local business income tax ("trade tax").

The deferred taxes for 2012 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.

34 c Reconciliation accounts

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

EUR m	2012	2011
Profit before taxes	48.1	13.5
Applicable tax rate in %	31.000	31.000
Theoretical income tax	14.9	4.2
Tax effects		
Local business income tax	– 0.7	0.1
Nontaxable income	– 3.1	– 2.8
Other tax additions and deductions	2.1	0.2
Corporate income tax credit	– 0.3	– 0.3
Taxes from prior years	– 3.4	– 4.8
Recognized income taxes	**9.5**	**– 3.4**

35 Subordinated debt

The subordinated debt of EUR 274.3 million (prior year: EUR 274.2 million) consists of EUR 186.3 million in subordinated borrower's note loans from customers (prior year: EUR 186.3 million) and EUR 88.0 million in subordinated OLB bearer notes (prior year: 87.9 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 13.6 million (prior year: EUR 13.7 million). The interest rates for fixed-rate subordinated debt are in the range from 4.00 to 6.00 percent. The average interest rate is 5.01 percent.

	Bearer notes 2012	Borrower's note loans 2012
Year issued	2010 – 2011	2003 – 2010
Nominal amount (EUR m)	87.8	186.5
Issuer	OLB	OLB
Interest rate in %	4.0 – 5.1	4.8 – 6.0
Maturity	2017 – 2020	2013 – 2025

Issued capital. The issued capital was unchanged from the prior year, at EUR 60.5 million, and was divided into 23,257,143 no-par bearer shares at December 31, 2012. 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 IAS 27, 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, Königinstrasse 28, Germany, 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 30, 2017, 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 Board of Managing Directors is furthermore authorized to decide the further content of stock rights and the terms of the stock issue, subject to the consent of the Supervisory Board.

The authorization to increase the share capital by issuing new shares, which was originally to expire on May 21, 2012, and has been extended by the Shareholders' Meeting to May 30, 2017, 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 2012 was EUR 43.1 million. As there were no carry-forwards or allocations to reserves, this corresponds to the distributable profit. For the allocation of this profit, a proposal will be made to the shareholders at the Shareholders' Meeting on June 5, 2013, to distribute a dividend of EUR 0.25 per no-par share for fiscal 2012, and to allocate EUR 37.3 million to retained earnings.

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	2012	2011
At 1/1	**1.1**	**21.3**
Unrealized changes in market value (gross)	86.2	0.1
Reclassification to statement of comprehensive income because of realization (gross)		
because of realized gains (–) and losses (+)	– 22.4	– 26.9
because of impairment	0.4	3.2
Taxes on unrealized changes in fair value	– 26.2	– 1.2
Taxes on reclassification to income statement because of realization	5.6	4.6
At 12/31	**44.7**	**1.1**

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, together with unrealized reserves in securities. 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	2012	2011
Tier 1 capital	**544.0**	**550.0**
including: deductions[1]	7.0	—
Tier 2 capital[2]	229.0	256.0
including: subordinated debt	203.0	232.0
including: securities revaluation reserves (of which 45 %)	33.0	7.0
including: additions[3]	—	17.0
including: deductions[1]	7.0	—
Share capital and reserves (Sec. 10 a KWG)	**773.0**	**806.0**
Risk assets for counterparty risks	6,066.0	5,950.0
Risk assets for market risks	34.0	25.0
Risk assets for operational risks	538.0	500.0
Risk assets	**6,638.0**	**6,475.0**

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

in %	2012	2011
Core capital ratio	8.2	8.5
Aggregate capital ratio	**11.6**	**12.4**

Notes to the Balance Sheet – Miscellaneous

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

EUR m	2012	2011
Amounts due to banks	3,668.0	3,002.9
Amounts due to customers	654.2	0.9
Secured liabilities	**4,322.2**	**3,003.8**

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

EUR m	2012	2011
Loans and advances to customers	2,838.9	2,686.5
Bonds	1,587.7	403.6
Furnished collateral[1]	**4,426.6**	**3,090.1**

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 assigned as collateral was EUR 3,111.4 million (prior year: EUR 2,930.8 million).

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

38 Amounts in foreign currency

EUR m	2012	2011
Assets in:		
USD	87.8	74.6
GBP	1.1	2.6
Other	22.7	26.3
Total assets	**111.6**	**103.5**
Liabilities in:		
USD	93.6	33.0
GBP	2.0	0.9
Other	22.1	11.3
Total liabilities	**117.7**	**45.2**

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 2012
Term loans and advances to banks	300.1	—	—	—	300.1
Loans and advances to customers	1,432.8	649.5	2,604.8	5,729.2	10,416.3
Receivables at 12/31/2012	**1,732.9**	**649.5**	**2,604.8**	**5,729.2**	**10,716.4**

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**

The receivables from customers with remaining terms of three months or less include receivables of EUR 977.9 million (prior year: EUR 1,159.7 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 2012
Bank demand deposits	151.9	—	—	—	151.9
Term liabilities to banks	466.6	514.8	1,273.9	1,614.4	3,869.7
Customer demand deposits	4,236.5	—	—	—	4,236.5
Savings deposits	1,896.4	240.2	25.8	—	2,162.4
Other term liabilities to customers	827.8	374.3	183.0	437.5	1,822.6
Securitized liabilities	170.9	147.6	90.6	403.8	812.9
Provisions and other liabilities	79.2	39.3	120.4	169.0	407.9
Tax liabilities[1]	—	—	7.1	—	7.1
Subordinated debt	60.0	10.0	146.0	58.3	274.3
Liabilities at 12/31/2012	**7,889.3**	**1,326.2**	**1,846.8**	**2,683.0**	**13,745.3**

1 Tax liabilities do not constitute financial instruments within the meaning of IFRS 7, but are included in the tables for better comprehensibility and comparability.

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[1]	—	—	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**

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 2012
Bank demand deposits	151.9	—	—	—	151.9
Term liabilities to banks	468.3	516.7	1,278.6	1,620.4	3,884.0
Customer demand deposits	4,236.5	—	—	—	4,236.5
Savings deposits	1,896.4	240.2	25.8	—	2,162.4
Other term liabilities to customers	827.8	374.3	183.0	437.5	1,822.6
Securitized liabilities	170.9	148.1	93.6	403.7	816.3
Provisions and other liabilities	79.2	32.4	41.5	102.3	255.4
Tax liabilities[1]	—	—	7.1	—	7.1
Subordinated debt	60.0	10.0	145.8	58.5	274.3
Balance sheet item	**7,891.0**	**1,321.7**	**1,775.4**	**2,622.4**	**13,610.5**
Contingent liabilities and other obligations	911.3	—	—	—	911.3
Total liabilities at 12/31/2012	**8,802.3**	**1,321.7**	**1,775.4**	**2,622.4**	**14,521.8**

EUR m	2011				
	3 months or less	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total
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[1]	—	—	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**

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 transactions.

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

For measurement purposes, a distinction is made between exchange-traded and over-the-counter products.

Exchange-traded contracts are settled in cash daily upon the agreement 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	2012	2011
Interest-related derivatives	9.0	–161.1	200.6	823.8	659.5	1,683.9	1,382.4
including: interest rate swaps for management of the interest rate book	—	–152.5	173.0	630.0	595.0	1,398.0	1,018.0
Currency-related derivatives	1.3	–1.4	136.0	5.0	—	141.0	375.3
including: foreign currency options – calls	0.1	—	5.5	1.0	—	6.5	7.2
including: foreign currency options – puts	—	–0.1	5.5	1.0	—	6.5	7.2
Stock-related / index-related derivatives	3.6	—	—	—	—	—	32.5
Credit derivatives	—	—	—	—	—	—	—
Other derivatives	—	—	—	—	—	—	—
Total derivatives	**13.9**	**–162.5**	**336.6**	**828.8**	**659.5**	**1,824.9**	**1,790.2**
including: products in EUR	11.9	–160.4	200.7	813.1	651.6	1,665.4	1,387.9
including: products in USD	1.6	–1.8	87.7	13.8	8.6	110.1	212.7
including: products in GBP	0.1	–0.1	11.5	—	—	11.5	48.2
including: products in JPY	0.2	—	2.7	—	—	2.7	22.4

At year's end, interest rate swaps with a nominal volume of EUR 1,398.0 million were designated for hedge accounting (prior year: EUR 1,018.0 million).

In forming on-balance-sheet hedge relationships under the rules of IAS 39 (Hedge Accounting), interest rate swaps used in managing the interest rate book underwent adjusted negative changes of EUR 31.3 million in market value (prior year: EUR 33.2 million). Corresponding receivables from customers and financial assets underwent total adjusted positive changes of EUR 28.3 million in market value (prior year: EUR 31.5 million). The net effect of EUR –3.0 million (prior year: 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	2012	2011
Obligations under suretyships and guarantees		
Credit suretyships	15.1	15.6
Other suretyships and guarantees	299.5	316.8
Documentary credits	5.1	4.8
including: credit openings	5.1	4.6
including: credit confirmations	—	0.2
Contingent liabilities	**319.7**	**337.2**
Committed credit facilities		
Current account credits	414.1	353.0
Guarantee lines	95.5	96.9
Mortgage loans / public-sector loans	82.0	44.1
Other obligations	**591.6**	**494.0**

The risk provisions for off-balance-sheet obligations are recognized under the item “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 for 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. As a rule, the fair value of financial instruments included under contingent liabilities and other obligations is the same as the acquisition cost.

42 Other financial obligations

EUR m	2012			
	1 year or less	Over 1 year to 5 years	Over 5 years	Total
Obligations under leases	34.1	69.3	23.2	126.6
Obligations for maintenance of information technology	0.8	3.4	0.8	5.0
Obligations under commenced capital spending projects	1.8	—	—	1.8
Call commitments and joint liability	2.1	—	—	2.1
Other financial obligations	**38.8**	**72.7**	**24.0**	**135.5**

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**

Obligations under leases pertain to rental and lease agreements for buildings and business equipment. These resulted in expenses of EUR 12.7 million for the year (prior year: EUR 13.7 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 an equity interest of the OLB Group of 50 percent or less. The carrying amount of the equity interest comes to EUR 0.3 million. The OLB Group is conditionally liable to the investee for additional commitments up to an amount of EUR 2.0 million. Furthermore, under the investee's 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. 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 the aforementioned investee, 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 as indicated below.

Under Sec. 5 (10) of the statute of the deposit insurance fund, we have furthermore 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 us 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.

For 2012, Oldenburgische Landesbank AG was charged a contribution of EUR 5.3 million (prior year: EUR 4.8 million) for the deposit insurance fund.

In addition, an amount of EUR 0.5 million (prior year: EUR 1.1 million) was paid into the Banking Institution Restructuring Fund (the "bank levy").

For another investee, there is a revived liability of EUR 0.1 million under Sec. 172 (4) of the German Commercial Code. There are also indirect other financial obligations of EUR 0.1 million to a third investee.

43 Trust business

EUR m	2012	2011
Trust receivables from customers	10.9	14.5
Trust assets[1]	**10.9**	**14.5**
Trust payables to banks	8.0	10.9
Trust payables to customers	2.9	3.6
Trust liabilities	**10.9**	**14.5**

1 Including EUR 10.9 million (prior year: EUR 14.5 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. Retroactive adjustments of the prior-year figures are explained in Note 1, “Basis of preparation.”

44 a Financial assets

An indication is given for each class whether the items are recognized at nominal value, amortized cost, or fair value.

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
2012									
Cash and cash equivalents	LaR	84.1	84.1	—	—	—	—	84.1	84.1
Trading assets	HfT	—	—	—	—	14.1	14.1	14.1	14.1
Loans and advances to banks (net after risk provisions)	LaR	—	—	414.5	415.8	—	—	414.5	415.8
Loans and advances to customers (net after risk provisions)	LaR	—	—	10,338.7	11,415.1	—	—	10,338.7	11,415.1
Financial assets (fair value)	AfS	—	—	—	—	3,351.8	3,351.8	3,351.8	3,351.8
Financial assets (at cost)	AfS	—	—	2.1	2.1	—	—	2.1	2.1
Other assets[2]	LaR	—	—	40.8	40.8	—	—	40.8	40.8
Total loans and receivables (LaR)		**84.1**	**84.1**	**10,794.0**	**11,871.7**	**—**	**—**	**10,878.1**	**11,955.8**
Total held for trading (HfT)		**—**	**—**	**—**	**—**	**14.1**	**14.1**	**14.1**	**14.1**
Total available for sale (AfS)		**—**	**—**	**2.1**	**2.1**	**3,351.8**	**3,351.8**	**3,353.9**	**3,353.9**
Total for all measurement categories		**84.1**	**84.1**	**10,796.1**	**11,873.8**	**3,365.9**	**3,365.9**	**14,246.1**	**15,323.8**

1 LaR = Loans and Receivables, HfT = Held for Trading, AfS = Available for Sale
2 EUR 0.0 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 – 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									
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	10,773.9	—	—	9,792.3	10,773.9
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**	**11,743.7**	**—**	**—**	**10,905.8**	**11,888.0**
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**	**11,746.5**	**2,274.6**	**2,274.6**	**13,183.2**	**14,165.4**

1 LaR = Loans and Receivables, HfT = Held for Trading, AfS = Available for Sale
2 EUR 0.0 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 in other comprehensive income. Impairments on loans and advances to customers and banks are reflected in the Notes on risk provisions for the credit business.

44 b Financial liabilities

An indication is given for each class whether the items are recognized at nominal value, amortized cost, or fair value.

EUR m	Category[1]	At nominal value		At amortized cost		At fair value		Total 2012	
		Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Trading liabilities	HfT	—	—	—	—	10.0	10.0	10.0	10.0
Amount due to banks	OL	—	—	4,021.6	4,168.9	—	—	4,021.6	4,168.9
Amount due to customers	OL	—	—	8,221.5	8,371.3	—	—	8,221.5	8,371.3
Securitized liabilities	OL	—	—	812.9	829.0	—	—	812.9	829.0
Provisions and other liabilities[2]	OL	—	—	198.6	198.6	152.5	152.5	351.1	351.1
Subordinated debt	OL	—	—	274.3	304.4	—	—	274.3	304.4
Total held for trading (HfT)		**—**	**—**	**—**	**—**	**10.0**	**10.0**	**10.0**	**10.0**
Total other liabilities (OL)		**—**	**—**	**13,528.9**	**13,872.2**	**152.5**	**152.5**	**13,681.4**	**14,024.7**
Total for all measurement categories		**—**	**—**	**13,528.9**	**13,872.2**	**162.5**	**162.5**	**13,691.4**	**14,034.7**

1 HfT = Held for Trading, OL = Other Liabilities
2 Other liabilities measured at fair value pertain to accrued interest and EUR 152.5 million in negative 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 2011	
		Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Trading liabilities	HfT	—	—	—	—	15.7	15.7	15.7	15.7
Amount due to banks	OL	—	—	3,397.0	3,507.7	—	—	3,397.0	3,507.7
Amount due to customers	OL	—	—	7,544.5	7,525.2	—	—	7,544.5	7,525.2
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**	**12,557.9**	**109.4**	**109.4**	**12,650.3**	**12,667.3**
Total for all measurement categories		**—**	**—**	**12,540.9**	**12,557.9**	**125.1**	**125.1**	**12,666.0**	**12,683.0**

1 HfT = Held for Trading, OL = Other Liabilities
2 Other liabilities measured at fair value pertain to accrued interest and EUR 152.5 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 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.

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 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

	2012			
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	—	—	—	—
Trading assets (derivative)	—	14.1	—	14.1
Financial assets (fair value)	1,943.4	1,408.4	—	3,351.8
Other financial instruments at fair value held as assets	—	—	—	—
Financial instruments at fair value held as assets	**1,943.4**	**1,422.5**	**—**	**3,365.9**

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 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**

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
				2012
Trading liabilities	—	10.0	—	10.0
Other financial liabilities at fair value	—	152.5	—	152.5
Total financial instruments at fair value held as liabilities	**—**	**162.5**	**—**	**162.5**

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 (derivative)	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**

During the year, EUR 115.1 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.

Price connections were reviewed for all financial instruments. Where quoted market prices existed, they were taken as a basis, and the instruments were categorized in Level 1. Where price models were applied based on parameters observed primarily from the market, the instruments were categorized in Level 2.

45 Related-party transactions

Allianz Deutschland AG holds approximately 90.2 percent of the stock of Oldenburgische Landesbank AG. The sole shareholder of Allianz Deutschland AG is Allianz SE.

In the prior year (as of December 31, 2011), Allianz Deutschland AG held approximately 64.3 percent of the stock of Oldenburgische Landesbank AG, and OLB-Beteiligungsgesellschaft mbH (OLB-B) held approximately 25.3 percent. The majority shareholder of OLB-Beteiligungsgesellschaft mbH, in turn, was Allianz Deutschland AG, which held approximately 98.8 percent.

On March 13, 2012, Oldenburgische Landesbank AG and OLB-Beteiligungsgesellschaft mbH, both domiciled in Oldenburg, entered into a notarized merger agreement under which OLB-Beteiligungsgesellschaft mbH was merged into Oldenburgische Landesbank AG, by the dissolution of OLB-Beteiligungsgesellschaft mbH without liquidation, via the transfer of its assets in full, together with all appurtenant rights and obligations (Sec. 2 No. 1, Sec. 20 (1) Nos. 1, 2 and 3 Sentence 1, Sec. 46 et seq., Sec. 60 et seq. of the German Corporate Transformations Act). The merger agreement took effect upon approval by the Shareholders' Meetings of Oldenburgische Landesbank AG and OLB-Beteiligungsgesellschaft mbH, and upon being added to the Commercial Register entry for Oldenburgische Landesbank AG.

In consideration of the transfer of assets, OLB conferred on OLB-B shareholders, at no charge, all OLB shares that were held as assets by OLB-B at the effective date of the merger. These OLB shares were conferred on OLB-B shareholders directly, by direct acquisition without an intermediate acquisition of OLB, in the same proportions as the shareholders held in the share capital of OLB-B at the effective date of the merger.

Furthermore, Allianz AG, as the principal shareholder of OLB-Beteiligungsgesellschaft mbH, and Oldenburgische Landesbank AG entered into an indemnification agreement ensuring that Oldenburgische Landesbank AG will not incur economic disadvantages or costs from the merger.

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	2012	2011
Loans and advances to customers		
Persons in key positions at OLB AG	0.3	0.5
Subsidiaries	0.4	0.7
Other related parties	20.2	35.5
Other assets		
Parent companies	12.4	9.6
Other related parties	25.8	24.3
Total receivables	**59.1**	**70.6**
Amounts due to customers		
Persons in key positions at OLB AG	0.5	0.8
Subsidiaries	0.2	0.2
Other related parties	133.7	105.1
Provisions and other liabilities		
Parent companies	1.6	2.2
Other related parties	8.9	14.1
Total liabilities	**144.9**	**122.4**

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 parent companies and subsidiaries are not secured, because of their affiliation within the Group. Collateral of EUR 39.9 million (prior year: 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 24.1 million to other related parties at December 31, 2012 (prior year: EUR 27.7 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	2012	2011
Net interest income		
Persons in key positions at OLB AG	—	—
Parent companies	– 0.3	—
Subsidiaries	—	—
Other related parties	– 0.3	– 0.3
Net commission income		
Persons in key positions at OLB AG	—	—
Parent companies	—	—
Subsidiaries	2.3	2.2
Other related parties	19.8	24.4
Office expense		
Persons in key positions at OLB AG	—	—
Parent companies	– 8.4	– 9.5
Subsidiaries	—	—
Other related parties	– 14.8	– 22.9
Other net operating income		
Persons in key positions at OLB AG	—	—
Parent companies	39.9	67.9
Subsidiaries	0.3	—
Other related parties	0.2	—
Total profit	**38.7**	**61.8**

Oldenburgische Landesbank AG established a new business segment, Allianz Bank, as of June 1, 2009. Allianz Bank is an affiliate of Oldenburgische Landesbank AG, under the combined responsibility of the OLB Board of Managing Directors. Oldenburgische Landesbank AG and Allianz Deutschland AG have agreed that Allianz Deutschland AG will compensate for potential losses at Allianz Bank. That agreement applies through December 31, 2014.

It was decided in January 2013 to discontinue Allianz Bank's business activities, with a target date of June 30, 2013. However, certain products, because of their longer maturities, will have to extend beyond that date. Under the standing loss transfer agreement, the costs of the early termination of business activities will be assumed by Allianz Deutschland AG.

In addition, for certain customer groups from the Allianz Bank business who will continue to be served under the Oldenburgische Landesbank brand, it was agreed that the new business with these customers will also be included under the loss assumption.

The computation of profits includes EUR 92.6 million in income (prior year: EUR 127.3 million) and EUR 53.8 million in expenses (prior year: EUR 65.6 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, 2012: Approved credit lines totaled EUR 430 thousand (prior year: EUR 524.3 thousand), EUR 21 thousand of which (prior year: EUR 113 thousand) had been used as of December 31, 2012. The interest rate for each line was 6.00 percent. The interest rates and terms are those commonly applied in the market. At the reporting date, EUR 0.5 thousand (prior year: EUR 6 thousand) in credit card lines had been utilized, out of total limits of EUR 75 thousand (prior year: EUR 90.1 thousand). There were no loan or guarantee-line commitments to members of the Board of Managing Directors as of the reporting date.

Credit granted to members of the Supervisory Board was as follows as of December 31, 2012: Approved credit lines totaled EUR 241.1 thousand (prior year: EUR 247.0 thousand), EUR 14.1 thousand of which (prior year: EUR 15.4 thousand) had been used as of December 31, 2012. The interest rates were between 4.74 percent and 8.49 percent. In addition, there were guarantee lines of EUR 46.6 thousand (prior year: EUR 46.6 thousand), for which commissions of between 0.50 percent and 3.25 percent were paid. There were furthermore loan commitments of EUR 730.3 thousand (prior year: EUR 230.5 thousand), of which EUR 640.3 thousand had been drawn as of December 31, 2012. The interest rates were between 1.51 percent and 5.06 percent. The interest rates and terms are those commonly applied in the market. At the reporting date, EUR 3.9 thousand (prior year: EUR 4.3 thousand) in credit card lines had been utilized, out of total limits of EUR 126.5 thousand (prior year: EUR 121.2 thousand).

Compensation paid to the Board of Managing Directors in fiscal 2012 came to EUR 3.2 million (prior year: EUR 2.9 million). This figure includes RSUs with a total fair value of EUR 1.2 million (prior year: EUR 0.7 million). As of December 31, 2012, the number of share-based rights held by members of the Board of Managing Directors totaled 49,357 SARs and 33,045 RSUs. Members of the Board of Managing Directors received a total of EUR 11.2 thousand (including value-added tax; prior year: EUR 30.1 thousand) in 2012 for memberships on governing bodies of companies owned by the Group. On December 31, 2012, 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 0.8 million (prior year: EUR 3.2 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	2012	2011
Benefits due short-term	1.8	2.1
Other benefits due long-term	0.2	0.1
Share-based payments	1.2	0.7
Total	**3.2**	**2.9**
Benefits for termination of employment	—	2.1
Benefits after termination of employment	0.4	0.3

We paid compensation of EUR 1.3 million to former members of the Board of Managing Directors or their survivors (prior year: EUR 3.2 million). The actuarial net present value of the pension obligations for this group of persons, on an IFRS basis, came to EUR 20.3 million (prior year: EUR 16.4 million).

Compensation paid to the Supervisory Board in fiscal 2012 came to EUR 0.7 million (prior year: EUR 0.7 million). All of these are benefits payable in the short term.

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 29,048 shares for the fiscal year (prior year: 34,427 shares); the difference of EUR 0.2 million (prior year: EUR 0.3 million) between the strike price and the market price for 2012 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-Rubinstein 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:

	2012	2011	2010	2009	2008
Expected volatility in %	—	—	29.0	60.0	32.0
Risk-free interest rate in %	—	—	2.7	2.6	3.6
Expected dividend yield in %	—	—	5.6	6.2	5.3
Stock price in EUR	—	—	88.09	55.19	112.80
Expected term in years	—	—	7	7	7

No new units were granted in 2011 or 2012.

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, 2012, the total personnel expense associated with unexercised rights came to EUR 64 thousand (prior year: EUR 60 thousand).

As of December 31, 2012, the OLB Group had established a provision of EUR 413 thousand (prior year: EUR 114 thousand) for unexercised SARs. In 2012, 15,925 units expired.

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 12/31/2010	**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**
Granted	—	—	—	—	—
Exercised	—	—	—	—	—
Expired	– 15,925	—	—	—	—
At 12/31/2012	**50,418**	**—**	**117.46**	**9.99**	**2.2**

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 %	2012	2011	2010
Average interest rate	—	—	1.40
Average dividend yield	—	—	5.50

No new units were granted in 2011 or 2012.

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, 2012, the total personnel expense associated with unexercised RSUs came to EUR 166 thousand (prior year: EUR 320 thousand).

As of December 31, 2012, the OLB Group had established a provision of EUR 948 thousand (prior year: EUR 857 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 2013 RSUs are treated as compensation granted to participants for the 2012 year. The additional provision and personnel expense for the RSUs issued in March 2013 are estimated on the basis of a 100-percent target achievement, as included in the goal agreement for each plan participant for 2012.

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:

	2013	2012
Stock price in EUR	105.70	88.29
Average dividend yield in %	4.60	5.30
Average interest rate in %	0.60	1.20
Expected volatility in %	20.60	22.00

The 2013 RSUs are treated as compensation granted to the participants for the 2012 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, 2012, the total personnel expense associated with the RSU component of the AEI Plan came to EUR 659 thousand (prior year: EUR 357 thousand).

As of December 31, 2012, the OLB Group had established a provision of EUR 1,242 thousand (prior year: EUR 430 thousand) for these RSUs.

The following table shows the performance of the RSUs:

	Units	Weighted average value	Weighted average strike price
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**	**—**
Granted	11,316	90.42	—
Exercised	– 5,591	—	90.01
Reassignment within Group	—	—	—
At 12/31/2012	**36,130**	**—**	**—**

The total expense for share-based compensation recognized for 2012 was EUR 1,128 thousand (prior year: EUR 1,020 thousand), the total carrying amount of the liabilities as of the reporting date was EUR 2,603 thousand (prior year: EUR 1,401 thousand), and the intrinsic value of the liabilities was EUR 3,694 thousand (prior year: EUR 3,270 thousand).

47 Independent auditors' fees

EUR m	2012	2011
Audit of financial statements	1.1	0.8
Other confirmation and valuation services	0.3	0.4
Total[1]	**1.4**	**1.2**

1 Of the 2012 total, EUR 0.2 million pertains to the prior year.

48 Risk of changes in market price

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 12/31/2012 EUR m	Profit for period 1/1–12/31/2012 EUR m	Profit for period 1/1–12/31/2011 EUR m
W. Fortmann & Söhne KG, Oldenburg	100.00	8.84	0.32	0.38
Münsterländische Bank Thie & Co. KG, Münster	100.00	8.24	0.55	0.62
Grundstücksgesellschaft mbH, Oldenburg [1]	—	—	—	—
OLB Service GmbH, Oldenburg	100.00	0.03	—	—
OLB-Immobiliendienst-GmbH, Oldenburg	100.00	0.03	—	—
AGI-Fonds Ammerland [2]	100.00	n / a	8.03	8.67
AGI-Fonds Weser-Ems [2]	100.00	n / a	2.60	3.62

1 Merged with OLB AG retroactively to January 1, 2012
2 Managed by Allianz Global Investors, Frankfurt am Main

The disclosure of the list of shareholdings represents an additional disclosure required under the German Commercial Code. The figures are derived from the reporting under IFRSs.

The Group has profit-and-loss transfer agreements with the following subsidiaries:
- OLB-Immobiliendienst-Gesellschaft mit beschränkter Haftung, 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 under Note 01. These exclude OLB-Immobiliendienst-GmbH, of Oldenburg, and OLB Service Gesellschaft mit beschränkter Haftung, of Oldenburg.

51 Employees

On average for the year, Oldenburgische Landesbank had 2,814 employees (prior year: 2,926). They comprised the following categories:

Number	2012	2011
Full-time employees (average)		
Women	879	935
Men	1,234	1,298
Part-time employees (average)		
Women	668	660
Men	33	33
Total employees	**2,814**	**2,926**

The number of employees at December 31, 2012, was 2,785 (prior year: 2,883); the OLB Group also had 229 apprentices and trainees, 135 of them women (prior year: 226 / 132).

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 2012 was EUR 43.1 million. As there were no carry-forwards or allocations to reserves, this corresponds to the distributable profit. As the allocation of this profit, a proposal will be made to the shareholders at the Shareholders' Meeting on June 5, 2013, to distribute a dividend of EUR 0.25 per no-par share for fiscal 2012, and to allocate EUR 37.3 million to retained earnings.

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 March 12, 2013. 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, March 12, 2013
Oldenburgische Landesbank AG

The Board of Managing Directors

Dr. Achim Kassow	Dr. Thomas Bretzger	Jörg Höhling	Karin Katerbau
Chairman			

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, March 12, 2013
Oldenburgische Landesbank AG

The Board of Managing Directors

Dr. Achim Kassow Chairman	Dr. Thomas Bretzger	Jörg Höhling	Karin Katerbau

Independent Auditors' Opinion

We have audited the consolidated financial statements prepared by Oldenburgische Landesbank AG, of Oldenburg – comprising the balance sheet, 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, 2012. 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 legal representatives. 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 the consolidated financial statements, the determination of entities to be included in consolidation, the accounting and consolidation principles used, and significant estimates made by the Company's legal representatives, 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 14, 2013
KPMG AG Wirtschaftsprüfungsgesellschaft

Madsen	König
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 (until August 2012)

Manfred Karsten
Vice-Chair
Banker, Oldenburgische Landesbank AG, Oldenburg; Vice-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 (until April 2012)
- Solutronic AG, Köngen (until September 2012)

Positions within the corporate group:
- EWE Vertrieb GmbH (formerly EWE ENERGIE AG), Oldenburg (Chairman)
- EWE TEL GmbH, Oldenburg (Chairman)
- swb AG, Bremen (Chairman)

Memberships in comparable supervisory bodies:
Positions within the corporate group:
- Kayserigaz AS, Turkey (until October 2012)
- Bursagaz AS, Turkey (until October 2012)
- EWE Turkey Holding A. S. (formerly EWE ENERJI A. S. Busa), 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) (until June 2012)
- Steinhoff International Holdings Ltd., Johannesburg, South Africa
- Zimbabwe Spinners & Weavers Ltd., Harare, Zimbabwe

Carsten Evering
Branch Manager, Oldenburg-Süd Region, Oldenburgische Landesbank AG, Friesoyte and Gehlenberg

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 Asset Management 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
Chairman of the Corporate Employee Council

Rainer Schwarz
Former 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 (until December 2012)

Memberships in comparable supervisory bodies:
Positions within the corporate group:
- Allianz Prozess-Finanz GmbH, Munich (until December 2012)

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
Chairman of the Board of Managing Directors, Oldenburgische Landesbank AG

Dr. Thomas Bretzger (since July 1, 2012)
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 (Vice-Chairman of the Board of Directors) (since July 1, 2012)
- Münsterländische Bank Thie & Co. KG, Münster (Vice-Chairman of the Board of Directors) (since July 1, 2012)

Dr. Stefan Friedmann (until June 30, 2012)
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 (Vice-Chairman of the Board of Directors) (until June 30, 2012)
- Münsterländische Bank Thie & Co. KG, Münster (Chairman of the Board of Directors) (until June 30, 2012)
- OLB-Immobiliendienst GmbH, Oldenburg (Chairman of the Board of Directors) (until June 30, 2012)

Jörg Höhling
Member of the Board of Managing Directors, Oldenburgische Landesbank AG

Karin Katerbau (since April 16, 2012)
Member of the Board of Managing Directors, Oldenburgische Landesbank AG

Advisory Board

Dr. Carl Ulfert Stegmann – Chair
Vice-Chairman of the Supervisory Board, Aktiengesellschaft Reederei Norden-Frisia, Norderney

Dr. Maria Apel – Vice-Chair
General Partner, Pöppelmann GmbH & Co. KG, Lohne

Werner zu Jeddeloh – Vice-Chair
Managing Director, BÜFA GmbH & Co. KG, Oldenburg

Manfred Adrian
Publisher, Wilhelmshavener Zeitung, Wilhelmshaven

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, Wirtschaftsprüfer- 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 & 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 Director, Delkeskamp Verpackungswerke GmbH, Nortrup

Manfred-Wilhelm Göddeke
Managing Director (ret.), Rhein-Umschlag GmbH & Co. KG, Oldenburg

Isabel Hüppe
Attorney-at-law, Großenkneten-Huntlosen

Heinz Josef Imsiecke
Publisher, Münsterländische Tageszeitung, Cloppenburg

Tido Graf zu Inn- und Knyphausen
Independent businessman in agriculture and forestry, renewable energies, tourism and golf, Lütetsburg

Prof. Dr. Dr. h. c. Hans Kaminski
Institute Director and Managing Director, Institut für Ökonomische Bildung, Oldenburg

Hans-Dieter Kettwig
Chairman of the Executive Board, Aloys-Wobben-Stiftung, Aurich

Jörg-Peter Knochen
Former Managing Partner, Oldenburgische Volkszeitung Druckerei und Verlag KG, Vechta

Reinhard Köser
Publisher, Nordwest-Zeitung, Oldenburg

Dr. Dieter Köster
Chairman of the Supervisory Board, Köster Holding AG, 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

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
Member of the Board of Trustees, Neumüller CeWe Color Stiftung, Oldenburg

Klaus Rücker
Managing Shareholder, Rücker Group, Aurich and Wismar

Dr. Heiko Sanders
Member of the Board of Management, EWE AG, Oldenburg

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

Prof. Dr. Babette Simon
President, Carl von Ossietzky University Oldenburg, 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)

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 Director, ENERCON GmbH, Aurich

Roland Zerhusen
Managing Director, ZERHUSEN Kartonagen GmbH, Damme

Effective: March 15, 2013

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

Claudia Hamann
Christian Klee

Stefan Reder
Harald Schaal

Kurt Georg Weggler

Corporate Department Heads

Marc Arkenau
Human Resources

Katja Aus dem Moore
Compliance

Torsten Buja
Corporate Business Operations

Peter Cordes
Information Technology

Dr. Wolf-Dieter Flöge
Legal

Thomas Fritzsche
Sales Management

Markus Graw
Organization

Holger Heithorst
Risk Controlling

Manfred Köckhuber
Sabine Lippl
Allianz Bank Service Center

Thomas Lotz
Finance / Controlling

Olaf Mohrschladt
Product Management

Steffen Opitz
Private Banking & Independent Professionals, Whole Bank

Dr. Thomas Ostendorf
Chief Economist / Office of the Board of Managing Directors

Heiko Panning
Credit Management

Thomas Rottinghaus
Credit Management

Henning Rusch
Allianz Bank Products and Concepts

Rainer Schulte-Göbel
Headquarters Customer Support

Britta Silchmüller
Corporate Communications

Michael Tietz
Auditing

Helmut van Osten
Treasury

Alexander Walter
Allianz Bank Online Banking

Effective: March 15, 2013

We mourn the passing of

The following active employees

Wolfgang Felsmann
November 30, 2012

Jürgen Pahlmann
November 21, 2012

and of the following retirees

Hannelore Bank
August 22, 2012

Edith Brand
October 29, 2012

Karl-Heinz Bretfeld
September 19, 2012

Elsa Danielis
May 19, 2012

Hanns-Detlev von Laue
August 7, 2012

Ilse Domagalla
March 29, 2012

Hermann Hermes
February 3, 2013

Marlis Käutsch
July 27, 2012

Otto Malz
October 1, 2012

Herbert Peters
November 22, 2012

Heinz Pohl
December 27, 2012

Bernard Südbeck
December 20, 2012

Rolf Tempel
February 4, 2013

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 2013. 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 2012. The meetings were held in March, April, May, 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 2011, and set the goals for variable compensation in 2013, including the goals for the medium-term bonus of the Chairman of the Board of Managing Directors for the 2013–2015 period. We also reviewed the compensation system for the Board of Managing Directors, 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 appointment of Dr. Thomas Bretzger as a new member of the Board of Managing Directors; we appointed Dr. Achim Kassow as Chairman of the Board of Managing Directors. The Supervisory Board furthermore addressed changes in the German Corporate Governance Code, and particularly the revised recommendations on the composition of the Supervisory Board. In this connection, we adopted goals for the future composition of the Supervisory Board, which can be found in the Corporate Governance Report.

At our meetings we again examined the Bank's credit risk situation in fiscal 2012. We continuously obtained reports from the Board of Managing Directors on the performance of the credit portfolio, particularly in the area of ship financing. We discussed our findings, together with the resulting alternatives for action, in depth with the Board of Managing Directors. In this connection we also gave additional attention to business procedures in making lending decisions, and to the ongoing tracking of credit exposures.

We revised the rules of procedure for the Board of Managing Directors and the Supervisory Board to reflect current developments. We advocated the merger of OLB-Beteiligungsgesellschaft mbH into OLB, and adopted a corresponding motion to be proposed to the Shareholders' Meeting.

Finally, in a special meeting in January 2013, we addressed the further development of Allianz Bank. Together with the Board of Managing Directors, we explored the various options for action to be considered. After an in-depth discussion, we approved the decision by the Board of Managing Directors to close Allianz Bank.

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.

See pp. 012 – 014

During 2012, the *Executive Committee* held a total of seven meetings, one of them via teleconferencing. 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 2011, and presented a corresponding recommendation to the full Supervisory Board. The committee also deliberated on Dr. Bretzger's qualifications to become a member of the Board of Managing Directors. Finally, the committee approved loans to members of governing bodies under Sec. 15 of the Banking Act, and consented for members of the Board of Managing Directors to accept certain offices at other companies and institutions.

The *Audit Committee* met four times in fiscal 2012, including once by way of teleconferencing. 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 particular attention to the Company's internal controlling system, and in that connection also examined the controlling system for financial accounting. 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.

The *Risk Committee* held a total of nine meetings during the year, five of them by way of teleconferencing. It discussed the business and risk strategy with the Board of Managing Directors, reviewed the risk management system, 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. Again in 2012, the Risk Committee dealt in great detail with loans for ship financing, and discussed further measures for risk reduction with the Board of Managing Directors. The committee obtained a detailed presentation on the large-loan business, and particularly the controlling and reporting system for this business segment. It furthermore obtained detailed information about the credit portfolios in renewable energies and in oceangoing and inland-waterway ships. Further subjects of its deliberations included the capital expenditures plan for fiscal 2013 and individual credit applications.

In a teleconference, the *Nominating Committee* voted on the nomination of a candidate to succeed Mr. Thomas Fischer, who had resigned from his seat on the Supervisory Board as of the end of the day on December 31, 2011.

There was no occasion to convene 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 2012, 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. As that particular recommendation has now been eliminated from the German Corporate Governance Code, in the future OLB will again comply with all recommendations. The Declaration of Compliance of December 2012 was published on OLB's Web site, and is also reproduced in the Management Declaration per Sec. 289a of the German Commercial Code. Both the Management Declaration and the Corporate Governance Report provide further information about corporate governance at Oldenburgische Landesbank AG.

See pp. 016–017

The Supervisory Board reviewed the efficiency of its activities again in the past year. We particularly discussed implementing the efficacy improvement measures adopted in the prior year.

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, 2012, 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 2012 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 8, 2013, and by the full Supervisory Board at its meeting of March 14. 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

Dr. Thomas Naumann, who had been appointed by the court to the Supervisory Board in February 2012, was elected to the Supervisory Board by the shareholders of OLB at the Annual Shareholders' Meeting on June 1, 2012. The term of office of the present Supervisory Board will expire at the end of the Shareholders' Meeting on June 5, 2013.

Dr. Stefan Friedman left the Board of Managing Directors at the expiration of his appointment on June 30, 2012. The Supervisory Board thanked Dr. Friedmann for his many years of activity on the Board of Managing Directors of OLB. New members that joined the Board of Managing Directors are Ms. Karin Katerbau, who joined on April 16, 2012, and Dr. Thomas Bretzger, who joined 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, March 14, 2013
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
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
Norden
Nordenham
Nordenham-Blexen
Nordenham-Ellwürden
Nordenham-Friedr.-Aug.-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
Schortens
Schüttorf
Sögel
Spelle
Steinfeld
Stuhr
Sulingen
Syke

T

Twistringen

U

Uelsen

V

Varel
Varel-Dangast
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

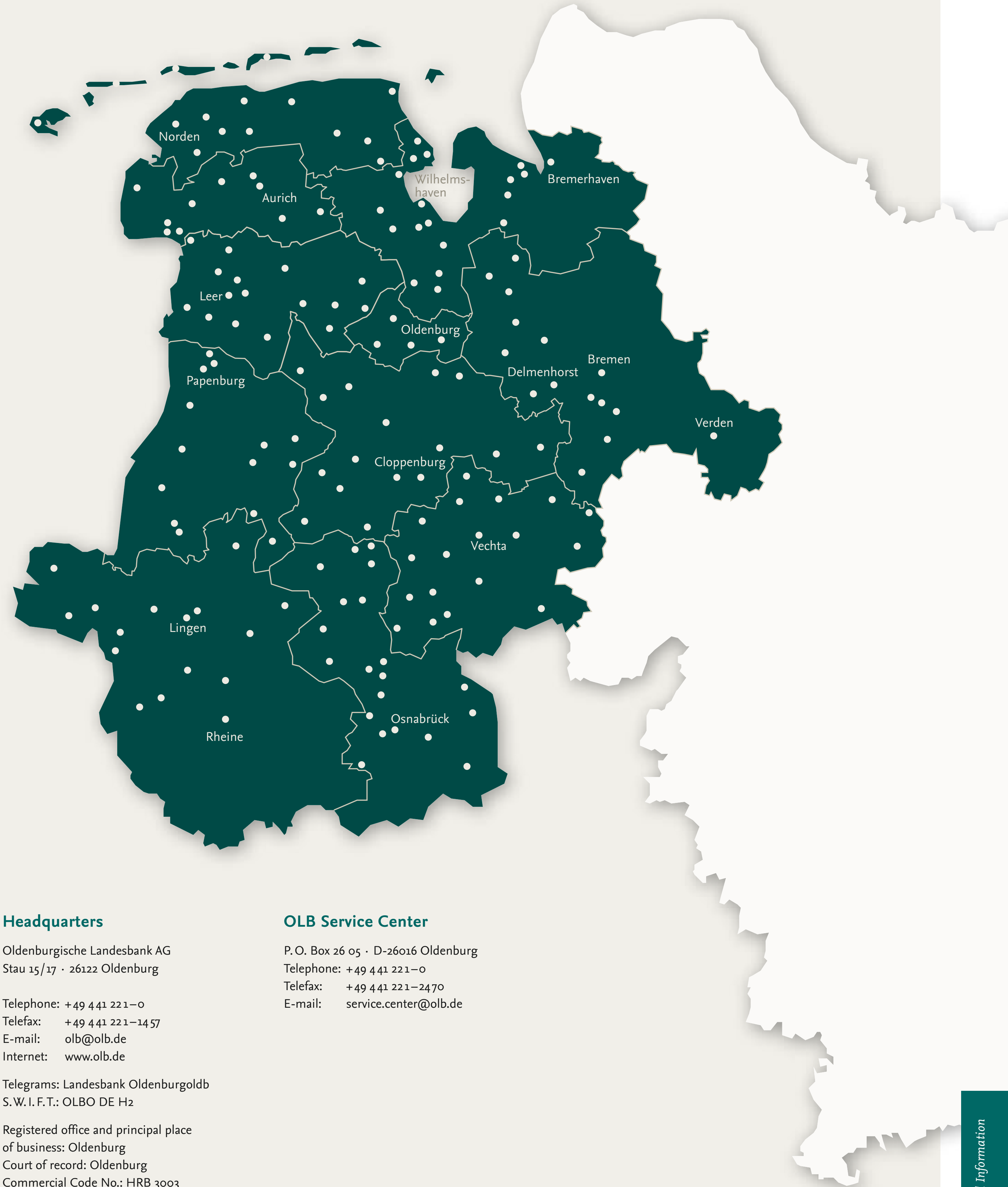
Zetel

Additional automated tellers

Bad Zwischenahn, AVIA filling station · Bösel · Eltern · Harkebrügge, AVIA station · Hohenkirchen · Jever, filling station · Lingen, Famila market · Lutten · Neulehe, bakery · Norddeich, Mole · Oldenburg, Alexanderstrasse · Oldenburg, Edewechter Landstrasse · Oldenburg, IKEA (until December 18, 2012) · Oldenburg, Scheideweg Oldenburg-Wechloy · Osnabrück, L+T market · Papenburg, Dever-Park · Rhede · Rostrup · Sedelsberg, bft filling station · Wildeshausen, Famila market · Wilhelmshaven, Bismarck Wilhelmshaven, Gökerstrasse · Wilhelmshaven, Leffers · Wilhelmshaven, Voslapp · Varel-Obenstrohe, branch (from July 1, 2012)

Effective: March 15, 2013

OLB's Business Territory



Headquarters

Oldenburgische Landesbank AG
Stau 15/17 · 26122 Oldenburg

Telephone: +49 441 221–0
Telefax: +49 441 221–1457
E-mail: olb@olb.de
Internet: www.olb.de

Telegrams: Landesbank Oldenburgoldb
S.W.I.F.T.: OLBO DE H2

Registered office and principal place of business: Oldenburg
Court of record: Oldenburg
Commercial Code No.: HRB 3003

OLB Service Center

P.O. Box 26 05 · D-26016 Oldenburg
Telephone: +49 441 221–0
Telefax: +49 441 221–2470
E-mail: service.center@olb.de

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 Refers to financial assets available for sale.

B

Backtesting 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 pric ing 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.

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.

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 (GLLP)
See Risk provisions.

Gross domestic product (GDP)
All economic output of a country within a given period.

Group Equity Incentive Plan (GEI Plan)
This OLB program for share-based compensation applied only until 2010, and was replaced by the new share-based Allianz Equity Incentive program (see p. 156 of this Glossary).

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 through profit or loss in such a way that changes in value compensate for one another.

OLB uses only the fair-value hedge accounting method.

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).

Portfolio Loan Loss Provision (PLLP) 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 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 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. Portfolio Loan Loss Provisions (PLLPs) are formed for the homogeneous credit portfolio. General Loan Loss Provisions (GLLPs) are formed for the nonhomogeneous 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 Provision (SLLP) 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.

Publisher
Oldenburgische Landesbank AG
Stau 15/17
D-26122 Oldenburg
Telephone: +49 441 221–0
Telefax: +49 441 221–1457
E-mail: olb@olb.de

Contact
Corporate Communications

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