OLB AG ANNUAL REPORT 2022

HIGHLIGHTS 2022*

Result after taxes EUR m	% increase in operating income year-on-year	Total assets EUR bn
197.7	+12.2	24.1

Return on equity post tax in %	Cost-income ratio in %	Common Equity Tier 1 capital ratio (CET1) in %
14.7	42.3	13.6

OLB

March: Finalisation of the downsizing of the Bank's network of locations to 40 branches **April:** EUR 350 million sub-benchmark covered bond issue **June:** Acquisition of a leveraged loan portfolio from NIBC Bank **June:** Partnership with the Dutch lending platform Tulp Hypotheken **September:** Agreement on the acquisition of Degussa Bank **December:** Launch of our investor relations website

*Figures calculated according to IFRS and rounded in some cases; Common Equity Tier 1 capital ratio calculated according to German Commercial Code (HGB).

	12/31/2022	12/31/2021	12/31/2020
Statement of profit and loss EUR m			
Net interest income	435.8	362.3	333.6
Net commission income	114.8	126.1	115.0
Operating income	577.8	514.9	471.8
Personnel expenses	145.8	168.9	177.5
Non-personnel expenses	73.4	84.7	78.7
Operating expenses	244.3	284.5	284.0
Risk provisioning in the lending business	44.7	11.6	57.8
Result before taxes	277.2	166.0	99.5
Result after taxes (profit)	197.7	115.3	67.8
Balance sheet EUR m			
Total assets	24,082	23,251	20,172
Tier 1 capital	1,416	1,288	1,098
Risk-weighted assets	9,363	9,539	8,659
Ratios in %			
Return on equity post tax	14.7	9.5	5.8
Cost-income ratio excl. regulatory expenses	42.3	55.2	60.2
Cost-income ratio incl. regulatory expenses	44.9	58.1	62.9
Tier 1 capital ratio	15.1	13.5	12.7
Common Equity Tier 1 capital ratio (CET1 ratio)	13.6	12.0	12.2
NPL ratio	1.5	1.9	2.7
Customer business			
Number of customers	≈ 612,000	≈ 625,000	≈ 700,000
Customer credit volume	EUR 18.0 billion	EUR 16.9 billion	EUR 15.6 billion
Total customer deposits	EUR 16.2 billion	EUR 14.1 billion	EUR 13.0 billion

Ratings			
Bank rating (issuer rating, long-term)	Baa2 outlook positive	Baa2 outlook stable	Baa2 outlook stable
Issue credit rating (mortgage-covered bonds)	Aa1	Aa1	Aa1

	12/31/2022	12/31/2021	12/31/2020
Locations			
Branches	40	53	68
of which competence centres	16	16	16
National offices	5	5	6
Self-service branches	16	56	94
Employees			
Full-time equivalent	1,275	1,648	1,777
Number	1,454	1,873	2,019

OLB – ALL FOR YOU

03

STRATEGY

We are on track for success with our business model and have significantly increased our profitability. Our strategy is underpinned by an experienced management team.

16

SUSTAINABILITY

As a financial institution, we have a key role to play in the area of sustainability. We see this as both a challenge and an opportunity.

30

OUR BUSINESS

We concentrate on two different business segments which contribute to our earnings in equal measure. We have also expanded our presence in the capital market.

38

IN A NUTSHELL

Thanks to our dynamic growth strategy, we have already significantly improved our financial indicators. And we see even further potential here.

41

FINANCIAL REPORT 2022

We are Oldenburgische Landesbank AG (or OLB for short), a universal Bank from north-west Germany embarked on a path of profitable growth. Throughout Germany and in selected neighbouring European countries, we provide competent and reliable advice and act as a financial partner for our customers.

We operate in person and via digital channels through our two renowned brands OLB Bank and Bankhaus Neelmeyer.

OLB AG

OLB BANK

BANKHAUS NEELMEYER

Our business is based on in-depth customer relationships established over a period of many years – in north-west Germany especially, but also throughout Germany and neighbouring countries. We are a partner for our clients in our Private & Business Customers business segment, and for high-net-worth customers in the field of Wealth Management through our Bankhaus Neelmeyer brand. In our Corporates & Diversified Lending business segment, we assist customers with traditional forms of Corporate Finance and in the field of Diversified Lending, which includes in particular Corporate Real Estate, Acquisition Finance and Football Finance.

We combine our local presence in north-west Germany and in selected cities across Germany with advisory services which can be accessed anywhere via digital channels. Where necessary, we are also expanding our services and offerings for our customers via partners and sales platforms.

You will find an overview of our locations on pages 6 / 7 and detailed information on our locations on pages 156 / 157.

Dynamic and on track

Successfully handling change while maintaining a confident view of the future: that has been a hallmark of our business for more than 150 years and will remain one of our strengths.

Our goals are to be there for our customers and to achieve profitable growth. But we need the right business model to achieve those objectives. Do we have the right mix for our business activities, do we offer products and services which meet our customers' requirements and do we have the appropriate technology? Which location structure and how many employees are appropriate in order to meet our customers' needs?

Financial institutions are faced with these and other strategic questions. The dynamic changes in the market environment – from customers' needs to regulatory requirements – require no less dynamic adjustments to banks' business models. We have analysed these issues and acted on our findings. We are convinced that transformation must be implemented rapidly and consistently. Only thus will we be able to realise appropriate returns and accordingly invest in growth, products and technology.

This report provides further information about how we serve our customers, our social engagement activities beyond the scope of our banking business, and much more besides.

We have successfully completed our process of transformation and will not stint in our efforts to ensure that we remain ready to face the future. Our figures confirm that we are heading in the right direction: we are among the most profitable banks in Europe.

EXPANDING OUR MARKET PRESENCE

We will continue to pursue our growth strategy with the acquisition of Degussa Bank.

A strong customer base, a digital "bank shop" and a large number of branches on partner companies' premises throughout Germany: with Degussa Bank AG's portfolio we will be able to significantly expand our business throughout Germany once this transaction is officially completed. The purchase agreement was signed in September 2022 and represented another milestone in our profitable growth strategy. We expect to close this transaction in the second half of 2023.

Customers

612,000

Previous year: 625,000

Customer credit volume EUR bn

18.0

Previous year: 16.9

Net interest margin in %

2.49

Previous year: 2.22

Non-performing loans (NPL) ratio in %

1.5

Previous year: 1.9

Risk provisioning in the lending business EUR m

44.7

Previous year: 11.6

Total customer deposits EUR bn

16.2

Previous year: 14.1

Tier 1 capital EUR bn

1.4

Previous year: 1.3

Common Equity Tier 1 capital EUR bn

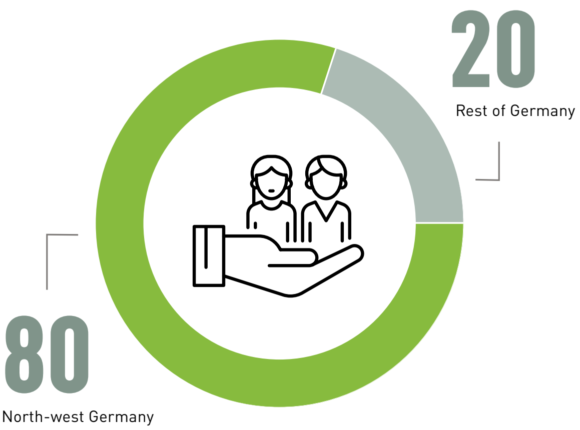
1.3

Previous year: 1.1

2022

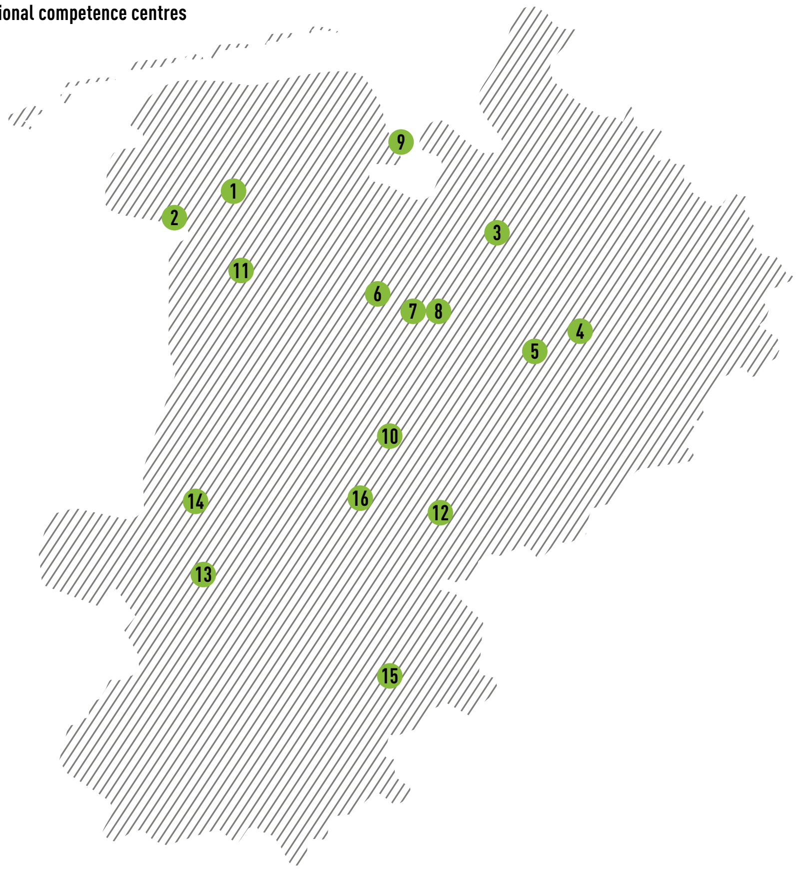
Some figures rounded.

Lending volume by region: Private and Business Customers in %



Branches in north-west Germany

Our regional competence centres



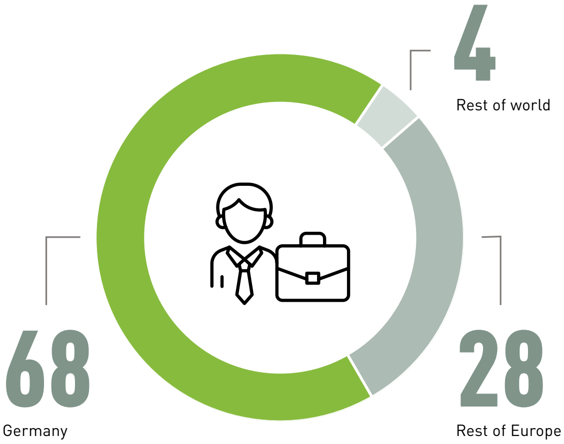
1. Aurich
2. Emden
3. Brake
4. Bremen
5. Delmenhorst
6. Bad Zwischenahn
7. Central Oldenburg
8. Oldenburg-Eversten
9. Wilhelmshaven
10. Cloppenburg
11. Leer
12. Lohne
13. Lingen
14. Meppen
15. Osnabrück
16. Quakenbrück

COMPETENCE IN NORTH-WEST GERMANY

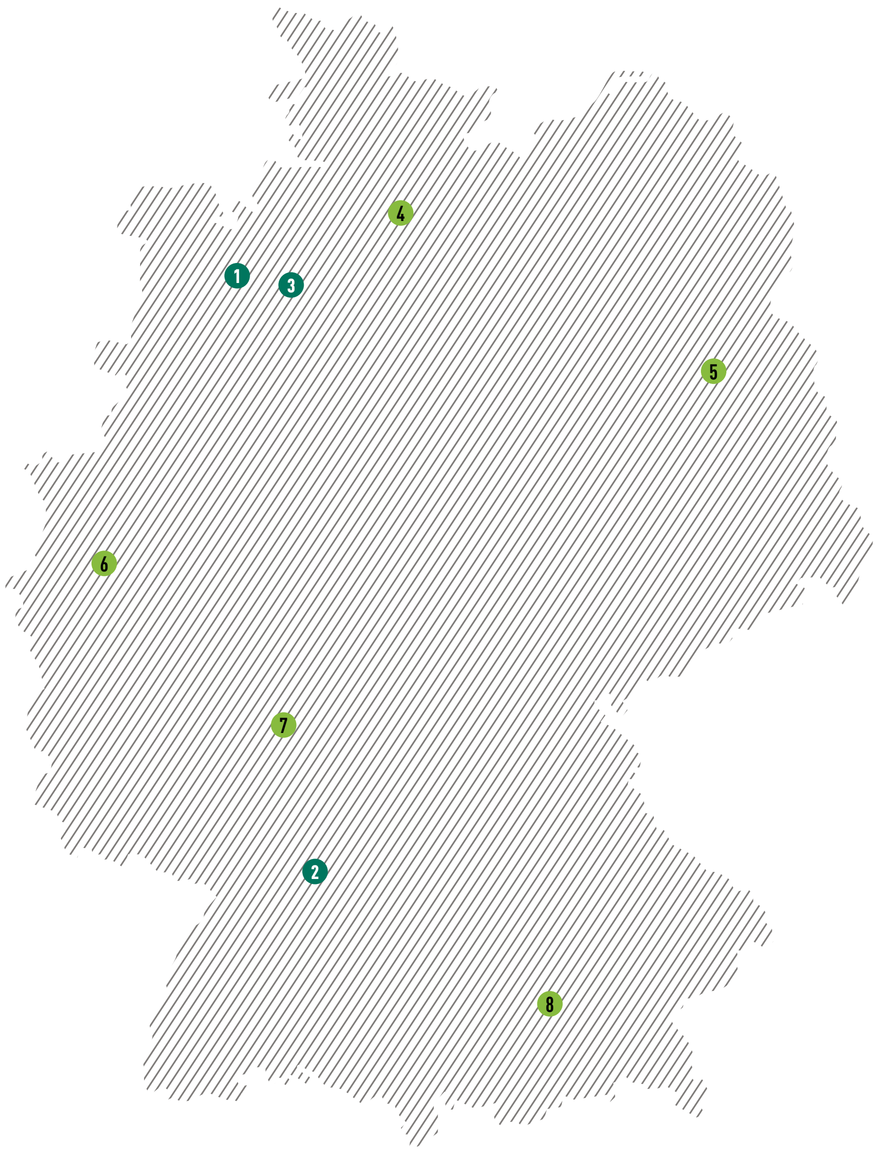
40 branches in north-west Germany, including 16 competence centres serving as anchor points for personal customer relationship management, are at the heart of our regional advisory services. This structure also serves us well from a business point of view after we optimised our network of branches over the past few years. We are also continuously developing our relationships with our customers throughout Germany via our telephone-based customer service and our attractive online offerings. We are investing a significant portion of our annual IT budget in further improvements to these digital channels, which form the backbone of our multichannel sales approach. We are also expanding our business via digital platforms and partners, above all for our core products such as consumer and investment loans and private construction financing.

National offices

Lending volume by region: Corporates & Diversified Lending in %



National offices



1. Oldenburg – headquarters of OLB Bank
2. Ludwigsburg – sales partnership location
3. Bremen – headquarters of Bankhaus Neelmeyer

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4. Hamburg
5. Berlin
6. Düsseldorf
7. Frankfurt
8. Munich

A STRONG PARTNER FOR COMPLEX PROJECTS

Oldenburg is our headquarters, from Ludwigsburg we coordinate our sales partnerships, while Bremen is the home of Bankhaus Neelmeyer. From our national branch offices, we support major companies, project developers and investors throughout Germany and neighbouring countries and assist them with the implementation of their projects. Our expertise is in demand in the fields of Acquisition Finance and Commercial Real Estate just as much as it is in areas such as wind farm finance, funds, Football Finance and international commercial activities. It is important to us to be able to realise growth opportunities in niche markets in particular through this business strategy and to operate profitably and sustainably through our focus on maintaining an appropriate risk / return profile.

You will find detailed information on our locations on pages 156 / 157.

STEFAN BARTH

Chairman of the Board of Managing Directors

Joined OLB: January 2021

We are operating at the highest level

Record earnings, stock exchange plans, growth ideas, sustainability ambitions and a highly promising outlook – an interview with OLB's CEO Stefan Barth

Hi Stefan Barth! The CEO's perspective: how was 2022?
My view of 2022 is presumably no different from that of most people. A war which caused an untold number of victims and huge suffering in Europe, a critical energy situation, high inflation and a gloomy economic outlook – and all that in a period which had previously been battered by the coronavirus pandemic: we have seen better years than 2022. We felt the effects of this. That is true of us as a company and of each of us in our personal lives.

On the other hand, if we look at our Bank's earnings trend, the *financial year 2022* → was highly successful. We have achieved a record earnings figure, and we are among the leading banks in Germany and Europe, above all in terms of key ratios such as our return on equity and our cost-income ratio.

I would therefore like to use this opportunity to once again thank our customers for the trust which they have placed in us and all of my colleagues at the Bank for their high level of expertise, their great commitment and their extraordinary loyalty!

The title of this annual report is "All for you". What's the idea behind that?
Above all, "All for you" stands for everything we achieved in 2022, and it will also accompany us as a motto in 2023.

> "OUR STRATEGIC GOALS AND PLANS ARE NOT GOING TO CHANGE: IRRESPECTIVE OF WHAT IS DECIDED REGARDING A POTENTIAL INITIAL PUBLIC OFFERING, WE WILL CONTINUE TO PURSUE OUR SUCCESSFUL GROWTH STRATEGY."
>
> **Stefan Barth**
> Chairman of the Board of Managing Directors

We were motivated by several different aspects here. Of course we want to succeed and achieve very strong financial indicators. But that can't be all there is. We have a responsibility: towards the region in which we operate; towards our customers, for whom we provide an optimal level of service; towards the companies and the business sector we support and assist; towards our team of employees, whom we offer ideal working conditions; and towards the environment, which we aim to protect.

By directly addressing the readers of this report, in its easy-going tone of voice this motto also reflects everyday working life here at our Bank, where we emphasise a relaxed and friendly atmosphere. For all of the professionalism and matter-of-factness our work requires, we nonetheless operate with flat hierarchies, and everyone is open, approachable and welcoming, right up to boardroom level.

Why is it important for OLB not only to succeed in its banking business but also to operate in a socially responsible manner?
Engagement which goes beyond the scope of our banking business is not a mere fad, it has always been important to us. This is demonstrated not least by the fact that our OLB Foundation was founded almost 30 years ago, and we can thus look back on a long history as a committed patron of social and cultural

→ *Please see the management report from p. 41 onwards for detailed information on the Bank's development in the financial year 2022.*

OLB CEO Stefan Barth is 46 years old and married, with two children.

activities in our core region of northwest Germany.

Sustainability has become much more important, especially over the past few years, and has long since been taken up as a priority at the political level. The necessary transformation of the economy, leading to greater sustainability, hinges on banks providing the funding for this. We have embarked on a clear path and are expanding our activities in a targeted fashion. In particular, in August 2022 we established a sustainability office. So the issue is both a challenge and an opportunity for us. What is clear is that we intend to set a good example. In other words, we strongly emphasise sustainable activities, sustainable management and acting as a sustainability multiplier through the advice and funding we provide for our customers.

Does that mean that you are investing in the implementation of your Environmental, Social, Governance (ESG) policy and in sustainable products in spite of your stringent cost management?
Of course. We aim to firmly establish sustainability as a new, additional aspect of our Bank's management strategy. We are employing various components here in order to reduce the ESG risks for our credit portfolio and to increase our green asset ratio, the new sustainability indicator for banks in the European Union. For instance, in the field of securities investments we are developing our own sustainable ESG fund. We are also involved in various sustainability projects. For example, we are supporting the environmental protection organisation PLANT-MY-TREE® through a climate partnership which aims to reforest mixed woodland.

Aren't all these activities incompatible with cost management?
There is no intrinsic contradiction between investing money in sustainability activities or in our customer business while acting with cost awareness. Stringent cost management is important for us as a matter of principle, in order to keep our cost base at a permanently low level and, in the current environment, to compensate for the inflation-related price increases as far as possible. But our successful development reflects not just restructuring, but also investments and growth. Our credit volume has grown considerably since 2020 and we are continuously investing in the expansion of our multichannel offering – in the past three years, we have invested a significant portion of our IT budget in the optimisation of the products and services provided via our digital channels – here alone, we are talking about investments clearly within the eight-figure range. We will also continue to invest in the future viability of our customer business, in order to provide our customers with a comprehensive offering which ensures a positive user experience via all of our channels.

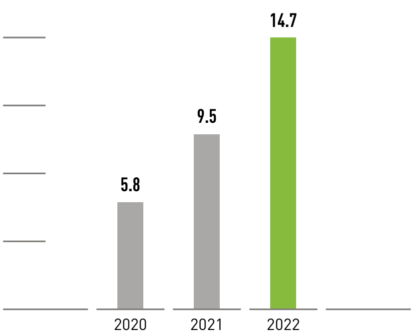
Looking at OLB's positive development, are there any areas which haven't worked out as planned and which you aim to improve in future?
Things rarely go exactly according to plan in the context of such a major process of transformation. The key point is that we aim to get better every day. Our business is performing very strongly. At the same time, some of the required changes are unfolding in a highly dynamic and rapid manner. My colleagues on the Board of Managing Directors and I are mindful of the fact that we need to convince everyone of the need for this path, which is not always easy. We want our customers and employees to understand our motivation and why we are pursuing a particular project.

To provide you with two specific examples: we have streamlined our network of locations and stepped up the importance of telephone-based communication, but we experienced some temporary difficulties with the availability of our telephone support services. We have now established a continuously high level of service here – which is essential, above all in view of our multichannel offering throughout Germany. With the changeover to our Debit Mastercard as our main card product, we have intro-

INCREASED PROFITABILITY

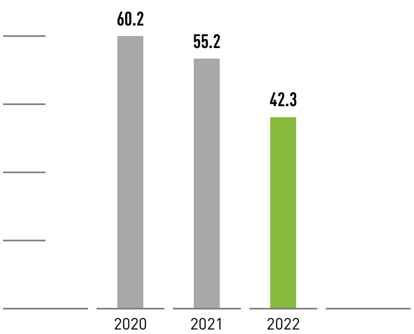
Our profitability and efficiency have considerably improved as a result of the Bank's successfully implemented strategy.

Profitability of average equity in %



Our return on equity has increased by around nine percentage points over the past three financial years.

Cost-income ratio in %



In the same period, our cost-income ratio has decreased by around 18 percentage points, and our cost base remains low.

duced an important change which our customers will benefit from. They can use our Debit Mastercard to withdraw cash at almost all banks' ATMs, free of charge – this is a great service; but we haven't yet communicated this benefit to all of our customers. We are continuing to work on that, for example.

By all accounts, one goal of yours is the Bank's initial public offering. When is that going to happen?

As things currently stand – as of March 2023 – we have fulfilled the requirements for an IPO: we are reporting according to the International Financial Reporting Standards (IFRS), our key figures are presentable and we are offering what we believe to be an attractive dividend yield. A further factor is that institutional investors increasingly consider us a reliable capital market issuer and have a high level of confidence in our performance and our outlook for the future. That demonstrates what we are capable of. However, it is our owners alone who will decide whether and, if so, when we launch our initial public offering.

Our strategic goals and plans are not going to change: irrespective of what is decided regarding a potential IPO, we will continue to pursue our successful growth strategy.

What can we expect to see from OLB in the financial year 2023?

We have a strong market position in north-west Germany, and we are gradually expanding our offering throughout Germany and neighbouring European countries. The expansion of our technological platform is a key factor for our Private Customer business. We also intend to pursue further expansion in attractive markets in the field of Diversified Lending, where we have a high level of expertise and which offer attractive margins. The planned acquisition of Degussa Bank, which we aim to complete in the second half of 2023, will support our growth strategy and further strengthen our business model in general as well as our profitability.

If we look beyond 2023 at our key figures, then our successful development permits us to raise our medium-term targets: we are aiming to achieve a cost-income ratio of 40 % or lower and a return on equity post tax of between 14 % and 16 %. This goes to show that we still have a great deal of scope for future growth and to gradually improve our profitability.

Open, approachable and friendly: the CEO and the other members of the Board of Managing Directors operate on an even footing with all of the Bank's employees.

All for you

Our management team consists of the following six members of our Board of Managing Directors with broad international experience:

1

STEFAN BARTH

Chairman of the Board of Managing Directors

Joined OLB: January 2021

2

DR RAINER POLSTER

Member of the Board of Managing Directors

Joined OLB: October 2018

3

AYTAC AYDIN

Member of the Board of Managing Directors

Joined OLB: February 2022

4

CHRIS EGGERT

Member of the Board of Managing Directors

Joined OLB: October 2008
(Bremer Kreditbank AG)

5

GIACOMO PETROBELLI

Member of the Board of Managing Directors

Joined OLB: January 2020

6

MARC AMPAW

Member of the Board of Managing Directors

Joined OLB: May 2021

A PORTRAIT OF OUR MANAGEMENT TEAM

Our six-person management team looks after the Bank's business. As well as team spirit, the members of our Board of Managing Directors have a high level of expertise, in-depth experience and a passion for banking, and complement one another highly effectively. All of the members of the Board of Managing Directors have long-term contracts with OLB. At the start of 2023, the Bank's Supervisory Board thus extended the contracts with CEO Stefan Barth and CFO Dr Rainer Polster ahead of schedule for three years, up to the end of 2026 and the end of September 2026 respectively.

In due course, our aim is for women to account for 25 % of the members of our

STEFAN BARTH

Chairman of the Board of Managing Directors

Responsibilities:
in particular, Compliance, Corporate Communications & Investor Relations, Group Strategy & Mergers and Acquisitions, Human Resources, Legal, Strategic Projects & Cost Management

Joined OLB:
January 2021
January 2021:
Chief Risk Officerw
May 2021:
Deputy Chairman of the Board of Managing Directors
September 2021:
Chairman of the Board of Managing Directors

Previous career experience:
- Bawag Group AG, Austria: Chief Risk Officer
- Hypo Alpe Adria Group AG, Austria: Head of Group Credit Risk Control
- Bayerische Landesbank, Germany: First Vice President for Risk Models & Methods

Born 1977 / married, two children

DR RAINER POLSTER

Member of the Board of Managing Directors

Responsibilities:
in particular, Finance, Controlling, Sustainability, Treasury & Markets

Joined OLB:
October 2018
October 2018:
General Manager
April 2020:
Member of the Board of Managing Directors

Previous career experience:
- Deutsche Bank AG, Austria: Supervisory Board Chairman, Chief Country Officer
- Deutsche Bank AG, Germany: Head of Financial Institutions Group Germany, Austria, Switzerland
- Deutsche Bank AG, United Kingdom: Managing Director Financial Institutions Group Europe

Born 1970 / married, three children

AYTAC AYDIN

Member of the Board of Managing Directors

Responsibilities:
in particular, Operations, Central & Digital Sales, Private Customers, Private Banking / Wealth Management, Information Technology, Marketing / Products / Business Intelligence

Joined OLB:
February 2022
February 2022:
Member of the Board of Managing Directors

Previous career experience:
- Nova KBM Bank, Slovenia: Chief Operating Officer
- CMC, Turkey: Chief Executive Officer
- Odeabank, Turkey: Chief Operating Officer
- QNB Finansbank, Turkey: Chief Operating Officer
- McKinsey & Company: Engagement Manager

Born 1977 / married, two children

Board of Managing Directors. The Supervisory Board will decide on this at the appropriate moment in time. The core tasks of the Supervisory Board are appointing members of the Board of Managing Directors and monitoring and advising it in its activities. According to the Bank's articles of association, our Supervisory Board consists of nine members. Six of them are elected from among our shareholders by the Annual General Meeting and three by our employees, in accordance with Germany's One-Third Employee Representation Act (DrittelbG). Axel Bartsch, the former chairman of the Board of Managing Directors of OLB and Bremer Kreditbank AG, serves as the Chairman of our Supervisory Board.

CHRIS EGGERT

Member of the Board of Managing Directors

Responsibilities:
in particular, Credit Risk Management, Risk Control

Joined OLB:
October 2008 (Bremer Kreditbank AG)
June 2013:
Head of Credit Risk Management
June 2022:
Member of the Board of Managing Directors

Previous career experience:
- Bremer Kreditbank AG (previously KBC Bank Deutschland AG), Germany: Head of Credit Analysis and Loan Processing
- Danske Bank A/S, Germany: Deputy Head of the Loans Department
- Berenberg Bank, Germany: Credit Analyst for Corporate Customers
- Deutsche Bank AG, Germany: Credit Adviser, Private Banking

Born 1972/married, four children

GIACOMO PETROBELLI

Member of the Board of Managing Directors

Responsibilities:
in particular, Acquisition Finance, Corporates, Football Finance

Joined OLB:
January 2020
January 2020:
General Manager
July 2022:
Member of the Board of Managing Directors

Previous career experience:
- Apollo Global Management, United Kingdom: Senior Advisor
- Bremer Kreditbank AG, Germany: Senior Advisor
- UBS Investment, United Kingdom: Head of Loan Capital Markets/Leveraged Capital Markets Europe

Born 1975/divorced, three children

MARC AMPAW

Member of the Board of Managing Directors

Responsibilities:
in particular, Commercial Real Estate, Financing Solutions, International Business, International Diversified Lending

Joined OLB:
May 2021
May 2021:
Member of the Board of Managing Directors

Previous career experience:
- Bawag P.S.K., Austria: Group Head of Germany, Structured Credit + Special Situations
- VTB Bank AG, Austria: Executive Director, Credit + Special Situations
- Morgan Stanley, USA: Associate Director Mergers & Acquisitions

Born 1979/married, three children

Climate protection right on our doorstep

25,000

As a partner of PLANT-MY-TREE®, we are supporting environment and climate protection efforts through concrete reforestation projects. PLANT-MY-TREE® started out in 2002 with the purchase of a two-hectare plot of land and the planting of 2,000 trees; today, its planting projects encompass more than 100 different sites in Germany and a number of others across Europe. On March 8, 2023, we held the ground-breaking ceremony for the reforestation of almost a hectare of woodland with 2,500 seedlings in the Gristede district of Wiefelstede, Lower Saxony. We are also participating in other planting projects with 12,500 trees in Itzehoe, Schleswig-Holstein, and 10,000 trees in Kamenjani, Serbia. Mixed woodland is being developed here while taking regional conditions in to account. Over a period of decades, the seedlings planted will provide a natural habitat for a wide range of animals, including insects. PLANT-MY-TREE® received DIN ISO 9001:2008 certification from the TÜV Rheinland certification body in 2014 and was awarded DIN ISO 9001:2015 certification in 2020.

PLANT-MY-TREE® founder Sören Brüntgens (left) likes to play an active role in the reforestation work. What started out with the planting of 2,000 trees in 2002 is today a climate protection success story.

A COMMITMENT TO SUSTAINABILITY IN A WIDE RANGE OF DIFFERENT AREAS

As a credit institution with a sense of responsibility, we promote and support sustainability projects in many different ways. A few of the projects which we assisted with in 2022 are listed below. We also supported the victims of Russia's invasion of Ukraine.

March: OLB employees raise funds for victims of the war in Ukraine. **May:** The "OLB Climate Score" app is launched in partnership with the Swedish impact tech provider Doconomy. **July:** OLB appoints Holger Sandker as our first Head of Sustainability.

→ *see the interview from p. 20 onwards*

October: The OLB Foundation calls for submissions for the 12th OLB Science Award. **December:** We sign a strategic climate protection partnership with "PLANT-MY-TREE®", thus supporting climate protection right on our doorstep.

Our ESG values

As an environmentally and socially responsible company, we are promoting sustainable investments and innovations. We are pursuing the goals clearly defined here.

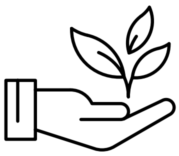
WE ARE ACCOMPANYING OUR CUSTOMERS ON THE PATH TO CLIMATE NEUTRALITY

We see the impending transformation of the economy as representing both a challenge and an opportunity. In order to accompany our customers on this path, we are gradually adding sustainability solutions to our range of advisory services and products – on the lending side and in the area of investments.

WE ARE ACTIVELY CONTRIBUTING TO CLIMATE AND ENVIRONMENTAL PROTECTION

The "GHG Protocol Corporate Standard" categorises a company's greenhouse gas emissions in terms of Scope 1, Scope 2 and Scope 3 emissions. For some years now, we have been calculating our environmental footprint, including the greenhouse gas emissions which are directly associated with our business activities (Scope 1 and Scope 2). We aim to reduce our emissions and to use resources in an environmentally aware and considerate manner. This includes reducing our volume of waste and a preference for recycling solutions.

Global responsibility



1.5 °C

The world's governments have agreed that the global rise in average temperatures is to be held well below 2 °C above pre-industrial levels and to pursue efforts to limit warming to 1.5 °C.

WE INCORPORATE SUSTAINABILITY ISSUES IN OUR GOVERNANCE STRATEGY

We define investment and lending principles in order to limit any negative sustainability impacts of lending or investment decisions. We also measure and analyse the indirect greenhouse gas emissions financed through our lending (Scope 3). As well as the effects of our own economic activities ("ESG impact"), we also evaluate the external effects of sustainability factors on the Bank. In particular, we take sustainability risks ("ESG risks") into account. We aim to reflect ESG impact and ESG risks in our business planning and pricing policy.

WE COMBINE ENTREPRENEURIAL ACTIVITY WITH SOCIAL RESPONSIBILITY

We are aware of our responsibility to society and want to be seen as a fair business partner for all of the stakeholders involved. As an employer, we establish an environment which enables *equality of opportunity and diversity* → within our company. We consider sustainability criteria in our choice of suppliers. Our code of conduct is an important aspect of our own corporate and compliance culture; upholding and respecting human rights is a matter of course for us.

WE PUBLICLY CAMPAIGN IN SUPPORT OF SUSTAINABILITY

Sustainability – above all, the transformation of the economy to achieve climate neutrality – is a task for the whole of society which everyone and every institution can play a part in. We aim to act as a sustainability multiplier in this context. We are therefore providing transparent information concerning our own sustainability efforts, promoting engagement in the area of sustainability and bringing our stakeholders on board.

The overarching aim of all of these activities is to integrate sustainability as a new, additional aspect in the Bank's management strategy.

→ *Please see p. 28 for further information.*

Paper consumption (2022 vs. 2021) in %

–23.8

Electricity from renewable energy sources in 2022 in %

100.0

Hours of advanced training completed in 2022

16,213

Waste (2022 vs. 2021) in %

–21.2

Waste recycling rate in 2022 in %

81.0

Direct and indirect carbon emissions from own business activities (2022 vs. 2021) in %

–6.6

ESG

Holger Sandker
Head of Sustainability

Economist and business administration graduate

Joined OLB: 2004;
already responsible for sustainability as Head of the Office of the Board of Managing Directors (2014 to 2022).

Born 1973 / married, three children.

“ALL FOR YOU” – OLB’S GUIDING PRINCIPLE IN THE AREA OF SUSTAINABILITY

As a member of the Association of German Banks, we support the Principles for Responsible Banking which the United Nations have developed together with 30 international banks. These serve as a framework for the banking industry worldwide, in order to achieve objectives such as the United Nations’ 17 Sustainable Development Goals (SDGs) and the targets of the Paris Climate Agreement. We have incorporated these principles in our business strategy and aim to increase the positive impacts of our business activities on people and the environment. We also want to reduce any potential negative effects of our business and to manage related risks. We work responsibly with our customers in order to promote sustainable practices and to jointly secure prosperity for current and future generations. In our annual Non-Financial Statement, we report transparently on the contributions which we are making to the implementation of these principles.

For more information, go to www.olb.de/nachhaltigkeit

Some figures rounded.

Holger Sandker
Head of Sustainability

A green light for the future

Holger Sandker is Head of Sustainability at OLB. Our sustainability office was established to ensure the central management of sustainability and related activities.

You have been Head of Sustainability since 2022. Where do you see the challenges as lying?

I think there are few areas in a Bank which offer such a wide-ranging and exciting remit. Apart from environmental aspects, the term "sustainability" also encompasses social issues and responsible governance. That is what "ESG" stands for. As the Bank's central contact for sustainability, my tasks range from monitoring the growing body of regulatory requirements relating to ESG via planning and coordinating our sustainability activities to the concrete implementation of our strategy here. ESG has an increasingly high profile, and growing commitment also means ever greater responsibility in this area. I was delighted to be appointed Head of Sustainability, since I appreciate this challenge. I really enjoy the work. It brings with it a positive feeling that you are making an important contribution to society.

How can OLB contribute to a more sustainable future?

Since the Paris Climate Agreement at the latest, climate protection has now become a key issue for politics and society. As a Bank, at first glance we belong to a "green" industry, since the environmental impact of our own business activities is relatively limited by comparison with other sectors. But if you look at our role as a lender, financial adviser and financial market participant, then the picture is less clear-cut.

Could you say a little more about that?

The investments and economic activities which our lending enables generally entail greenhouse gas emissions. On the basis of a rough calculation, these Scope 3 emissions account for around two hundred times the carbon emissions produced by our own business activities. The calculations for securities investments produce similar results. The investment and funding decisions made by financial intermediaries thus have a lever effect on the climate and the environment. For this reason, under the aegis of the European Commission an action plan for the financial sector has been developed whose objectives include realigning capital flows towards sustainable investments. Banks are playing a key role in the process of transformation leading to a sustainable economy. Our activities therefore aim to establish sustainability as an additional aspect of the Bank's management strategy.

How is the Bank proceeding here?

The development of a data set and the analysis of these data are essential for the ongoing implementation of our sustainability strategy. We are making great progress in this area. For some years now, we have kept track of our environmental footprint. We are now also regularly calculating the greenhouse gas emissions financed through our credit portfolio. And we are using a scoring model which enables us to evaluate the ESG risks associated with our lending business. We are using a special software package to classify our sustainable finance operations. This categorises economic activities according to the EU Taxonomy Regulation and enables us to correctwhen we report our green asset ratio. In our lending business, we thus have the tools to increasingly integrate sustainability issues into our governance strategy and our pricing policy. We are pursing this groundwork in a highly meticulous fashion, since reliable data are essential in order to analyse risks and opportunities, to define quantitative goals and, finally, to establish transparency.

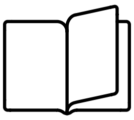
What does that mean in concrete terms?
We always look at both sides of the coin: how will our investment and financing decision affect the environment, and which external sustainability factors are we influenced by? We are thus already acting according to the “double materiality” principle which is set to become binding in future sustainability reporting from 2025.

Which opportunities does sustainability offer OLB and its customers?
The European Green Deal sets ambitious targets for a climate-neutral and environmentally-friendly business sector and will trigger a significant volume of corporate investment. This represents a major business opportunity for us as a Bank. At the same time, “dark-green” business activities such as wind turbine finance – which we have been successfully pursuing for over 30 years – will only account for a fraction of this. The key segment which will provide new income is transitional business, i.e. accompanying corporate customers on their ESG path. We offer suitable advisory services and products in this area. The careful approach which we apply in our sustainability activities in relation to our lending business also benefits our deposit customers, since a growing number of our savers place importance on how their money is used. They appreciate knowing that we assess lending on the basis of potential risks relating to environmental, ethical and social impact. In the area of securities investments, we offer our customers the option of including sustainability in their investment preferences. But our range of sustainable products is set to continue growing: in an internal project, we are currently developing our own investment products which focus particularly strongly on ESG criteria.

What are the challenges which we face here, in your view?
If sustainability becomes a new aspect of our Bank’s management strategy, then that means that it will be competing with other goals, both in itself and also from the point of view of resources. Moreover, the field of investment won’t get any easier if, with sustainability, a fourth investment criterion is added besides profitability, security and liquidity. At the same time, there is still a lot of groundwork left to do. Our work at the moment has a lot more to do with data and process modelling than you might imagine. But we are heading in the right direction, since quite a lot of our ideas are already being implemented. Yet for all the urgency which the issue of sustainability demands, we need to proceed carefully and cautiously, since our actions today are already shaping the world of tomorrow.

Number of sustainability publications

5



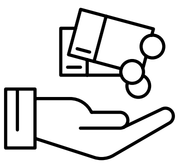
When OLB published its first sustainability report five years ago, only a few readers were interested in our non-financial disclosures. Today, some initial key data can be found alongside this interview in our annual report. Sustainability indicators will be incorporated in our management report for the financial year 2024 and will thus become a mandatory component of our annual report. This represents a huge upgrading of our sustainability activities.

Climate partnership in EUR

250,000

Within the scope of OLB’s climate partnership with the environmental protection organisation PLANT-MY-TREE®, we are providing EUR 250,000 of funding in support of reforestation of mixed woodland in Germany and Europe with a total of 25,000 seedlings.

Funding volume in EUR



700,000

Through our OLB Foundation, we have supported charitable projects relating to young people, culture, sport, social issues and science for almost 30 years. The volume of funding provided in 2022 came to around EUR 700,000.

A passion for projects

As well as our banking business, we also shoulder social responsibility. Our OLB Foundation which was founded in 1994 to mark the 125th anniversary of the Bank, plays a particularly important role here. The support which we provide for a large number of projects in the areas of culture, education, protection of the environment, social issues and sport is as diverse as the population of north-west Germany.

The projects funded by the OLB Foundation are as diverse as the landscape and culture of north-west Germany – in all of these activities, we are always working for the common good. People here are highly active: they are members of sports clubs and the local voluntary fire brigade, or they support charitable projects active in the field of culture. Through our OLB Foundation, we have long contributed to our region's social and cultural life. In 2022, the OLB Foundation provided roughly EUR 700,000 of funding for around 150 projects in the areas of children and young people, culture, social issues, sport and science. We support major events with a national profile as well as a large number of smaller projects with a charitable focus.

One such major project is the *Garden Park* in Bad Zwischenahn, which is a highlight for garden lovers and a crowd-puller: on the 185 days it was open in 2022, over 230,000 people visited the park – a new record. Thanks to our support, a large number of activities have taken place (and will continue to do so). These include "Illumination – the magic of light in the park" – a real frenzy of light in which the park takes centre stage with event lighting and creative lighting installations. These and similar projects are to be further developed. They are highly popular and include the educational initiative "School in the outdoors" which is funded by OLB. In 2022, pupils attended 183 lessons taught on 88 school days. What is more, by the end of 2025 a model park for climate protection is to be built, funded by the German government's "Adapting urban regions to climate change" programme.

A SUSTAINABILITY MULTI-VISION

The educational project *"Energy Vision 2050"* supported by our OLB Foundation has a very special green focus. The goal is to promote protection of the environment and sustainability in schools. In cooperation with the association Multivision e.V. and the German Federation for the Environment and Nature Conservation (BUND), we are helping more than 40 schools to organise multi-vision shows. The goal is to encourage pupils to actively support a sustainable transition away from fossil fuels and to face up to the challenges of climate change.

The spring of 2019 marked the start of our new environmental multi-vision event "Energy Vision 2050 – Our Climate. My Energy. Your Future". Around 500 children and young people have already seen the event.

"Illumination – the magic of light in the park" will once again offer visitors to the "Garden Park" in Bad Zwischenahn a real frenzy of light in the period from August 12 to September 13, 2023. The combination of light and art makes this event a breath-taking and emotional evening. It is made possible thanks to the support provided by the OLB Foundation.

For more information, go to www.park-der-gaerten.de/

For more information, go to www.multivision.info/projekte/evi2050/

"ALL FOR YOU" IN A WIDE RANGE OF DIFFERENT AREAS

We also provide support for the youngest members of society: our OLB Foundation has funded XXL-sized blocks of foam for the nursery "Die Arche" in Cloppenburg, enabling the children there to develop their motor skills through play. Moreover, the OLB Foundation is active in many areas of cultural and social life throughout north-west Germany. For instance, it also supports the restoration of historic buildings and monuments and finances exhibitions and events. Overall, quite a few projects – particularly those relating to the protection of the environment and nature – would not be possible without funding from our OLB Foundation – this is another aspect of the "All for you" motto of this report.

A STRONG COMMITMENT TO OUR COMMUNITY

Our OLB Foundation supports projects both large and small which benefit the local community: in 2022 alone, this ran to around 150 individual initiatives and events.

150

Set in the Ammerland parks, the 14-hectare "Garden Park" offers a fascinating insight into garden culture. Visitors can discover and experience over 90 different park sections such as themed gardens, plant ranges and nature trails.

This is a place where "culture in the garden" meets "garden culture" – and the "Garden Park" in Bad Zwischenahn is a vibrant meeting-place for young and old alike. Whether for plant hunters, people looking to brush up their knowledge, admirers of visual spectacles, music lovers or those keen to play – the events which take place in the park have something for everyone. The garden and cultural events held every year are highly appealing and captivate visitors.

A passion for science

Through our support, we are strengthening north-west Germany's profile as a centre of science and promoting trailblazing projects.

With their huge research and development potential, the universities of our core region of north-west Germany make an important contribution to preserving and developing the competitiveness of the local economy. That is why we not only provide long-term support for science in the Germany's north-west, but also ensure a close relationship between the business community and the world of science by recognising outstanding achievements through our Science Award. With EUR 22,000 of prize money, this is the largest prize awarded in the field of science in the north-west.

"North-west Germany remains on the up as a region for science. It is important to showcase outstanding scientific achievements. We are delighted to be able to provide our highly talented young researchers in north-west Germany with substantial seed money to support their future careers through our prize money," says Karin Katerbau, Chairwoman of the OLB Foundation.

THE TRADITIONAL INSTRUMENT OF MERCHANT SHIPPING LAW

The introduction of electronic bills of lading is subject to specific legal requirements. International regulations and national legislation must be complied with. In his doctorate, Dr David Saive examined the topic of electronic bills of lading.

Dr David Saive,
LL.M., Special Adviser International Trade Finance & Digitalisation at the International Chamber of Commerce (ICC) Germany

In his doctorate, Dr David Saive examined a traditional instrument of merchant shipping law, "The electronic bill of lading", which remains essential for the shipping of commodities. With his meticulous method and solid grasp of legal doctrine, he examined the legal framework for the introduction of electronic bills of lading.

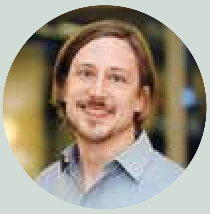
What does this prize mean to you?
The OLB Science Award and the related prize money were like start-up funding, which enabled me to market my research findings. Together with the team carrying out research into the "Tradability of physical goods by digital tokens in consortium networks" (Handelbarkeit physikalischer Güter durch digitale Token in Konsortialnetzwerken – HAPTIK), we applied for the German government's main funding programme in the area of knowledge transfer, the Federal Ministry for Economic Affairs and Climate Action's EXIST Transfer of Research scheme. Among other criteria, we were required to produce an application video for this.

What did you use the prize money for?
The prize money enabled us to hire a professional video agency which produced a great application video for us. We were thus ultimately able to convince the jury and raise an overall funding volume of around one million euros towards our further work on the digitalisation of foreign trade. That was a huge deal for us. And we wouldn't have managed it without the OLB Science Award. Many thanks!

For more information, go to https://uol.de/zri

A PIONEERING STUDY ON MERCHANTS IN THE EARLY MODERN ERA

In his doctorate in the Early Modern Department of the University of Oldenburg's Institute of History, Dr Lucas Haasis undertook the first comprehensive study worldwide into how merchants established themselves in business in the early modern period. It has considerable importance for history and, above all, for research into the merchants involved in long-distance trade in the early modern era, as forerunners of today's global economic system. Dr Haasis' study thus breaks new ground.



Dr Lucas Haasis,
Institute of History, Prize Papers Project,
University of Oldenburg

What does this prize mean to you?
Winning the OLB Science Award 2020 was a highlight of the year and of my career to date. At a key moment in my career, this prestigious prize encouraged me to continue pursuing my chosen path. The deep appreciation of my research which accompanied the OLB Science Award and which – thanks to the high profile which this prize has in north-west Germany – many people in Oldenburg, Bad Zwischenahn, Bremen and the surrounding region expressed to me alongside the jury convinced me that the ten years I had spent working on my doctorate had been worth it.

What did it mean for you to win this prize?
I have since frequently presented my book (which has now been published) to a German and international specialist audience, but also to an interested general public – in articles, interviews, lectures and on the radio. What I particularly like about the OLB prize is its interdisciplinary focus. Winning the prize demonstrated to me that my research also has a more general social and cultural relevance, outside my specialist field, and is of interest to many different people.

What sort of inspiration did you gain from talking to the jury and the other prize winners?
It was hugely stimulating to meet up with the members of the prestigious jury and the prize winners from other disciplines at the awards ceremony and to talk to one another. David Saive (who also received a first prize for his thesis) and I immediately came up with ideas for books on the similarities between trade now and in the past.

I was also highly impressed by the papers for which students won prizes. It is great to see how research already plays such an important role at an early stage in their studies and how much potential their papers have.

SIGNALLING OUR SUPPORT!

We promote cooperation and dialogue between science and the business community in our local region. Since 2000, we have thus signalled our support for north-west Germany as a centre of science.

Prize winners	No. of times awarded
80	12

Total prize money in EUR

290,000

EXCELLENT!

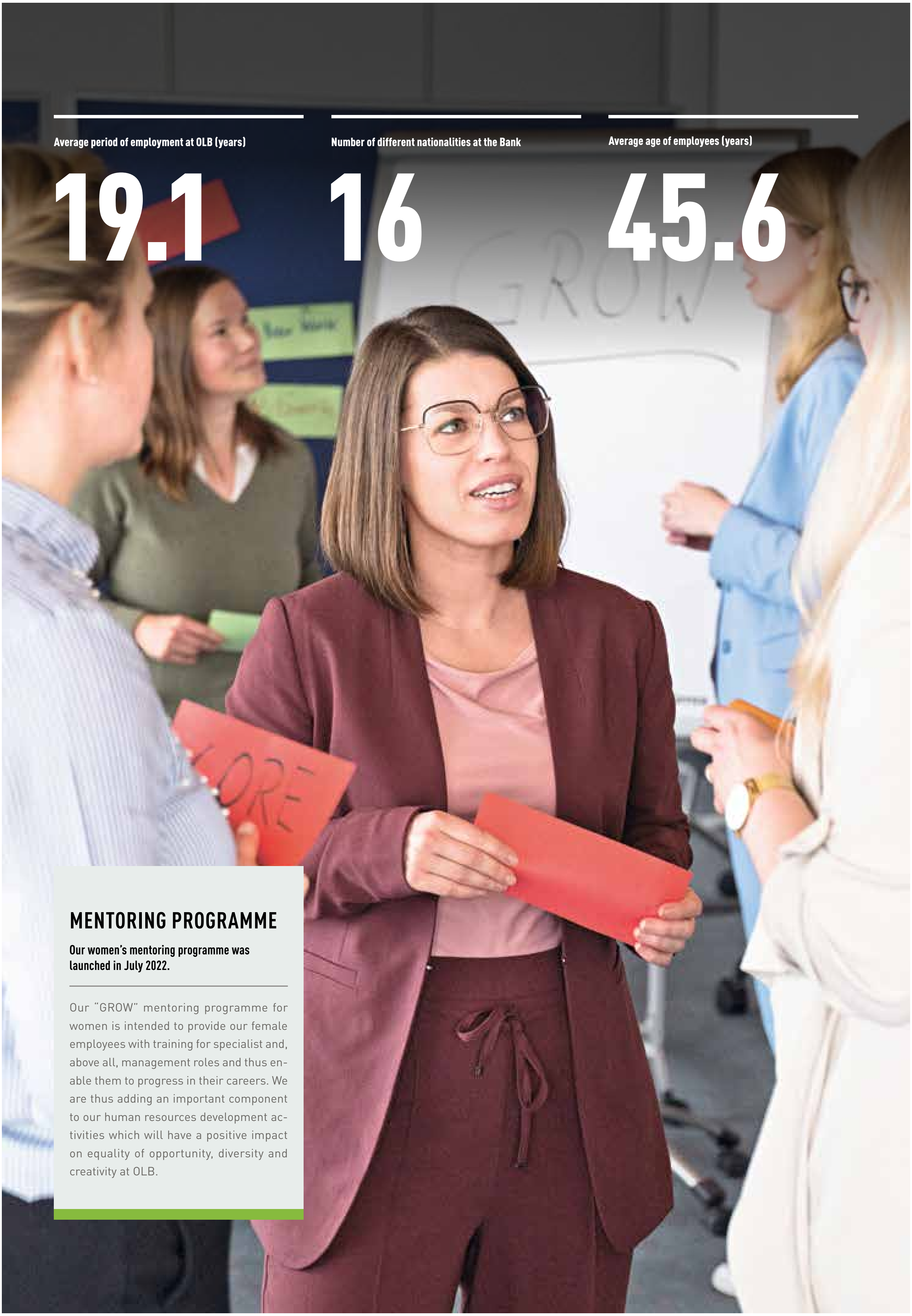
The OLB Architecture and Engineering Prize

We like to make a statement. And not just by funding science, but also through our OLB Architecture and Engineering Prize, which promotes high-quality planning and construction activities in north-west Lower Saxony. Our call for submissions in 2022 attracted entries from architects whose construction projects are of great architectural value. The jury chaired by the architect Julia Tophof awarded prizes for buildings of a particularly high standard.

The conversion of a residential and commercial building in Bremen (see photo) was awarded first prize. The jury praised its modern interpretation of the urban planning approach typical of Germany's Gründerzeit era.

Photo: Piet Niemann

For more information, go to https://uol.de/geschichte



Average period of employment at OLB (years)

19.1

Number of different nationalities at the Bank

16

Average age of employees (years)

45.6

MENTORING PROGRAMME

Our women's mentoring programme was launched in July 2022.

Our "GROW" mentoring programme for women is intended to provide our female employees with training for specialist and, above all, management roles and thus enable them to progress in their careers. We are thus adding an important component to our human resources development activities which will have a positive impact on equality of opportunity, diversity and creativity at OLB.

Our most valuable capital

As a responsible employer, we are continuously investing in our most valuable capital: our employees. We support them in various ways, including advanced training, mentoring programmes and helping them cope with the effects of the high cost of living.

We place a strong emphasis on employees who are well-trained and have the opportunity to receive further training. After all, they are the company's most valuable capital and play a key role in OLB's success. A qualified and motivated workforce is a prerequisite for successful business development.

OUTSTANDING E-LEARNING OPPORTUNITIES

We are gradually expanding our range of initial and advanced training courses to ensure that our employees continue to hone their skills: in 2022, they completed 16,213 hours of advanced training in the form of seminars, webinars and external courses. Each active employee and trainee completed around eleven hours of advanced training on average in 2022. In addition, in 2022 we added roughly 200 different e-training courses with an average completion time of 50 minutes to our range of advanced training courses which are permanently available in digital format. To maintain the high standards of our digital advanced training programme, in 2018 we launched a project with the goal of further developing our range of e-learning opportunities for our employees. It has met with a very favourable response. We received the eLearning Journal's "eLearning AWARD 2021" in the "eLearning Production" category for our successful implementation of these training courses. The jury found that we had successfully encouraged in-house production of learning content. This content is made available to our employees via our learning management system (LMS). We have emulated this success in subsequent years and have thus once again been awarded the "eLearning AWARD" in 2023 – this time, we received the award for a successful concept in the "Learned Journey" category.

We picked up a further accolade from the news magazine FOCUS. In 2022, it recognised us as a "Top national employer". Its rating exercise was carried out on the basis of an online survey between March and May 2021 as well as an analysis of employers' online assessments.

COMPENSATING FOR INFLATION

In 2022, we did everything possible to ease the burden on our employees.

The high energy and living costs are also putting pressure on our employees. We therefore supported them through a bonus to compensate for inflation. The bonus was exempt from social security contributions, and we thus made full use of the German government's relief package in order to help our employees cope with the increased living costs. In February 2023, the Bank paid all of its full-time employees an inflation allowance of EUR 3,000 which was exempt from tax and social security contributions. Part-time employees received a pro rata amount and trainees EUR 1,000. Members of the Board of Managing Directors are not included. "We are today one of the most successful and profitable banks in Germany. It is therefore only appropriate that we award our employees the highest possible bonus. In the context of the financial challenges posed by inflation and the energy crisis, we can thus go some way to allaying any fears they may have about the future," our Chairman of the Board of Managing Directors, Stefan Barth, emphasises.

Teamwork and constructive communication are essential not only in the field of human resources, but in virtually every area of work.

A MENTORING PROGRAMME FOR EMPLOYEES

We have also launched a new campaign to systematically promote our female talent. On December 31, 2021, around one third of our full-time employees and almost 90 % of our part-time employees were women. Our “GROW” women’s mentoring programme is intended to promote the development of OLB’s female employees, thus qualifying them for specialist and, above all, management roles. We are thus adding an important component to our human resources development activities which will have a positive impact on equality of opportunity, diversity and creativity at the Bank. The chair of the OLB Foundation and former OLB CFO Karin Katerbau serves as the patron of our mentoring programme, where she plays an active role and contributes her experience as a mentor. Karin Katerbau is assisted by the Board of Managing Directors members Stefan Barth, Rainer Polster and Marc Ampaw as well as selected executives with a direct reporting line.

This mentoring programme started for the first time in July 2022. It will run for a period of twelve months and is supported by the Hamburg company “kontor5”, which specialises in mentoring. As well as the management team which provides ideas and advice, the programme receives support within the Bank from OLB mentors and the

We set great store by an appropriate work-life balance which enables our employees to reconcile their work and family needs. And even during work hours, short coffee breaks are essential.

Bank's human resources team with Amira Decker, Senior Specialist People Business, and Angelika Brüggert, Group Leader Concepts & Data Management.

These experienced executives establish firm tandem relationships with potential candidates and regularly meet up to discuss issues such as interpersonal skills, networking and communication with the CEO / Board of Managing Directors. Specialist lectures and workshops in German and English as well as coaching, work shadowing and seminars complete this comprehensive project. For the first round of this scheme, together with "kontor5" our Human Resources managers have established a total of 14 tandem relationships in order to enable highly targeted and intensive mentoring of the female participants via a teamwork-based approach.

This team spirit is also reflected elsewhere: OLB regularly achieves very strong ratings as an employer on digital rating portals such as Kununu. We exceed the average rating for the banking industry in the areas of diversity, career opportunities and salary levels, our corporate culture and the atmosphere in our company. The Bank is most highly rated for its sense of unity – which demonstrates the OLB workforce's excellent team spirit.

AN OVERVIEW OF OLB'S EMPLOYEE STRUCTURE

On December 31, 2022, we had 1,454 active employees, which corresponds to 1,275 full-time positions. The average age of all of our active employees (excluding trainees) is around 46.

Active employees

1,454

Active age in years

45.6

(excluding trainees)

Employees in %

(full-time and part-time)

Trainees and interns

86

(not count in the number of active employees)

Hours of advanced training in 2022

16,213

Of our active employees, on December 31, 2022, 67 % worked full-time, 69 % of whom were men and 31 % women. 85 % of our female employees and 15 % of our male employees worked part-time. We currently have 86 trainees and interns (not included in the number of active employees).

A WELL-BALANCED BUSINESS

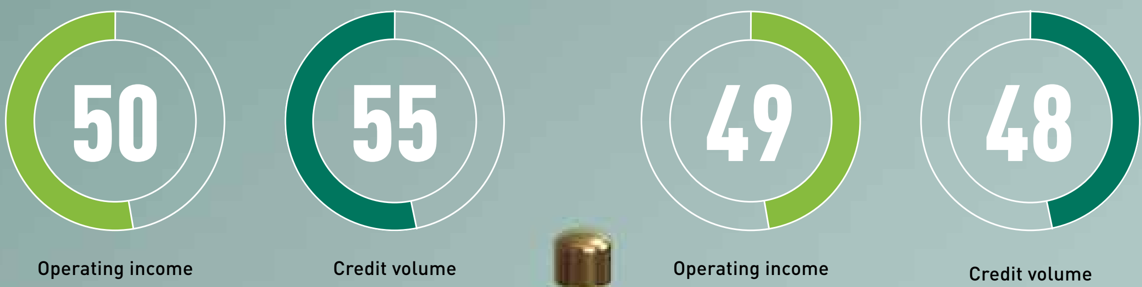
The bank's two business segments – Private & Business Customers and Corporates & Diversified Lending – make roughly equal contributions to our positive earnings trend. Not least, this reflects the fact that our business model is highly diversified and therefore has solid foundations.

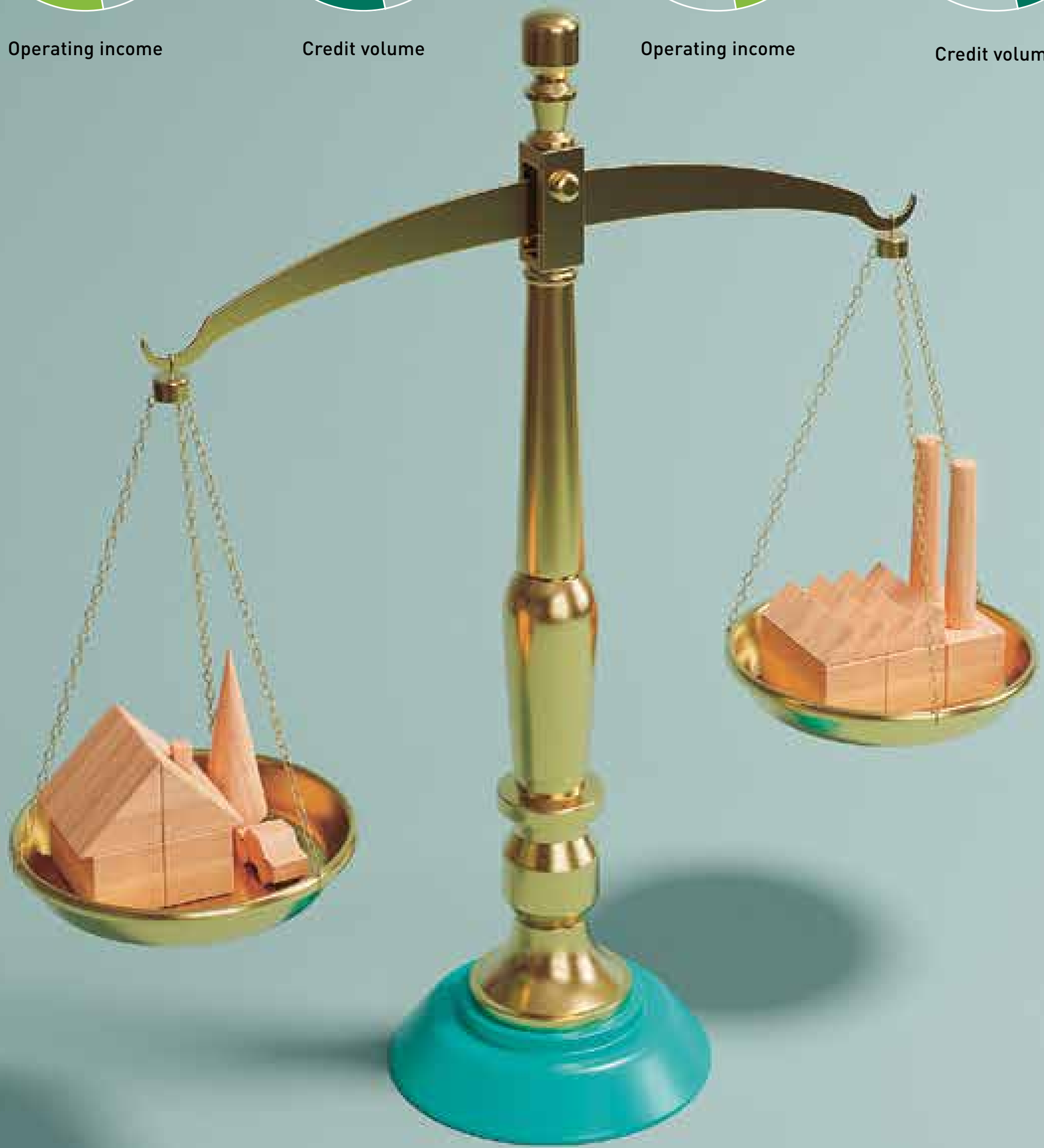
PRIVATE & BUSINESS CUSTOMERS

Shares* of OLB's overall earnings in %

CORPORATES & DIVERSIFIED LENDING

Shares* of OLB's overall earnings in %





*Additional operating income and negative credit volume from small central sales unit not shown

Rapid, flexible and proactive

The changed market environment for banks requires radical adjustments to their business models and innovative sales approaches. We have consistently pursued this path and demonstrated the possibility of achieving appropriate returns in the German financial industry.

In this market environment which is undergoing significant change, we have updated our business model with a clear view of our proven strengths in our core business region of north-west Germany as well as our expertise in the area of Diversified Lending. We focus on two well-balanced business segments which contribute to our earnings in equal measure. One strength of this business model is that we are able to achieve targeted growth in niche areas and can at least compensate for any fluctuations in any given sector by stepping up our activities elsewhere. Our positioning provides us with the advantage of being able to operate rapidly and flexibly. We emphasise a high level of efficiency and our Bank is well placed in terms of its long-term profitability by comparison with the industry as a whole.

ALL FOR YOU, OUR CUSTOMERS

Our unofficial credo is: we can do anything for our customers – except investment banking. Compared with the heavyweights of the industry, we are a fairly small Bank – but relative to the smaller institutions, we are quite large in size. In other words, we have the means and the capacity to invest in our technology and to realise transaction volumes which would certainly be too much for small, regional banks. We thus remain able to react rapidly and flexibly and to provide our customers with immediate access to optimised online processes or products and conditions. We can rely on a strong and experienced IT team and will also bring on board partners, where appropriate.

Strategically, we combine a largely standardised and increasingly digitalised offering for private and business clients with a tailored product portfolio for corporate customers and lending for complex projects.

FOR PRIVATE AND BUSINESS CLIENTS

We offer our private and business clients rapid and self-explanatory service processes which are available anywhere and around the clock – thus enabling them to complete their transactions themselves, adjust direct debits or update their personal details, for instance. At the same time, in-person advisory services are equally important

EXPERTISE IN DEMAND

In our local region, throughout Germany and internationally, our customers count on us.

As a Bank which is on a sound footing for the future, we have established very solid foundations for profitable long-term growth. In our business segments Private & Business Customers and Corporates & Diversified Lending – each of which provides a good 50 % of our earnings – we concentrate on those areas of business where our customers have a need for our high level of expertise, and we mainly operate in regions and countries which we know well.

In north-west Germany, we offer our complete range of products and have thus served as the main Bank ofmany of our private, business and corporate customers for many years, in some cases even for generations. Elsewhere in Germany, our private customers have access to our broad digital offering online, via our app and by telephone. We also serve selected corporate customers across Germany directly, in-person, via our branch offices in particular. Attractive niche markets are at the heart of our activities in neighbouring European countries. We mainly offer sophisticated specialized lending solutions here.

for our customers and us, where the need arises. Our multichannel offering precisely reflects these requirements: digital services online, via our app or by telephone – personal advice covering the full range of financial issues at one of our competence centres in particular or branches, or by telephone Here, or video chat.

No matter whether a customer contacts us online, over the telephone, at a competence centre or at a branch – it is important to us that our customers have access to the same offerings, data and services via all of these channels. We are continuously working on this and making further investments in enhancing our Bank's customer experience.

"WE ARE CONTINUING TO INVEST IN OUR MULTI-CHANNEL OFFERING. IT IS IMPORTANT TO US THAT OUR CUSTOMERS HAVE ACCESS TO THE SAME OFFERINGS ONLINE, OVER THE TELEPHONE, AT A COMPETENCE CENTRE OR IN ONE OF OUR BRANCHES."

Stefan Barth,
Chairman of the Board of Managing Directors

As well as our branches, our 16 competence centres are available to provide high-quality advice. Our clients can get in touch here with their customer relationship managers, who have often known them for many years, and likewise with specialists in the fields of investments, securities business, private construction financing and real estate as well as old-age provision and insurance.

Besides our digital availability throughout Germany online and over the telephone, our offering is also supplemented by various partnerships and digital platforms, such as agents representing Wüstenrot & Württembergische, Allianz Versicherung or Check24, Europace and the Dutch mortgage platform Tulp.

Our Debit Mastercard is what is known in banking jargon as a "top-of-the-wallet product", i.e. a premium card which provides customers with many different useful services.

FOR CORPORATE AND INSTITUTIONAL CLIENTS

In our Corporates & Diversified Lending business segment, we support small and medium-sized enterprises, investors, project developers and football clubs in relation to issues such as funding forward-looking investments or business expansion. Our expertise covers finance for an investor taking a capital stake in a company just as much as the realisation of a commercial building complex. And we will also be there as a financing partner for a football club looking to transfer a player or if a banking consortium is being put together for an international project.

Our customers benefit from our specialists' many years of experience and their detailed knowledge of industries and markets. Strategically, it is important for us in this business segment to exploit growth opportunities in niche markets especially and to strongly emphasise the risk / return profile. We operate in areas of business which we understand and where our customers require our expertise. For example, we have pursued this approach in funding player transfers by football clubs in the top European leagues since 2019: the market is growing, it is possible to obtain a clear view of the risks and the returns are attractive.

In addition to organic growth in areas such as acquisition finance and football finance, we are also open to inorganic growth by means of suitable acquisitions. In 2022, we purchased a portion of the Netherlands' NIBC Bank's solid portfolio of leveraged loans. We mainly focus on loans to medium-sized companies owned by private equity firms which are based in Germany. This type of acquisition is another factor which strengthens our profitable growth strategy.

AN ACQUISITION FINANCE LEADER

A nationally and internationally recognised lender

In the area of Acquisition Finance especially, we are a leading lender in Germany and among the top 3 in the Benelux union (assessment by Houlihan Lokey MidCap Monitor, spring 2022). We are also in demand as a partner in the field of company takeovers in Austria and Switzerland.

EXPERTISE AND FINANCIAL STRENGTH

In our Corporates & Diversified Lending business segment, it is not just expertise but also financial strength which counts, since this segment involves significantly larger tickets than our Private & Business Customers business segment.

Total number of customers in our Corporates & Diversified Lending segment (approx.)

~5,300

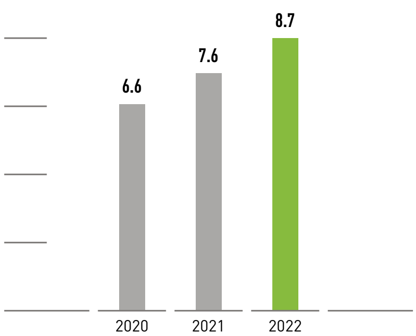
Average lending volume in individual areas of our Corporates & Diversified Lending segment EUR m

≥10
- Businesses
- Football Finance
- Shipping
- Wind Power

≥25
- Commercial Real Estate
- Funds Finance
- Acquisition Finance

≥40
- Internationally Diversified Finance

Lending growth in the Corporates & Diversified Lending segment EUR bn:



The hallmarks of our Corporates & Diversified Lending segment include strong lending growth.

DR RAINER POLSTER

Chief Financial Officer

Joined OLB: October 2018

In a nutshell: Very good development

In his role as CFO, he keeps track of the Bank's financial position and developments on the capital market as well as the broad range of sustainability-related issues – an interview with Dr Rainer Polster.

Hello Rainer, at the start of this report our CEO Stefan talks about a highly successful financial year with a record earnings figure and financial indicators which put OLB in the top flight of banks not just in Germany, but throughout Europe. What do you have to add as the Bank's CFO?
First of all, as the CFO I would also like to emphasise Stefan Barth's comments regarding the interpretation of our figures: after taxes we have achieved a really great result of EUR 198 million, which reflects the progress which OLB has made. And with our strong financial figures such as our return on equity post tax of 14.7 % and our cost-income ratio of 42.3 % we are definitely in the top group of European banks.

Our capital resources and our level of liquidity are also very comfortable. We have increased our Tier 1 capital and our capital ratios. We have now achieved the buffer of more than half a billion euros which is the minimum capital requirement for prudential purposes. With these solid foundations, we will be able to further expand our capital market operations and achieve an even broader funding base. We will thus establish a long-term basis for our profitable growth strategy.

What does your funding base now look like?
We can rely on a strong volume of deposits which is mainly generated by our core business region of north-west Germany. This continues to represent the core element of our funding strategy. While the capital market naturally plays a very important role for us as an issuer, we benefit from the fact that we are only dependent on developments on the capital market to a limited extent. We have a balanced financial position. Receivables from and liabilities to customers are evenly poised. Investors, analysts and independent rating agencies such as Moody's appreciate that. One of our strategic goals for the next few years is thus very clearly to maintain our high customer funding ratio.

At the same time, you are expanding your capital market operations through covered bonds and other bonds. Why?
We are keen to exploit the opportunity to broaden our funding base via money and capital market transactions where it makes sense to do so. Accordingly, our strategy is and will remain adopting a broad and diversified position on the capital market. For instance, in April 2022 we launched a EUR 350 million covered bond as a sub-benchmark issue once again, while at the start of the new financial year, in January 2023, we issued our first senior preferred bond with an overall volume of EUR 400 million. We have thus achieved a further milestone in our capital market presence.

What sort of response did you get from investors to this debut?
We met with a very favourable response. We were delighted with the high level of interest from investors who are closely monitoring our development. We were able to spread our senior preferred bond widely among more than 70 investors – we placed around two thirds of the EUR 400 million overall bond volume internationally and one third in Germany. Two aspects are particularly worthy of mention: on the one hand, we are demonstrating to institutional investors that we are a reliable and regular issuer. On the other, investors and

analysts are signalling their high level of confidence in our performance and our outlook for the future.

"INTERNATIONAL INVESTORS AND ANALYSTS ARE SIGNALLING THEIR HIGH LEVEL OF CONFIDENCE IN OUR PERFORMANCE AND OUR OUTLOOK FOR THE FUTURE."

Dr Rainer Polster,
Chief Financial Officer

OLB CFO Rainer Polster is 53 years old and married, with three children.

Sustainability is an increasingly important issue influencing the performance and outlook of every business sector, including the financial sector. We outline our approach to ESG in this report. The CFO has responsibility for sustainability issues on OLB's Board of Managing Directors.

That's right. Alongside my colleagues on the Board of Managing Directors and our Head of Sustainability, I have the lead role on this issue. Sustainability is not just a matter for the future, it is very much one which is also crucial in the here and now. Every industry and each one of us can and must play a role in ensuring that we achieve the key climate objectives.

The fact that responsibility for this rests with me ultimately also makes sense given that ESG strategies, ESG policies and, above all, ESG ratings have become hugely important on the capital market and are set to become even more so.

How should OLB position itself in response to this development?

We are highly committed to integrating sustainability issues as a core aspect of our business strategy. And that doesn't end with the roughly EUR 600 million which we have on our loan book for wind turbine financing. That is just the beginning. Beyond our sustainability-influenced range of products and advisory services and our commitment to further reducing our own carbon emissions, we are also a sustainability multiplier and a committed patron of sustainability projects. In March 2023, our Bank received its first neutral, unsolicited ESG rating. This type of ESG rating is already seen as state-of-the-art on the capital market and is thus a precondition for various activities.

OLB aims to consistently achieve European best-in-class yields. You are seeking to further improve the Bank's financial indicators. How will you manage that?

We have raised our *targets* for our return on equity post tax from the previous level of between 13 % and 15 % to the current range of 14 % to 16 %, while we are aiming to achieve a cost-income ratio of 40 % or lower. And all that on the basis of a Common Equity Tier 1 capital ratio significantly above 12.25 %.

SUCCESSFUL DEBUT FOR SENIOR BOND

The new financial year 2023 gets off to a good start with the placement of a senior preferred bond.

In late January 2023, we successfully placed on the capital market our first senior preferred bond and thus further diversified our funding base. This three-year bond with a volume of EUR 400 million met with a very strong response from German and international investors. Moody's awarded this issue a Baa2 rating (positive outlook).

Please see the report on anticipated developments, opportunities and risk from p. 61 onwards for information on the Bank's business outlook.

We are highly confident that we will be able to achieve these goals in due course, not least because the financial year 2022 provided us with a tail wind and demonstrated what OLB is capable of. It is important to realise here that 2022 was the first full financial year in which we operated in the context of our now completed strategic transformation. In other words, after OLB, Bremer Kreditbank AG, Bankhaus Neelmeyer AG and Wüstenrot Bank AG Pfandbriefbank joined forces over the past few years and the related mergers were completed, after we downsized our network of locations in our local region and throughout Germany as well as our workforce, and after we reorganised our sales activities into two business segments with an expanded multichannel approach – after all that, 2022 was the first year in which we operated in line with our vision for the modern OLB.

We are now planning to add Degussa Bank as well, which is highly attractive to us from a balance-sheet perspective and, in view of the turnaround in interest rates, on the strength of its roughly five billion euros of customer deposits alone. With this outlook, our development in general and, above all, our profit for the year in 2022 demonstrate how strongly we are positioned, to put it succinctly. Moreover, we still have a lot of scope for organic growth and thus also further potential to increase our earnings. All of that will underpin the improvement in our financial indicators. And that doesn't even include possible inorganic growth opportunities.

OUR CAPITAL MARKET OPERATIONS

We are a regular issuer on the capital market – and this trend is set to continue.

2018
The German Federal Financial Supervisory Authority (BaFin*) awards us a covered bond licence.

Feb. 2019
After 150 years of OLB, we issue our first covered bond on the capital market – the initial volume: EUR 100 million.

Oct. 2019
Moody's awards us a "Baa2 – outlook stable" issuer rating.

Mar. 2021
We issue a covered bond as a sub-benchmark issue for the first time – volume: EUR 350 million.

Jul. 2021
We place our first issue with EUR 100 million of regulatory capital with external investors.

Apr. 2022
A second sub-benchmark issue follows – volume: EUR 350 million.

Jan. 2023
We place our first senior preferred bond – volume: EUR 400 million.

≥2023
Watch this space!

*Bundesanstalt für Finanzdienstleistungsaufsicht

QUESTIONS AND ANSWERS IN A NUTSHELL

Founded more than 150 years ago – ready for the future

We were established in 1869 as a private joint stock Bank with three directors and a messenger. We soon returned our licence to print banknotes and instead opened branches in order to pursue customer business. Since then, we have grown in every single financial year. Whether now or in the past – our business is characterised by continuous development. This also represents the foundation for our future success.

#01 What do you see as the factors shaping OLB's successful development? **#02** Which values are important to OLB? **#03** In which business segments does OLB operate? **#04** "All for you": what does OLB do for its customers? **#05** What does OLB do for its shareholders? **#06** What does OLB do for its employees?**#07** What does OLB do for society? **#08** What does the OLB Foundation stand for? **#09** How does OLB ensure sustainable foundations for its successful development? **#10** What are OLB's medium-term strategic goals?

#01 We have always benefited from rising to new challenges and from our ability to proactively and rapidly adjust our services and workflows; whether it was developing branch operations instead of printing banknotes in our early days, or the current expansion of the multichannel offering which today's customers demand. Changes such as these require adjustments to our business model and innovative sales approaches. We have consistently pursued this path and demonstrated the possibility of achieving returns in the German financial industry which are presentable in an international context, while continuing to focus on providing competent advice and support for our customers.

See pages 4/5.

#02 Our brands, our market presence and our goals have continuously evolved over the course of our history of more than 150 years – but our values have remained the same: our activities are guided above all by honesty, pragmatism and reliability. We see ourselves as a competent partner, we operate on an even footing with our customers and we are their first point of contact for financial issues especially.

See p. 3.

#03 We serve our customers through two business segments: Private & Business Customers and Corporates & Diversified Lending. What does that entail? We assist Private and Business Customers throughout Germany through our OLB Bank brand and high-net-worth customers in the field of Wealth Management through our Bankhaus Neelmeyer brand. We are also in demand as specialists in Germany and other countries who provide support for companies and advise on diversified areas of lending such as Commercial Real Estate, Acquisition Finance and Football Finance.

See pages 6/7.

#04 We making things possible for our customers: with our advisory expertise, our loans, our investment opportunities and our financial backing which enables projects. For example, we assist our customers with investments in home ownership, holistic asset management or old-age provision, entrepreneurial growth, commercial real estate or acquisition finance – always with the goal of ensuring that they are able to realise their ideas in a sound and effective manner.

See p. 30 onwards.

#05 We pursue a prudent, sustainable management approach. Above all, we deliver sound earnings and high returns. We have had an impressive growth story over the past few years and offer an attractive outlook for many institutional investors. It is not just the rating agency Moody's which has repeatedly awarded us an investment-grade rating with a positive outlook for our capital market activities.

See p. 9 onwards / p. 35 onwards.

#06 We have been repeatedly awarded the "Top employer" seal of approval. We have also won prizes in the area of human resources, for instance, for our digital initial and advanced training programme. Above all, the Bank is a reliable and socially minded employer for all of its employees. Apart from salary structures which are generally based on collective pay agreements, we also offer a very attractive work-life balance and, for those interested, outstanding development opportunities.

See p. 26 onwards.

#07 We are a modern financial institution with customers throughout Germany and in some neighbouring European countries, but whose heart very clearly beats in north-west Germany. We take our entrepreneurial and social responsibility in this region very seriously and have provided support here for many years – via OLB and, above all, through our OLB Foundation (see question #8). Beyond that, in general our Bank acts sustainably in relation to our own banking business, society and the environment. We are guided here, inter alia, by the Principles for Responsible Banking, the UN Sustainable Development Goals and the Paris Climate Agreement.

See p. 18 onwards.

#08 The OLB Foundation stands for broad-based support which benefits major events with a national profile just as much as a large number of smaller projects with an innovative and charitable focus. The funding which it provides focuses on the areas of young people and culture, but the OLB Foundation also supports initiatives in the areas of social issues, sport and science either via funding or through its own internal projects. In the context of the bank's long-established tradition of promoting the development of its core business region in north-west Germany beyond the scope of its banking business, the OLB Foundation was founded in 1994 to mark OLB's 125th anniversary. Since then, the OLB Foundation has served as the home of the Bank's social engagement activities. In 2022 alone, the OLB Foundation supported around 150 projects in north-west Germany with an overall volume of around EUR 700,000.

See p. 22 onwards.

#09 We have already identified answers to a series of basic issues which the industry as a whole is concerned with and have implemented appropriate measures here: this includes topics such as our business model, our network of locations and the size of our workforce. Our management is always ready to adjust the Bank's strategy where necessary.

We expect our acquisition of Degussa Bank to receive official approval in the second half of 2023. We will further strengthen our business model and our profitability through this acquisition. Degussa Bank's regional retail client focus on the industrial and economic centres of western and southern Germany complements our core presence in north-west Germany. Moreover, we will supplement our offering throughout Germany with Degussa Bank's innovative digital "Bank shop" and its range of services as Germany's only "worksite" Bank for partner companies. The costs and earnings synergies will significantly boost our shareholder value.

See p. 9 onwards.

#10 Our primary goal is provide our customers with competent and reliable advice and to be easily accessible via all of our channels, while offering products and services which meet our customers' needs. We aim to be a top employer for our employees and a committed supporter of social issues.

In terms of our future development, we aim to achieve financial indicators which consistently represent European best-in-class yields. We are confident of our ability in the medium term to achieve a cost-income ratio of 40 % or lower and a return on equity post tax of between 14 % to 16 %, on the basis of a Common Equity Tier 1 capital ratio significantly above 12.25 %.

See p. 35 onwards.

LOOKING AHEAD TO THE FUTURE

For our financial indicators we have the following medium-term goals, which we have upwardly adjusted in view of our successful development.

Return on equity post tax in %

14–16

Our goal is a return on equity post tax of between 14 % and 16 % (previously: 13 % to 15 %).

Tier 1 capital ratio in %

>12.25

Our management aims to ensure a stable footing for the bank, with a Common Equity Tier 1 capital ratio significantly above 12.25 %.

Cost-income ratio in %

We are aiming to achieve a cost-income ratio of 40 % or lower (previously: around 40 %).

≤40

For the purpose of its performance indicators-based forecast, OLB envisages a performance within a specific range. In case of adverse conditions, the outlook may be negatively affected by risk factors which relate, in particular, to the uncertain geopolitical situation and its possible impact on the economic picture. *Please refer to the report on anticipated developments, opportunities and risk from p. 61 onwards.*

GROUP MANAGEMENT REPORT

REPORT OF THE SUPERVISORY BOARD

ABOUT THE COMPANY

Oldenburgische Landesbank AG (OLB) is a financial institution which is rooted in northern Germany and which serves its customers throughout Germany through its OLB Bank and Bankhaus Neelmeyer (BHN) brands. OLB pursues a multichannel approach in its business with private and business clients – which includes business with small and medium-sized enterprises (SMEs) in its local region – and combines its regional branch associations with a nationwide digital presence. In its larger-volume corporate clients segment, OLB operates throughout Germany and, selectively, in other European countries as well. In the area of export financing, it is active worldwide. Moreover, OLB exploits growth opportunities in a targeted fashion in specific areas of finance judged to have an attractive risk / return profile, such as Acquisition Finance and Commercial Real Estate Finance. The Bank has many long-term customer relationships and a credit portfolio which is diversified in terms of volumes and sectors. Its capital resources comprise almost EUR 1.3 billion of Common Equity Tier 1 capital.

OLB's ownership structure has undergone some changes by comparison with the annual financial statements for 2021. On the one hand, OLB's Annual General Meeting held on April 29, 2022, resolved to increase the Company's share capital by EUR 6,002,263.52 from EUR 90,468,571.80 to EUR 96,470,835.32 by issuing 1,271,666 new bearer no-par shares in return for cash contributions. MPP S. à r. l. (MPP), a limited liability company (société à responsabilité limitée) under the law of the Grand Duchy of Luxembourg, seated in Luxembourg, business address: 15, Boulevard F.W. Raiffeisen, L - 2411 Luxembourg, was established as the sole subscriber of these new shares. This capital increase was implemented in order to incentivise the core management team who were able to purchase shares in OLB via MPP. On the other hand, on October 1, 2022, a convertible bond with a nominal value of TEUR 343 was converted into shares in accordance with its terms of conversion. MPuffer Invest GmbH, Meerbusch, received 247,603 no-par shares within the scope of this conversion. In preparation for a share split, MPP S. à. r. l. implemented a further capital increase in the amount of EUR 4.68, issuing a new share. Following the implementation of this measure, the notional nominal value per no-par share was EUR 2.00. Overall, MPP and MPuffer Invest GmbH hold 6.13 % of the share capital. As in the previous year, the remaining 93.87 % of OLB's share capital is held by shareholders that are associated with the Teacher Retirement System of Texas, Apollo Global Management and Grovepoint Investment Management. These shareholders are mutually independent and each of them holds a stake of under 40 %, so that none of them controls OLB under corporate law. The Bank is the sole shareholder in QuantFS GmbH, Hamburg, a provider of implementation and monitoring services for structured financing, securitisations and factoring programmes. The Bank also holds the shares in OLB Service GmbH, Oldenburg, which is a shelf company that does not have any business operations. The Bank continues to use two compartments of Weser Funding S. A. in order to improve its opportunities for the procurement of liquidity, by securitising portions of its credit portfolio. A separate asset pool administered by Allianz Pensionsfonds AG is classifiable as another special-purpose vehicle subsidiary under commercial law. The majority of the Bank's pension obligations, and the cover funds allocated to fulfil these obligations, have been transferred to it.

Following the listing on the regulated market of a covered bond issued in March 2021, OLB is now a capital market-oriented company within the meaning of Sec. 264d of the German Commercial Code (HGB). In the context of the growing significance of the capital market for the Bank's funding, on December 31, 2021, OLB prepared voluntary IFRS consolidated financial statements. The compartments of Weser Funding S.A. were incorporated in the basis of consolidation (OLB Group) within the scope of this first-time application of the International Financial Reporting Standards (IFRS). Even though there was no legal obligation to prepare consolidated financial statements for the financial year 2022, OLB is continuing its voluntary Group reporting in 2022.

For management purposes, the Bank divides up its business activities by business segments, in terms of its target customers, products and services as well as from a procedural and settlement point of view. Within the framework of a further concentration of its business model, the Bank has adjusted the format of its business segments relative to the previous year, 2021, and reduced them to two segments.

Since January 1, 2022, business with private customers and regional small and medium-sized enterprises (SMEs) has been allocated to the Private & Business Customers (PBC) segment. OLB offers these clients competent advisory and support services via its centrally managed network of branches and its Central & Digital Sales (CDS) department. At the same time, customers are also able to directly access products and services via online and mobile banking channels. OLB thus combines a branch presence in its Weser-Ems core business area with the offering of a digital bank active throughout Germany, together with distribution partners and brokerage business. The Bank's offering concentrates on current accounts and credit cards, online banking and mobile banking (via its OLB banking app), instalment loans, private construction financing and private investments. In addition, the Bank offers insurance brokering and assistance with private real estate purchases and sales. The Bank operates under the Neelmeyer brand in the area of Private Banking & Wealth Management.

Since the start of the financial year 2022, higher-volume corporate business including Football Finance and the fields of Acquisition Finance including Fund Finance, International Diversified Lending and Commercial Real Estate have been combined in the Corporates & Diversified Lending (CDL) segment. This business segment is supplemented by Wind Power Finance. The Bank's offering in these areas is characterised by an individually tailored profile, larger individual transactions and the commitment of an increased volume of resources to advisory processes and servicing.

The Bank's level of success in achieving its strategic objectives is assessed by means of key performance indicators (KPIs) on the basis of a target / actual comparison. The key performance indicators are reported to the Board of Managing Directors on a monthly basis; this reporting includes an annotated presentation of the key current developments and areas of action. Early identification of deviations from projected figures at the whole Bank level and within the Bank's strategic business segments ensures that the Board of Managing Directors can immediately decide on controlling measures within the scope of OLB's business activities. The choice of KPIs for the whole Bank level is influenced by the general financial management goal of achieving an appropriate return while managing risk exposure at all times. The KPIs cover all of the necessary perspectives and relevant frameworks and therefore incorporate business and financial indicators as well as regulatory parameters.

The following financial performance indicators are particularly significant, independently of the financial reporting standard: the Tier 1 capital ratio [1], the risk coverage ratio [2] and the liquidity coverage ratio [3] (LCR), as a key figure documenting the Bank's solvency. Since the introduction of its external IFRS reporting, the Bank has exclusively used the performance indicators based on these international financial accounting standards in order to monitor its financial performance indicators, including its return on equity post tax [4] and its cost-income ratio [5].

OLB operates with a long-term and sustainable focus. This is true both of its banking business and its view of social and environmental issues. Sustainability is a strategic factor throughout the Bank. In accordance with its business strategy, the Bank is therefore guided in its business activities, inter alia, by the United Nations' Principles for Responsible Banking. In the reporting year, a new "Head of Sustainability" function was established in order to reflect the growing importance of the field of sustainability and to provide central management of the Bank's related activities. As well as strengthening associated structures and processes, in particular some basic concepts were introduced for the assessment of environmental and climate risks. OLB issues a separate report (nonfinancial report) in this area. This report will be published by April 30, 2023, at *http://www.olb.de/sustainability*.

1 Ratio of Tier 1 capital to risk-weighted assets

2 Ratio of available risk coverage to risk capital requirement

3 Ratio of holdings of highly liquid assets to expected cash outflows in the next 30 days

4 Ratio of result after taxes to average on-balance-sheet equity

5 Ratio of operating expenses to operating income

REPORT ON ECONOMIC CONDITIONS

ECONOMIC FRAMEWORK CONDITIONS AND OUTLOOK

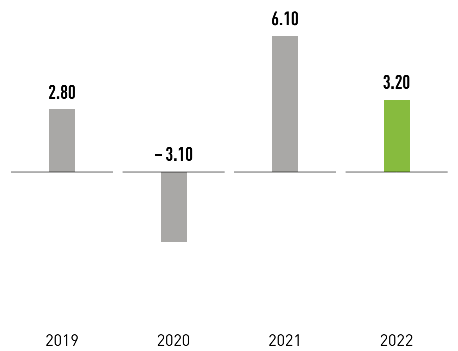
The global economy 01 has experienced a significant slowdown since the start of 2022. Compared with the prior-year growth rate of 6.0 %, the International Monetary Fund is provisionally forecasting a declining level of global economic output, with a growth rate of 3.2 % in 2022 and 2.7 % in 2023. This economic slowdown is affecting both manufacturing industry and market services, and industrialised nations and emerging markets alike. While the effects of the coronavirus pandemic have diminished in most countries, its ongoing waves are continuing to have an adverse effect on economic activity, in China especially. In the period of highly drastic restrictions which the Chinese government imposed in order to curb the waves of the pandemic in many of the country's regions, China's economic output in the second quarter fell by a strong 2.6 %.

High inflation rates have led the US and many other central banks to take decisive steps to tighten monetary policy. The Federal Reserve raised the US key interest rate at seven meetings in 2022. By the end of the year, it fluctuated in a range between 4.25 % and 4.50 %. In July 2022, the ECB likewise implemented a turnaround in its monetary policy with its first interest-rate hike in over a decade.

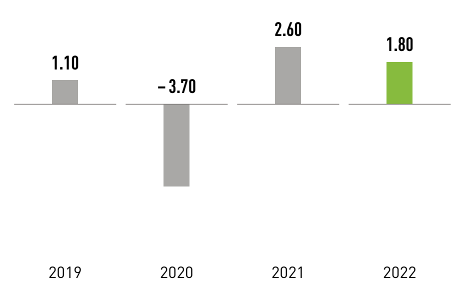
Consumer prices in the Eurozone reached a record level in 2022. The key factors are the expansionary monetary and fiscal policy of previous years and the passed-on inflation effects for commodities and primary products as a result of supply chain disruptions. The outbreak of the Russia-Ukraine war in February 2022 and the western sanctions imposed on Russia resulted in a further rise in prices of energy commodities. While in the Eurozone market services still benefited in the spring from the removal of most of the measures which had been introduced to tackle the pandemic, by the summer the pressures associated with the strong price rises were increasingly evident.

The German economy is suffering due to the huge supply shocks described above. The worsening labour shortage is also having a negative impact on the production of goods and provision of services in virtually all areas of the economy. At the same time, the level of demand remains strong. To be sure, incoming orders for manufacturing industry gradually declined at the end of 2022. However, German companies' order books remain full and output thus increased slightly through the end of the reporting period. Private consumption also expanded up to the late summer. The depletion of excess

DEVELOPMENT OF WORLD ECONOMY in % 01 | PAGE 44



GROSS DOMESTIC PRODUCT TREND IN GERMANY, ADJUSTED FOR PRICE CHANGES in % 02 | PAGE 45



savings accrued due to coronavirus and broad-based fiscal relief packages counteracted the inflation-related loss of purchasing power. According to provisional calculations by the leading economic research institutes, the rate of price-adjusted gross domestic product 02 growth is 1.8 %, compared to an increase of 2.6 % in the previous year.

GROSS DOMESTIC PRODUCT in %

1.8

Price-adjusted gross domestic product rose by 1.8 per cent in Germany.

INTEREST-RATE TREND

In the past year, all-time high inflation rates in the Eurozone compelled the European Central Bank (ECB) to adopt a restrictive monetary policy. In July 2022, the ECB implemented a turnaround in its monetary policy with its first interest-rate rise in over a decade of continuously low interest rates. Following a total of four interest rate moves in 2022, with effect as of December 21, 2022, its interest rate on the main refinancing operations is now 2.50 %, its marginal lending facility is at 2.75 % and its deposit facility is at 2.00 %.

The ECB only ended its net purchases within the scope of its Pandemic Emergency Purchase Programme (PEPP) and its Asset Purchase Programme (APP) at the end of the first quarter and at the end of the second quarter of 2022 respectively. Since this time, the ECB's securities holdings have changed only marginally. The ECB's Governing Council reserves the right to continue to invest the principal payments from maturing securities purchased under the APP. The APP portfolio will subsequently decline at a measured and predictable pace. For the PEPP, the ECB's Governing Council intends to reinvest the principal payments from maturing securities purchased under the programme until at least the end of 2024.

Interest rates on the loan and capital markets have reacted strongly in line with the tightening of monetary policy. Yields on ten-year German government bonds rose by around 200 basis points from the start of 2022 and were at approximately 2.0 % at the end of November 2022. Current yields on German corporate bonds rose even more strongly. In October they reached their highest level since 2009, with an average rate of 4.9 %, but have subsequently fallen again slightly. With a short delay, the trend has also been reflected on the capital markets. In the period up to late October 2022, interest rates for corporate loans rose to 2.9 % and interest rates for construction financing to 3.3 %. This corresponds to increases of approximately 160 and 190 basis points relative to the start of the year.

Due to the high inflation outlook, the ECB's Governing Council assumes that key interest rates will still have to rise significantly at a steady pace to reach levels that are sufficiently restrictive to ensure a timely return of inflation to the 2 % medium-term target.

BANKING SECTOR

Following the strong improvement in German credit institutions' earnings situation in 2021 by comparison with the previous year, in 2022 the banking market was faced with a challenging business environment. In particular, the effects of Russia's war of aggression against Ukraine have subsequently adversely affected the macroeconomic trend in Germany and worldwide. This increases the probability of loan defaults, both for non-financial companies and for private households. This might put pressure on the earnings situation of German credit institutions due to factors such as the need to establish new or increased risk provisions for lending business.

The stress test conducted by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin) and the Deutsche Bundesbank for small and medium-sized banks (Less Significant Institutions, LSI) demonstrates that, while current and past difficulties are making demands on the banks, they remain containable as things currently are. The environment of increased interest rates as a result of the significantly higher inflation rates and future inflation expectations might put pressure on German banks' earnings situation. The banks and savings banks are generally cautious in their planning, according to the LSI stress test and a survey which was carried out at the same time.

German institutions' earnings situations are likely to continue to be shaped by structural changes. As well as ongoing investments in digitalisation, climate-related investments increasingly pose a challenge. While the ECB's climate stress test has demonstrated that the transformation risks are likely to be containable for the German banks, overall the banks need to look at climate risks more closely. It remains to be seen to what extent climate-related investments will also offer growth opportunities for banks.

NET ASSETS AND FINANCIAL POSITION

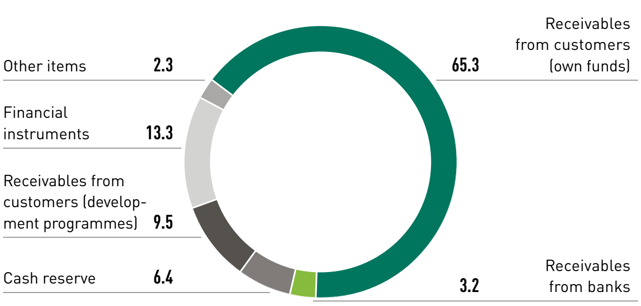
EUR m	12/31/2022	12/31/2021	Changes	Changes (%)
Cash reserve	1,529.8	2,154.2	– 624.5	– 29.0
Trading portfolio assets	108.5	82.2	26.2	31.9
Positive fair values of derivative hedging instruments	17.9	24.3	– 6.4	– 26.3
Receivables from banks	775.2	970.0	– 194.8	– 20.1
Receivables from customers	18,008.9	16,943.1	1,065.8	6.3
Financial assets of the non-trading portfolio	3,087.3	2,676.6	410.7	15.3
Tangible fixed assets	60.5	68.3	– 7.8	– 11.5
Intangible assets	31.0	29.9	1.1	3.6
Other assets	357.2	229.3	127.9	55.8
Income tax assets	0.0	0.0	—	—
Deferred tax assets	104.7	73.2	31.5	43.1
Non-current assets held for sale	0.7	0.2	0.5	> 100.0
Total assets	**24,081.6**	**23,251.4**	**830.2**	**3.6**
Trading portfolio liabilities	161.2	55.3	105.8	> 100.0
Negative fair values of derivative hedging instruments	9.4	15.4	– 5.9	– 38.6
Liabilities to banks	5,075.3	6,872.3	– 1,797.0	– 26.1
Liabilities to customers	16,192.5	14,073.5	2,119.1	15.1
Securitised liabilities	706.9	379.1	327.9	86.5
Subordinated debt	161.9	166.5	– 4.7	– 2.8
Income tax liabilities	44.8	19.1	25.8	> 100.0
Provisions	129.0	232.9	– 103.9	– 44.6
Other liabilities	83.1	81.7	1.4	1.7
Equity	**1,517.4**	**1,355.6**	**161.8**	**11.9**
Total equity and liabilities	**24,081.6**	**23,251.4**	**830.2**	**3.6**

This 3.6 % balance sheet growth 03 – 04 year-on-year was once again mainly due to customer lending business growth of approximately EUR 1.1 billion on the assets side of the balance sheet, followed by a EUR 0.4 billion increase in financial assets of the non-trading portfolio to EUR 3.1 billion. Despite the increased significance of the capital market for raising of funds, via covered bonds in particular, customer deposits remained the main source of funding.

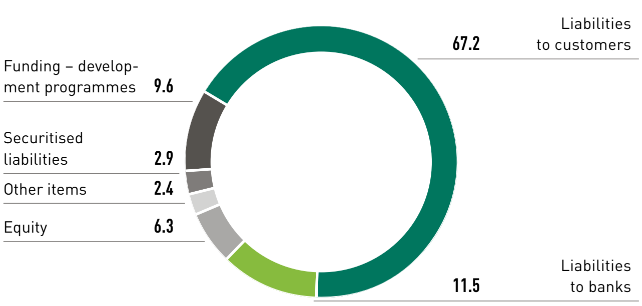
CREDIT VOLUME

EUR m	12/31/2022	12/31/2021	Changes	Changes (%)
Gross receivables from customers	18,193.9	17,099.3	1,094.6	6.4
thereof non-performing receivables	273.3	318.1	– 44.8	– 14.1
Loan loss provision (LLP) for receivables from customers	184.9	156.2	28.7	18.4
thereof general loan loss provision (stage 1 / stage 2)	79.5	63.2	16.2	25.6
thereof specific loan loss provision (stage 3)	105.5	93.0	12.5	13.4
Loan volume	**18,008.9**	**16,943.1**	**1,065.8**	**6.3**
Proportion of non-performing receivables ("NPL ratio")	1.5 %	1.9 %	k. A.	k. A.
Collateral assigned to non-performing receivables	109.1	151.2	– 42.1	– 27.8
Coverage ratio of non-performing receivables including collateral ("Coverage ratio")	78.5 %	76.8 %	k. A.	k. A.
Coverage ratio of non-performing receivables excluding collateral ("Coverage ratio excl. collateral")	38.6 %	29.2 %	k. A.	k. A.

BALANCE SHEET STRUCTURE: ASSETS in % 03 | PAGE 48



BALANCE SHEET STRUCTURE: EQUITY AND LIABILITIES in % 04 | PAGE 48



OLB continued to pursue its growth strategy for its lending business in 2022. The Bank achieved significant lending growth in both of its business segments. In the Corporates & Diversified Lending segment, the acquisition of an existing leveraged loan portfolio from the Dutch NBC bank with a nominal volume of EUR 250 million further contributed to the growth. The growth in its Private & Business Customers segment was mainly driven by a further increase in private construction financing 05. However, the significant rise in interest rates caused demand in this area to drop off in the second half of the year. As a result of the slowdown in the economic environment in the second half of 2022, the Bank's management decided to reduce the pace of growth in the Corporates & Diversified Lending segment. Nonetheless, despite selective lending and heightened collateral requirements very strong growth in terms of the credit volume was achieved in this business segment too over the year as a whole. Overall, the loan volume[6] in the financial year 2022 increased by 6.3 % to EUR 18.0 billion (previous year: EUR 16.9 billion).

CREDIT VOLUME EUR bn

18.0

PY 16.9

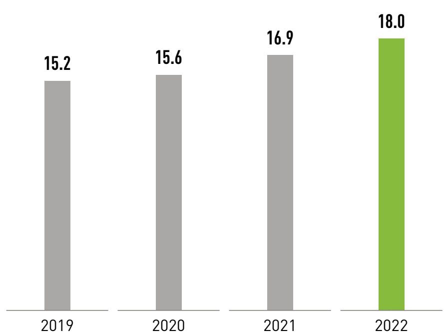
OLB has increased its credit volume by 6.3 % to EUR 18.0 billion.

6 Receivables from customers gross - risk provision for customer business

The risk provisioning trend in 2022 was influenced by two one-off factors:

- At the end of 2021, an additional risk provision had been established to cover potential special risks resulting from the coronavirus pandemic, in the amount of EUR 17.3 million. The coronavirus pandemic did not result in a lasting deterioration in OLB's credit risk in 2022, so that the reason for establishing this risk provision no longer applies. The Bank has fully reversed this additional risk provision and thus reduced the net expense for risk provisioning for 2022 accordingly.
- The risks associated with the economic outlook have increased as a result of the Russia-Ukraine war. The huge rise in energy and consumer prices as well as interest rates is putting considerable pressure on private households and on companies. From OLB's point of view, the effects of the rise in energy prices can only be taken into account indirectly and subject to a time lag, and therefore cannot be adequately taken into account in the model used by OLB for the calculation of general risk provision and the underlying macroeconomic parameters. For this reason, the Bank has implemented a post-model adjustment (PMA) for its risk provision as of December 31st, 2022, in which the individual effects on specific areas of the economy have been analysed and transformed into estimated changes to default probabilities. The default probabilities thus calculated have been applied to the Stage 1 and 2 model-based risk provisioning amounts, in order to calculate the extent of the post-model adjustment on the basis of the resulting changes in the expected losses. Overall, an additional risk provision has thus been established in the amount of EUR 15.9 million.

CUSTOMER CREDIT VOLUME EUR bn 05 | PAGE 49



Non-performing customer receivables as a proportion of the customer loan volume ("NPL ratio") decreased to 1.5 % in the reporting year (previous year: 1.9 %) as a result of the significant lending growth and the decrease in the balance-sheet volume of non-performing loans due to write-downs of receivables and changes to the economic circumstances of individual borrowers.

NPL RATIO in %

1.5

PY 1.9

The proportion of nonperforming receivables within the total portfolio fell to 1.5 percent as of December, 31, 2022.

ON-BALANCE-SHEET EQUITY

The Bank's main shareholders once again significantly strengthened OLB's on-balance-sheet equity through the retention of an amount of EUR 46.2 million out of its 2021 net retained profits. The Bank's balance-sheet equity has increased by a further EUR 7.0 million due to the capital increase described in section I and the conversion of a bond. Including the current net retained profits for 2022, the Bank's equity was at EUR 1,517.4 million 11.9 % higher than in the previous year.

REGULATORY CAPITAL (SEC. 10 OF THE GERMAN BANKING ACT [KWG] IN CONJUNCTION WITH ART. 25 – 88 CRR)

The regulatory Common Equity Tier 1 capital calculated in accordance with the German Commercial Code is mainly comprised of equity capital on the balance sheet, taking into account regulatory deductions of EUR 15.0 million. The Bank has made use of the option to claim EUR 110.0 million – most of its net profit for the first six months of the year – as Common Equity Tier 1 capital over the course of the year, on the basis of Article 26 (2) CRR. Overall, Tier 1 capital 06 thus amounted to EUR 1,416.4 million (previous year: EUR 1,287.8 million) as of December 31, 2022.

TIER 1 CAPITAL EUR m

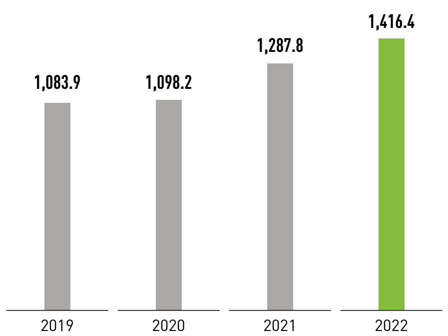
1,416

PY 1,288

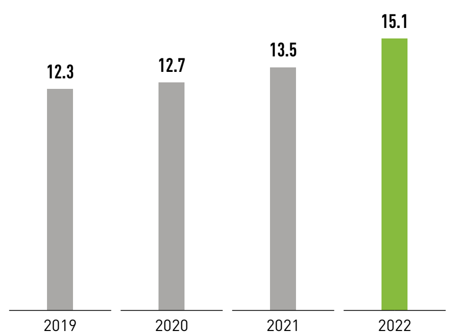
OLB's Tier 1 capital thus amounted to EUR 1,416.4 million as of December 31, 2022.

Eligible Tier 2 capital mainly consists of subordinated debt. Despite the decline in eligible borrowings due to the reduced inclusion of funds with a remaining term of less than five years due to regulatory requirements, Tier 2 capital has increased year-on-year from EUR 125.6 million to EUR 141.0 million. Via an "allowance offset" – i. e., the comparison of expected losses with the impairments actually recognised – the significantly increased volume of risk provision resulted in a surplus which is counted towards Tier 2 capital and thus caused this increase.

TIER 1 CAPITAL EUR m 06 | PAGE 50



TIER 1 CAPITAL RATIO in % 07 | PAGE 51



EUR m	12/31/2022	12/31/2021	Changes	Changes (%)
Common Equity Tier 1 capital	**1,275.2**	**1,146.2**	**129.0**	**11.3**
Additional Tier 1 capital (AT1)	141.2	141.6	– 0.4	– 0.3
Tier 1 capital	1,416.4	1,287.8	128.6	10.0
Tier 2 capital	141.0	125.6	15.4	12.2
Share capital and reserves	**1,557.4**	**1,413.4**	**144.0**	**10.2**
Risk assets for counterparty risks	8,542.0	8,745.9	– 203.9	– 2.3
Risk assets for market price risks	—	—	—	k. A.
Risk assets for operational risks	820.8	793.0	27.8	3.5
Risk assets	**9,362.8**	**9,538.9**	**– 176.0**	**– 1.8**

%	12/31/2022	12/31/2021
Common Equity Tier 1 capital ratio	13.6	12.0
Tier 1 capital ratio	15.1	13.5
Aggregate capital ratio	16.6	14.8

Despite the strong growth in lending business, risk assets for counterparty risks declined slightly by 2.3 % on the previous year to EUR 8,542.0 million. As part of its active risk management, the Bank has taken various measures to counter the increase in risk assets for counterparty risks resulting from lending growth, e. g. increased collateralisation. In addition, the granting of regulatory approval February 1, 2022, to apply the FIRB approach for the "Banks" and "Corporates" customer classes resulted in a further RWA improvement of approximately EUR 470 million. Overall, risk assets thus declined by 1.8 % from EUR 9,538.9 million in the previous year to EUR 9,362.8 million. The Tier 1 capital 07 ratio increased year-on-year to 15.1 % in connection with the 10.0 % increase in Tier 1 capital.

TIER 1 CAPITAL RATIO in %

15.1

PY 13.5

Overall, risk assets thus declined by 1.8 % from EUR 9,538.9 million in the previous year to EUR 9,362.8 million. The Tier 1 capital ratio increased year-on-year to 15.1 % in connection with the 10 % increase in Tier 1 capital.

The institution-specific premium to be met within the scope of the supervisory review and evaluation process (SREP), was unchanged at one percentage point for OLB as of December 31, 2022, based on the assessment of its risk management procedures and its risk situation by BaFin. The Tier 1 capital ratio as of December 31, 2022, thus remained considerably higher than the regulatory minimum level of 9.3 % required for OLB, which results from the statutory minimum core capital ratio of 8.5 %, the pro rata SREP surcharge of 0.75 % and the institution-specific countercyclical capital buffer of 5bp.

LIQUIDITY AND FINANCIAL ASSETS OF THE NON-TRADING PORTFOLIO

As of the reporting date, OLB maintained a non-trading financial assets portfolio of EUR 3.1 billion by way of a liquidity reserve and as collateral for its participation in the ECB's TLTRO programme. The 15.3 % increase year-on-year (EUR 2.7 billion) is mainly attributable to the restructuring of surplus liquidity from cash holdings and central bank balances to highly liquid securities as a result of the higher interest rate level. The portfolio mainly consists of investment-grade covered bonds and government bonds.

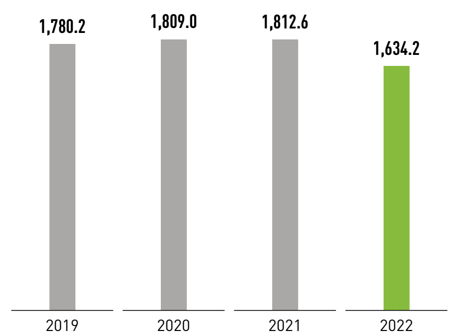
OLB manages its liquidity position with the goal of safeguarding the Bank's solvency at all times, even in the event of a sudden crisis on the financial markets. As well as internal management instruments based on funding matrices and the net stable funding ratio (NSFR) which is relevant for regulatory purposes, the regulatory key performance indicator liquidity coverage ratio (LCR) represents the primary key financial performance indicator for the Bank's liquidity management. The regulatory minimum LCR value of 100 % and internal liquidity risk limits were regularly reviewed and complied with in the financial year 2022.

To cover its liquidity requirements for its customer lending business, the Bank continued to avail itself of the option of securitising a portion of its credit portfolio by means of two compartments of Weser Funding S.A. Since the Bank continues to bear the economic risk resulting from these loans, it has continued to report the loans in question as loan receivables. It also holds the ABS securities (senior, mezzanine and junior tranches) issued by the special purpose vehicles in its own portfolio. However, they have been consolidated as part of the consolidated financial statements. The senior tranches are used as securities collateral for the purpose of raising liquidity via the ECB.

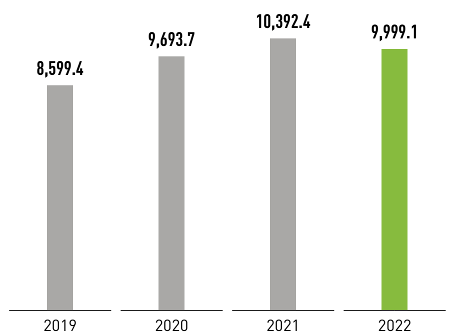
DEPOSITS AND BORROWED FUNDS

The Bank has refinanced its lending growth by means of significant growth in its customer deposits 11 (15.1 %) to EUR 16.2 billion. A supportive factor was that in April 2022 OLB was one of the first banks in Germany to more or less waive the collection of custodian fees in its private clients business, by granting high exemption limits. In addition, following an initial issue in March in the previous year in April 2022 OLB once again placed on the market a bearer covered bond with a volume of EUR 350 million, as a so-called sub-benchmark issue (issue volume of less than EUR 500 million).

CUSTOMER SAVING DEPOSITS EUR m 08 | PAGE 53



CUSTOMER DEMAND DEPOSITS EUR m 09 | PAGE 53



In the context of the significantly higher interest-rate level, OLB is again increasingly offering its customers fixed-term deposits with a positive interest rate of between 0.65 % and 2.65 %, depending on the term. This has resulted in a growing volume of restructuring from demand deposits 08 – 10 to term deposits.

VOLUME OF CUSTOMER DEPOSITS EUR bn

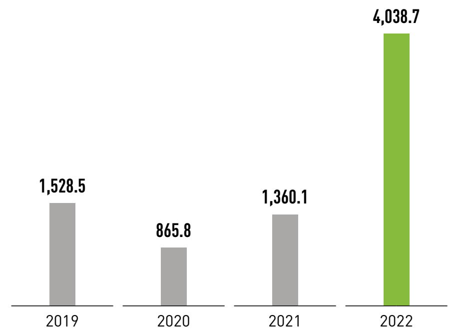
16.2

PY 14.1

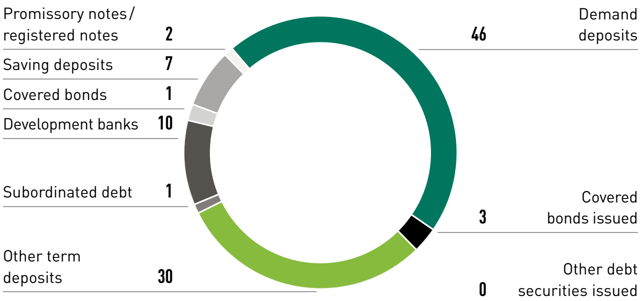
OLB has increased its volume of customer deposits by 15.1 % to EUR 16.2 billion.

EUR m	12/31/2022	12/31/2021	Changes	Changes (%)
Demand deposits	101.7	346.2	– 244.5	– 70.6
Development banks	2,315.7	2,667.1	– 351.4	– 13.2
Promissory notes / registered notes	23.2	23.2	—	—
Covered bonds	65.5	88.6	– 23.0	– 26.0
Other term deposits	2,569.2	3,747.3	– 1,178.1	– 31.4
Liabilities to banks (AC)	**5,075.3**	**6,872.3**	**– 1,797.0**	**– 26.1**
Demand deposits	9,999.1	10,392.4	– 393.3	– 3.8
Promissory notes / registered notes	403.4	414.3	– 10.8	– 2.6
Covered bonds	117.1	94.0	23.0	24.5
Other term deposits	4,038.7	1,360.1	2,678.7	>100.0
Saving deposits	1,634.2	1,812.6	– 178.5	– 9.8
Liabilities to customers (AC)	**16,192.5**	**14,073.5**	**2,119.1**	**15.1**
Covered bonds issued	699.5	348.9	350.6	>100.0
Other debt securities issued	7.4	30.1	– 22.7	– 75.4
Securitised liabilities (AC)	**706.9**	**379.1**	**327.9**	**86.5**
Convertible bonds (tier 1)	16.7	17.0	– 0.3	– 1.9
Debt instruments (tier 2)	14.0	14.6	– 0.6	– 4.0
Promissory note loans (tier 2)	128.1	131.5	– 3.5	– 2.6
Customer deposits (tier 2)	3.1	3.4	– 0.3	– 8.1
Subordinated Debt	**161.9**	**166.5**	**– 4.7**	**– 2.8**
Total deposits and borrowed funds	**22,136.6**	**21,491.4**	**645.2**	**3.0**

CUSTOMER TERM DEPOSITS EUR m 10 | PAGE 53



DEPOSITS AND BORROWED FUNDS in % 11 | PAGE 52



RESULTS OF OPERATIONS

In the past financial year 2022, through the Bank's restructuring of its segments and the completion of its reorganisation of its network of locations and its central functions OLB achieved the key milestones in the process of transformation which it had begun in 2018. The realisation of the Bank's target structure was reflected, above all, in a significant improvement in cost structures. The positive net interest income trend was driven by the increase in the earnings contribution from lending business and by an increased contribution margin from deposit business. OLB's results of operations were also positively influenced in the reporting year by an additional one-off effect due to compensation payments made by an external contract partner.

EUR m	01/01 – 12/31/2022	01/01 – 12/31/2021	Changes	Changes (%)
Net interest income	435.8	362.3	73.6	20.3
Net commission income	114.8	126.1	– 11.2	– 8.9
Trading result	8.4	7.0	1.4	19.4
Result from hedging relationships	– 19.0	– 2.8	– 16.2	>100.0
Other income	25.5	22.0	3.5	16.1
Result from non-trading portfolio	12.3	0.4	11.9	>100.0
Operating income	**577.8**	**514.9**	**62.9**	**12.2**
Personnel expenses	– 145.8	– 168.9	23.1	– 13.7
Non-personnel expenses	– 73.4	– 84.7	11.3	– 13.3
Depreciation, amortisation and impairments of intangible and tangible fixed assets	– 24.5	– 28.3	3.8	– 13.4
Other expenses	– 0.6	– 2.5	2.0	– 77.3
Operating expenses	**– 244.3**	**– 284.5**	**40.2**	**– 14.1**
Expenses from bank levy and deposit protection	– 15.2	– 14.6	– 0.6	4.1
Risk provisioning in the lending business	– 44.7	– 11.6	33.2	>100.0
Result from derecognition of financial instruments AC	—	—	—	k.A.
Result from restructurings	3.7	– 38.2	41.9	<– 100.0
Result before taxes	**277.2**	**166.0**	**111.2**	**67.0**
Income tax	– 79.5	– 50.7	– 28.8	56.7
Result after taxes (profit)	**197.7**	**115.3**	**82.5**	**71.5**

OLB continued to pursue its growth strategy in the financial year 2022. Operating income rose by 12.2 % to EUR 577.8 million (previous year: EUR 514.9 million). Together with the one-off income due to compensation payments and the result from financial assets of the non-trading portfolio, both segments – Private & Business Customers and Corporates & Diversified Lending – contributed to this growth.

OPERATING INCOME EUR m

577.8

PY 514.9

Operating income again rose year-on-year, by 12.2 % to EUR 577.8 million.

Income consists of the following components:

NET INTEREST INCOME

EUR m	01/01 – 12/31/2022	01/01 – 12/31/2021	Changes	Changes (%)
Interest income accounted for using the effective interest method	**558.5**	**402.6**	**155.9**	**38.7**
Interest income from lending transactions accounted for using the effective interest method	518.6	391.0	127.6	32.6
Interest income from securities business accounted for using the effective interest method	39.9	11.6	28.3	>100
Interest income not accounted for using the effective interest method	**– 53.4**	**– 15.4**	**– 37.9**	**>100.0**
Negative interest from financial assets	– 24.1	– 25.2	1.1	– 4.5
Current income from shares and other non-fixed income securities	0.0	0.0	0.0	49.9
Current income from investment securities and non consolidated affiliated companies	0.0	0.0	– 0.0	– 55.0
Other interest income	– 29.5	9.7	32.1	<– 100.0
Total interest income	**505.1**	**387.2**	**118.0**	**30.5**
Interest expenses from liabilities to banks	– 19.1	– 20.7	1.7	– 8.0
Interest expenses from liabilities to customers	– 44.2	– 23.4	– 20.9	89.4
Interest expenses from securitized liabilities	– 3.8	– 0.3	– 3.6	>100.0
Interest expenses from subordinated debt	– 6.6	– 6.4	– 0.2	2.9
Other interest expenses	– 28.3	– 21.1	– 7.2	34.3
Positive interest from financial liabilities	32.8	47.0	– 14.2	– 30.2
Total interest expenses	**– 69.3**	**– 24.9**	**– 44.4**	**>100.0**
Net interest income	**435.8**	**362.3**	**73.6**	**20.3**

Interest income from customer lending business developed very positively. On the one hand, this is attributable to the significant year-on-year rise in the average credit volume. On the other hand, this reflected the higher interest-rate level and increased take-up of higher-interest products such as operating loans to increase interest income. The significant increase in interest expenses is due to the rise in the volume of interest-bearing customer deposits – term deposits in particular – as well as the higher expenses for interest payments resulting from swap contracts entered into as hedges.

The negative interest from lending and money market transactions and the interest received for borrowing continue to be mainly attributable to the funds deposited with the ECB within the scope of its TLTRO programme. The ECB's adjustment of the terms of its TLTRO programme and OLB's partial repayment of these funds as undertaken in autumn of 2022 resulted in a decrease in the interest received for borrowing in the interest expenses item. The Bank earned net interest income of EUR 14.8 million through its participation in the ECB's TLTRO programme in 2022.

Overall, with a 20.3 % increase to EUR 435.8 million the growth in the volume of net interest income significantly exceeded the previous year's forecast of a moderate rise.

NET COMMISSION INCOME

EUR m	01/01 – 12/31/2022	01/01 – 12/31/2021	Changes	Changes (%)
Account fees et al.	27.5	30.1	– 2.6	– 8.5
Securities business and asset management	36.7	43.1	– 6.4	– 14.9
Private real estate, house-saving and insurance business	12.9	10.3	2.6	25.1
Loan business fees	34.5	34.2	0.3	0.8
Others	3.2	8.4	– 5.1	– 61.4
Total net commission income	**114.8**	**126.1**	**– 11.2**	**– 8.9**

The development of net commission income is clearly below the previous year's forecast. OLB considers the earnings trend to be unsatisfactory. Net commission income declined year-on-year to EUR 114.8 million.

In the Bank's securities business, the 14.9 % decline in earnings to EUR 36.7 million is mainly due to a significant decrease in income from the settlement of transactions, for shares and equity funds especially. The weak trend on the German stock markets in 2022, combined with a high level of market uncertainty due to the Russia-Ukraine war and its knock-on effects, caused customers to exercise restraint.

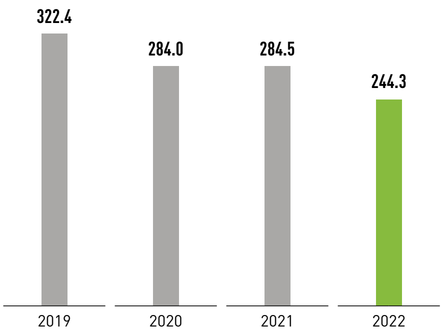
The decline in account maintenance and transaction fees is attributable to factors including a changed price / quantity structure for ongoing account relationships as a result of the changeover of account models and the introduction of debit cards. The decline in cash withdrawals made at OLB's ATMs by customers of other banks, as a result of the streamlining of the Bank's branch network, also had a negative impact.

In the financial year 2022, at EUR 34.5 million the Bank maintained its existing level of net commission income from the lending business in connection with the structuring and take-up of tailored financing solutions.

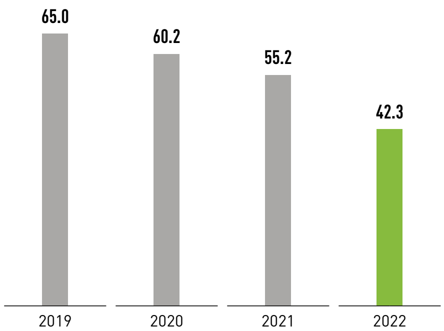
RESULT FROM HEDGING RELATIONSHIPS

OLB uses interest rate swaps to manage the interest rate risks for its non-trading portfolio. These are recognised as micro-hedges or a portfolio hedge, in accordance with the hedge accounting rules. The nominal volume of the interest rate swaps designated as hedges was EUR 7.0 billion on December 31, 2022. The interest rate level which is of relevance for the valuation of swaps increased by 308 bp over the course of the year. The reported result from hedging relationships reflects the incomplete match between valuation changes for the interest rate swaps and the hedged underlying transactions. On the one hand, this ineffectiveness is attributable to differences in terms of the maturities, amounts and volumes of the underlying transactions and the hedging transactions. The valuation of the variable side of the swap with different yield curves has also affected the result. Due to the strong movement in interest rates in 2022, this residual ineffectiveness in the hedging relationships had a EUR –19.0 million negative impact on the result (previous year: EUR –2.8 million).

OPERATING EXPENSES EUR m 12 | PAGE 57



COST-INCOME-RATIO in % 13 | PAGE 57



OTHER INCOME

The main factor in the increase in the result to EUR 25.5 million (previous year: EUR 22.0 million) was payments made by an external contract partner of OLB. The Bank received these by way of compensation for the slower than expected progress made in the outsourcing of business processes.

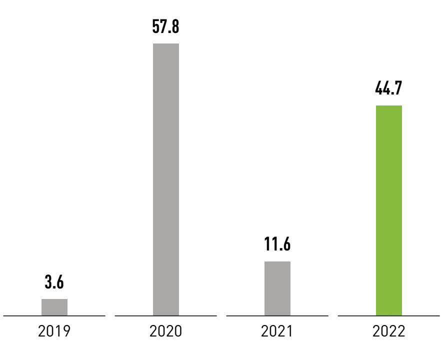
OPERATING EXPENSES

EUR m	01/01 – 12/31/2022	01/01 – 12/31/2021	Changes	Changes (%)
Personnel expenses	– 145.8	– 168.9	23.1	– 13.7
Non-personnel expenses	– 73.4	– 84.7	11.3	– 13.3
Depreciation, amortization and impairments of intangible and tangible fixed assets	– 24.5	– 28.3	3.8	– 13.4
Other expenses	– 0.6	– 2.5	2.0	– 77.3
Operating expenses	**– 244.3**	**– 284.5**	**40.2**	**– 14.1**
Employees as of reporting date	1,454	1,873	– 419	– 22.4
Full-time equivalents as of reporting date	1,275	1,648	– 373	– 22.6
Cost-income ratio (CIR) in %	42.3	55.2	– 13.0	– 23.5

The key factor behind the decline in personnel expenses 12 was the shedding of more than 200 full-time positions which was agreed in 2021 via a voluntary programme and implemented in early January 2022. The progress made in modernising and streamlining internal administrative workflows provided the basis for this and enabled a decrease in the workforce to 1,275 by the end of 2022, despite a significant increase in the volume of business. Due to the completion of the downsizing of the Bank's network of locations and the reduced volume of space required at OLB's headquarters thanks to the practice of working outside the office, despite the higher energy prices ongoing building costs were significantly reduced year-on-year. These measures also had a positive impact on depreciation of buildings and fixtures and furnishings. Further savings were achieved in relation to IT costs, services provided by external third parties and marketing expenses. Overall, in line with the previous year's forecast operating expenses were thus reduced very significantly by 14.1 % to EUR 244.3 million. Together with the significant increase in operating income, this trend caused the cost-income ratio 13 to decrease from 55.2 % in the previous year to 42.3 % in 2022.

RISK PROVISION EXPENSES EUR m

14 | PAGE 58



COST-INCOME RATIO in %

42.3

PY 55.2

The cost-income ratio calculated according to the Bank's normal practice was reduced by 13 percentage points to 42.3 %.

RISK PROVISIONING IN THE LENDING BUSINESS

The risk provisioning trend in the reporting year was mainly shaped, on the one hand, by the Bank's reversal of the additional risk provision established in the previous year for potential uncertainty associated with the coronavirus pandemic, in the amount of EUR 17.3 million, since the coronavirus pandemic did not result in a lasting deterioration in OLB's credit risk in 2022. The reason for establishing this risk provision thus no longer applied. On the other hand, a post-model adjustment was made for the risk provision in relation to the risks associated with the influence of the Russia-Ukraine war on further economic trends, and an additional risk provision 14 in the amount of EUR 15.9 million has been established in this context. Overall, net expense for risk provisioning in the lending business, including the one-off effects, amounted to EUR 44.7 million and thus matched the previous year's planning.

RISK PROVISIONING EUR m

44.7

PY 11.6

Net expenses for risk provisions were at EUR 44.7 million including one-off effects.

RESULT FROM RESTRUCTURING

In the previous year, the restructuring expenses of EUR 38.1 million for the agreed and planned reduction in personnel were the key factor which shaped the extraordinary result. The funds set aside for the implementation of these measures proved to be sufficient in the reporting year. The review of provisions from older restructuring programmes led to reversals.

OVERALL SUMMARY

Significant milestones in OLB's process of transformation – which has been underway since 2018 – were realised through the shedding of more than 200 full-time positions at the end of 2021 and the establishment of the new Private & Business Customers and Corporates & Diversified Lending business segments in January 2022. OLB thus achieved its strategic objective for the first time in 2022. The Bank continued to pursue the growth strategy adopted for its lending business in both of its segments. Despite an unsatisfactory trend for its commission business, due to the clear reduction in its cost base the Bank very significantly improved its operating result before risk provisions by comparison with the previous year.

By comparison with the previous year's forecast, the Bank has exceeded its ambitious targets in terms of a significant increase in its net profit for the financial year and its return on equity. At EUR 197.7 million, the actual net profit for the financial year significantly exceeded the high expectations in the previous year. Overall, the Bank considers that its business performance in 2022 was highly satisfactory.

RESULT AFTER TAXES EUR m

197.7

PY 115.3

With a result after taxes of EUR 197.7 million and a return on equity of 14.7 %, overall the result exceeds the level envisaged in the previous year.

SEGMENT REPORTING

EUR m	Private & Business Customers	Corporates & Diversified Lending	Corporate Centre	OLB Group
01/01 – 12/31/2022				
Net interest income	188.7	233.6	13.6	435.8
Net commission income	82.6	37.9	– 5.6	114.8
Other operating income*	14.8	10.0	– 9.9	14.9
Result from non-trading portfolio**	—	—	12.3	12.3
Operating income	**286.1**	**281.4**	**10.3**	**577.8**
Operating expenses*	**– 165.4**	**– 57.4**	**– 21.4**	**– 244.3**
Operating result	**120.6**	**224.0**	**– 11.1**	**333.5**
Expenses from bank levy and deposit protection	– 8.6	– 6.6	0.0	– 15.2
Risk provisioning in the lending business	– 5.2	– 42.6	3.1	– 44.7
Result from restructurings	—	—	3.7	3.7
Result before taxes	**106.8**	**174.9**	**– 4.4**	**277.2**
Income tax	– 33.1	– 54.2	7.8	– 79.5
Result after taxes (profit)	**73.7**	**120.6**	**3.4**	**197.7**
01/01 – 12/31/2021				
Net interest income	167.9	181.2	13.2	362.3
Net commission income	94.6	35.4	– 3.9	126.1
Other operating income*	3.7	5.1	17.4	26.2
Result from non-trading portfolio**	—	—	0.4	0.4
Operating income	**266.1**	**221.7**	**27.1**	**514.9**
Operating expenses*	**– 191.5**	**– 62.4**	**– 30.5**	**– 284.5**
Operating result	**74.6**	**159.3**	**– 3.4**	**230.4**
Expenses from bank levy and deposit protection	– 8.3	– 6.4	—	– 14.6
Risk provisioning in the lending business	– 3.5	– 11.0	2.9	– 11.6
Result from restructurings	—	—	– 38.2	– 38.2
Result before taxes	**62.9**	**142.0**	**– 38.8**	**166.0**
Income tax	– 19.5	– 44.0	12.7	– 50.7
Result after taxes (profit)	**43.4**	**98.0**	**– 26.1**	**115.3**
01/01 – 12/31/2020				
Net interest income	174.8	157.7	1.1	333.6
Net commission income	92.8	24.8	– 2.6	115.0
Other operating income*	7.4	5.3	4.0	16.7
Result from non-trading portfolio**	—	—	6.5	6.5
Operating income	**275.0**	**187.8**	**9.0**	**471.8**
Operating expenses*	**– 197.8**	**– 60.0**	**– 26.2**	**– 284.0**
Operating result	**77.2**	**127.8**	**– 17.2**	**187.8**
Expenses from bank levy and deposit protection	– 7.5	– 5.0	—	– 12.5
Risk provisioning in the lending business	– 6.5	– 52.9	1.6	– 57.8
Result from restructurings	—	—	– 17.9	– 17.9
Result before taxes	**63.2**	**69.8**	**– 33.6**	**99.5**
Income tax	– 19.6	– 21.6	9.6	– 31.7
Result after taxes (profit)	**43.6**	**48.2**	**– 24.0**	**67.8**

* Comprises trading result, result from hedging relationships and other income

** Including result from derecognition of financial instruments AC

*** Comprises personnel expenses, non-personnel expenses, depreciation, amortisation and impairments of intangible and tangible fixed assets and other expenses

PRIVATE & BUSINESS CUSTOMERS

Thanks to the expansion of lending business, the contribution margins provided by net interest income in the Private & Business Customers segment increased year-on-year. However, the significant increase in net interest margin contributions from deposit business was the key factor behind the strong rise in net interest income in this segment. The significant rise in interest rates resulted in a considerable increase in margins in this area. Net commission income has been shaped, above all, by the decrease in income from the settlement of transactions, for shares and equity funds especially. The weak trend on the German stock markets in 2022, combined with a high level of market uncertainty due to the Russia-Ukraine war and its knock-on effects, caused customers to exercise restraint.

In the Private & Business Customers segment, the successful implementation of the Bank's restructuring measures resulted in a very strong improvement in its cost base. This trend was influenced by a significant reduction in direct personnel expenses, a decrease in non-personnel expenses thanks to the concentration of the Bank's branch network and a reduction in apportioned costs, due to the streamlining of the Bank's headquarters. The cost-income ratio in this segment thus declined by 14.1 percentage points to 57.8 %.

Overall, this segment's results of operations were stable and it was able to increase its profitability by a significant 12.7 % year-on-year, thanks to the strongly reduced costs, with a return on equity post tax of 22.0 %.

CORPORATES & DIVERSIFIED LENDING

Operating income in this segment increased in all of its sub-segments and picked up by more than 26.9 % year-on-year. This reflected the increase in earnings from lending business in particular. Due to the volume growth, the net interest margin contribution from this business rose by EUR 43.3 million to EUR 214.5 million.

The restructuring measures had significantly less affected on the CDL segment than on other reporting segments. Nonetheless, despite the significant increase in business, operating expenses in this segment were reduced thanks to strict cost management and amounted to EUR 57.4 million (previous year: EUR 62.4 million).

The risk provision trend in this segment was shaped, above all, by a post-model adjustment to cover the effects of the Russia-Ukraine war. The additional risk provision amounting to EUR 15.9 million at the whole Bank level mainly related to this segment.

Overall, segment earnings after taxes have increased very strongly, from EUR 98.0 million to EUR 120.6 million (+ 23.2 %). As a result of the introduction of the IRB approach, the increase in the average volume of risk assets in this segment failed to keep up with the credit volume growth. Together with the significant improvement in earnings, the profitability of this segment – measured in terms of the return on equity post tax figure – improved from 13.2 % to 15.3 %.

CORPORATE CENTRE

In the Corporate Centre, the efficiency gains achieved through the implementation of the restructuring measures have significantly reduced personnel and non-personnel expenses. Restructuring within the scope of the Bank's management of its liquidity reserve has resulted in the realisation of hidden reserves in the financial assets of OLB's non-trading portfolio in the amount of EUR 12.3 million. Overall, earnings in this segment were thus balanced, at EUR 3.4 million.

REPORT ON ANTICIPATED DEVELOPMENTS, OPPORTUNITIES AND RISK

DEVELOPMENT OF OLB

In view of the external framework conditions, the following factors and the resulting risks and opportunities are considered to be material for the expected course of business:

A variety of different factors are shaping the economic outlook. In the first six months of 2023, the upsurge in prices in particular will lead to a decline in private households' real disposable incomes and thus a slowdown in consumption. On the other hand, broad-based government relief packages and anticipated high pay settlements will buoy private households' purchasing power. The construction industry will likely also initially continue to cool off. The environment of higher interest rates alongside construction costs which remain high have already had a negative impact on demand for construction services and do not suggest a rapid recovery. Thanks to order books which remain full, manufacturing industry will be able to moderately expand its output and return to a stronger growth trajectory as supply bottlenecks are gradually overcome. However, this is based on the assumption that a gas shortage will be avoided in the next few years. In general, due to two recessionary winter quarters (2022/2023) the German economy is expected to slip into a technical recession and the country's gross domestic product will decline in 2023 (OLB forecast: –0.7%).

There is a high degree of uncertainty regarding both the further course of the Russia-Ukraine war and the resulting economic consequences. Due to the resulting impairment of forecasting abilities, the bank distinguishes between two possible scenarios with regard to the expected development. The cautiously optimistic scenario includes the assumption of a continuously limited impact of the war on the economic development, further normalisation of energy prices and a decrease in inflation. In the event of a negative development, an intensification of the Russia-Ukraine war could lead to the crisis-like escalation on the energy market as observed in 2022 including the associated economic burdens.

In the first scenario, the Bank assumes that demand for credit in the private and commercial segments will remain intact – at a lower level than in previous years – and provide opportunities for further loan volume growth. Volume growth is expected to flatten off in both segments in this scenario by comparison with previous years. The Bank has already in 2022 taken into account the pressures currently evident as a result of the deterioration in the macroeconomic environment and the knock-on effects of the Russia-Ukraine war. In this scenario, OLB expects loan loss provisioning comparable to the previous year.

The occurrence of a crisis scenario in the form of a significant collapse in demand for loans in the private and business sector would significantly decrease the chances for further planned growth in the lending business. In the commission business, a decline especially in the securities and lending business would be incurred. The net expense for loan loss provisions would be expected to increase above the statistically expected value for an entire economic cycle, which would mean a significant increase in loan loss provisions compared to the financial year 2022.

Both scenarios would additionally have a corresponding impact on the coverage ratio of the risk capital requirements and the Tier 1 capital ratio. Stable or even decreasing risk capital requirements are to be expected in the optimistic scenario while an increase in risk capital requirements is expected in the negative scenario.

In the past year, all-time high inflation rates in the Eurozone compelled the ECB to adopt a restrictive monetary policy. Following a total of four interest rate moves in 2022, with effect as of December 21, 2022 its interest rate on the main refinancing operations is now 2.50%, its marginal lending facility is at 2.75% and its deposit facility is at 2.00%. Due to the high inflation outlook, the ECB's Governing Council assumes that key interest rates will still have to rise significantly at a steady pace to reach levels that are sufficiently restrictive to ensure a timely return of inflation to the 2% medium-term target.

On the basis of the current balance-sheet structure and the planned interest rate adjustments for deposit business in particular, over the next few years the higher interest-rate level by comparison with previous years would result in a continuous increase in net interest income via envisaged new business, due to maturities and redemption payments for low-interest receivables and liabilities. A further rise in interest rate levels would reinforce this positive effect on interest income even further. Negative impacts on the measurement result are absorbed by means of hedge accounting rules, except for residual ineffectiveness of hedges. There is a risk of the Bank being obliged to increase its rate of interest on deposits beyond its envisaged level due to competitive pressure, which would adversely affect its net interest margin. A significant decline in the interest rate level would jeopardise the additional earnings contributions envisaged on the basis of the actual trend, but in the short term it would result in a significant increase in the market value of the interest rate book, as the totality of the Bank's interest-bearing positions. Irrespective of its specific expectations regarding the interest-rate trend, the baseline scenario in the Bank's planning is an unchanged interest-rate level, and the Bank is taking into account effects of potential changes in the interest-rate level in the form of scenarios.

Customer deposits continue to represent the main source of funding of lending business by means of own funds. The Bank is also increasingly financing its operations by issuing covered bonds and other bearer and registered securities as well as structured financing arrangements based on securitisations. Fundamentally, the Bank continues to adhere to the view that it has a low level of structural vulnerability to disturbances in the money and capital markets that would make raising liquidity difficult or else merely result in potentially high interest markups. There is a risk that deposit growth may not keep up with lending growth as planned due to the increasing level of competition. This would adversely affect the Bank's net interest margin as a result of the need for higher borrowing on the capital market. OLB will manage its LCR so that at all times it significantly exceeds the minimum level which is required by law.

In view of the regulatory requirements, the handling of environmental, social and governance (ESG) risks and preparations for, and the implementation of, the rules which will come into force over the next few years remain a core area of focus. Further areas of action are the revision and expansion of the disclosure rules, changes to reporting (incl. the German Regulation on the Collection of Data to Ensure Financial Stability [FinStabDEV]) and the adjustments resulting from the 7th amendment of BaFin's Minimum Requirements for Risk Management (MaRisk). The Bank does not expect the new rules to result in any restrictions in its business opportunities. The introduction of a systemic risk buffer on real estate loans, the determination of an anti-cyclical capital buffer for Germany (estimated impact on the capital ratio: between approx. 0.2 and 0.6 percentage points in each case) will not give rise to any need for action, since the planned capital ratios significantly exceed the (now increased) minimum levels. The adjustments and expansions of processes which are required due to new or revised rules do not pose any significant cost risks.

OLB achieved its strategic objective in 2022. Accordingly, in the coming year the Private & Business Clients (PBC) and Corporates & Diversified Lending (CDL) segments will continue to shape the Bank's presence on the market and the core areas of its sales activities.

The PBC segment, which encompasses "Systembank" business with private customers and regional business with small and medium-sized enterprises (SMEs), envisages moderate growth in the coming year in the areas of construction financing and consumer loans. Apart from traditional branch-based banking operations, new business is to be generated via brokerage platforms in particular. The cooperation agreement signed with the Dutch brokerage platform TULP in 2022 will contribute to this. The Bank will continue to focus on automation and digitalisation in relation to its sales processes. In addition, for the coming year it expects to commence the gradual outsourcing of trade settlement for securities business as well as securities account maintenance. Apart from increased cost efficiency, the Bank considers that its collaboration with its external partner will also provide the opportunity in the medium term to offer new product offerings on its new platform, in order to strengthen its securities business.

In its CDL business segment, apart from traditional business with corporate clients the Bank will continue to concentrate on attractive niche markets in which the Bank has a leading position due to its specific expertise in these markets and the high entry hurdles for other competitors. This continues to include, in particular, the areas of Football Finance, Specialized Lending focusing on Acquisition Finance including Fund Finance, International Diversified Lending and Commercial Real Estate. The Bank's offering in this segment is characterised by an individually tailored profile, larger individual transactions and the commitment of an increased volume of resources to advisory processes and servicing. Despite the more difficult economic environment, the Bank expects to be able to once again slightly increase its income from lending business in this segment in the coming year.

In the coming year, the Bank will continue to focus systematically on a high level of cost discipline. In the area of personnel expenses, this means consolidating the efficiency gains realised with lasting effect. In order to achieve this goal, the Bank is working on the continuous improvement of its business processes, (e. g. through the use of robotic process automation (RPA), as well as intelligent resource management for projects. The personnel expenses trend in 2023 will be relieved by the scheduled transfer of employees to the non-work period of phased retirement. Regarding non-personnel expenses, the Bank will work in particular on improving its cost structures in relation to room costs. As a result of the above-mentioned measures, OLB assumes that it will be able keep costs at the same level as in the previous year, despite planned cost increases due to salary adjustments, inflation and higher energy costs.

Since January 2023, OLB has greatly intensified its activites to establish the conditions for a possible initial public offering. The decision on the timing and route of implementation is made by the shareholders of the bank.

PLANNED ACQUISITION OF DEGUSSA BANK

On September 14, 2022, OLB signed an agreement ("Signing") on the acquisition of Degussa Bank AG ("Degussa Bank"). Degussa Bank offers private and business customers a wide range of financial products. It is the only worksite bank in Germany to operate bank branches for employees on its partner companies premises and additionally provides advice via its digital bank shops.

The transaction is subject to customary closing conditions and regulatory approvals, in particular by BaFin and the ECB. OLB expects the acquisition of Degussa to become legally effective mid-2023 ("Closing").

Through the acquisition of Degussa Bank, OLB is pursuing its long-term strategy of complementing its organic growth with targeted acquisitions. Through the acquisition, OLB is strengthening it business, especially in the area of retail banking. The customer's of Degussa Bank as well as the bank branches close to customer premises complement OLB's customer base and branch network in areas where OLB has been underrepresented in the past, specifically in western and southern Germany. In total, Degussa Bank served around 322,000 customers in the 2022 financial year. Total assets based on the German Commercial Code (HGB) amounted to EUR 6.5 billion as of December 31, 2022, while the bank managed customer deposits in the amount of EUR 5.0 billion as of the balance sheet date. The customer loan volume amounted to EUR 4.7 billion. Based on the circumstances as of the balance sheet date December 31, 2022, the purchase price for Degussa Bank is more than EUR 100 million below Degussa Bank's HGB equity.

OLB intends to begin the operational consolidation of Degussa's products, processes, customers and IT system architecture once the merger become legally effective. The aim is to merge Degussa Bank into OLB once the technical and legal conditions have been created. Since Degussa Bank's IT infrastructure is highly compatible with OLB (e. g., core banking system), the risks of delays and complications during IT migration are expected to be lower than in previous transactions (integration BKB, BHN and WBP). Relevant Degussa subsidiaries that are not part of the core business have already been sold or are to be sold prior to closing, further reducing the complexity of the integration. Provided the acquisition of Degussa is completed before September 30, 2023, a merger is intended to occur by the end of December 2023. There is a risk that OLB's personnel capacities and cost budgets planned for the acquisition and integration of Degussa Bank will not be sufficient, which could lead to unplanned cost increases.

Post-closing, OLB and Degussa Bank will from a group of institutions from a regulatory perspective. As a superordinate institution, OLB will bear responsibility for the appropriate and effective risk management of the group of institutions. Under commercial law, Degussa Bank will form a subsidiary of OLB post-closing, which is to be included in the IFRS consolidated financial statements of OLB group until a potential merger.

The conclusion of the acquisition of Degussa Bank could lead to OLB being designated as a significant institution by the ECB, which may lead to significant changes in the supervisory procedures to which the bank is subject to. The criteria leading to direct supervision by the ECB include a balance sheet total of more than EUR 30 billion on a consolidated basis. After the acqusition of Degussa Bank, the balance sheet total of OLB's consolidated balance sheet could exceed this threshold. The transition from supervision by BaFin to ECB would lead to increased time and effort on the part of OLB with regard to the implementation of systems and mechanisms, but also with regard to supervisory interaction in the context of the transition. Other effects of the designation as a significant institution might include participation in stress tests initiated by EBA and ECB or the imposition of a MREL quota (minimum requirement for own funds and eligible liabilities).

The specific effects of the acquisition on the net assets, financial position and results of operations in the consolidated financial statements of OLB group depend in particular on the closing date, agreed upon customary earn out clauses, the progress made in the planned implementation of the merger of Degussa Bank into OLB and the effects of valuation adjustments for business combinations required under IFRS 3.

OVERALL SUMMARY

OLB expects the change in its net assets, financial position and results of operations and the forecast of its performance indicators to develop within a range, whose parameters are set by the scenarios for future economic development as described above.

In the cautiously optimistic scenario 1, moderately higher operating income with stable cost structures and consistent loan loss provisions would lead to a slight improvement in the cost-income ratio, a slight improvement in earnings and, due to the background of further expansion of the capital base, a stable return on equity after taxes.

Should an intensification of the Russia-Ukraine war lead to the crisis-like escalations on the energy markets observed in 2022 and the associated economic burdens are incurred, the Bank would expect in this scenario 2 stable operating income, a cost-income ratio at the previous year's level and a decline in profit after tax due to significantly higher loan loss provisions, which would be accompanied by a noticeable decline in return on equity after tax.

In principle, it should be noted that other risk factors could have a significant, but not reliably quantifiable, impact on the forecast annual result for 2023 in the event of an unfavourable development. Such factors primarily include risks resulting from the uncertain geopolitical situation and its possible effects on the economic situation.

RISK REPORT

Please see note (62) for the risk report.

Oldenburg, 03/17/2023
Oldenburgische Landesbank AG

The Board of Managing Directors

Stefan Barth
Chairman

Marc Ampaw

Aytac Aydin

Chris Eggert

Giacomo Petrobelli

Dr. Rainer Polster

REPORT OF THE SUPERVISORY BOARD

The Supervisory Board continuously monitored the management of the Bank during the year under review, advised the Board of Managing Directors on running the institution, and directly participated in decisions of fundamental importance. The Supervisory Board's activities and areas of responsibility are governed and organised by the respective rules of procedure of the Supervisory Board and Board of Managing Directors.

MATTERS ADDRESSED BY THE FULL SUPERVISORY BOARD

In 2022, the full Supervisory Board had eight meetings, held in the form of video conferences or as hybrid sessions (presence and video). The meetings were held in January, March, April, May, July, September, October and December. Between meetings, the Chairman of the Supervisory Board also maintained continual contact with the Board of Managing Directors and regularly discussed strategy, business performance, risk management and other significant matters with that board.

The Supervisory Board regularly deliberated on the economic condition of OLB. At all its regular meetings, the board obtained reports on business performance and the current risk situation and discussed the evolution of business in detail with the Board of Managing Directors. The Supervisory Board also obtained information on any deviations in actual business developments from the planned targets, together with an explanation of the reasons behind them. This year, the Supervisory Board was involved in discussing the results from the analysis of the impact the war in Ukraine and the ongoing coronavirus pandemic have had on the bank's business performance, risk situation and operational stability.

The Supervisory Board monitored and advised management on the basis of written reports and oral information provided by the Board of Managing Directors. Matters of particular importance were examined in depth and discussed with the Board of Managing Directors. In addition to the reports from that board, the Supervisory Board also inspected and discussed the reports from the auditors.

The Supervisory Board repeatedly dealt with matters of business strategy. Particular attention was paid to discussing the Bank's strategic focus, which the Board of Managing Directors had been revising and refining. Both on an ad hoc basis in the context of the bank's strategic development and as part of the regular annual consultations, the Supervisory Board discussed the Board of Managing Directors' business planning for 2021 and 2022 as well as the medium-term plans for each of the following two years. As part of the discussion of business strategy, the Risk Committee formed by the Supervisory Board and the full Supervisory Board received reports on the ongoing project status for the acquisition of Degussa Bank and approved this at the meeting on September 21, 2022.

The Supervisory Board dealt with matters concerning the Board of Managing Directors and compensation on multiple occasions. In particular, the Supervisory Board was satisfied that the compensation system for the Board of Managing Directors complied with the relevant requirements of law. It also made sure that this system was well-focused on OLB's objectives in terms of both business strategy and risk strategy, and that it offered no incentives to take unreasonable risks. The Supervisory Board, with the involvement of the members of the General and Compensation Supervision Committee, resolved to appoint Chris Eggert as a full member of OLB's Board of Managing Directors effective June 01, 2022, and confirmed the appointment of Giacomo Petrobelli as a full member of the same board effective July 01, 2022. The Supervisory Board also approved the submitted list of the Bank's risk takers in accordance with the Regulation on Supervisory Requirements for Banks' Compensation Systems (Institutsvergütungsverordnung). The Remuneration Officer presented and explained their remuneration report to the Supervisory Board.

WORK OF THE SUPERVISORY BOARD COMMITTEES

The Supervisory Board has formed a number of committees to enhance its efficiency in performing its duties. These are the Credit Committee, the General and Compensation Supervision Committee, the Audit Committee, the Risk Committee, the Nominating Committee and until April 29, 2022, the Mediation Committee.

The committees prepare resolutions for the Supervisory Board and lay groundwork for the full board's activities. Where appropriate and permitted by law, the Board has also delegated decision-making authority on certain matters to the committees. The committees' chairs regularly informed the Supervisory Board of the committees' work.

Last year, the meetings of the committees listed below were held as telephone or video conference calls or in the form of hybrid sessions (presence and video)

The *General and Compensation Supervision Committee* held five meetings in the 2022 reporting year. The meetings primarily involved preliminary discussions and recommendations on matters to be decided on by the full board concerning the Board of Managing Directors and compensation. The committee also verified that the remuneration system for OLB employees was appropriately structured.

The *Audit Committee* met four times in the 2022 financial year. Among other matters, the committee audited and reviewed the annual financial statements of OLB, the management report and the auditors' report and discussed these reporting documents with the auditor. The Audit Committee found no cause for objection in the documentation. Likewise, no objections were occasioned by the auditors' report delivered during the year on the audit of the securities service business of OLB. The committee also discussed the half-year financial report prior to its publication.

The *Risk Committee* held a total of four meetings during the past financial year, at which it dealt with the Bank's current risk situation in detail. The quarterly risk reports addressed such matters as risk-carrying capacity and credit, market-price, liquidity and operational risks, especially against the background of the war in Ukraine and the ongoing corona virus pandemic. Furthermore, the Risk Committee approved the sale of the OLB building on Norderney.

During the year under review, the *Credit Committee* deliberated 49 times, by way of telephone or video conference calls and via e-mail, concerning decisions on individual credit exposures and fundamental aspects of lending business. The committee members repeatedly exchanged views with the Board of Managing Directors on the impact of the coronavirus pandemic, the war in Ukraine and other external effects on the loan portfolio and corresponding mitigating measures.

The *Nominating Committee* met once during the past financial year in a joint meeting with the General and Compensation Supervision Committee. The meeting prepared the annual self-evaluation of the Supervisory Board.

There was no occasion to convene the *Mediation Committee* formed under Sec. 31 (3) of the German Co-Determination Act (MitbestG).

AUDIT OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements of Oldenburgische Landesbank AG for the period ended 31 December, 2022, and the management report were audited by Deloitte GmbH Wirtschaftsprüfungsgesellschaft (auditing firm), of Hanover, which granted an unqualified audit opinion. The annual financial statements were prepared in accordance with the German Commercial Code (HGB). In addition, voluntary IFRS consolidated financial statements have been prepared.

The reporting documentation and the related auditors' reports from Deloitte for the 2022 financial year were forwarded to all members of the Supervisory Board in good time. These documents were discussed in detail at the Audit Committee's meetings on 8 December, 2022, and 29 March, 2023, and at the meeting of the full Supervisory Board on 29 March, 2023. The auditors took part in all of these discussions. They reported on the principal results of their audits and were available to answer questions and provide additional information.

On the basis of the audit and review of the annual financial statements, the management report and the proposed appropriation of profits, the Supervisory Board found no objections and concurred with the results of Deloitte's audit of the financial statements. The Supervisory Board approved the annual financial statements prepared by the Board of Managing Directors, which are thereby adopted. The Supervisory Board concurs with the Board of Managing Directors' proposed appropriation of profits.

The Bank prepared a separate non-financial report for the year ended 31 December, 2022, as required by Sec. 289b of the German Commercial Code. The Supervisory Board reviewed this report; the review found no cause for objections.

CHANGES IN THE SUPERVISORY BOARD AND BOARD OF MANAGING DIRECTORS

At its meeting on January 13, 2022, the Supervisory Board appointed Aytac Aydin as a member of the Board of Managing Directors with effect from February 14, 2022. Among other things, he has taken over the ressorts of Peter Karst, who, with the approval of the Supervisory Board on February 1, 2022, prematurely terminated his service contract by best mutual agreement with effect from the end of March 31, 2022.

By resolution of the Supervisory Board with the involvement of the members of the General and Compensation Supervision Committee, Chris Eggert was appointed as a full member of the Board of Managing Directors with effect from June 01, 2022.

In its meeting on July 01, 2022 the Supervisory Board confirmed the appointment of Giacomo Petrobelli as a member of the Board of Managing Directors, which appointment had already been made in 2021.

In the course of the status procedure carried out by the Board of Managing Directors pursuant to sec. 97 (1) Stock Corporation Act (AktG) regarding the composition of the Supervisory Board in accordance with the One-Third Participation Act (DrittelbG), the function of all Supervisory Board members ended at the close of the Annual General Meeting on April 29, 2022, pursuant to sec. 97 (2) sentence 3 AktG. The six shareholder representatives were re-elected at the same Annual General Meeting. Three employee representatives were elected by the OLB workforce on September 21, 2022, completing the Supervisory Board. Michael Glade, Director, Branch Manager Oldenburg and Deputy Head Corporates, and Jens Schäferhoff-Grove, Chairman of the General Works Council, were re-elected. Olaf Hoffmann, Deputy Chairman of the General Works Council, joins the Supervisory Board for the first time following his election.

The Supervisory Board wishes to thank every employee of OLB, the members of the Board of Managing Directors and both boards' former members for their great commitment and successful work.

Oldenburg, 29 March, 2023

For the Supervisory Board

Axel Bartsch
Chairman

CONSOLIDATED FINANCIAL STATEMENTS OF THE OLDENBURGISCHE LANDESBANK AG FOR THE FINANCIAL YEAR 2022

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

of the Oldenburgische Landesbank Group for the financial year 2022

STATEMENT OF PROFIT AND LOSS

EUR m	01/01 – 12/31/2022	01/01 – 12/31/2021	Notes
Interest income accounted for using the effective interest method	558.5	402.6	(19)
Interest income not accounted for using the effective interest method	– 53.4	– 15.4	(19)
Interest expenses	– 69.3	– 24.9	(19)
Net interest income	**435.8**	**362.3**	(8),(19),(29)
Commission income	162.7	179.8	(20)
Commission expense	– 47.9	– 53.8	(20)
Net commission income	**114.8**	**126.1**	(20),(29)
Trading result	8.4	7.0	(21),(29),(32),(43)
Result from hedging relationships	– 19.0	– 2.8	(22),(29),(66)
Other income	25.5	22.0	(23),(29)
Current income	**565.5**	**514.5**	
Personnel expenses	– 145.8	– 168.9	(24),(29)
Non-personnel expenses	– 73.4	– 84.7	(24),(29)
Depreciation, amortization and impairments of intangible and tangible fixed assets	– 24.5	– 28.3	(24),(29),(38),(39)
Other expenses	– 0.6	– 2.5	(24),(29)
Expenses from bank levy and deposit protection	– 15.2	– 14.6	(24),(29)
Current expenses	**– 259.5**	**– 299.1**	
Risk provisioning in the lending business	– 44.7	– 11.6	(8),(25),(29)
Result from non-trading portfolio	12.3	0.4	(8),(27),(29)
Result from derecognition of financial instruments AC	—	—	(29)
Result from restructurings	3.7	– 38.2	(26),(29)
Result before taxes	**277.2**	**166.0**	(29)
Income tax	– 79.5	– 50.7	(28),(29),(55),(56)
Result after taxes (profit)	**197.7**	**115.3**	
Thereof: Result after taxes (profit) attributable to the owners of the parent	197.7	115.3	
Basic earnings per share (EUR)	4.23	4.96	(30)
Diluted earnings per share (EUR)	3.55	4.14	(30)

The above statement of profit and loss should be read in conjunction with the accompanying notes.

OTHER COMPREHENSIVE INCOME

EUR m	01/01 – 12/31/2022	01/01 – 12/31/2021	Notes
Result after taxes (profit)	197.7	115.3	
Items reclassifiable through profit or loss			(8),(59)
Change in debt instruments measured at fair value through other comprehensive income (FVOCI)	– 44.3	– 8.9	
Valuation changes	– 53.4	– 11.8	
Gains and losses reclassified to the income statement	– 10.9	– 1.0	
Deferred taxes	19.9	4.0	
Items not reclassifiable through profit or loss			(8),(50),(59)
Change from remeasurement of defined benefit plans recognised in other comprehensive income	48.5	27.8	
Valuation changes	70.3	40.3	
Deferred taxes	– 21.8	– 12.5	
Other comprehensive income	4.2	18.9	(59)
Total comprehensive income	**201.9**	**134.2**	
Thereof: Total comprehensive income attributable to the owners of the parent	**201.9**	**134.2**	

The other comprehensive income items are further explained in note (59).

BALANCE SHEET

of the Oldenburgische Landesbank Group for the financial year 2022

ASSETS

EUR m	12/31/2022	12/31/2021	Notes
Cash reserve	1,529.8	2,154.2	(31),(71)
Trading portfolio assets	108.5	82.2	(8),(21),(32),(62),(71)
Positive fair values of derivative hedging instruments	17.9	24.3	(9),(33),(62),(66),(71)
Receivables from banks	775.2	970.0	(8),(34),(62),(65),(71)
Receivables from customers	18,008.9	16,943.1	(8),(35),(62),(65),(71)
Financial assets of the non-trading portfolio	3,087.3	2,676.6	(8),(36),(71)
Tangible fixed assets	60.5	68.3	(13),(38)
Intangible assets	31.0	29.9	(14),(39)
Other assets	357.2	229.3	(40),(71)
Income tax assets	0.0	0.0	(11),(41)
Deferred tax assets	104.7	73.2	(11),(42),(54)
Non-current assets held for sale	0.7	0.2	
Total assets	**24,081.6**	**23,251.4**	

EQUITY & LIABILITIES

EUR m	12/31/2022	12/31/2021	Notes
Trading portfolio liabilities	161.2	55.3	(8),(43),(62),(71)
Negative fair values of derivative hedging instruments	9.4	15.4	(9),(44),(62),(66),(71)
Liabilities to banks	5,075.3	6,872.3	(8),(45),(65),(71)
Liabilities to customers	16,192.5	14,073.5	(8),(46),(67),(71)
Securitised liabilities	706.9	379.1	(8),(47),(65),(71)
Subordinated debt	161.9	166.5	(8),(48),(60),(61),(65),(71)
Income tax liabilities	44.8	19.1	(11),(53)
Provisions	129.0	232.9	(16),(17),(49),(50),(51)
Other liabilities	83.1	81.7	(52)
Equity	**1,517.4**	**1,355.6**	
Subscribed capital	97.4	90.5	(57),(60),(61)
Capital reserves	517.3	517.3	(57),(60),(61)
Revenue reserves	786.1	635.4	(57),(60),(61)
Additional equity components	124.2	124.2	(58),(60),(61)
Other comprehensive Income (OCI)	– 7.6	– 11.8	(59),(60),(61)
Total equity and liabilities	**24,081.6**	**23,251.4**	

The accompanying notes are an integral part of the consolidated financial statements.

STATEMENT OF CHANGES IN EQUITY
of the Oldenburgische Landesbank Group for the financial year 2022

EUR m	Subscribed capital	Capital reserves	Revenue reserves	Additional equity components	Cumulative other comprehensive income		Total equity
					Debt instruments with reclassification	Pensions	
Notes	(57)	(57)	(57)	(59)	(8),(60)	(17),(51),(60)	
January 1, 2021	**90.5**	**517.3**	**554.8**	**25.0**	**14.8**	**– 45.6**	**1,156.9**
Result after taxes (profit)	—	—	115.3	—	—	—	115.3
Other comprehensive income from changes in debt instruments measured at fair value through other comprehensive income (FVOCI)	—	—	—	—	– 8.9	—	– 8.9
Other comprehensive income from changes in defined benefit plans recognised directly in equity	—	—	—	—	—	27.8	27.8
Instrument-based changes in equity	—	—	—	99.2	—	—	99.2
Other changes in equity	—	—	– 0.5	—	—	—	– 0.5
Total result	**—**	**—**	**114.8**	**99.2**	**– 8.9**	**27.8**	**232.9**
Payment on additional equity components	—	—	– 4.2	—	—	—	– 4.2
Dividend payment	—	—	– 30.0	—	—	—	– 30.0
December 31, 2021	**90.5**	**517.3**	**635.4**	**124.2**	**6.0**	**– 17.8**	**1,355.6**
Result after taxes (profit)	—	—	197.7	—	—	—	197.7
Other comprehensive income from changes in debt instruments measured at fair value through other comprehensive income (FVOCI)	—	—	—	—	– 44.3	—	– 44.3
Other comprehensive income from changes in defined benefit plans recognised directly in equity	—	—	—	—	—	48.5	48.5
Instrument-based changes in equity	—	—	—	—	—	—	—
Other changes in equity	7.0	—	0.7	—	—	—	7.6
Total result	**7.0**	**—**	**198.4**	**—**	**– 44.3**	**48.5**	**209.5**
Payment on additional equity components	—	—	– 7.8	—	—	—	– 7.8
Dividend payment	—	—	– 40.0	—	—	—	– 40.0
December 31, 2022	**97.4**	**517.3**	**786.1**	**124.2**	**– 38.4**	**30.8**	**1,517.4**

Based on 23,257,143 shares before split, EUR 1.72 per share was distributed in the 2022 reporting year (2021: EUR 1.29). After share split in October 2022 (based on 48,722,326 shares) the equivalent distribution per share would have been approximately EUR 0.87 (2021: EUR 0.66).

The above statement of changes in equity should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENT

of the Oldenburgische Landesbank Group for the financial year 2022

EUR m	01/01 – 12/31/2022	01/01 – 12/31/2021	Notes
Operating activities			
Result after taxes (profit)	197.7	115.3	
Adjustments for			
Depreciation, amortization and impairments of intangible and tangible fixed assets and impairments/reversals of impairments in the lending business	71.7	29.4	(25),(38),(39)
Change in provisions	29.6	84.7	(49),(50)
Other non-cash expenses/income	119.4	3.6	
Gain/loss on disposal of fixed assets	29.2	– 23.0	(38)
Subtotal	**447.5**	**210.0**	
Change in trading portfolio assets	– 10.8	– 7.2	(32)
Change in receivables from banks	191.0	– 408.1	(34)
Change in receivables from customers	– 1,500.5	– 1,415.2	(35)
Change in financial assets of the non-trading portfolio	– 921.1	– 897.1	(36)
Change in other assets	– 194.6	– 102.3	(40)
Change in trading portfolio liabilities	19.3	41.7	(43)
Change in liabilities to banks	– 1,804.7	1,646.6	(45)
Change in liabilities to customers	2,306.1	1,056.0	(46)
Change in securitised liabilities	323.8	297.3	(47)
Change in other liabilities	588.2	75.8	(52)
Net interest income*	– 435.8	– 362.3	(19)
Income taxes	79.5	50.7	(28),(41)
Interest received	534.8	466.5	(19)
Dividend payments received	0.1	0.1	(19)
Interest paid	– 90.3	– 127.9	(19)
Income tax paid	– 87.1	– 77.0	(41)
Cash flows from operating activities	– 554.7	**447.6**	(18)

** Including cash payments for the interest portion of lease liabilities*

Investing activities			
Proceeds from disposal of financial assets of the non-trading portfolio	0.0	0.6	(27)
Proceeds from disposal of tangible fixed assets	4.7	26.7	(23)
Payments to acquire financial assets of the non-trading portfolio	—	– 0.1	
Payments to acquire tangible fixed assets	– 12.3	– 6.0	(38),(39)
Cash flows from investing activities	**– 7.5**	**21.3**	(18)
Financing activities			
Proceeds from capital contributions	6.0	—	(57)
Dividends paid	– 40.0	– 30.0	(57)
Change in subordinated debt	– 4.4	– 3.9	(49)
Additional equity components	—	99.2	(58)
Interest expense for Additional equity components	7.8	– 4.2	(58)
Change in cash funds from other financing activity**	– 31.5	– 30.3	(57),(68)
Cash flows from financing activities	– 62.2	**30.8**	(18)

*** Including cash payments for the principal portion of lease liabilities*

Cash reserve			
Cash reserve as of January 1	2,154.2	1,654.6	(31)
Cash flow from operating activities	– 554.7	447.6	
Cash flow from investing activities	– 7.5	21.3	
Cash flow from financing activities	– 62.2	30.8	
Cash reserve as of December 31	1,529.8	2,154.2	(31)
Change in cash reserve	**– 624.5**	**499.6**	(18),(31)

The cash flow statement should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE OLDENBURGISCHE LANDESBANK GROUP FOR THE FINANCIAL YEAR 2022

GENERAL DISCLOSURES

(1) BASIS OF ACCOUNTING

Pursuant to Sec. 2 of its Articles of association, the corporate purpose of the company is the operation of banking and financial activities of all kinds as well as such transactions and services conducive to the sale of banking and financial products.

OLB's registered office is situated at Stau 15/17, 26122 Oldenburg, and it is entered in the commercial register held by Oldenburg Local Court under the number HRB 3003. OLB is the parent company of the OLB Group, which in addition to the OLB comprises the subsidiaries outlined in Note (5) and (73).

Pursuant to Sec. 290 (5) of the German Commercial Code (HGB), OLB is exempt from the obligation to prepare consolidated financial statements pursuant to Sec. 340i (1) HGB in conjunction with Sec. 290ff. HGB as its subsidiaries are of minor importance (Sec. 296 (2) of the German Commercial Code). The background to these financial statements is OLB's planned IPO and the requirements for a stock exchange prospectus, which require financial information in accordance with international accounting standards. Therefore, OLB has prepared consolidated financial statements as of December 31, 2022 in accordance with the requirements of the International Financial Reporting Standards (IFRS) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as well as reference figures as of December 31, 2021. The financial statements reflect all mandatory IFRS accounting standards and interpretations issued by the International Accounting Standards Board and adopted by the EU. The financial statements comprise the balance sheet, the statement of profit and loss and other comprehensive income, the cash flow statement, the statement of changes in equity and the notes to the consolidated financial statements.

All of the IFRS standards and interpretations endorsed by the EU which were mandatorily applicable as of the reporting date (December 31, 2022) have been applied in these consolidated financial statements, where relevant for the OLB Group.

The euro is the reporting and functional currency. Figures are generally shown as millions of euros, rounded to one decimal place. The OLB Group's accounting is based on uniform Group accounting and valuation methods, which are explained further in the following Notes. Accounting and valuation are based on the going concern assumption. The reporting year corresponds to the calendar year.

(2) STANDARDS APPLICABLE IN FUTURE

Application of the following standards, interpretations and amendments of existing standards published by the IASB that are relevant for OLB, but whose application was not yet mandatory as of December 31, 2022. OLB has therefore not taken them into account.

IFRS adjustments	Endorsed by the EU	Applicable from
IFRS 17 – Insurance Contracts	Yes	01/01/2023
Amendments to IAS 8 – Definition of Accounting Estimates	Yes	01/01/2023
Amendments to IAS 1 – Disclosure of Accounting Policies	Yes	01/01/2023
Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Yes	01/01/2023
Amendments to IAS 1 – Classification of Liabilities as Current or Non-current	No	01/01/2024
Amendments to IFRS 16 – Sale and Leaseback transactions	No	01/01/2024

The amendments to applicable IFRS are not expected to have any significant impact on the IFRS consolidated financial statements.

(3) EFFECTS OF THE IBOR REFORM

Within the scope of the IBOR reform, the IBOR reference interest rates are to be replaced by other reference interest rates. The simplifications resulting from the amendments of IFRS 4, IFRS 7, IFRS 9, IFRS 16 and IAS 39 due to the IBOR reform will not have any impact on OLB.

OLB does not have any loan agreements which are affected by the changeover of the foreign-currency LIBORS. Nor will the fair value hedges reported by the Bank be affected. The sole effects have arisen due to the change in the interest rate on security agreements in connection with derivative transactions from EONIA to EUR STR. This has resulted in minor valuation adjustment effects recognised in profit or loss.

In subsequent years we likewise expect only minor valuation adjustments.

(4) EFFECTS OF ESG CRITERIA ON THE ACCOUNTING

The effects of climate change and the sustainability factors E (environment), S (social) and G (responsible corporate governance) present both risks and opportunities for OLB. In particular, the consolidated financial statements may be affected through a possible impact on the financial assets held by the Bank due to potential climate-related risks. ↗

OLB distinguishes between physical and transitory risks. The Bank understands physical risks as the risk of impairment due to a creditor's solvency or the fair value of collateral being affected due to changing climate, either directly through extreme weather events, e.g. drought and heat waves, or indirectly, e. g. through interruptions of supply chains. Transitory risks are financial losses arising either directly or indirectly from transition to a lower-carbon and more sustainable economy.

The bank is continuing its project launched in 2022 to integrate ESG risk drivers into risk management. Key milestones are the integration into the Bank's risk framework, the establishment of green house gas accounting and the analysis of future data requirements, particularly with regard to disclosure (pursuant to the Corporate Sustainability Reporting Directive and the Delegated Act supplementing Art. 8 of the Taxonomy Regulation).

ACCOUNTING POLICIES

(5) DISCLOSURES CONCERNING THE BASIS AND METHODS OF CONSOLIDATION

The following table shows the subsidiaries included in the IFRS consolidated financial statements as of the respective reporting dates:

Entity	12/31/2022	12/31/2021
Weser Funding S. A. Compartment 2	X	X
Weser Funding S. A. Compartment 3	X	X

Weser Funding S. A. Compartments 2 and 3 are consolidated special purpose entities. The Bank uses Weser Funding S. A. Compartments 2 and 3 to securitise parts of the loan portfolio so that those securitisations can be used as collateral for raising liquidity from the ECB (see also Note (63)).

Please see Note (74) for further details concerning the corporate group.

We eliminate intra-Group receivables and liabilities as well as expense and income resulting from transactions in the respective years between subsidiaries included in the consolidated financial statements within the scope of the consolidation of liabilities, expense and income. Gains or losses arising within the Group from intra-Group transactions are also eliminated.

(6) CURRENCY TRANSLATION

Currency translation has been implemented in accordance with IAS 21. All foreign-currency transactions were thus initially measured at the spot rate of that day for the transaction in question. On the following balance sheet date, monetary assets and liabilities denominated in foreign currency and spot transactions not executed as of the balance sheet date will be converted into euro at the balance sheet date's mean spot rates. Currency forwards are valued at current forward rates applicable for the remainder of the period.

As a rule, expenses and income arising from currency translation are included in the relevant items of the statement of profit and loss. No significant net open currency positions existed as of the end of the financial year.

As part of the currency translation of financial instruments not measured at fair value through profit or loss, EUR 9.1 million (2021: EUR 26.1 million) was recognised in profit or loss. As the functional currency for all Group units corresponds to the presentation currency of this report, there were no effects to be recognised in other comprehensive income.

(7) UNCERTAIN ESTIMATES AND DISCRETIONARY JUDGMENTS

Estimates, discretionary judgments and assumptions have been permissibly made as of the preparation of the consolidated financial statements which have affected the amounts shown in the consolidated financial statements. All of the estimates required for accounting and valuation purposes have been made while taking into account experience and observable factors which are regularly reviewed. These estimates are based on the appropriate exercise of judgment in accordance with the relevant standards. The following estimates, discretionary judgments and assumptions have had the greatest impact on the amounts reported in the consolidated financial statements:

Within the scope of the application of the IFRS 9 impairment rules for financial assets measured at amortised cost or fair value through other comprehensive income and the contingent liabilities and loan commitments falling within the scope of IFRS 9, significant estimates and discretionary judgments have been made in respect of the stage to which the item in question was allocated and the determination of the risk provisioning amount. The determination of the criteria as to when a significant increase in credit risk has occurred constitutes a discretionary judgement. The estimates required for the determination of Stage 1 and 2 risk provision and for the parameter-based calculation of Stage 3 risk provision are subject to significant uncertainty, particularly with regard to the integration of forward-looking, macroeconomic scenarios. The Stage 3 risk provision calculated on the basis of individual transactions includes assumptions and forecasts with regard to the determination of the future recoverable amounts (see Note (8)).

The retirement benefit obligations have been measured using the projected unit credit method. In particular, this includes assumptions with regard to the assumed interest rate, the long-term pension trend and average life expectancy (see Note (50)).

The recognised restructuring provisions are measured on the basis of qualified estimates and findings as to the likely costs of the specific measures. These estimates and findings are based on the implementation of previous measures.

Experience and forecasts of future events based on the currently available data are also relied upon for the establishment of provisions for contingent liabilities and when assessing and evaluating legal risks resulting from supreme court rulings and current legal proceedings.

Deferred taxes are recognised and measured on the basis of assumptions and estimates when determining the assumed date of payment and cash flows (see Note (54)). The assumptions regarding OLB's future earning power are regularly updated as of the assessment of deferred tax receivables and are factored into the valuation.

The estimates and assumptions concerning the consequences of the coronavirus pandemic for the Bank's net assets, financial position and results of operations were particularly significant for its annual financial statements for the financial year 2021. Analysis of the expected credit risk trend was a central aspect here. As at the end of 2021, there was an additional risk provision for possible uncertainties from the corona virus pandemic in the amount of EUR 17.3 million. The corona pandemic did not lead to a sustained deterioration in OLB's credit risk in 2022, and the reason for creating the risk provision no longer applied. The Bank reversed the additional risk provisioning in full and thus reduced the net expense from risk provisioning for 2022 accordingly. However, due to the Russia-Ukraine war, the risks for the further course of the economy have increased. The massive increase in energy prices and consumer prices is having a noticeable impact on both private households and companies. In OLB's view, the effects of the rise in energy prices can only be taken into account indirectly and with a time lag, and therefore not sufficiently in the model used by OLB to determine the general loan loss provisions or the underlying macroeconomic parameters. The Bank therefore made a post-model adjustment to the risk provisioning, in which the individual effects on individual economic sectors were analysed and transformed into changes in the probabilities of default. The default probabilities determined in this way were applied to the model-based risk provisioning amounts of Stages 1 and 2 in order to derive the amount of the post-model adjustment from the resulting changes in expected losses. In total, an additional risk provision of EUR 15.9 million was determined in this way.

Management judgement was also applied to the accrual of the negative interest expense of the longer-term refinancing operations (TLTRO) taken up with the ECB (see note (8)).

At the Bank's discretion, the ECB measures are not considered to be an application of IAS 20 ("Government Grants"), but are accounted for in accordance with IFRS 9 ("Financial Instruments"). As an intermediary, the Bank issues loans at the market interest rate including margin and refinances itself analogously. The ECB's measures are thus seen as determining the market interest rate level and not as a government grant to OLB.

(8) FINANCIAL INSTRUMENTS

Recognition of financial assets and financial liabilities

According to IFRS 9, all financial assets and liabilities (including derivative financial instruments) must be reported in the balance sheet. A financial instrument is any contract that gives rise to a financial asset for one entity (recognised on the assets side of the balance sheet) and a financial liability or equity instrument for another entity (recognised on the equity and liabilities side of the balance sheet). Financial instruments thus arise through contractual agreements.

Derivatives are acquired and disposed of as of the trade date. Non-derivative financial assets (including regular spot purchases or sales) and non-derivative financial liabilities are recognised and derecognised at OLB as of the settlement date (settlement date accounting).

Financial assets – classification and measurement

Classification of financial assets

IFRS 9 distinguishes between the following measurement categories: Amortised Cost (AC), Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit and Loss (FVPL). Assets are allocated based on a classification decision by OLB to the measurement categories: on the one hand, on the basis of the bank's business model for the management of the (respective) financial assets and, on the other, according to the nature of the contractually agreed cash flows.

All financial assets covered by the "hold to collect" (HTC) business model and whose contractual cash flows solely constitute non-leveraged interest and principal payments (solely payments of principal and interest, SPPI criterion) are allocated by OLB to the AC measurement category. If the portfolio which contains the financial asset does not have any clear intention to hold the asset in question and is prepared in principle to sell it, this financial asset is allocated to the FVOCI measurement category ("hold to collect and sell" (HTCS) business model). Financial assets which cannot be allocated to either the "hold to collect" business model or the "hold to collect and sell" business model and / or which do not fulfil the SPPI criterion are allocated by OLB to the FVPL measurement category. OLB makes no use of the fair value option for financial assets which may be allocated to the FVPL measurement category subject to fulfilment of certain preconditions. Free-standing derivatives do not fulfil the SPPI criterion and are therefore classified as FVPL. Nor do equity instruments fulfil the SPPI criterion, since the investor does not have any entitlement to payments of interest and principal. They are therefore likewise measured by OLB at fair value through profit or loss. OLB has not exercised the option to allocate equity instruments not held for trading purposes to the FVOCI measurement category (FVOCI option).

For details on the allocation of financial assets to the measurement categories, please refer to Note (71).

Definition of business models according to IFRS 9

The management of OLB defines the business model – which is based on the management of a group of financial assets – in order to achieve the Bank's business objectives and to generate cash flows.

The OLB uses the "hold to collect" and "hold to collect and sell" business models. Receivables from banks and receivables from customers – including the promissory notes reported in this item – are exclusively allocated to the "hold to collect" business model. In principle, financial assets of the non-trading portfolio are considered as falling within the "hold to collect and sell" business model. Investment securities and shares in affiliated companies which, by nature, are allocable to the "hold to collect " business model are an exception.

For financial assets allocated to a portfolio with the "hold to collect " business model, OLB aims to collect their contractually agreed cash flows. However, subject to certain conditions the sale of an asset prior to the maturity date will not automatically conflict with the basic intention to hold it.

In addition to repayments and redemptions, financial assets that are allocated to a portfolio with the business model "hold to collect" can in principle also be sold without this contradicting the business model. Since sales will in principle only arise in individual cases, the Bank has opted not to prescribe specific threshold values and will assess the potential impacts on its business model on a case-by-case basis.

In the "hold to collect and sell" business model, OLB has the intention to collect the contractually agreed cash flows. Opportunistic sales from the portfolios in question are likewise permitted. However, there is no initial intention to sell, unlike in the case of trading portfolios.

Analysis of the contractually agreed cash flows

As well as the relevant business model, the classification of financial assets also depends on the nature of the cash flows. When a financial asset is recognised for the first time, the contractual cash flows are analysed with regard to the SPPI criterion. The SPPI criterion defines interest as payments that are consistent with a basic lending arrangement. The contractual cash flows are evaluated as to, whether they essentially constitute compensation for the fair value of the money and the assumed credit risk of the counterparty. These payments may also include a settlement for the assumption of liquidity risks and a profit margin. Leverage which interferes with this compensation status will result in the non-fulfilment of the SPPI criterion. With regard to the nature of payments of principal, the bank considers whether repayments made while taking account of rights of termination may result in a deviation from the carrying amount recognised as of the date of repayment. In this case, such payments would be regarded as detrimental to the applicability of the SPPI criterion.

Non-recourse financing arrangements are characterised by their limited rights of recourse. This limitation means that a financing arrangement is higher-risk, and financing arrangements may constitute equity. By way of differentiation, OLB has developed an accounting policy which classifies non-recourse financing arrangements on the basis of defined risk characteristics (such as rating grades, loan to value).

Financial instruments with embedded derivatives (including termination rights, interest rate options) are assessed in their entirety to determine whether they meet the SPPI criterion.

Reclassifications

In principle, following their initial recognition financial assets will continue to be ascribed to the business model to which they were allocated as of their addition. Reclassifications will only be made in exceptional cases, where this is consistent with the actual management of OLB and further conditions are met. In the event of an exceptional reclassification, this will be separately indicated. No reclassification occurred in the relevant period.

Initial measurement of financial assets

Trading portfolio assets are recognised at their fair value as of the trade date. Transaction costs are recognised through profit or loss.

Receivables from banks, receivables from customers and financial assets of the non-trading portfolio are recognised at fair value, which is generally the transaction price (amount paid out). The directly allocable transaction costs are accrued for the AC measurement category and likewise in the case of the FVOCI measurement category. The transaction costs for FVPL financial assets of the non-trading portfolio are recognised through profit or loss.

Subsequent measurement of financial assets

Financial instruments of the measurement category FVPL are measured at their fair values. In principle, these are calculated on the basis of stock exchange prices. In those cases where no stock exchange quotations are available, the market prices of comparable instruments or recognised valuation models (in particular, present value methods or option pricing models) will be used in order to determine the fair value.

Financial instruments of the measurement category AC (in particular Receivables from banks and receivables from customers) will be measured at amortised cost. Risk provisioning and impairment will be deducted from the gross carrying amount. Any difference between the amount paid out and the nominal amount as well as loan processing fees will – where equivalent to interest – be allocated to profit or loss in accordance with the effective interest rate and will be recognised in the interest income resulting from the application of the effective interest method. In the case of the disposal of financial instruments in the AC measurment category, the result is recognised in the item result from the disposal of AC-valued financial instruments.

Financial instruments of the measurement category FVOCI (parts of financial investments) are measured at fair value. With the exception of risk provisioning and impairment as well as currency translation, changes in value will be recognised through other comprehensive income (OCI) while taking into account deferred taxes. As these are exclusively debt instruments, the accumulated net measurement gain recognised in other comprehensive income will be reclassified to profit or loss upon disposal.

If the contractual rights to the cash flows from financial assets expire or have expired (e.g. through redemption or disposal), they are derecognised.

Risk provisioning and impairment of financial instruments
OLB uses an expected credit loss model for the purpose of recognition of impairment of financial assets in the AC and FVOCI categories and of loan commitments and financial guarantees. Expected losses are already recognised in the balance sheet as of the date of addition.

Risk provisioning is based on the three-stage model of IFRS 9. As of the date of initial recognition, an asset will be allocated to Stage 1 and risk provisions will be recognised in the amount of the 12-month expected credit loss. The parameters PD, LGD and EAD are used by OLB, as well as the CCF for off-balance sheet transactions. The EAD is determined based on the contractual or expected cash flows.

In the event of a significant increase in credit risk as of the following balance sheet date, OLB allocates the financial instrument to Stage 2 and establishes risk provisions in the amount of the lifetime expected loss. Here, too, the calculation is based on the parameters lifetime PD, lifetime LGD and the EAD and, if applicable, CCF determined on the basis of the contractual or expected cash flows. According to OLB's rules, a Stage 2 allocation will be made, if the following criteria are met:

- rating-related criteria: The threshold for determining a significant deterioration in credit quality is established on the basis of a quantile analysis depending on the rating at the time of addition. The result of this analysis is rating changes depending on the initial credit rating, age of the financial instrument and portfolio from which a significant deterioration in credit quality exists.
- process-related criteria: Features established in OLB's credit risk management process are used as qualitative criteria of a significant deterioration in credit quality. These include the escalation levels of the early risk detection system, according to which a financial instrument is assigned to Stage 2 as soon as it is being restructured. This criterion ensures that a financial instrument is assigned to Stage 2 after a forbearance measure has been applied.
- Delay in payment of more than 30 days

If a financial instrument is credit-impaired at the balance sheet date, it is assigned to Stage 3. A credit-impairment exists where it is probable, on the basis of current information or events, that the customer will not fulfil their contractual interest or principal obligations as of the due date. In particular, this will apply if the following criteria are met:

- Opening of insolvency proceedings of the debtor or issuer or a high probability of insolvency or comparable reorganisation proceedings,
- Significant financial difficulties of the debtor or issuer,
- Concessions made to the debtor in connection with the debtor's financial difficulties that result in a significant reduction in the debtor's financial obligations. A reduction in the financial obligations is deemed to be significant if the present value of the financial obligations is significantly reduced as a result of the concessions granted.

In addition, an allocation to Stage 3 is made if there is a payment delay of more than 90 days. The risk provision is still calculated as lifetime expected loss, but with a default probability of 100 %.

OLB calculates risk provisions for the homogeneous, small-scale lending business in Stage 3 on the basis of parameters such as lifetime PD, lifetime LGD, EAD and CCF. For the inhomogeneous credit portfolio of Stage 3, the risk provision is determined as an undistorted and probability-weighted amount on the basis of the estimate of the discounted cash flows still to be expected for the assets concerned. The expected cash flows from realization of collateral are also taken into account.

The historical default information forms the basis for determining the risk parameters. These are adjusted taking into account the current economic environment as well as macroeconomic forecasts of the overall economic development. For this purpose, the bank determines scenarios for further economic development and derives the effects on the risk parameters using statistical models.

An allocation from Stage 2 to Stage 1 or from Stage 3 to Stage 2 or 1 takes place if the criteria that led to the stage transfer no longer exist on the respective balance sheet date.

At Stage 1 and 2, interest is recognised on the basis of the gross carrying amount, i.e. through application of the effective interest rate to the carrying amount prior to deduction of risk provisions. At Stage 3, interest is recognised on the basis of the net carrying amount, i.e. the carrying amount after deduction of the risk provisions.

Derecognition of financial instruments assigned to Stage 3, e.g. in the case of debt waivers, is always carried out by using up the risk provision. If there is no sufficient risk provision, a write-off is made directly in profit or loss. Recoveries on loans written off are also recognised in the item risk provisioning in the lending business.

No separate risk provisions are established for financial instruments in the FVPL measurement category, since this already occurs within the scope of the fair value measurement through profit or loss.

No risk provisions will be established in the balance sheet for assets in the AC and FVOCI measurement categories which were already impaired as of the date of their addition (i.e. on acquisition or in the case of substantial modifications on delivery). to the balance sheet (purchased or originated credit-impaired financial assets, POCI). Any change in the lifetime expected loss will be taken into account on subsequent balance sheet dates by means of the risk provisioning result. For POCI, interest will be recognised on the basis of the net carrying amount with the initial effective interest rate.

Changes in contractual cash flows – modifications

Changes in contractual cash flows or other changes to significant contractual components occurring during the life of a financial asset are referred to as modifications. If a financial instrument is derecognised as a result of a modification and subsequently recognised as a new financial instrument at fair value, this will entail a substantial modification. Any resulting modification result is recognised in the income statement. In the reporting period, there were no significant results from substantial modifications. On the other hand, a non-substantial modification will apply where the gross carrying amount must be recalculated on the basis of the changed cash flow and a modification result recognised. The result from a non-substantive modification is the difference between the gross carrying amount immediately prior to the modification and the recalculated gross carrying amount. The modification result will be recognised in the risk provision item of the statement of profit and loss.

Financial liabilities – classification and measurement

As a rule, financial liabilities must be assigned to the AC category. Financial liabilities held for trading purposes are an exception. These will be allocated to the FVPL category. At OLB, they exclusively consist of derivatives.

OLB is not currently making any use of the fair value option which may be applied in order to eliminate or reduce an accounting mismatch or in order to avoid a separation of embedded derivatives whose separation would otherwise be required.

These liabilities are initially measured at fair value. In the case of financial liabilities in the AC measurement category, directly allocable transaction costs must be taken into consideration in addition. In the FVPL measurement category, they are directly recognised through profit or loss. Within the scope of their subsequent measurement, financial liabilities in the AC measurement category are measured at amortised cost. Any premium or discount will be allocated to profit or loss pro rata temporis in accordance with the effective interest method.

The longer-term refinancing transactions taken out with the ECB from the TLTRO programmes (nominal holdings in 2022: EUR 1,990 million, 2021: EUR 3,090 million) are recognised exclusively in accordance with IFRS 9 at their acquisition cost using the effective interest method. The negative interest on TLTRO deposits depends on the loan volume growth granted by the Bank and is therefore specific to OLB. They resulted in a higher negative interest rate if the respective minimum volume in loan growth was met. The TLTROs are treated here as variable-rate financial liabilities for which the fulfilment of the conditions for loan volume growth is recognised as a change in the effective interest rate as part of the periodic reestimation of the cash flows. In this regard, we also refer to Note (7).

Financial liabilities in the FVPL measurement category are measured at fair value through profit or loss.

OLB accordingly applies the following IFRS 9 measurement categories for financial liabilities:

- Amortised Cost (AC)
- Fair Value through Profit or Loss (FVPL)

Financial liabilities (or parts thereof) are derecognised when they have been redeemed or repurchased.

Repo transactions and reverse repo transactions

In the case of a repo transaction, the Group sells securities while simultaneously agreeing to repurchase these securities on a certain date for an agreed price. The Group will retain the risks and opportunities associated with these securities in respect of a change in interest rates and counterparty default throughout the term of these transactions. These securities will thus continue to be reported in the Group's balance sheet as trading portfolio assets or financial assets of the non-trading portfolio. The proceeds of their legal sale are included in the balance sheet item liabilities to banks / liabilities to customers and reported as a liability resulting from repo transactions.

In the case of a reverse repo transaction, the Group purchases securities while simultaneously agreeing to return these securities on a certain date for an agreed price. The counterparty will retain the risks and opportunities associated with these securities in respect of a change in interest rates and counterparty default throughout the term of these transactions. These securities will thus not be reported in the Group's balance sheet as trading portfolio assets or financial assets of the non-trading portfolio. The proceeds of their legal purchase are included in the balance sheet item receivables from banks / receivables from customers and reported as a receivable from reverse repurchase transactions.

The interest expenses for repo transactions and the interest income from reverse repo transactions are recognised on an accrual basis and reported in net interest income.

Offsetting in the balance sheet

Financial assets and liabilities will be netted in the balance sheet if there is an unconditionale enforceable right in relation to the counterparty (both in the normal course of business and on the occurrence of a credit event) to offset the respective amounts and the transactions are fulfilled on a net basis (actual shortening of the payment channel) or if the liability is settled at the same time as the asset's realisation. At OLB, derivatives business cleared through the central counterparty (CCP) EUREX is the main scenario for balance-sheet offsetting. Positive and negative fair values of derivatives held on the reporting date vis-à-vis EUREX and the related cash collateral balance will be offset and reported in the balance sheet as a single net receivable or as a single net liability.

(9) FAIR VALUE HEDGE ACCOUNTING

OLB applies portfolio fair value hedge accounting according to the IAS 39 rules which continue to apply for this type of hedge. Here, maturity ranges are established at the level of the underlying transaction and allocated to the interest rate swaps. IAS 39 portfolio fair value hedge accounting is currently used at OLB for only those interest rate swaps which hedge underlying lending business and do not already have a one-to-one relationship with a specific underlying transaction. The underlying transactions used for portfolio fair value hedge accounting are loans and advances to customers measured at AC (amortising long-term loan transactions). OLB also uses interest rate swaps which are designated and recognised as IFRS 9 micro fair value hedges (these are on the one hand interest rate swaps with reference to financial assets valued at FVOCI and on the other hand interest rate swaps with reference to AC valued liabilities.)

For portfolio fair value hedge accounting the hedged risk is always the interest rate risk – in terms of the EUR swap curve – and interest rate swaps alone are used as hedging instruments.

With regard to the income statement presentation, for both portfolio hedges and micro hedges the measurement of the underlying transactions in relation to the hedged risk (EUR swap curve) and the measurement of the hedging instruments (EUR interest rate swaps) are shown in the result from hedging relationships. Offsetting valuation changes net one another out here; any ineffective hedges will mean that a net measurement gain or net measurement loss will arise in the result from hedging relationships. Ineffective hedges must always be expected to a certain degree. On the one hand, the multi-curve measurement of the interest rate swaps means that the measurement results are sensitive to interest rate tenor spreads – which is not true of the underlying transactions, which always have fixed interest rates. On the other hand, the transaction volumes on the two sides of a hedging relationship may, over time, move apart from one another through the loss of underlying transactions. In the event of significant volume decreases at the level of the underlying transaction, OLB will re-designate the affected hedging relationships and re-establish volume parity. Ineffectiveness other than that expected did not occur in the reporting period.

The fair values of hedging derivatives used for the purpose of micro or portfolio hedge accounting are shown in the positive / negative fair values of hedging derivatives items. The valuation change for the underlying transactions in question which is attributable to the hedged risk (EUR swap curve) will be shown under the underlying transaction in the balance sheet, i.e. the valuation adjustment is presented in the same item as the hedged underlying transaction (e.g. receivables from customers, if lending business is subject to interest rate hedging).

This also applies for the underlying transactions in portfolio fair value accounting (i.e. the Bank will not make use of the simplification permitted for this type of hedge where the valuation adjustments for the underlying transactions are reported in a separate balance sheet item, separately from the underlying transaction).

OLB utilises regression analysis (for IFRS 9 micro fair value hedges) and the dollar offset method (for IAS 39 portfolio fair value hedges) as methods to assess hedging effectiveness.

The actual value adjustments between the underlying and hedging transactions for the portfolio hedge and for all micro hedges are recognised in the income statement under net income from hedge relationships.

(10) RESULT FROM RESTRUCTURING

Restructuring expenses are recognised as of the Bank approving a detailed restructuring plan for specific programs and commencing the implementation of this plan or as of the Bank announcing the core aspects of this plan to the concerned parties. The recognised expenses are measured on the basis of qualified estimates as to the likely costs of the specific measures.

Future obligations which exceed a one-year horizon are discounted to the underlying present value. The Bank regularly reviews whether its estimates are still appropriate and adjusts them where necessary. Restructuring costs for which it is not possible to establish provisions are recognised in the period in which they are incurred.

Restructuring expenses relate to discontinued activities or business segments which are clearly defined so that they cannot be associated with the Bank's future going concern activities.

(11) INCOME TAXES

Income taxes levied on profits on the basis of applicable tax legislation are recognised as expense on an accrual basis. Deferred income taxes are recognised in full by means of the balance-sheet oriented approach for temporary differences between the amounts recognised for assets and liabilities for tax purposes and their carrying amounts in the financial statements, irrespective of the date of their reversal. Deferred taxes are measured at the tax rates which have already been adopted or announced by law and which are expected to apply as of the date on which these deferred taxes are reversed. Income tax assets or income tax liabilities will be recognised for additional tax payments or for any reimbursements which are due. Deferred tax assets will be recognised in the amount in which it is probable that future taxable profits will be available against which the temporary differences can be utilised.

(12) DISCLOSURES ON THE SEGMENT REPORTING

In accordance with IFRS 8, the internal financial reporting – as a decision-oriented tool produced on a monthly basis to assist with corporate management and control and to reflect risks and opportunities – forms the basis for the segment reporting. The changes to the organisational structure and modifications to the allocation of income and costs applicable since January 1, 2022, have been taken into consideration retrospectively in the figures provided for the previous year.

For management purposes, the Bank divides up its business activities by business segments, in terms of its target customers, products and services as well as from a procedural and settlement point of view. Within the scope of a further concentration of its business model, the Bank has adjusted the format of its business segments relative to the previous year and reduced them to two segments.

Business with private clients and regional small and medium-sized enterprises (SMEs) is the first core pillar of OLB's business operations. Since January 1, 2022, this has formed part of the *"Private & Business Customers"* strategic business segment. OLB offers these clients competent advisory and support services based on personal and trusting contact via its centrally managed network of branches and its Advisory Centre Oldenburg (CDS). At the same time, customers are also able to directly access products that meet their needs and up-to-date services via online and mobile banking. OLB thus combines a branch presence in its Weser-Ems core business area with the offering of a digital bank active throughout Germany, together with distribution partners and brokerage business. The Bank's offering concentrates on current accounts and credit cards, online banking and mobile banking (via its OLB banking app), instalment loans, private construction financing and private investments. In addition, the Bank offers insurance brokering and assistance with private real estate purchases and sales. The Bank operates under the Bankhaus Neelmeyer brand in the area of Private Banking & Wealth Management.

The second pillar of the Bank's business model is the larger-volume corporate business segment including Football Finance as well as Acquisition Finance including Fund Finance, International Diversified Lending and Commercial Real Estate Finance. The Bank's offering in these subsegments is characterised by an individually tailored profile, larger individual transactions and the commitment of an increased volume of resources to advisory processes and servicing. However, on the other hand this enables higher margins. This business segment is supplemented by Wind Power Finance. Since the start of the financial year 2022, the Bank's activities which fall under the scope of its manufactory business have been combined in its *"Corporates & Diversified Lending"* strategic business segment.

On the one hand, personnel and non-personnel expenses resulting from central operational, management and administrative functions are presented as part of OLB's *Corporate Centre.* Back office and settlement services are provided centrally for the strategic business segments in the operating units. The management and administrative units are responsible for steering the Bank. The costs incurred by central units for the performance of services within the scope of business operations are apportioned to the strategic business segments on the basis of the source of these costs. In addition, any items which do not belong elsewhere – in particular, those arising from the Bank's asset / liability management, earnings from affiliated companies, investment securities and reconciling items – are also presented within the scope of OLB's Corporate Centre. The Corporate Centre is not a business segment.

OLB primarily assesses the financial success of its segments for which reporting is required and of its other units on the basis of its operating result before risk provisions. Its operating result before risk provisions is the balance of income and expenses from core business operations which can be allocated to the segment or unit in question. The result after taxes is another key indicator.

Net interest income is divided up into its profit components on the basis of the market interest rate method and allocated to the segments on the basis of its source.

Administrative expenses comprise direct costs allocated to the segments as well as the costs of central units which arise through the performance of services within the scope of business operations.

Risk capital is assigned on the basis of the allocation of risk-weighted assets to the segments. Market price risk, operational risks and currently free capital shares are allocated to the Corporate Centre unit.

(13) TANGIBLE FIXED ASSETS

Land and buildings and operating and business equipment are reported at amortised cost. Subsequent costs will be capitalised if they increase the economic benefit of the relevant assets. Repairs, servicing and other maintenance costs will be registered as expense in the period in question. Tangible fixed assets are depreciated on a straight-line basis over the following periods, in line with their expected economic lives:

- Buildings 25 to 50 years
- Operating and business equipment 3 to 13 years
- Right-of-use assets 1 to 15 years

The depreciation expense is reported under Depreciation, amortization and impairments of intangible and tangible fixed assets. Gains or losses resulting from the sale of tangible fixed assets or owner-occupied land and buildings are reported under other income or other expenses.

(14) INTANGIBLE ASSETS

Intangible assets are reported at cost upon initial recognition. They are subsequently measured at amortised cost, i.e. less any accumulated amortisation over the expected useful life as well as write-offs. OLB reports acquired software and an acquired domain under this item.

In principle, host applications are amortised on a straight-line basis over a period of seven years and client-server applications on a straight-line basis over a period of five years. The amortisation period of the rights of use (software) is between 3 and 5 years. The amortisation expense is reported under Depreciation, amortization and impairments of intangible and tangible fixed assets.

The costs for servicing of software programs are recognised through profit or loss upon accrual.

(15) LEASING

The OLB Group has various leasing arrangements under which the OLB Group is the lessee. Pursuant to IFRS 16, a right-of-use asset for the leased asset and a corresponding leasing liability must be recognised for these leases. These right-of-use assets are reported – under the cost model – as tangible fixed assets as part of the fixed assets and as intangible assets (see Note (38) and (39)) and are depreciated on a straight-line basis over the useful life of the lease. The depreciation amounts are reported in depreciation, amortization and impairments of intangible and tangible fixed assets. The leasing liabilities are carried in the amount of the present value of the future lease payments discounted at OLB's marginal borrowing rate (i.e. the refinancing rate used in internal management) and reported in the other liabilities item (see Note (52)). The leasing liability is subsequently measured using the effective interest method.

The OLB Group does not use its option of excluding short-term leases with terms of less than 1 year and leases with a low value from this accounting treatment.

(16) PROVISIONS

Provisions are established according to IAS 37 where the Group has existing legal or constructive obligations resulting from past transactions or events. For these provisions, it is probable that an outflow of resources with an economic benefit is necessary in order to fulfil this obligation and that a reliable estimate can be made of the amount of this obligation. Provisions are subject to an annual review and are newly determined.

(17) RETIREMENT BENEFIT OBLIGATIONS

Most of OLB's employees are enrolled in a company pension scheme. When the benefits fall due, they are paid out in the form of an old-age pension, a survivors' pension, a work incapacity pension or, where applicable, a capital payment.

Pension plans are generally funded through payments made by OLB. There are also arrangements for employees to make their own contributions.

For the actuarial calculation of the present value of pension entitlements earned, net pension expense and, where applicable, additional expenses due to changes to defined benefit pension plans, independent qualified actuaries calculate the pension obligations annually according to the projected unit credit method. This entails an accrued benefit method prorated on service.

The pension obligation is reported at the present value of the pension entitlements earned as of the measurement date. An interest rate corresponding to current market conditions (for high-grade fixed-interest industrial bonds with matching maturities) is applied and assumed wage and salary increases, pension trends and expected income from the plan assets are taken into consideration. Actuarial gains and losses – resulting from experience adjustments, adjustments to actuarial assumptions and plan changes – are recognised in cumulative other comprehensive income. Pension expense is recognised in the "current expenses" item as post-employment benefit costs.

A portion of the company pension scheme for employees comprises benefit entitlements due to indirect benefit obligations. To fund these entitlements, defined contributions are made – with the participation of the employees – to external pension funds, including Versicherungsverein des Bankgewerbes a. G., Berlin. The contributions made to these external pension funds are recognised as current expenses and reported in the "current expenses" item as post-employment benefit costs.

(18) ADDITIONAL DISCLOSURE TO THE CASH FLOW STATEMENT

The cash flow statement presents the change in the OLB Group's cash and cash equivalents due to cash flows from operating activities, investing activities and financing activities. Cash flows from operating activities are derived from the Group's net profit for the financial year by means of the indirect method. Cash flows from investing activities which are presented according to the direct method mainly comprise proceeds from the disposal of, and payments to acquire, financial assets of the non-trading portfolio and tangible fixed assets. Financing activities – which are likewise presented according to the direct method – reflect all of the cash flows resulting from transactions involving equity as well as subordinated capital and profit participation capital. All other cash flows are allocated to operating activities, in line with international practice for banks. Cash and cash and cash equivalents comprise cash in hand and balances with central banks.

NOTES TO THE STATEMENT OF PROFIT AND LOSS AND THE SEGMENT REPORTING

(19) NET INTEREST INCOME

Interest income and interest expense are recognised on an accrual basis. Interest income resulting from application of the effective interest method comprises:

- calculated positive interest income from receivables and securities as well as
- amortised loan processing fees which form part of the effective interest rate and
- premiums and discounts for financial assets in the AC and FVOCI measurement categories.

Interest income also includes current income, such as dividends from shares, dividends from shares in affiliated companies and investment securities. Dividends are recognised in profit or loss as of the date of the dividend entitlement arising with legal effect.

Negative interest from receivables and securities, positive and negative interest from derivatives, current income from affiliated companies, income from profit pooling, profit transfer or partial transfer agreements are shown under other interest income.

Interest income and expenses from repo and reverse repo transactions are likewise recognised on an accrual basis and reported in net interest income.

EUR m	01/01 – 12/31/2022	01/01 – 12/31/2021
Interest income accounted for using the effective interest method	**558.5**	**402.6**
Interest income from lending transactions accounted for using the effective interest method	518.6	391.0
Interest income from securities business accounted for using the effective interest method	39.9	11.6
Interest income not accounted for using the effective interest method	**– 53.4**	**– 15.4**
Negative interest from financial assets	– 24.1	– 25.2
Current income from shares and other non-fixed income securities	0.0	0.0
Current income from investment securities and non-consolidated affiliated companies	0.0	0.0
Other interest income	– 29.4	9.7
Total interest income	**505.1**	**387.2**
Interest expenses from liabilities to banks	– 19.1	– 20.7
Interest expenses from liabilities to customers	– 44.2	– 23.4
Interest expenses from securitised liabilities	– 3.8	– 0.3
Interest expenses from subordinated debt	– 6.6	– 6.4
Other interest expenses	– 28.3	– 21.1
Positive interest from financial liabilities	32.8	47.0
Total interest expenses	**– 69.3**	**– 24.9**
Net interest income	**435.8**	**362.3**

OLB participation in the ECB's TLTRO programme led to a higher negative interest rate.

(20) NET COMMISSION INCOME

Income and expenses from the utilization of services are recognised in this item. OLB applies IFRS 15, which establishes a five-step model governing revenue recognition. The five-step model requires the bank to (i) identify the contract with the customer, (ii) identify each of the separate performance obligations included in the contract, (iii) determine the amount of consideration in the contract, (iv) allocate the consideration to each of the identified separate performance obligations and (v) recognize revenue as each performance obligation is satisfied. One-off fees received which do not form part of the effective interest rate are recognised in commission income as of the date of fulfilment of the separate performance obligation. Income for services provided over a period of time is recognised on the balance sheet date according to the degree of fulfilment. For further details regarding the nature of the services provided we refer to Note (12). The breakdown of commissions by type of services based on IFRS 15 is as follows:

EUR m	01/01 – 12/31/2022	01/01 – 12/31/2021
Account fees et al.	**27.5**	**30.1**
Income	36.0	39.9
Expense	– 8.5	– 9.9
Securities business and asset management	**36.7**	**43.1**
Income	68.8	81.5
Expense	– 32.1	– 38.4
Private real estate, house-saving and insurance business	**12.9**	**10.3**
Income	15.0	11.6
Expense	– 2.2	– 1.3
Loan business fees	**34.5**	**34.2**
Income	39.2	37.4
Expense	– 4.7	– 3.2
Others	**3.2**	**8.4**
Income	3.8	9.4
Expense	– 0.5	– 1.0
Total net commission income	**114.8**	**126.1**
Income	162.7	179.8
Expense	– 47.9	– 53.8

(21) TRADING RESULT

The trading result comprises all realised and unrealised gains and losses from OLB’s trading portfolio assets and liabilities. The trading result also includes commissions and any interest income and expenses resulting from trading activities. ↗

Trade-related commissions comprise the Bank’s stock market settlement expenses and margins earned in foreign exchange and precious metal business.

EUR m	01/01 – 12/31/2022	01/01 – 12/31/2021
Trading in interest rate products	– 1.2	1.2
Foreign exchange and precious metal business	9.6	5.9
Others	– 0.0	– 0.1
Current trading result	**8.4**	**7.0**

(22) RESULT FROM HEDGING RELATIONSHIPS

The changes in value for the underlying transactions in relation to the hedged risk (EUR swap curve) and the changes in value for the hedging instruments (EUR interest rate swaps) are shown in the result from hedging relationships. This item includes the changes in value for the micro fair value hedges and likewise the portfolio fair value hedge. The effects of the amortisation of carrying amount adjustments made for previous underlying transactions are not reported here. Instead, they are reported in net interest income. This also applies for ongoing interest payments for underlying transactions and hedging transactions.

EUR m	01/01 – 12/31/2022	01/01 – 12/31/2021
Result from micro hedges	– 14.5	– 6.7
Result from portfolio hedges	– 4.5	3.9
Result from hedging relationships	**– 19.0**	**– 2.8**

Within the scope of the establishment of micro hedges shown in the balance sheet according to the fair value hedge accounting rules, interest rate swaps used for management of the interest exposure book were subject to fair value changes in the amount of EUR 247.7 million (2021: EUR 57.0 million). Overall, fair value changes in the amount of EUR –262.2 million (2021: EUR –58.3 million) arose for corresponding receivables from and liabilities to customers and for financial assets of the non-trading portfolio.

Within the scope of the establishment of the portfolio hedging relationship shown in the balance sheet according to the fair value hedge accounting rules, interest rate swaps used for management of the interest exposure book were subject to fair value changes in the amount of EUR 435.5 million (2021: EUR 55.8 million). Overall, fair value changes in the amount of EUR –440.0 million (2021: EUR –57.3 million) arose for corresponding receivables from and liabilities to customers and for financial assets of the non-trading portfolio.

The net effect (hedge ineffectiveness) of the micro hedges and the portfolio hedge, in the total amount of EUR –19.0 million (2021: EUR –2.8 million) is the net result on hedge accounting.

(23) OTHER INCOME

The main driver of the increase in earnings was payments of EUR 20.8 million from an external contractual partner of OLB, which the Bank received as compensation for progress in implementing the outsourcing of business processes that fell short of expectations. The other income from 2022 includes income of EUR 3.8 million from the sale of owner-occupied land and buildings (previous years: EUR 21.5 million).

(24) CURRENT EXPENSES

EUR m	01/01 – 12/31/2022	01/01 – 12/31/2021
Wages and salaries	– 117.8	– 136.5
Social contributions	– 17.3	– 20.3
Expenses for retirement benefits and support	– 10.7	– 12.1
Total current personnel expenses	**– 145.8**	**– 168.9**
IT expenses[1]	– 17.0	– 28.4
Room costs[1]	– 6.0	– 2.6
Information costs	– 5.4	– 5.4
Insurances	– 2.4	– 2.4
Advertising and representation expenses	– 3.8	– 5.6
Audit and association costs	– 4.7	– 4.7
Other services	– 8.7	– 11.8
Consulting and legal costs	– 18.4	– 17.7
Capital market costs	– 1.7	– 2.2
Digital Banking	– 1.6	– 2.5
Other administrative expenses	– 3.6	– 1.4
Non-personnel expenses	**– 73.4**	**– 84.7**
Depreciation / amortization of IFRS 16 right-of-use assets	– 13.7	– 12.9
Depreciation of IAS 16 assets	– 7.9	– 10.1
Amortization of IAS 38 intangible assets	– 2.9	– 2.9
Write-offs	—	– 2.5
Depreciation, amortisation and impairments of intangible and tangible fixed assets	**– 24.5**	**– 28.3**
Other expenses	– 0.6	– 2.5
Expenses from bank levies and deposit protection	– 15.2	– 14.6
Current expenses	**– 259.5**	**– 299.1**

1) The allocation of amortisation effects changed in the current period
- *EUR – 17.0 million IT expenses in 2022 should be compared to EUR – 21.6 million and*
- *EUR – 6.0 million room costs in 2022 should be compared to EUR – 9.4 million.*

(25) RISK PROVISIONS IN THE LENDING BUSINESS

The change in risk provisions – recognised in profit or loss – for receivables from banks and receivables from customers for which risk provisions are required and for financial assets of the non-trading portfolio and off-balance sheet lending business (irrevocable loan commitments, financial guarantees) is reported in the risk provision expense item. The risk provision expense item consists of the following:

EUR m	01/01 – 12/31/2022	01/01 – 12/31/2021
Receivables from banks measured at AC		
Non-significant increase in credit risk since initial recognition (Stage 1/12-months-ECL)	0.0	– 0.0
Significant increase in credit risk since initial recognition (Stage 2/Lifetime-ECL)	– 0.0	—
Result from changes in the risk provisions of receivables from banks measured at AC	**0.0**	**– 0.0**
Receivables from customers		
Non-significant increase in credit risk since initial recognition (Stage 1/12-months-ECL)	– 23.5	– 0.5
of which: measured at AC	– 23.5	– 0.5
Significant increase in credit risk since initial recognition (Stage 2/Lifetime-ECL)	7.3	15.9
of which: measured at AC	7.3	15.9
Credit-impaired assets (Stage 3/Lifetime-ECL)	– 32.1	– 18.9
of which: measured at AC	– 32.1	– 18.9
Result from changes in the risk provisions of receivables from customers	**– 48.3**	**– 3.5**
Off-balance sheet business		
Non-significant increase in credit risk since initial recognition – banks (Stage 1/12-months- ECL)	0.1	– 0.1
Significant increase in credit risk since initial recognition – banks (Stage 2/Lifetime-ECL)	– 0.1	0.0
Non-significant increase in credit risk since initial recognition – customers (Stage 1/12-months-ECL)	– 1.7	– 1.4
Significant increase in credit risk since initial recognition – customers (Stage 2/Lifetime-ECL)	– 2.8	1.2
Credit-impaired assets – customers (Stage 3/Lifetime-ECL)	6.9	– 8.9
Result from changes in provisions in credit business	**2.4**	**– 9.2**
+ Direct write-offs	– 4.1	– 2.9
– Recoveries on receivables written off	5.3	4.0
Result from other changes in risk provision	**1.2**	**1.1**
Total risk provisions	**– 44.7**	**– 11.6**

(26) RESULT FROM RESTRUCTURING

EUR m	01/01 – 12/31/2022	01/01 – 12/31/2021
Additions to the restructuring provisions	0.4	– 37.9
Reversal of the restructuring provisions	3.2	—
Restructuring expenses not eligible for provision	– 0.0	– 0.4
Result from restructuring	**3.7**	**– 38.2**

In 2021, the Bank decided on comprehensive measures to modernise and reposition the Bank, accompanied by significant job cuts. Expected costs for a socially acceptable implementation of the staff reduction were taken into account through the formation of a restructuring provision recognized in 2021. Thereof EUR 3.2 million were reversed in 2022.

(27) RESULT FROM NON-TRADING PORTFOLIO

The result from financial assets of the non-trading portfolio comprises net disposal and measurement gains on securities held as financial assets of the non-trading portfolio as well as investment securities and shares in subsidiaries which are not included in the basis of consolidation.

EUR m	01/01 – 12/31/2022	01/01 – 12/31/2021
Result from financial assets of the non-trading portfolio measured at FVOCI	– 39.8	– 0.0
Result from financial assets of the non-trading portfolio measured at FVPL	52.0	0.4
Result from non-trading portfolio	**12.3**	**0.4**

(28) INCOME TAXES

EUR m	01/01 – 12/31/2022	01/01 – 12/31/2021
Actual taxes (current year)	– 112.5	– 51.9
Actual taxes (previous years)	– 0.4	1.8
Actual taxes (sum)	**– 112.9**	**– 50.0**
Deferred taxes (current year)	26.0	– 0.5
Deferred taxes (previous years)	7.4	– 0.2
Deferred taxes (sum)	**33.4**	**– 0.7**
Income tax	**– 79.5**	**– 50.7**

Please see Note (55)ff. for further details.

(29) SEGMENT REPORTING

Please see the accounting policies explained in Note (12) for details of the basis and methods for the segment reporting. The following tables show the results of the segment reporting in terms of the structure of the segments which were actually managed in the financial years 2021 and 2022:

EUR m	Private & Business Customers	Corporates & Diversified Lending	Corporate Centre	OLB Group
01/01 – 12/31/2022				
Net interest income	188.7	233.6	13.6	435.8
Net commission income	82.6	37.9	– 5.6	114.8
Other operating income*	14.8	10.0	– 9.9	14.9
Result from non-trading portfolio**	—	—	12.3	12.3
Operating income	**286.1**	**281.4**	**10.3**	**577.8**
Operating expenses* **	**– 165.4**	**– 57.4**	**– 21.4**	**– 244.3**
Operating result	**120.6**	**224.0**	**– 11.1**	**333.5**
Expenses from bank levy and deposit protection	– 8.6	– 6.6	0.0	– 15.2
Risk provisioning in the lending business	– 5.2	– 42.6	3.1	– 44.7
Result from restructurings	—	—	3.7	3.7
Result before taxes	**106.8**	**174.9**	**– 4.4**	**277.2**
Income tax	– 33.1	– 54.2	7.8	– 79.5
Result after taxes (profit)	**73.7**	**120.6**	**3.4**	**197.7**
Cost-income ratio (CIR)	**57.8**	**20.4**	**n. a.**	**42.3**
Return on equity (post tax)	**22.0**	**15.3**	**n. a.**	**14.7**

EUR m	Private & Business Customers	Corporates & Diversified Lending	Corporate Centre	OLB Group
01/01 – 12/31/2021				
Net interest income	167.9	181.2	13.2	362.3
Net commission income	94.6	35.4	– 3.9	126.1
Other operating income *	3.7	5.1	17.4	26.2
Result from non-trading portfolio **	—	—	0.4	0.4
Operating income	**266.1**	**221.7**	**27.1**	**514.9**
Operating expenses ***	**– 191.5**	**– 62.4**	**– 30.5**	**– 284.5**
Operating result	**74.6**	**159.3**	**– 3.4**	**230.4**
Expenses from bank levy and deposit protection	– 8.3	– 6.4	—	– 14.6
Risk provisioning in the lending business	– 3.5	– 11.0	2.9	– 11.6
Result from restructurings	—	—	– 38.2	– 38.2
Result before taxes	**62.9**	**142.0**	**– 38.8**	**166.0**
Income tax	– 19.5	– 44.0	12.7	– 50.7
Result after taxes (profit)	**43.4**	**98.0**	**– 26.1**	**115.3**
Cost-income ratio (CIR)	**72.0**	**28.2**	**n / a**	**55.2**
Return on equity (post tax)	**12.7**	**13.2**	**n / a**	**9.5**
01/01 – 12/31/2020				
Net interest income	174.8	157.7	1.1	333.6
Net commission income	92.8	24.8	– 2.6	115.0
Other operating income *	7.4	5.3	4.0	16.7
Result from non-trading portfolio **	—	—	6.5	6.5
Operating income	**275.0**	**187.8**	**9.0**	**471.8**
Operating expenses ***	**– 197.8**	**– 60.0**	**– 26.2**	**– 284.0**
Operating result	**77.2**	**127.8**	**– 17.2**	**187.8**
Expenses from bank levy and deposit protection	– 7.5	– 5.0	—	– 12.5
Risk provisioning in the lending business	– 6.5	– 52.9	1.6	– 57.8
Result from restructurings	—	—	– 17.9	– 17.9
Result before taxes	**63.2**	**69.8**	**– 33.6**	**99.5**
Income tax	– 19.6	– 21.6	9.6	– 31.7
Result after taxes (profit)	**43.6**	**48.2**	**– 24.0**	**67.8**
Cost-income ratio (CIR)	**71.9**	**32.0**	**n / a**	**60.2**
Return on equity (post tax)	**12.2**	**7.1**	**n / a**	**5.8**

** Comprising Trading result, Result from hedging relationships and Other income*

*** Including Results from derecognition of financial instruments AC*

**** Comprising Personnel expenses, Non-personnel expenses, Depreciation, amortization and impairments of intangible and tangible fixed assets and Operating expenses*

With regard to the allocation of results to geographical regions, OLB is guided by the location of the branches. Since the Bank has no branches or subsidiaries abroad, all results are allocated to Germany.

(30) BASIC AND DILUTED EARNINGS PER SHARE

To determine the basic and diluted earnings per share, the profit is divided by the average weighted number of shares in circulation during the financial year.

	01/01 – 12/31/2022	01/01 – 12/31/2021
Profit (million euros)	197.7	115.3
Average number of shares in circulation (million shares)	46.8	23.3
Basic earnings per share (euros)	**4.23**	**4.96**
Average diluted number of shares in circulation (million shares)	55.7	27.9
Diluted earnings per share (euros)	**3.55**	**4.14**

The dilution effects result from the conversion rights of some subordinated financial instruments.

NOTES TO THE BALANCE SHEET – ASSETS

(31) CASH RESERVE

The cash reserve includes cash in hand as well as balances with central banks due daily which are reported at their nominal value.

EUR m	12/31/2022	12/31/2021
Cash in hand	43.6	815.7
Balances with central banks	1,486.2	1,338.5
of which: eligible for refinancing with the Deutsche Bundesbank	1,486.2	1,338.5
Cash reserve	**1,529.8**	**2,154.2**

(32) TRADING PORTFOLIO ASSETS

Trading portfolio assets comprise holdings resulting from customer business involving foreign exchange and interest rate hedging instruments.

Positive fair values from derivative financial instruments are reported under trading portfolio assets, except where these derivatives are included in the hedge accounting in accordance with IFRS.

Fair values of hedging derivatives which are used for the purpose of internal risk management but which are not eligible for the hedge accounting are also reported here.

EUR m	12/31/2022	12/31/2021
Positive fair values of interest rate derivatives, unless included in hedge accounting	145.2	44.3
Positive fair values of currency derivatives	52.0	45.6
Non-derivative trading assets measured at FVPL	0.0	0.0
Credit value adjustment (CVA) for derivative financial instruments	– 1.5	—
IAS 32 off-setting amount	– 87.3	– 7.7
Trading portfolio assets	**108.5**	**82.2**

(33) POSITIVE FAIR VALUES OF DERIVATIVE HEDGING INSTRUMENTS

As of the end of the year, interest rate swaps with a nominal volume of EUR 5,057.3 million (2021: EUR 3,961.0 million) were designated as hedging instruments within the scope of the micro fair value hedge accounting. In addition, interest rate swaps with a nominal volume of EUR 1,918.0 million (2021: EUR 2,063.0 million) were designated as hedging instruments in the portfolio fair value hedge accounting. Please see Note (66) for further disclosures on hedge accounting.

(34) RECEIVABLES FROM BANKS

EUR m	12/31/2022	12/31/2021
Receivables from banks (gross carrying amount)	775.2	970.1
less risk provision	– 0.0	– 0.0
Receivables from banks	**775.2**	**970.0**
of which: Receivables from banks measured at AC	775.2	970.0

The risk provision made on gross receivables from banks in both years amounted to less than TEUR 10 and was thus disclosed in the metrics of EUR – 0.0 million.

(35) RECEIVABLES FROM CUSTOMERS

EUR m	12/31/2022	12/31/2021
Receivables from customers (gross carrying amount)	**18,193.9**	**17,099.3**
less risk provision	– 184.9	– 156.2
Receivables from customers	**18,008.9**	**16,943.1**
of which: Receivables from customers measured at AC	18,008.9	16,943.1

EUR m	12/31/2022	12/31/2021
Private & Business Customers	9,889.8	9,642.6
Corporates & Diversified Lending	8,691.3	7,422.5
Corporate Center	– 387.2	34.2
less risk provision	– 184.9	– 156.2
Receivables from Customers	**18,008.9**	**16,943.1**
of which: Receivables from customers measured at AC	18,008.9	16,943.1

The risk provision for credit losses recognised on gross receivables amounted to EUR 184.9 million (2021: EUR 156.2 million).

The following table shows the split of receivables from customers by industry type:

EUR m	12/31/2022	12/31/2021
Activities of households as employers and goods- and services-producing activities of households for own use	6,463.1	6,120.5
Manufacturing	1,958.8	1,748.9
Real estate activities	1,774.9	1,670.6
Financial and insurance activities	1,553.5	986.3
Wholesale and retail trade, repair of motor vehicles and motorcycles	1,054.0	969.2
Administrative and support service activities	898.1	998.2
Electricity, gas, steam and air conditioning supply	878.0	1,005.1
Professional, scientific and technical activities	822.0	915.1
Agriculture, forestry and fishing	651.2	749.2
Arts, entertainment and recreation	611.9	394.1
Transport and storage	473.9	599.4
Human health services and social work activities	299.0	268.3
Information and communication	246.5	199.5
Construction	178.4	170.7
Accommodation and food service activities	113.5	129.8
Water supply, sewerage, waste management and remediation activities	64.6	43.2
Other service activities	56.0	84.0
Education	44.6	2.5
Mining and quarrying	35.0	24.2
Public administration and defense, compulsory social security	16.8	20.4
less risk provision	-184.9	-156.2
Total	**18,008.9**	**16,943.1**

Receivables from customers are secured with standard bank collateral, except in case of non-resource financing within the scope of specialized lending business in the Corporates & Diversified Lending segment. This collateral mainly comprises mortgages, contractual security agreements, securities accounts and other forms of cash collateralisation. Within the framework of the hedge accounting, positive adjusted fair value changes arising since the start of the hedging relationships in the amount of EUR 397.7 million (2021: EUR 15.1 million) were allocated to amortised costs.

Please see Note (63) with regard to the receivables from customers which were transferred by way of collateral for the Bank's own liabilities.

(36) FINANCIAL ASSETS OF THE NON-TRADING PORTFOLIO

The Group's financial assets of the non-trading portfolio comprise bonds including other fixed-interest securities, shares including other non-fixed-interest securities, investment securities and shares in non-consolidated affiliated companies. Per end of 2022 the shares in affiliated companies related to two companies in which the OLB Group held a majority interest but which were not included in the consolidated financial statements due to their minor significance for the net assets, financial position and results of operations of the Group.

Investment securities are shares in companies over which the Bank is unable to exercise a significant influence and which serve to establish a permanent relationship with the companies in question. Current income from bonds, including premiums or discounts accrued over the respective term, is reported in net interest income.

Dividend income from shares and income from shares in affiliated companies and investment securities have been included in the same item. The gains and losses realised as of the sale of these securities have been reported under the result from financial assets of the non-trading portfolio.

Financial assets of the non-trading portfolio have the follow as follows

EUR m	12/31/2022	12/31/2021
Bonds and other fixed-income securities	3,085.6	2,674.0
Financial assets of the non-trading portfolio classified at FVOCI	**3,085.6**	**2,674.0**
Shares	1.0	1.9
Investment securities	0.6	0.6
Shares in not-consolidated subsidiaries	0.1	0.2
Financial assets of the non-trading portfolio classified at FVPL	**1.7**	**2.6**
Financial assets of the non-trading portfolio	**3,087.3**	**2,676.6**

The following table shows the bonds and other fixed-income securities, broken down by their issuer and as well as their capital market readiness or stock exchange quotation:

EUR m	12/31/2022	12/31/2021
Bonds and debt instruments from public-sector issuers	945.4	1,447.9
Bonds and debt instruments from other issuers	2,140.2	1,226.1
Debt instruments and other fixed-income securities	**3,085.6**	**2,674.0**
of which: marketable securities	3,067.5	2,654.1
of which: listed	3,067.6	2,654.1

In 2023, bonds and other fixed-income securities will fall due with a volume of EUR 275.6 million (2022: EUR 125.0 million).

The following table shows the shares and other non-fixed income securities, broken down by their type and as well as their capital market readiness or stock exchange quotation:

EUR m	12/31/2022	12/31/2021
Shares	1.0	1.9
Other	—	—
Shares and other non-fixed income securities	**1.0**	**1.9**
of which: marketable securities	—	—
of which: listed	—	—

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

OLB transfers bonds to third parties within the scope of repo transactions, pledging of securities and open-market transactions. The Bank retains the interest rate and counterparty risks for these bonds. The Bank reports these bonds in the financial assets of the non-trading portfolio item at a fair value of EUR 1,047.8 million (2021: EUR 2,411.6 million). The related liabilities for the repo transactions amount to EUR 342.2 million (2021: EUR 636.5 million). These liabilities for the repo transactions are reported under liabilities to banks.

As of December 31, 2022, shares in non-consolidated affiliated companies include the amounts recognised for the non-consolidated wholly-owned subsidiaries OLB-Service Gesellschaft mbH, Oldenburg, at EUR 0.026 million (2021: EUR 0.026 million), QuantFS, Hamburg, in the amount of EUR 0.110 million (2021: EUR 0.110 million).

(37) RISK PROVISION

Default risks in lending and securities business are taken into account by establishing risk provisions. The following risk provisions have been established:

EUR m	12/31/2022	12/31/2021
Risk provision for lending business		
Risk provision for receivables from banks	0.0	0.0
Risk provision for receivables from customers	184.9	156.2
Risk provision for off-balance sheet obligations to customers	19.8	22.6
Risk provision for off-balance sheet obligations to banks	0.1	0.1
Risk provision for financial assets of the non-trading portfolio	**0.6**	**0.2**
Total	**205.4**	**179.1**

The risk provisioning trend in the reporting years is as follows:

	Receivables from banks				Receivables from customers			
EUR m	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance as of January 1, 2022	**0.0**	**—**	**—**	**0.0**	**16.2**	**47.0**	**93.0**	**156.2**
Changes in balance from transfer between stages								
from stage 1								
to stage 2	– 0.0	0.0	—	– 0.0	– 1.1	20.0	—	18.9
to stage 3	—	—	—	—	– 0.2	—	19.2	19.0
from stage 2								
to stage 1	—	—	—	—	1.4	– 14.0	—	– 12.6
to stage 3	—	—	—	—	—	– 2.7	12.7	10.0
from stage 3								
to stage 1	—	—	—	—	0.1	—	– 2.8	– 2.8
to stage 2	—	—	—	—	—	1.0	– 1.2	– 0.3
Disposal	—	—	—	—	– 2.7	– 8.5	– 8.7	– 19.9
Additions	0.0	—	—	0.0	17.7	3.7	9.2	30.6
Changes in parameters	– 0.0	0.0	—	– 0.0	8.4	– 6.8	3.1	4.6
Utilisation	—	—	—	—	—	—	– 19.0	– 19.0
Balance as of December 31, 2022	**0.0**	**0.0**	—	**0.0**	**39.8**	**39.7**	**105.5**	**184.9**

	Off-balance sheet obligations to banks				Off-balance sheet obligations to customers			
EUR m	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance as of January 1, 2022	**0.1**	**0.0**	**—**	**0.1**	**5.3**	**1.7**	**15.6**	**22.6**
Changes in balance from transfer between stages								
from stage 1								
to stage 2	– 0.0	0.1	—	0.1	– 0.5	2.3	—	1.8
to stage 3	—		—	—	– 0.0	—	1.1	1.1
from stage 2								
to stage 1	—	—	—	—	0.3	– 1.8	—	– 1.6
to stage 3	—	—	—	—	—	– 0.0	0.2	0.2
from stage 3								
to stage 1	—	—	—	—	0.0	—	– 0.2	– 0.2
to stage 2	—	—	—	—	—	0.8	– 0.1	0.7
Disposal	– 0.0	—	—	– 0.0	– 2.6	– 1.5	– 6.9	– 11.1
Additions	0.0	—	—	0.0	2.3	0.1	0.0	2.5
Changes in parameters	– 0.0	– 0.0	—	– 0.0	2.2	2.9	– 1.4	3.8
Utilisation	0.0	—	—	0.0	—	—	—	**—**
Balance as of December 31, 2022	**0.0**	**0.1**	—	**0.1**	**7.0**	**4.5**	**8.3**	**19.8**

	Receivables from banks				Receivables from customers			
EUR m	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance as of January 1, 2021	**0.0**	**—**	**—**	**0.0**	**15.7**	**60.3**	**109.3**	**185.3**
Changes in balance from transfer between stages								
from stage 1								
to stage 2	—	—	—	—	– 0.9	7.5	—	6.6
to stage 3	—	—	—	—	– 0.1	—	7.0	6.8
from stage 2								
to stage 1	—	—	—	—	0.5	– 6.3	—	– 5.8
to stage 3	—	—	—	—	—	– 3.7	7.4	3.7
from stage 3								
to stage 1	—	—	—	—	0.0	—	– 1.7	– 1.7
to stage 2	—	—	—	—	—	0.1	– 1.2	– 1.0
Disposal	– 0.0	—	—	– 0.0	– 2.4	– 13.3	– 5.7	– 21.5
Additions	0.0	—	—	0.0	6.3	3.5	4.3	14.0
Changes in parameters	– 0.0	—	—	– 0.0	– 2.7	– 1.1	8.2	4.4
Utilisation	—	—	—	—	—	—	– 34.6	– 34.6
Balance as of December 31, 2021	**0.0**	—	—	**0.0**	**16.2**	**47.0**	**93.0**	**156.2**

	Off-balance sheet obligations to banks				Off-balance sheet obligations to customers			
EUR m	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance as of January 1, 2021	**0.0**	**0.0**	**—**	**0.0**	**3.9**	**5.5**	**6.7**	**16.2**
Changes in balance from transfer between stages								
from stage 1								
to stage 2	—	—	—	—	– 0.1	1.6	—	1.5
to stage 3	—	—	—	—	– 0.0	—	2.6	2.6
from stage 2								
to stage 1	—	—	—	—	0.1	– 1.1	—	– 1.0
to stage 3	—	—	—	—	—	– 0.1	4.3	4.2
from stage 3								
to stage 1	—	—	—	—	0.0	—	– 0.8	– 0.8
to stage 2	—	—	—	—	—	0.0	– 0.2	– 0.2
Disposal	– 0.0	—	—	– 0.0	– 1.1	– 2.3	– 1.8	– 5.2
Additions	0.1	—	—	0.1	2.9	0.5	3.7	7.1
Changes in parameters	– 0.0	– 0.0	—	– 0.0	– 0.4	– 2.6	1.1	– 1.9
Utilisation	—	—	—	—	—	—	—	—
Balance as of December 31, 2021	**0.1**	**0.0**	—	**0.1**	**5.3**	**1.7**	**15.6**	**22.6**

Risk provision for financial assets measured at FVOCI in the period from 2021 to 2022 is composed as follows:

	Financial assets of the non-trading portfolio		
EUR m	Stage 1	Stage 2	Stage 3
Balance as of January 1, 2022	**0.1**	**0.1**	**—**
Changes in balance from transfer between stages			
from stage 1			
to stage 2	– 0.0	0.2	—
to stage 3	—	—	—
from stage 2			
to stage 1	—	—	—
to stage 3	—	—	—
from stage 3			
to stage 1	—	—	—
to stage 2	—	—	—
Disposal	– 0.0	– 0.1	—
Additions	0.1	0.3	—
Changes in parameters	0.0	—	—
Utilisation	—	—	—
Balance as of December 31, 2022	**0.2**	**0.5**	**—**

	Financial assets of the non-trading portfolio		
EUR m	Stage 1	Stage 2	Stage 3
Balance as of January 1, 2021	**0.0**	**0.2**	**—**
Changes in balance from transfer between stages			
from stage 1			
to stage 2	—	—	—
to stage 3	—	—	—
from stage 2			
to stage 1	0.0	– 0.2	—
to stage 3	—	—	—
from stage 3			
to stage 1	—	—	—
to stage 2	—	—	—
Disposal	– 0.0	—	—
Additions	0.1	0.1	—
Changes in parameters	– 0.0	—	—
Utilisation	—	—	—
Balance as of December 31, 2021	**0.1**	**0.1**	**—**

The gross carrying amounts of the financial assets measured at amortised cost for which risk provisions have been established have undergone the following changes:

	Receivables from banks			Receivables from customers		
EUR m	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Balance as of January 1, 2022	**970.0**	**0.0**	**—**	**16,006.4**	**799.7**	**293.2**
Changes in balance from transfer between stages						
from stage 1						
to stage 2	– 0.8	0.4	—	– 548.5	579.3	—
to stage 3	—	—	—	– 46.5	—	46.8
from stage 2						
to stage 1	—	—	—	292.1	– 305.9	—
to stage 3	—	—	—	—	– 56.1	52.0
from stage 3						
to stage 1	—	—	—	11.4	—	– 11.5
to stage 2	—	—	—	—	6.6	– 8.2
Disposal	– 903.0	—	—	– 1,664.4	– 139.9	– 54.4
Additions	744.3	—	—	3,885.1	71.8	11.8
Changes in parameters	– 35.7	0.0	—	– 960.1	– 10.4	– 37.3
Utilisation	—	—	—	—	—	– 19.0
Balance as of December 31, 2022	**774.8**	**0.4**	**—**	**16,975.4**	**945.0**	**273.4**

	Receivables from banks			Receivables from customers		
EUR m	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Balance as of January 1, 2021	**557.6**	**0.0**	**—**	**14,455.5**	**990.7**	**347.2**
Changes in balance from transfer between stages						
from stage 1						
to stage 2	—	—	—	– 324.1	302.1	—
to stage 3	—	—	—	– 30.9	—	28.4
from stage 2						
to stage 1	—	—	—	234.3	– 269.4	—
to stage 3	—	—	—	—	– 69.7	73.4
from stage 3						
to stage 1	—	—	—	7.2	—	– 7.9
to stage 2	—	—	—	—	23.8	– 23.9
Disposal	– 517.5	—	—	– 1,364.4	– 197.5	– 51.2
Additions	904.6	—	—	3,890.7	65.7	13.2
Changes in parameters	25.4	– 0.0	—	– 861.9	– 46.2	– 51.4
Utilisation	—	—	—	—	—	– 34.6
Balance as of December 31, 2021	**970.0**	**0.0**	**—**	**16,006.4**	**799.7**	**293.2**

(38) TANGIBLE FIXED ASSETS

EUR m	12/31/2022	12/31/2021
Land and buildings according to IAS 16	25.5	28.6
Land and buildings according to IFRS 16	17.5	19.7
Operating and business equipment according to IAS 16	16.5	19.2
Operating and business equipment according to IFRS 16	0.9	0.7
Total	**60.5**	**68.3**

Tangible fixed assets (excluding rights of use) developed as follows:

	01/01 – 12/31/2022		
EUR m	Land and buildings according to IAS 16	Operating and business equipment according to IAS 16	Total
Historical acquisition costs	131.1	116.8	247.9
Historical write-ups	—	—	—
Historical depreciation, amortization, write-offs and impairments	– 102.3	– 97.6	– 199.8
Carrying amount as of January 1	**28.8**	**19.2**	**48.1**
Additions measured at cost	0.1	3.3	3.4
Disposals measured at cost	– 3.8	– 16.8	– 20.5
Write-ups included in disposals for the year	—	—	—
Depreciation, amortization and impairments included in disposals	3.2	16.5	19.7
Additions through reclassification	—	—	—
Disposals through reclassification	– 0.7	—	– 0.7
Changes in portfolio during the year	**– 1.2**	**3.1**	**1.9**
Write-ups during the year	—	—	—
Depreciation and amortization during the year	– 2.1	– 5.8	– 7.9
Write-offs and impairments during the year	—	—	—
Changes in measurement during the year	**– 2.1**	**– 5.8**	**– 7.9**
Carrying amount as of December 31	**25.5**	**16.5**	**42.1**

	01/01 – 12/31/2021		
EUR m	**Land and buildings according to IAS 16**	**Operating and business equipment according to IAS 16**	**Total**
Historical acquisition costs	144.3	122.5	266.7
Historical write-ups	—	—	—
Historical depreciation, amortization, write-offs and impairments	– 110.1	– 95.2	– 205.2
Carrying amount as of January 1	**34.2**	**27.3**	**61.5**
Additions measured at cost	0.6	2.3	2.9
Disposals measured at cost	– 13.8	– 7.9	– 21.7
Write-ups included in disposals for the year	—	—	—
Depreciation, amortization and impairments included in disposals	10.2	7.7	17.9
Additions through reclassification	—	—	—
Disposals through reclassification	– 0.2	—	– 0.2
Changes in portfolio during the year	**– 3.1**	**2.1**	**– 1.1**
Write-ups during the year	—	—	—
Depreciation and amortization during the year	– 2.4	– 7.6	– 10.1
Write-offs and impairments during the year	—	– 2.5	– 2.5
Changes in measurement during the year	**– 2.4**	**– 10.1**	**– 12.5**
Carrying amount as of December 31	**28.6**	**19.2**	**47.9**

The rights of use from the leases reported in Tangible fixed assets have developed as follows.

	01/01 – 12/31/2022		
EUR m	**Land and buildings according to IFRS 16**	**Operating and business equipment according to IFRS 16**	**Total**
Historical rights of use	28.1	1.8	29.9
Historical modifications	4.8	0.5	5.3
Historical amortization and impairments	– 13.2	– 1.6	– 14.8
Carrying amount as of January 1	**19.7**	**0.7**	**20.4**
Additions during the financial year	1.7	—	1.7
Disposals during the financial year	—	—	—
Changes in balance during the financial year	**1.7**	**—**	**1.7**
Change in duration during the financial year	1.2	0.7	1.9
Depreciation, amortization and impairments during the financial year	– 5.2	– 0.5	– 5.7
Changes in measurement during the financial year	**– 4.0**	**0.2**	**– 3.8**
Carrying amount as of December 31	**17.5**	**0.9**	**18.4**

EUR m	Land and buildings according to IFRS 16	Operating and business equip-ment according to IFRS 16	Total
	01/01 – 12/31/2021		
Historical rights of use	29.2	1.9	31.1
Historical modifications	4.0	0.5	4.5
Historical amortization and impairments	– 9.1	– 1.2	– 10.3
Carrying amount as of January 1	**24.1**	**1.3**	**25.3**
Additions during the financial year	0.1	0.0	0.2
Disposals during the financial year	—	—	—
Changes in balance during the financial year	**0.1**	**0.0**	**0.2**
Change in duration during the financial year	1.0	—	1.0
Depreciation, amortization and impairments during the financial year	– 5.5	– 0.6	– 6.0
Changes in measurement during the financial year	**– 4.5**	**– 0.6**	**– 5.1**
Carrying amount as of December 31	**19.7**	**0.7**	**20.4**

The Group used land and buildings with a carrying amount of EUR 25.5 million (2021: EUR 28.6 million).

All write-offs were recognised in non-personnel expenses in the year of the write-off.

As of the balance sheet date, as in the previous year no tangible fixed assets had been transferred by way of collateral for the Bank's own liabilities.

(39) INTANGIBLE ASSETS

EUR m	12/31/2022	12/31/2021
Intangible assets according to IAS 38	6.5	8.1
Intangible assets according to IFRS 16	24.5	21.9
Total	**31.0**	**29.9**

EUR m	01/01 – 12/31/2022 Intangible assets according to IAS 38	01/01 – 12/31/2021 Intangible assets according to IAS 38
Historical acquisition costs	52.0	48.8
Historical write-ups	—	—
Historical amortization and impairments	– 44.0	– 41.1
Carrying amount as of January 1	**8.1**	**7.8**
Additions measured at AC	1.3	3.2
Disposals measured at AC	—	—
Write-ups included in the disposals for the year	—	—
Amortization and impairments included in the disposals for the year	—	—
Additions due to transfers	—	—
Disposals due to transfers	—	—
Changes in balance during the financial year	**1.3**	**3.2**
Write-ups during the financial year	—	—
Amortization and impairment during the financial year (as planned)	– 2.9	– 2.9
Amortization and impairment during the financial year (off-plan)	—	—
Changes in measurement during the financial year	**– 2.9**	**– 2.9**
Carrying amount as of December 31	**6.5**	**8.1**

The rights of use recognised in intangible assets have developed as follows:

EUR m	01/01 – 12/31/2022 Intangible assets according to IFRS 16	01/01 – 12/31/2021 Intangible assets according to IFRS 16
Historical rights of use	16.1	16.9
Historical modifications	22.5	21.0
Historical amortization and impairments	– 16.8	– 11.3
Carrying amount as of January 1	**21.9**	**26.5**
Additions during the financial year	4.6	0.7
Disposals during the financial year	—	– 0.1
Changes in balance during the financial year	**4.6**	**0.6**
Change in duration during the financial year	6.1	1.6
Amortization and impairments during the financial year	– 8.0	– 6.9
Changes in measurement during the financial year	**– 1.9**	**– 5.3**
Carrying amount as of December 31	**24.5**	**21.9**

The intangible assets are software.

Write-offs – where applicable – were recognised in non-personnel expenses in the year of the write-off in question.

(40) OTHER ASSETS

EUR m	12/31/2022	12/31/2021
Cash Collaterals CCP	265.7	144.7
Accrued interest	26.3	15.8
Accident insurance with premium return	19.2	19.1
Receivables Human Resources	16.0	4.2
Receivables from commissions and fees	14.1	17.9
Irrevocable payment obligation	1.8	22.4
Other assets	14.1	5.2
Total other assets	**357.2**	**229.3**

The other assets include receivables from cash collateral provided to central counterparties.

(41) INCOME TAX ASSETS

EUR m	12/31/2022	12/31/2021
Income tax refund claims	0.0	0.0

Income tax assets relate to tax items pursuant to IAS 12, i.e. income tax assets resulting from corporate income tax and trade tax as income taxes are shown in this balance sheet item. Additional tax receivables from other taxes are reported in the other assets balance sheet item.

(42) DEFERRED TAX ASSETS

Please see the explanations in Note (54) and Note (55).

NOTES TO THE BALANCE SHEET – EQUITY & LIABILITIES

(43) TRADING PORTFOLIO LIABILITIES

The trading portfolio liabilities exclusively comprise negative fair values of derivatives.

EUR m	12/31/2022	12/31/2021
Negative fair values of interest rate derivatives, unless included in hedge accounting	131.9	31.1
Negative fair values of currency derivatives	52.7	40.1
IAS 32 off-setting amount	– 23.5	– 15.9
Trading portfolio liabilities	**161.2**	**55.3**

(44) NEGATIVE FAIR VALUES OF DERIVATIVE HEDGING INSTRUMENTS

As of the end of the year, interest rate swaps with a nominal volume of EUR 5,057.3 million (2021: EUR 3,961.0 million) were designated as hedging instruments within the scope of the micro fair value hedge accounting. In addition, interest rate swaps with a nominal volume of EUR 1,918.0 million (2021: EUR 2,063.0 million) were designated as hedging instruments in the portfolio fair value hedge accounting. Please see Note (66) for further disclosures on hedge accounting.

(45) LIABILITIES TO BANKS

EUR m	12/31/2022	12/31/2021
Demand deposits	101.7	346.2
Development banks	2,315.7	2,667.1
Promissory notes / registered notes	23.2	23.2
Covered bonds	65.5	88.6
Other term deposits	2,569.2	3,747.3
Liabilities to banks (AC)	**5,075.3**	**6,872.3**

The cash funds received within the scope of the transfer of assets subject to the simultaneous conclusion of repurchase agreements through repo transactions, including cash collateral received, amounted to EUR 324.2 million (2021: EUR 649.6 million).

(46) LIABILITIES TO CUSTOMERS

EUR m	12/31/2022	12/31/2021
Demand deposits	9,999.1	10,392.4
Promissory notes / registered notes	403.4	414.3
Covered bonds	117.1	94.1
Other term deposits	4,038.7	1,360.1
Saving deposits	1,634.2	1,812.6
Liabilities to customers (AC)	**16,192.5**	**14,073.5**

Within the framework of the hedge accounting, negative adjusted fair value changes arising since the start of the hedging relationships in the amount of EUR 191.8 million (2021: EUR 9.9 million) were allocated to amortised costs.

The following table shows the breakdown of liabilities to customers by customer group:

EUR m	12/31/2022	12/31/2021
Private & Business Customers	10,830.9	10,096.0
Corporates & Diversified Lending	3,116.9	2,751.9
Corporate Center	2,244.8	1,225.6
Liabilities to customers (AC)	**16,192.5**	**14,073.5**

(47) SECURITISED LIABILITIES

EUR m	12/31/2022	12/31/2021
Covered bonds issued	699.5	348.9
Other debt securities issued	7.4	30.1
Securitised liabilities (AC)	**706.9**	**379.1**

Securitised liabilities exclusively comprise bonds which the Bank has issued itself. Of the volume of bonds issued, tranches with a nominal value of EUR 1.9 million (2022: EUR 22.1) will fall due in 2023. The securitised liabilities include variable-interest bonds in an amount of EUR 7.4 million (2021: EUR 30 million).

(48) SUBORDINATED DEBT

EUR m	12/31/2022	12/31/2021
Convertible bonds (tier 1)	16.7	17.0
Debt instruments (tier 2)	14.0	14.6
Promissory note loans (tier 2)	128.1	131.5
Customer deposits (tier 2)	3.1	3.4
Subordinated debt	**161.9**	**166.5**

In the event of insolvency or liquidation, subordinated debt in the amount of EUR 161.9 million (2021: EUR 166.5 million) – which consists of subordinated promissory note loans (tier 2) and subordinated customer deposits (tier 2) in the amount of EUR 131.2 million (2021: EUR 134.9 million) as well as subordinated debt instruments (tier 2) and subordinated convertible bonds (tier 1) in an amount of EUR 30.7 million (2021: EUR 31.6 million) – may only be repaid upon satisfaction of all of the non-secondary creditors. No early repayment obligation applies.

The interest expense for subordinated debt came to EUR 6.9 million (2021: EUR 6.8 million). The interest rates for fixed-rate subordinated debt fall within a range of 0.00 % to 10.00 %. The average interest rate is 4.40 %.

CONVERTIBLE BONDS (TIER 1)

	12/31/2022	12/31/2021
Year of issue	2014 – 2018	2014 – 2018
Nominal amount (EUR m)	15.1	15.1
Issuer	OLB	OLB
Interest rate in %	0.00 % – 10.00 %	0.00 % – 10.00 %
Maturity	N / A	N / A

DEBT INSTRUMENTS (TIER 2)

	12/31/2022	12/31/2021
Year of issue	2013	2013
Nominal amount (EUR m)	13.8	14.4
Issuer	OLB	OLB
Interest rate in %	3.20 %	3.20 %
Maturity	2023	2023

PROMISSORY NOTE LOANS (TIER 2) AND CUSTOMER DEPOSITS (TIER 2)

	12/31/2022	12/31/2021
Year of issue	2010 – 2019	2010 – 2021
Nominal amount (EUR m)	128.1	131.8
Issuer	OLB	OLB
Interest rate in %	1.75 % – 6.00 %	1.75 % – 6.00 %
Maturity	2023 – 2031	2021 – 2031

(49) PROVISIONS

EUR m	12/31/2022	12/31/2021
Provisions for pensions and similar obligations	46.1	112.6
Other provisions	82.9	120.3
Provisions	**129.0**	**232.9**

While the provisions for pensions and similar obligations are of a long-term nature, the other provisions are of a short- to medium-term nature.

Provisions for credit risks in off-balance-sheet loan commitments are established at the expense of the risk provisions in the lending business. In principle, the other amounts added to the provisions are charged to administrative expense ↗ and, where applicable, interest and commission expense. Reversals are recognised under the items in which the provisions have been established.

Other provisions mainly comprise provisions for restructuring measures, severance payments and bonuses as well as provisions for lending business and legal risks.

(50) PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

EUR m	2022	2021
Pension provisions recognized as of January 1	**112.6**	**147.6**
Current service cost	5.3	6.5
Imputed interest expense	5.1	4.1
Return on assets	– 3.7	– 2.7
Repayment of costs from plan amendment	—	—
Net pension expense	6.7	7.9
Amortization and Repayment	—	—
Acquisitions	0.0	—
Pension commitments through deferred compensation	—	—
Allocation to defined contribution pension plan	– 0.8	– 1.2
Pension benefits provided in the reporting year	– 2.0	– 1.4
Taxes paid from assets	—	—
Gains (–)/ Losses (+) from demographic assumptions	—	—
Gains (–)/ Losses (+) from financial assumptions	– 104.3	– 20.9
Gains (–)/ Losses (+) from experience adjustments	4.2	– 2.6
Return on plan assets excluding interest income	29.8	– 16.8
Change in actuarial gains (–) / losses (+)	– 70.3	– 40.3
Additions (+) / disposals (–)	—	—
Pension provisions recognized as of December 31	**46.1**	**112.6**

The changes in the scope of obligations and in the fair value of fund assets are presented below, together with the carrying amounts for the defined benefit pension plans:

EUR m	2022	2021
Changes in the scope of obligations	**– 100.4**	**– 23.2**
Present value of pension entitlements earned as of January 1	395.3	418.6
Current service cost	5.3	6.5
Imputed interest expense	5.1	4.1
Employee contributions	1.9	1.2
Costs from change of plan	—	—
Gains (–)/ Losses (+) from demographic assumptions	—	—
Gains (–)/ Losses (+) from financial assumptions	– 104.3	– 20.9
Gains (–)/ Losses (+) from experience adjustments	4.2	– 2.6
Actuarial gains (–)/ losses (+)	– 100.1	– 23.5
Pension payments	– 12.6	– 11.7
Acquisitions	0.0	0.1
Additions (+) / disposals (–)	—	—
Present value of pension entitlements earned as of December 31	294.9	395.3
Change in fair value of fund assets	– 34.0	11.8
Fair Value of fund assets as of January 1	282.8	271.0
Return on assets	3.7	2.7
Return on plan assets excluding interest income	– 29.8	16.8
Employer contributions	0.8	1.2
Employee contributions	1.9	1.2
Pensions paid from fund assets	– 10.7	– 10.2
Taxes paid from fund assets	—	—
Transfers	—	—
Fair Value of fund assets as of December 31	248.8	282.8
Financing status (balance sheet value) as of December 31	**46.1**	**112.6**

Fund assets

The current allocation of these assets is as follows with regard to the fair value of the fund assets:

EUR m	12/31/2022	12/31/2021
Shares and other non-interest bearing securities	144.7	173.3
Bonds	6.5	14.2
Real Estate	1.0	1.5
Other	96.6	93.8
Total	**248.8**	**282.8**

Reinsurance policies comprise most of the fund assets reported in the item other.

The key figures for defined benefit pension plans are listed below:

EUR m	12/31/2022	12/31/2021
Present value of pension entitlements earned	294.9	395.3
Fair value of fund assets	248.8	282.8
Financing status	46.1	112.6

Valuation assumptions

The calculations are based on current, actuarially developed biometric probabilities. In addition, assumptions are made regarding the future rate of fluctuation, depending on age and number of years of service, as well as intra-group retirement probabilities. Current mortality tables are referred to with regard to life expectancy.

The weighted assumptions for the determination of the present value of pension entitlements earned and for the determination of net pension expense are as follows:

in %	12/31/2022	12/31/2021
Discount rate	4.00	1.30
Expected salary increase	2.50	2.50
Expected pension increase	2.25	1.75

The respective assumptions for net pension expense apply as of the balance sheet date in the previous financial year.

The assumptions regarding the accounting discount rate reflect the market conditions on the balance sheet date for high-grade fixed-interest bonds matching the currency and duration of the pension liabilities.

Increases in the discount rates led to actuarial gains on pension obligations. Adjustment effects from the increases in long-term inflation assumptions increased obligations and partially compensated for the effect of higher interest rates. In total positive remeasurement effects were recognized in equity as other comprehensive income (OCI). Overall, pension provisions decreased by EUR 66.5 million compared with December 31, 2021.

The accounting discount rate in particular gives rise to uncertainty, with a significant level of risk. The sensitivity analysis presented below takes into consideration the changes in this assumption and would have the following impact on the present value of the pension obligations:

EUR m	12/31/2022	12/31/2021
Interest Rate Sensitivity		
Discount rate + 50 basis points	– 18.4	– 31.9
Discount rate – 50 basis points	20.5	36.3
Pension Increase Sensitivity		
Pension increase + 25 basis points	7.0	10.1
Pension increase – 25 basis points	– 6.4	– 8.8
Sensitivity when adjusting life expectancy		
Life expectancy + 1 year	9.7	16.3

The range which is considered reasonably possible for changes in the discount rate – as one of the key actuarial assumptions – would have had the above effects on the defined benefit obligation, subject to the other assumptions and parameters remaining unchanged. While this analysis does not take into consideration the full distribution of the cash flows expected under the plan, it provides an approximate value for the level of sensitivity of the assumptions presented.

The current Heubeck Mortality Tables 2018 G are used as biometric computational bases. As in the previous year, the actuarial assumptions applied for employees covered by collective pay agreements and for employees outside the scope of such agreements.

On the balance sheet date, the weighted average term of defined benefit commitments was 13.7 years (2021: 17.8 years).

Employer's pension liability insurance policies were taken out with Allianz Lebensversicherungs-AG in order to fund the pension commitment through deferred compensation. The benefits under the pension commitment match the benefits under the employer's pension liability insurance policy. The benefits under this employer's pension liability insurance policy have been pledged in order to secure the benefit entitlements resulting from the pension commitment for the Bank's employees and their survivors with benefit entitlements. ↗

Premium payments

For the financial year 2023, the Group expects employer contributions to the fund assets to be paid for defined benefit pension plans in the amount of EUR 1.4 million (actual figure for 2022: EUR 0.8 million) as well as direct pension payments to beneficiaries in the amount of EUR 1.6 million (actual figure for 2022: EUR 2.0 million).

Defined contribution plans

Defined contribution plans are funded through external pension funds or similar institutions. Firmly defined premiums (e. g. calculated according to the relevant amount of income) are paid to these bodies. The beneficiary will hold a claim against these bodies and the employer effectively does not have any further obligation beyond payment of the premiums.

In the financial year 2022, expenses were incurred for defined contribution plans in the amount of EUR 2.9 million (2021: EUR 3.7 million) as premiums for employees paid to Versicherungsverein des Bankgewerbes a. G., Berlin, and Allgemeine Rentenanstalt Pensionskasse AG, Stuttgart. Premiums in the amount of EUR 8.9 million (2021: EUR 10.7 million) were paid to the German statutory pension insurance scheme.

(51) OTHER PROVISIONS

EUR m	12/31/2022	12/31/2021
Provisions for financial guarantees, loan commitments and other indemnity agreements	19.9	22.7
Further provisions	**63.0**	**97.7**
Restructuring provisions	15.6	52.9
Other provisions in the personnel area	38.2	34.3
Remaining provisions	9.2	10.5
Other Provisions	**82.9**	**120.3**

Please see Note (37) on the development of the provisions for financial guarantees, loan commitments and other indemnity agreements.

Further provisions developed as follows:

EUR m	Restructuring provisions	Other provisions in the personnel area	Remaining provisions	Total
Balance as of January 1, 2021	**26.4**	**28.8**	**8.5**	**63.7**
Additions	40.9	29.3	3.9	74.1
Utilisation	– 9.6	– 22.9	– 2.5	– 35.1
Reversals	– 0.2	– 2.1	– 1.4	– 3.7
Unwinding of discount	– 0.0	– 0.4	– 0.0	– 0.5
Transfers	– 4.6	1.5	2.1	– 0.9
Balance as of December 31, 2021	**52.9**	**34.3**	**10.5**	**97.7**
Additions	—	31.7	2.4	34.1
Utilisation	– 32.9	– 25.1	– 2.5	– 60.5
Reversals	– 3.2	– 1.7	– 1.0	– 5.9
Unwinding of discount	0.0	– 2.7	– 0.3	– 2.9
Transfers	– 1.1	1.6	—	0.6
Balance as of December 31, 2022	**15.6**	**38.2**	**9.2**	**63.0**

The other provisions include provisions in an amount of EUR 36.2 million (2021: EUR 49.6 million) with a term of more than one year which have been discounted. Otherwise, no other discounting was implemented. The interest effect for the other provisions is net income of EUR 3.0 million (2021: income of EUR 0.5 million) and consists of EUR 0.1 million of income from time effects (2021: income of EUR 0.2 million) and EUR 2.9 million in income from the change in the interest rate (2021: income of EUR 0.3 million).

In 2022, plan assets managed on a trust basis in the amount of EUR 26.2 million (2021: EUR 28.3 million) under a contractual trust agreement (CTA) for phased-retirement obligations amounted to EUR 26.2 million (2021: EUR 28.3 million) and were offset in the other provisions item against other assets.

(52) OTHER LIABILITIES

EUR m	12/31/2022	12/31/2021
Leasing liabilities	44.1	43.2
Trade accounts payable	9.4	11.4
Liabilities Human Resources	8.5	3.1
Prepaid expenses	8.3	4.5
Other taxes payable	5.1	6.8
Liabilities from commissions	3.0	10.0
Cash Collaterals CCP	0.6	—
Further liabilities	4.0	2.5
Other liabilities	**83.1**	**81.7**

Other liabilities include leasing liabilities in the amount of EUR 44.1 million (2021: EUR 43.2 million), trade payables not yet billed in the amount of EUR 9.4 million (2021: EUR 11.4 million) and liabilities.

(53) INCOME TAX LIABILITIES

EUR m	2022	2021
Balance at 1 January	**19.1**	**44.6**
Additions from mergers	—	—
Utilisations	16.4	34.6
Reversals	—	1.8
Additions	42.2	10.9
Balance at 31 December	**44.8**	**19.1**

Income tax liabilities relate to tax items pursuant to IAS 12, i.e. income tax liabilities resulting from corporate income tax and trade tax as income taxes are shown in this balance sheet item. Further tax liabilities are reported in the provisions and other liabilities balance sheet item.

(54) DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and deferred tax liabilities have been established for the following balance sheet items on account of the differences between the amounts recognised for tax purposes and the amounts recognised in the IFRS balance sheet:

EUR m	12/31/2022	12/31/2021
Trading portfolio assets	—	—
Receivables from banks	3.0	—
Receivables from customers	132.0	15.3
Financial assets of the non-trading portfolio	208.7	2.1
Tangible fixed assets	—	1.6
Other assets	7.5	6.7
Trading liabilities	48.6	16.8
Negative fair values from derivative hedging instruments	2.9	4.8
Liabilities to customers	—	3.1
Subordinated liabilities	—	0.0
Provisions	53.2	70.2
Other liabilities	—	13.4
Other	—	—
Deferred tax assets	**455.9**	**134.0**
Trading portfolio assets	– 33.3	– 19.0
Positive fair values of derivative hedging instruments	– 5.5	– 7.5
Receivables from banks	—	– 0.8
Receivables from customers	—	– 9.9
Financial assets of the non-trading portfolio	—	– 0.0
Tangible fixed assets	– 4.1	– 6.3
Intangible assets	– 7.8	– 7.1
Other assets	—	– 0.4
Trading liabilities	—	—
Liabilities to banks	– 4.5	– 1.6
Liabilities to customers	– 59.4	—
Securitised liabilities	– 57.2	– 0.3
Subordinated liabilities	– 0.2	– 0.1
Provisions	– 13.8	– 4.0
Other liabilities	– 165.3	– 3.7
Other	—	—
Deferred tax liabilities	**– 351.2**	**– 60.8**
Net deferred tax assets / liabilities recognized in the balance sheet	**104.7**	**73.2**
Deferred tax assets recognized in the balance sheet	104.7	73.2
Deferred tax liabilities recognized in the balance sheet	—	—

Deferred tax assets and liabilities were offset against one another in the balance sheet at company level, in the case of income taxes which are payable to the same tax authority and for which a legally enforceable offsetting right applies.

The change in the balance of deferred taxes in the amount of EUR 31.5 million (2021: EUR – 9.5 million) has resulted from changes in temporary differences. EUR 29.7 million of this amount (2021: EUR – 1.0 million) related to the statement of profit and loss and EUR 1.8 million (2021: EUR – 8.5 million) related to other comprehensive income.

(55) INCOME TAXES

Current income taxes and the deferred tax expense / income amount are reported as income taxes:

EUR m	01/01 – 12/31/2022	01/01 – 12/31/2021
Current taxes (current year)	– 112.5	– 51.9
Current taxes (previous years)	– 0.4	1.8
Current taxes (total)	**– 112.9**	**– 50.0**
Deferred taxes (current year)	26.0	– 0.5
Deferred taxes (previous years)	7.4	– 0.2
Deferred taxes (total)	**33.4**	**– 0.7**
Income taxes (total)	**– 79.5**	**– 50.7**

The actual taxes for 2022 are calculated by means of an effective corporate income tax rate including solidarity surcharge of 15.8 % (2021: 15.8 %) plus an effective trade tax rate of 15.1 % (2021: 14.9 %).

The deferred taxes for 2022 are calculated by means of an effective corporate income tax rate including solidarity surcharge of 15.8 % (2021: 15.8 %) plus an effective Group trade tax rate of 15.2 % (2021: 15.2 %). ↗

The deferred taxes for previous years are a revaluation due to the change in the differences between the amounts recognised for assets and liabilities for tax purposes and their carrying amounts in the financial statements for tax assessment notices issued in the current year for previous years. The corresponding current tax expense is shown in the actual tax expense / income for the current year.

The following table reconciles the expected income tax expense with the effectively reported tax expense.

(56) INCOME TAX RECONCILIATION

EUR m	01/01 – 12/31/2022	01/01 – 12/31/2021
Pre-tax profit or loss	**277.2**	**166.0**
Income tax rate in %	31.00 %	31.00 %
Calculated income taxes	**– 85.9**	**– 51.5**
Tax effects		
Trade tax	– 0.1	– 0.1
Tax free income	0.4	0.3
Non-deductible expenses	– 3.5	– 2.7
Change in accounting differences	2.2	1.2
Taxes previous years	7.1	1.4
Foreign taxes	– 0.1	0.2
Effect of tax rate change	0.4	0.5
Other tax additions and deductions	0.0	0.0
Income taxes (total)	**– 79.5**	**– 50.7**

(57) DISCLOSURES ON EQUITY

EUR m	12/31/2022	12/31/2021
Subscribed capital	97.4	90.5
Capital reserves	517.3	517.3
Revenue reserves	786.1	635.4
Additional equity components	124.2	124.2
Other comprehensive Income	– 7.6	– 11.8
Total equity	**1,517.4**	**1,355.6**

Subscribed capital. The Company's share capital amounted to EUR 97.4 million as of the balance sheet date. It was divided (after split) into 48.7 million no-par value shares, each with a notional value of EUR 2.00 per no-par value share included in the capital stock.

- Of these (after split), 2.5 million shares of the capital stock with a nominal value of EUR 6.0 million were attributable to a new subscription as part of a capital increase. MPP S.à r.l., a limited liability company (société à responsabilité limitée) under the laws of the Grand Duchy of Luxembourg with its registered office in Luxembourg, business address 15, Boulevard F.W. Raiffeisen, L – 2411 Luxembourg, was established for the sole purpose of subscribing for the new shares. MPP S.à r.l. subscribed and took over (before split) the 1.3 million new no-par value bearer shares at an issue price of EUR 4.72 each, i.e. at a total issue price of EUR 6.0 million. The shares were issued in 2022.
- Of this amount, a convertible bond with a nominal value of EUR 0.3 million was converted into (after split) 0.5 million shares of share capital with a nominal value of EUR 1.0 million in 2022. See also below: "Conditional capital".

Each share represents a pro rata amount of the share capital and grants one vote at the Shareholders' Meeting. The shares were fully paid in.

Capital reserves. The capital reserves include the additional proceeds (premium) realised as of the issuance of treasury shares.

Revenue reserves. The revenue reserves include the Group's retained profits as well as any consolidation measures recognised through profit or loss.

Other changes in equity in other revenue reserves (EUR 0.7 million) related to the following items:
- The aforementioned conversion of a convertible bond into subscribed capital during the year led to a reduction of EUR 0.6 million in revenue reserves.
- In addition, the retroactive derecognition of prior-year liabilities of the former unconsolidated subsidiary OLB-Immodienst to the parent company OLB in the amount of EUR 1.3 million led to an increase of the same amount in OLB's revenue reserves.

These items were reported in the statement of changes in equity as other changes in equity.

Conditional capital. The share capital is conditionally increased by up to EUR 13.1 million euros and a further EUR 3.8 million, respectively, through two authorisation resolutions. The conditional capital increase is executed by the issue of up to 6,567,965 or a further 1,906,137 new no-par value bearer shares, which carry profit-sharing rights from the financial year in which they are issued. The conditional capital serves exclusively to secure the claims of holders of convertible bonds issued by OLB as the universal successor to the former BKB on the basis of the authorisation resolution of 1 October 2014 and 25 June 2018, respectively, and for which the Company grants equivalent rights pursuant to Section 23 of the German Transformation Act (UmwG) on the basis of the merger agreement with BKB of August 14, 2018. The conditional capital increase will only be implemented to the extent that the holders of the aforementioned convertible bonds exercise their conversion rights or to the extent that the holders obliged to convert fulfil their conversion obligation. Only the holders of the convertible bonds are entitled to subscribe. The Executive Board is authorised to determine the further details of the implementation of the conditional capital increase.

(58) ADDITIONAL EQUITY COMPONENTS

In June 2018, as a legal predecessor of OLB AG Bremer Kreditbank AG issued a convertible bond (ISIN DE000A2LQQC9 / "Perpetual Subordinated Convertible Bond") as additional Tier 1 capital (AT1) with a volume of EUR 25.0 million. The conversion ratio and the conversion price were fixed, but may change in case of corporate actions. This constitutes antidilution, which protects the previous economic interests of the creditor and is thus non-detrimental to classification as equity. The bond will thus be converted in return for a fixed number of the Bank's own equity instruments. This instrument was therefore classifiable as an equity instrument.

In July 2021, OLB AG issued a bearer global bond (ISIN DE000A11QJL6 / "Undated Non-cumulative Fixed to Reset Rate Additional Tier 1 Convertible Bond") as additional Tier 1 capital (AT1) with a volume of EUR 100.0 million. No call right is stipulated for creditors. The Bank may permanently avoid repayment of the nominal amount, since regular repayments are not agreed or stipulated and OLB has full control over interest payments. Overall, OLB does not have any unavoidable obligations, either on account of repayments or in respect of the remuneration payable to the creditors. This instrument was thus classifiable as an equity instrument.

(59) CUMULATIVE OTHER COMPREHENSIVE INCOME (OCI)

This item includes the valuation changes resulting from the FVOCI financial instruments which are transferred to the statement of profit and loss as of the date of actual realisation. It also includes valuation changes from net pension obligations which are not realisable through the statement of profit and loss.

EUR m	01/01 – 12/31/2022	01/01 – 12/31/2021
Balance as of January 1	**– 11.8**	**– 30.7**
Items reclassifiable through profit or loss		
Change in debt instruments measured at fair value through other comprehensive income (FVOCI)	– 44.3	– 8.9
Valuation changes	– 53.4	– 11.8
Gains and losses reclassified to the income statement	– 10.9	– 1.0
Deferred taxes	19.9	4.0
Items not reclassifiable through profit or loss		
Change from remeasurement of defined benefit plans recognised in other comprehensive income	48.5	27.8
Valuation changes	70.3	40.3
Deferred taxes	– 21.8	– 12.5
Other comprehensive income	**4.2**	**18.9**
Balance as of December 31	**– 7.6**	**– 11.8**

(60) CAPITAL MANAGEMENT, OWN FUNDS AND RISK ASSETS UNDER SEC. 10 KWG

With regard to its capital funding, OLB is subject to the prudential provisions of the German Banking Act (KWG) and the German Solvency Regulation (SolvV) (Sec. 23) in conjunction with the CRR (Art. 25 – 88), which prescribe the necessary volume of own funds in order to cover the risk assets.

The Bank's goal from 2023 onwards is to continuously hold, a Common Equity Tier 1 capital ratio of at least 12.5 %. In order to achieve this despite the Bank's planned lending growth, it will be necessary to maintain a high retention rate and close control over the risk assets trend throughout the planning period. The Bank's dividend policy is based on the above-mentioned parameters and pursues the following two objectives: (1) an appropriate share in the company's success for its shareholders and (2) safeguarding the Bank's future viability and stability through the continued retention of profits earned. The related substantial accumulation of capital is used to provide capital funding for growth.

The following key factors apply for OLB in regard to the necessary strategic capital resources:

- Under its IRBA implementation plan, by 2025 OLB will have transferred the overwhelming share of its portfolio to F-IRBA. The transfer of its current portfolios will result in subsegment-specific increases and decreases in RWA. These have been incorporated in the Bank's capital planning as part of its medium-term planning.
- The EBA regulations on the estimation of PD and LGD parameters and the treatment of defaulted exposures will be implemented in 2023. The bank expects an RWA increase as a result of the implementation.
- As things currently stand, last year's "Basel IV" changes to the CRR will come into effect in 2025. There is continuing uncertainty in this respect regarding the future minimum prudential own funds requirement. In particular, the rules on the new standard approach for credit risks in conjunction with a related floor requirement for IRB institutions may result in an increase in OLB's minimum capital resources requirements in the long term. OLB assumes that the new rules will be subject to transition periods, with the requirements only gradually becoming fully effective ("phase-in"). Due to the buffer provided for in the capital planning, this transition period is sufficient in order to achieve the necessary minimum ratios for the higher RWA weightings which will then be expected.

- OLB has for some time been responding to the expected future pressures by means of a consistent risk / return-oriented new business policy. In the long term, this is intended to reduce its RWA density in more RWA-intensive areas in particular. Within the prudential limits, the Bank is able to issue subordinated bonds as well as Additional Tier 1 and Tier 2 capital in order to strengthen its total capital. OLB makes use of this financing instrument to optimise its capital structure, while giving consideration to the impact on income and the market situation. In line with certain rules, available subordinated capital will increase the available risk coverage equity which is key for the overall bank economic risk limit. In the capital planning, this subordinated capital serves to stabilise the risk coverage equity, insofar as it is economically eligible. In order to fully comply with the requirements of the Internal Capital Adequacy Assessment Process (ICAAP), an assessment is made of the extent to which the actual ratio of capital and risks entered into is in line with the planning. This assessment is carried out within the scope of the Bank's management cycle via the key performance indicators report (KPI report) which is discussed monthly by the full Board of Managing Directors. Regulatory and economic risks are allocated to OLB's strategic business segments within the scope of the planning process. The Bank's RWA pursuant to the German Solvency Regulation are an important key indicator. The actual development of the business segments is compared with their envisaged performance on a monthly basis and any discrepancies are analysed.
- Additionally the bank is in the process of implementing financial instruments, which would allow the transfer of credit risk to third parties. The use of these instruments would lead to a significant decrease of the credit-related RWA.

EUR m	12/31/2022	12/31/2021
Common Equity Tier 1 capital	**1,275.2**	**1,146.2**
Additional Tier 1 capital (AT1)	141.2	141.6
Tier 1 capital	**1,416.4**	**1,287.8**
Tier 2 capital	141.0	125.6
Share capital and reserves	**1,557.4**	**1,413.4**
Risk assets for counterparty risks	8,542.0	8,745.9
Risk assets for market price risks	—	—
Risk assets for operational risks	820.8	793.0
Risk assets	**9,362.8**	**9,538.9**

The prudential equity requirements were complied with at all times.

(61) CAPITAL RATIOS UNDER SEC. 10 KWG

The institution-specific premium to be met in addition to the statutory minimum core capital ratio of 8.5 % within the scope of the supervisory review and evaluation process (SREP) was set at 1.0 % for OLB as of December 31, 2022, based on the assessment of its risk management procedures and its risk situation by the German Federal Financial Supervisory Authority (BaFin). The Tier 1 capital ratio as of December 31, 2022 increased to 15.1 % (12/31/2021: 13.5 %) and was therefore considerably higher than the regulatory minimum level of 9.3 % (12/31/2021: 8.57 %) required for OLB.

in %	01/01 – 12/31/2022	12/31/2021
Common Equity Tier 1 capital ratio	13.6	12.0
Tier 1 capital ratio	15.1	13.5
Aggregate capital ratio	16.6	14.8

NOTES TO THE BALANCE SHEET – FURTHER DISCLOSURES

(62) RISK MANAGEMENT STRATEGY

Principles of Bank-wide risk management

Basic principles of risk control

OLB strictly observes the principle that front-office and back-office operations must be kept entirely independent from risk monitoring. It therefore maintains a strict separation between the market units' active assumption of risk, together with their risk management, on the one hand, and risk monitoring, on the other. In lending business and treasury operations, additionally, a separation between the front office and back office is maintained at all levels up to the Board of Managing Directors.

When new products are introduced, a predefined process (the procedure for introducing new products or for entering new markets – new products, new markets, "NPNM") ensures that all concerned functions of OLB are able to participate in the risk and earnings analysis before planned new business activities begin.

Before changes are made to the Bank's structure and procedures or its IT and rating systems (per CRR), the impact on the internal control system and on the risk management and controlling system is assessed and classified in a defined procedure by means of an internal controlling and risk assessment group. This ensures that before any planned measure is introduced, it has been reviewed by the organisational units affected and any necessary adjustments to the risk management and controlling system have been prepared.

A number of panels support the Board of Managing Directors in preparing for decisions on risk management. The most important entity here is the Risk Committee. The Risk Committee includes the Chairman of the Board of Managing Directors, the Chief Risk Officer, the Chief Financial Officer, the head of Credit Risk Management and the heads of the Risk Control, Finance, Controlling and Treasury & Markets departments.

The risk reporting system established within the Company ensures that the Board of Managing Directors is kept involved and informed about the risk management process.

Suitable employee training measures within the scope of the risk management process ensure that employees have the necessary and appropriate knowledge and experience.

Risk culture

Knowingly assuming (credit) risks is inherent in the Bank's business model and forms part of its Business and Risk Strategy.

Shared ethical values and a Company-wide risk culture consistent with its Risk Strategy are important factors in terms of the success of the Bank's sustainable business performance. A well-defined corporate and risk culture can lastingly reduce misconduct by employees, while at the same time exerting a positive influence on the public's perception of the Bank and its reputation.

For OLB, this means continuously encouraging a risk culture within the Bank, and deliberately reinforcing a value system that firmly anchors risk management and risk awareness in its corporate culture. In this context, the principles of conduct established and communicated within the Bank are of particular importance.

OLB's Code of Conduct is a significant basic component of the Bank's practiced system of values, and must be considered a minimum standard for all employees' conduct. Not only the Board of Managing Directors but also all of the Bank's executives play a significant role in shaping OLB's guiding principles, by setting an example through their own conduct. An appropriate risk culture, such as the one which the Bank has defined for itself, presupposes a management concept of open communication and cooperation, in which recognised risks are frankly communicated and crisis situations are approached with a focus on finding a solution. Employees are motivated to align their conduct with the Bank's defined system of values and Code of Conduct, and to act within the bounds of risk tolerance as defined in further detail in the Risk Strategy. The implemented system of risk management and the transparency and communication needed for that purpose offer employees a chance to make the most of opportunities within the prescribed general conditions for risk management. At the same time, however, employees are also responsible for assessing risk comprehensively and managing it actively. One significant component of risk culture is the conscious care and discipline with which participants approach their tasks in the customer and risk management process.

A risk culture implies a constructive, open dialog within the Bank that is encouraged and supported at all levels of management. In past years, the Bank has taken steps that have further refined and lastingly reinforced a risk culture as part of its corporate culture (such as the establishment of appropriate incentive structures).

Risk strategy

The Bank's Board of Managing Directors adopts the Risk Strategy, reviews it at least once a year, and discusses it with the Supervisory Board.

It is based on the Bank's Business Strategy, and takes account of the results of the Bank's risk assessment, risk-bearing capacity, and organisational environment. The Risk Strategy is developed in a structured strategy process that ensures:

- that OLB's Business and Risk Strategy is consistent with its business plans,
- that OLB only enters into risks that are subject to a control process, and in amounts that pose no threat to the Company's continuing existence,
- that claims by the Bank's customers and other creditors are secured,
- that OLB's risk-bearing capacity is assured at all times through a risk-sensitive limitation of the principal risk categories and of the risks at the level of the Bank's lines of business,
- that the Bank's solvency is assured at all times and monitored by way of limits, and
- that the Bank has appropriate risk reporting and monitoring capabilities in place.

OLB operates with a long-term perspective, applying a business model focusing on soundness and consistency. The Bank's risk management process supports the implementation of this strategy by managing risk exposure so as to ensure that the Company's net assets, financial position and results of operations remain stable.

From the viewpoint of Business and Risk Strategy, an appropriate employee compensation system plays an especially important role, because in addition to other goals of human resources policy, it also ensures that employees counteract risk adequately. For that reason, the structure of that system is regularly reviewed by the Board of Managing Directors, revised if necessary, and formally noted by the Supervisory Board.

The decision about a strategic approach is made while taking due account of the opportunities associated with the risks or, in case of operational risks, considering the costs associated with reducing or avoiding these risks.

Definition of risk categories / types

As part of the annual risk assessment process, OLB examines what risks are relevant to it, and whether all significant types of risk undergo an appropriate risk management process. Credit risk, market price risk, liquidity risk and operational risk are defined as significant risks that, because of their amount and nature, are material to the Company's continuing existence. The results of the risk assessment are incorporated in the risk-bearing capacity process by way of the Risk Strategy.

The Bank also considers sustainability risks. This is not an independent risk category. Instead, these are factors or drivers for existing risk types. OLB has bundled the coordination of its main implementation activities in Sustainability department. These risks are managed and limited via the Bank's risk and business principles and are analysed by means of scenario assessments. Sustainability risks are part of strategic considerations. OLB has set itself the goal of acting sustainably in environmental and social terms and aligns its business activities with the "Principles for Responsible Banking".

Credit risk

Credit risk is subdivided into default risk, migration risk, liquidity and credit spread risk and country risk as well as validity risk:

- *Default risk*
  Default risk is defined as the potential loss inherent in the default of a business partner – whether a counterparty or another partner to a contract, or an issuer of a security – in other words, the party's potential inability or unwillingness to meet contractual obligations.
- *Migration risk*
  Migration risk is defined as the potential change in the present value of a claim as a result of a deterioration in creditworthiness, i. e. in particular in case of a change in the rating for the non-default classes.
- *Liquidity and credit spread risk*
  The liquidity and credit spread risk is defined as a potential change in present value due to changes in liquidity spreads or credit spreads on the market.
- *Country risk*
  The country risk as an element of credit risk is defined as the assumption of a cross-border risk, in particular a transfer and conversion risk, i.e. the risk that the transfer or the convertibility of the amounts paid by the debtor will not be made or will be delayed due to payment problems as a result of official or legislative measures.
- *Validity risk*
  Validity risk in the narrower sense is the risk that a directly or indirectly purchased receivable lacks legal validity.

OLB has introduced a scoring system in the credit process to determine ESG risks for corporates and SMEs. Identified ESG risks are analyzed in greater detail if the risk is elevated.

Market price risk

Market price risk refers to the risk that the Bank may suffer losses due to changes in market prices or the parameters influencing market prices (e.g., share prices, interest rates, exchange rates or prices of foreign currency notes and coins, raw materials, precious metals and real estate, as well as the volatility of these parameters). It also includes changes in value that result from the specific illiquidity of sub-markets if, for example, the purchase or sale of large items within a specified timeframe is only possible at prices that are not standard for the market.

Ongoing developments in ESG risk management are giving rise to new "green asset" classes. Where identifiable, new valuation parameters (e.g. spread curves) are taken into account. Where disjunctive valuation is not possible, such as in interest rate risk, existing methods are robust enough to reflect the impact of ESG risk management and other factors. Extreme, but not improbable, market movements are additionally assessed for their risk-bearing capacity using stress tests.

Liquidity risk

By liquidity risk, OLB first of all means the risk that it might be unable to meet its payment obligations at all times (risk of inability to meet payments).

The Bank also includes under liquidity risk the risk of increases in the price of raising funds to cover funding gaps as a result of liquidity and loan markups on interest rates given the same level of creditworthiness (liquidity cost risk).

The growing impact of ESG risks on the economy affects the key figures considered in liquidity risk. These are monitored in the limit structure by weekly and monthly limits.

Operational risk

Operational risk (OR) is the risk of losses due to the inadequacy or failure of internal procedures, persons or systems or due to external events that are manifested in the institution itself.

ESG risks are considered in the context of scenario analyses. Reputational risk management regulates the handling of sensitive areas, e.g. in lending, through prohibitions and increased audit requirements.

Organisation of risk management and controlling

As part of its overall responsibility, and under the terms of Sec. 25c KWG, OLB's Board of Managing Directors is responsible for defining the Bank's strategies and for establishing and maintaining an appropriate, consistent and up-to-date risk management system. It defines the principles for risk management and controlling, together with the organisational structure, and monitors their implementation.

RISK MANAGEMENT SYSTEM

The Risk Policy – as an embodiment of the requirements under the Risk Strategy – describes the principal aspects for organising risk management. As part of that policy, below the Board of Managing Directors, the Risk Committee is established as the central body that monitors and manages the Bank's risk-bearing capacity. The full Board of Managing Directors makes the final decision on aspects strategically relevant to risk. Any decisions outside the authority of the full Board of Managing Directors are made by the Supervisory Board or its Risk Committee or Loans Committee.

Risk management

The following bodies and organisational units – as units supporting the full Board of Managing Directors – are responsible for managing the principal risk categories:

Risk category	Board / Organizational unit
Credit Risk	Risk committee
Market price and liquidity risk	Risk commitee, bank management committee
Operational risk	Risk committee

In keeping with the strategic focus and goals defined by the full Board of Managing Directors in the Business and Risk Strategy as well as prescribed areas of authority and limits, these bodies and organisational units have the task of duly controlling risk on the basis of their analyses and assessments. This task also includes adequately designing organisational structures, processes and target agreements. However, decisions on individual credit risks are the responsibility of various levels of the organisation as defined in the current allocation of authority.

Risk monitoring

Risk monitoring is performed by the Risk Control department, and in the case of operational risks, additionally by the Compliance and Operations departments. These departments are organisationally independent elements of OLB's risk management system. They are kept strictly separate both from each other and from the units in charge of initiating, entering into, assessing and approving transactions. The task of the Risk Control department is to fully and consistently analyse, measure and monitor risks. It provides the risk analyses and risk information that risk management needs for active management adequate to the risk at hand.

The compliance function works to implement effective methods to ensure compliance with key legal rules and requirements for the Bank. It advises and assists the Board of Managing Directors in relation to regulatory issues.

It is the responsibility of each individual employee to identify operational risks. In terms of risk management, the Operations department is responsible for identifying coordination of operational risks throughout the Bank, with the exception of operational risks relating to reputation risks (which are the responsibility of Corporate Communications & Investor Relations).

The Legal department is responsible for the identification, measurement and assessment of legal risks and risks of changes in the law, as a sub-category of operational risk.

In addition, Internal Audit performs an assessment of the adequacy of the risk management and controlling system from outside the process, by auditing the structure, functionality and efficacy of the entire risk process and the other processes associated with it.

Risk reporting

In risk reporting, the Risk Control department reports regularly to decision makers (the full Board of Managing Directors, Risk Committee, pertinent department managers) and the Supervisory Board, as well as the Risk Committee appointed by the Supervisory Board. 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 Audit and Compliance departments, if applicable.

Filing external risk reports with the Deutsche Bundesbank regarding the lending business is the task of the Finance department.

Management and controlling of specific risks

Credit risk

Risk measurement

OLB uses the Credit Metrics™ simulation model to measure economic credit risk. This model reflects default risk, migration risk and spread risk.

Based on the loss risks for each individual item, the model calculates a collective loss allocation for all items and thus assigns a value to the portfolio. The changes in value in the entire portfolio are then used to derive the key figures and limit values needed for risk management. A credit value at risk (99.9 %/1 year) is used to measure and control risk.

In addition, the risk value associated with investments within the scope of the pension fund – to which a significant portion of the Bank's pension obligations was transferred in previous years – is provided by an external company and taken into consideration. This value is determined by means of a credit risk model using a Credit Metrics™ approach, with the same confidence level and risk horizon as for OLB.

Credit risks are limited at both the whole-portfolio and partial-portfolio levels. Stress tests are additionally performed at regular intervals. The scenarios considered there are regularly reviewed in terms of their up-to-dateness and relevance.

The country risk is monitored by means of limits specified for the countries in which transactions are currently being carried out or have been carried out in the past.

The Bank does not carry out any trading on its own account. To limit credit risk from trading transactions, for derivatives the Bank applies the Standard Approach for Counterparty Credit Risk (SA-CRR) supplemented with regulatory add-ons.

OLB has integrated the credit risks from trading transactions in its internal credit portfolio model; these are incorporated into the credit value-at-risk key figures for the portfolio as a whole and the corresponding sub-portfolios.

Risk management

Management of all *credit risks in the customer lending business* is based on an integrated concept of guidelines, structures of authority and requirement systems consistent with the Bank's strategic focus and objectives.

The loan decision process is structured consistently with this concept. An organisational and disciplinary separation between front office and back office is ensured at all levels.

Various organisational rules have been adopted depending on the credit risk to be decided on. The goal is that the structure and the distribution of duties to ensure that decision-making and processing for credit exposures are both adequate to risk as well as efficient, as a function of lot sizes, risk content, and complexity. Exposures that are integral parts of business that OLB defines as not relevant to risk are subject to simplified approval, decision-making and monitoring processes. Exposures that are part of business that the Bank categorises as risk-relevant are approved and decided under shared authority between front and back office, on the basis of their specific risk content and in compliance with firmly defined rules.

Risk assessment and credit approval in non-risk-relevant business depend on the type of transaction and on who is in charge of providing customer support. Within the bounds of the front office's own authority (except where transactions in construction financing or consumer lending are concerned), the back office supports the front office in conducting credit checks and preparing a rating. For all other exposures, risk assessment and the credit decision are carried out in cooperation between the front office and back office.

In new business, the risk of insolvency is determined for each borrower, in the form of a credit rating category, on the basis of statistical creditworthiness procedures. At the same time, the collateral provided by the customer is evaluated. This valuation takes place with involvement of the back office or external experts, depending on the scope and complexity. The total lendings, debt servicing calculation, credit rating and collateral together provide an indication of the customer's credit risk.

During the life of the credit, all exposures are monitored at all times. A manual update of the rating is performed annually for risk-relevant exposures. Furthermore, automated status ratings are carried out monthly.

In addition, all exposures are monitored by various automated and manual early detection procedures for risk; when needed, these procedures trigger a mandatory rating review together with predefined analytical and reporting processes.

The timing and scope of recurring appraisals of collateral depend on the nature of the collateral and the value attributed to it. Since real property plays such an important role as collateral for the Bank, a central real estate monitoring unit has been set up that tracks regional changes in prices in the real estate market, and triggers an individual review of the affected regional real estate figures when material changes occur.

The qualitative and quantitative requirements for approving and monitoring exposures are coupled to the risk involved in each case. Depending on volume, risk content and credit rating, spheres of authority are defined so that credit decisions are always made at a level adequate to the risk involved.

Appropriate systems of 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. 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. The 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.

In addition, the Risk Control department examines the development of credit risks through the customer credit portfolio every month. It performs structural analyses of the portfolio (rating, collateral, defaulted customers, economic sectors, new business, etc.), and investigates the impact on economic indicators such as the expected loss and the regulatory equity requirements. The results are reported to the Risk Committee and incorporated into the quarterly risk report to the full Board of Managing Directors and the Supervisory Board.

The quarterly risk reporting also includes an examination of potential risk concentrations in credit risk. This includes analyses on the basis of individual exposures, sectors, or other defined partial portfolios. In addition, at least once a year, risk concentration is extensively reviewed as part of the risk assessment, so as to detect any additional needs in connection with updating the Risk Strategy.

To avert risk concentrations, partial-portfolio limits are also defined above and beyond areas of authority. Monitoring these limits is the task of the Risk Control department.

Risk provision is determined using an Expected Credit Loss Model according to IFRS 9 standard. Loans are classified under Stages 1 to 3, depending on their default risk.

Loans in default are measured individually and are provided with an Individual Assessed Loan Provision (IALLP), at the latest upon expiry of defined periods of time. The length of these periods of time is dependent, in particular, on the collateral and the Bank's experience. This does not affect the existence or pursuit of the Bank's legal rights.

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. In this way, they serve to safeguard the Bank's long-term survival and earnings stability. The principal lines of business included in the non-trading portfolio are money trading and trading in or issuing bonds. They are complemented by derivative transactions to mitigate 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 firmly established system of limits 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 lending business.

Risk situation

OLB awards customer loans to private clients, on the one hand, and to small and medium-sized corporate clients on the other. The Commercial Real Estate, Acquisition Finance, Football Finance and Ship Finance business segments are further areas of focus. The business with private clients concentrates on mortgages and consumer loans. Business with corporate clients is mainly in financing for operating equipment, other capital investments and real estate.

Due to the Russia-Ukraine war, the risks in economic trends have increased. The massive increase in energy and consumer prices is having a noticeable impact on both private households and companies. In OLB's view, the effects of the rise in energy prices can be taken into account only indirectly and with a time lag, and therefore not sufficiently in the model used by OLB to determine the general loan loss provisions or the underlying macroeconomic parameters. The Bank therefore made a post-model adjustment to the risk provisioning, in which the individual effects on individual economic sectors were analysed and transformed into changes in the probabilities of default. The default probabilities determined in this way were applied to the model-based risk provisioning amounts of Stages 1 and 2 in order to derive the amount of the post-model adjustment from the resulting changes in expected losses. In total, an additional risk provision of EUR 15.9 million was determined in this way.

The following table shows an overview of the loan volume:

EUR m	12/31/2022	12/31/2021
Private & Business Customers	9,889.8	9,642.6
Corporates & Diversified Lending	8,691.3	7,422.5
Corporate Center	– 387.2	34.2
Receivables from customers (gross carrying amount)	18,193.9	17,099.3
Receivables from banks (gross carrying amount)	775.2	970.1
Credit volume	**18,969.1**	**18,069.4**
less risk provision	– 184.9	– 156.2
Credit volume (after risk provision)	**18,784.1**	**17,913.2**

Positive and negative adjustments of the book value resulting from fair value hedge accounting were reflected in the Corporate Center.

Please see Note (37) for details of the development of the structure and volume of the lending business.

Credit ratings:
Creditworthiness, which is assessed by means of specific rating methods, is an important indicator used to assess credit risk. Within OLB, credit ratings are determined using an internal master scale which allocates clients to internal credit ratings corresponding to their probability of default (PD). The relationship between the Bank's internal credit ratings and the ratings of the external rating agency Standard & Poor's (S & P) is evaluated and, where appropriate, adjusted annually on the basis of the default rates published by S & P.

The following tables show the distribution of loans and impairment, with a breakdown by credit rating:

Credit rating	PD range	Standard & Poor's	Assessment
1 – 6	< 0,02 % — 0,46 %	AAA — BBB-	Ability to meet the payment obligation (investment grade)
7 – 9	0,46 % — 2,45 %	BB+ — BB-	Ability to meet the payment obligation with limitations
10 – 12	2,45 % — 13,25 %	B+ — B-	Impaired ability to meet the payment obligation
13 – 14	13,25 % — ≤ 100 %	CCC+ — C	Increased or severe vulnerability to delinquency
15 – 16	100 %	D	Borrower is delinquent under CRR or is considered to have defaulted

PRIVATE & BUSINESS CUSTOMERS

		Lifetime ECL	
EUR m	12-months ECL	not impaired	impaired
December 31, 2022			
Low risk (AAA — BBB-)	4,486.5	10.3	—
Medium risk (BB+ — BB-)	4,587.5	275.1	—
Increased risk (B+ — B-)	190.5	161.4	—
Vulnerable to delinquency (CCC+ — C)	0.7	64.7	—
Delinquent under CRR or defaulted (D)	—	—	113.1
Risk provision	– 11.8	– 14.8	– 36.1
Total	**9,253.4**	**496.7**	**77.0**
December 31, 2021			
Low risk (AAA — BBB-)	3,775.2	6.2	0.1
Medium risk (BB+ — BB-)	3,159.1	74.5	0.4
Increased risk (B+ — B-)	101.9	90.6	—
Vulnerable to delinquency (CCC+ — C)	2.5	44.8	0.4
Delinquent under CRR or defaulted (D)	0.7	1.0	54.3
Risk provision	– 4.7	– 8.8	– 10.6
Total	**7,034.7**	**208.3**	**44.6**

CORPORATES & DIVERSIFIED LENDING

		Lifetime ECL	
EUR m	12-months ECL	not impaired	impaired
December 31, 2022			
Low risk (AAA — BBB-)	4,298.5	—	—
Medium risk (BB+ — BB-)	3,210.4	23.2	—
Increased risk (B+ — B-)	534.4	355.5	—
Vulnerable to delinquency (CCC+ — C)	54.2	54.8	—
Delinquent under CRR or defaulted (D)	—	—	160.3
Risk provision	– 27.2	– 24.7	– 68.7
Total	**8,070.3**	**408.9**	**91.6**
December 31, 2021			
Low risk (AAA — BBB-)	4,110.5	5.4	—
Medium risk (BB+ — BB-)	4,337.6	79.2	—
Increased risk (B+ — B-)	479.0	399.0	—
Vulnerable to delinquency (CCC+ — C)	14.7	95.2	—
Delinquent under CRR or defaulted (D)	—	3.7	237.7
Risk provision	– 11.6	– 31.9	– 82.2
Total	**8,930.3**	**550.7**	**155.5**

The maximum risk of default has been calculated below as a portion of the credit risk for each class of financial instrument.

EUR m	12/31/2022	12/31/2021
Balance sheet assets	**24,081.6**	**23,251.4**
Cash reserve	1,529.8	2,154.2
Receivables from banks	775.2	970.0
Receivables from customers	18,008.9	16,943.1
Receivables from customers measured at AC	18,008.9	16,943.1
Other receivables	330.9	213.5
Risk provision	**184.9**	**156.2**
Financial assets measured at FVPL	128.1	109.1
Mandatorily measured at FV	126.3	106.5
Positive fair values of derivative hedging instruments	17.9	24.3
Trading portfolio assets	108.5	82.2
Financial assets of the non-trading portfolio	1.7	2.6
Risk provision	**—**	**—**
Financial assets measured at FVOCI	3,085.6	2,674.0
Equity instruments	—	—
Debt instruments	3,085.6	2,674.0
Loans and receivables	—	—
Risk provision	**0.6**	**0.2**
Bonds and other fixed-income securities measured at AC	—	—
Risk provision	**—**	**—**
Maximum risk of default for all balance sheet assets	**24,043.4**	**23,220.2**
Financial guarantees	695.8	707.5
Irrevocable loan commitments	1,678.2	2,251.4
Risk provision	**19.9**	**22.7**
Maximum risk of default	**26,437.3**	**26,201.7**

Risk concentrations

The distribution of the credit portfolio by sector is mainly shaped by the Bank's clientele, which is generally based in its business region. The Bank's Corporates business segment is not characterized by any concentration in respect of specific industries. In the Commercial Real Estate segment, OLB's portfolio is diversified in terms of the usual asset classes such as offices, apartments, logistics and retail. Acquisition Finance mainly focuses on the industry clusters of production, services and retail. Separate limits apply for the above-mentioned Specialized Lending portfolios.

Collateral

All in all, slightly less than 40 % of the gross credit risk in customer lending business is secured with collateral. Most of this 40 % collateral is mortgages on residential and commercial property. As a rule, residential and commercial property is not measured at fair value here and is instead measured according to the specifications of the more conservative "Beleihungswertverordnung". Further receivable claims are mainly secured with liquid collateral such as account balances, building loan agreements and chattel mortgages. The transfer of wind turbines and ship mortgages for security purposes, in order to hedge the corresponding portfolios, serves as other noteworthy collateral. Export financing outside Europe is usually collateralised by means of government export credit insurance (ECA).

Apart from concentration on individual borrowers, risk concentration may also arise from a focus on individual providers of security. Credit insurances are internally limited to prevent potential concentrations. Since other collateral and security derives from the broadly diversified customer lending portfolio, at present the Bank does not foresee any relevant risk concentrations.

For areas where concentration may arise because of the nature or type of collateral, suitable measures were taken to monitor value. Collateral recovery rates are continuously monitored and observed changes are taken into account in the determination of credit risks.The coverage ratio of non-performing loans was at 80.1 % as of December 31, 2022. In addition to the above-mentioned collateral, risk provisions and interest billed but not yet received were also taken into account.

Banks
On the whole, the credit risk on receivables from banks and bonds issued by banks is low. The volume of receivables as of December 31, 2022 in the amount of EUR 4.2 billion almost exclusively comprises the very good and good credit rating classes 1 – 6. The remainder of the volume of receivables, which amounts to less than EUR 1 million, falls within credit rating classes 7 – 12.

Country risk
OLB calculates the country risk based on the country of the debtor's economic risk, in line with Delegated Regulation (EU) No 1152 / 2014. Accordingly, as of December 31, 2022 Germany accounts for 83.7 % (12/31/2021: 87 %) of customer and bank lending business and the rest of the EU for 9.13 % (12/31/2021: 9 %). Only 3.4 % (12/31/2021: 3 %) of the economic risk is situated outside of the EU.

Market price risk
Risk measurement
OLB is exposed to market price risks in its customer business and in trading. Significant factors here include:
- changes in interest rates and yield curves,
- changes in currency exchange rates, and
- fluctuations (volatility) in these parameters.

The risk from the non-trading portfolio derives primarily from changes in interest rates (in terms of the effect on the present value of the interest rate book). An open foreign-currency position is possible only for very minor technical amounts. The limit for open foreign-currency positions is set at EUR 1 million.

Risk positions are monitored by the Risk Control department, which reports the evolution of risks and the results for the liquidity reserve daily, and for the value at risk of the non-trading portfolio monthly.

All risk positions are measured as the sum of all relevant individual transactions, including applicable measures to limit risk (net presentation).

Market price risks are quantified and limited at the whole Bank level, primarily using 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, equally weighted over time since 2009 (until November 2022: 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.

Under EBA Guideline 2018 / 02 and BaFin circular 06 / 2019, changes in net present value are additionally calculated using ad hoc shifts of the yield curve in different directions and to different extents as stress scenarios.

For variable-rate products and call products (e. g. demand deposits), a fictitious maturity is parametrised in the interest rate book cash flow for various product groups (deposit base models), and an economic duration will be determined on this basis. Special repayment rights in the lending business are also incorporated into the risk measurement as a model cash flow. OLB uses interest rate swaps as derivative interest rate hedging instruments.

For the purpose of assigning limits for open currency positions under spot transactions, currency forwards, FX swaps, non-deliverable forwards (NDFs) and currency options, the overall currency position will be determined according to the standard method for market price risks set out in the CRR.

For the purpose of assigning limits to open currency positions, the overall currency position will be determined on the basis of all net foreign currency balances. In deviation from the definition provided in the CRR, risk positions resulting from value adjustments are not deducted from currency positions. OLB hedges currency positions resulting from customer transactions up to the write-off date.

For risks from holdings of foreign currency notes and coins, precious metals and commodities, the limit is EUR 2 million.

Risk management
The Bank Management Committee and the Risk Committee of the Bank are responsible for managing market price risk. Positioning in the non-trading portfolio is deliberated and decided by the Bank Management Committee. Market price risks are monitored by the Risk Control department, and limits are adopted by the full Board of Managing Directors, taking due account of recommendations from the Risk Committee.

Value at risk for market price risks (99.9 %/1 year) serves to limit risk.

To assess market price risk the Bank regularly applies both regulatory and economic stress tests, in addition to statistical risk assessment using value-at-risk models.

The risk position essentially derives from developments in new lending business, highly liquid bonds held within the scope of the required liquidity reserves, and the funding structure. Investments for the purpose of the Bank's liquidity reserve may be made only within a specifically defined range of product types. The Treasury department largely manages the risk of interest rate changes by means of interest rate derivatives. In addition, the Treasury department can influence the securities held in the liquidity reserve at any time with respect to the volume and the fixed interest rate. In addition to the interest rate book, the risk value resulting from the outsourced pension provisions is provided by an external company and taken into consideration. The risk for the outsourced pension provisions is determined by means of a delta normal model, with the same confidence level and the same holding period as the risk in the interest rate book.

Risk situation

Trading business

Trading to generate short-term gains was discontinued as of the end of 2012; any new positions were allocated to the non-trading portfolio.

Value at risk for the non-trading portfolio (99.9 %/1 year):

EUR m	2022 VaR (99.9 %)	2021 VaR (99.9 %)
Minimum	113.8	143.1
Mean	149.7	181.6
Maximum	183.2	259.2

Market price risk in the non-trading portfolio is assessed and limited on a value basis through historical changes in interest rates. The growing lending business was the driver behind risk.

Liquidity risk

Risk measurement

Short-term liquidity risks are measured and controlled on the basis of funding matrices, made available daily, with a forward horizon of the next 23 working days (with an eye to the risk of inability to meet payments). In addition to deterministic cash inflows and outflows, the method also applies assumptions on the further development of variable business. Assessments of future liquidity cash flow are performed using both normal market conditions and stress scenarios. The content of the scenarios is essentially the same as that for the medium and long-term views. Medium and long-term liquidity risks are measured and controlled on the basis of monthly assessments that analyse future liquidity cash flow with a forward horizon of the next ten years. The liquidity cash flow here is the net figure for all future incoming and outgoing payments up to the given date. The analysis takes account of business performance both under normal market conditions and in stress scenarios.

Compliance with the regulatory ratio, the liquidity coverage ratio (LCR) according to the Delegated Regulation, is a part of the risk measurement. The LCR calls for maintaining a liquidity buffer that will at least cover net outpayments for 30 days under market-wide and idiosyncratic stress conditions. This approach is supplemented with a liquidity buffer for a one-week and a one-month period. All of these steps are intended to safeguard short-term solvency, especially by maintaining an adequate liquidity reserve.

In addition, OLB calculates and reports the net stable funding ratio (NSFR) in accordance with the CRR II. The NSFR is a liquidity ratio which is intended to safeguard medium- to long-term structural liquidity over a period of one year and, above all, to reduce the level of dependence on short-term funding. Compliance with this ratio is a regulatory requirement that has applied since June 30, 2021.

In assessing liquidity cost risk, funding matrices over the next ten years from the liquidity-risk stress scenarios are analysed. If liquidity falls short of liquidity risk limits during this period in a given scenario, the shortfall between the actual liquidity and the required liquidity is remedied by means of liquid funding operations at current interest rates with possible liquidity spreads and while maintaining a constant credit rating. The liquidity cost risk is calculated with a value orientation as a liquidity value at risk with a 99.9 % confidence level.

OLB has access via its Treasury department to all the major capital market segments: mobilisation and administration of credit claims, covered bond issues, customer deposits, asset-backed securities and open-market transactions (e. g., TLTRO). There are no concentrations or dependencies on specific markets or counterparties. In addition to quantification, the Bank's ability to refinance is also monitored qualitatively.

Risk management

Liquidity risks are limited based on the institution-specific funding matrix, the liquidity coverage ratio (LCR) regulatory ratio and the net stable funding ratio. In order to ensure compliance with the requirement at all times, internal limits and early warning thresholds are defined. The Bank's Risk Committee is regularly informed of the evolution of these key ratios. These considerations are supplemented with a liquidity buffer that must be maintained, derived from weekly and monthly liquidity outflows from customer transactions. ↗

The limits for liquidity risk in the funding matrix are based on "cumulative relative liquidity surpluses" as the key indicator. This represents the liquidity cash flow relative to total liabilities for defined maturity ranges.

Liquidity risk is controlled by the Bank Management Committee and the Risk Committee of the Bank. The Treasury department 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 agreements. Liquidity needs are covered through customer business, by taking out fixed deposits and refinancing loans or by placing promissory note loans and covered bonds. Due to these covered bond issues, in order to manage its liquidity risks as a capital market-oriented institution OLB is required to comply with the additional requirements for capital market-oriented institutions pursuant to sections BTR 3.2 and BT 3.2 of MaRisk.

Risk situation

Development of funding sources:

The bank uses a variety of sources for its funding, as displayed in the following table:

EUR m	12/31/2022	12/31/2021
Demand deposits	101.7	346.2
Development banks	2,315.7	2,667.1
Promissory notes / registered notes	23.2	23.2
Covered bonds	65.5	88.6
Other term deposits	2,569.2	3,747.3
Liabilities to banks (AC)	**5,075.3**	**6,872.3**
Demand deposits	9,999.1	10,392.4
Promissory notes / registered notes	403.4	414.3
Covered bonds	117.1	94.1
Other term deposits	4,038.7	1,360.1
Saving deposits	1,634.2	1,812.6
Liabilities to customers (AC)	**16,192.5**	**14,073.5**
Covered bonds issued	699.5	348.9
Other debt securities issued	7.4	30.1
Securitised liabilities (AC)	**706.9**	**379.1**
Convertible bonds (tier 1)	16.7	17.0
Debt instruments (tier 2)	14.0	14.6
Promissory note loans (tier 2)	128.1	131.5
Customer deposits (tier 2)	3.1	3.4
Subordinated debt	**161.9**	**166.5**
Total deposits and borrowed funds	**22,136.6**	**21,491.4**

Development of regulatory reporting ratios:
The Bank checks the liquidity coverage ratio (LCR) key indicator in accordance with the CRR on a daily basis. The positions are reported by transmitting the key indicator according to the Delegated Regulation, and have been since September 1, 2016.

LCR	2022	2021
Minimum	117 %	127 %
Mean	149 %	148 %
Maximum	210 %	173 %

The minimum value of 100 % for the LCR reporting ratio was maintained on all of the reporting dates. On average, this ratio was 49.2 percentage points higher than the minimum requirement of 100 %. On December 31, 2022, this ratio amounted to 174 % (12/31/ 2021: 143 %). ↗

Since June 30, 2021, the Bank has reviewed its net stable funding ratio (NSFR), as prescribed by the CRR, on a daily basis.

NSFR	2022
Minimum	114 %
Mean	116 %
Maximum	118 %

Operational risk
OLB uses uniform, coordinated instruments to identify, measure and monitor operational risks. The regulatory capital requirement for operational risk is determined by means of the standard approach.

Management of operational risks is essentially based on the scenario analyses, on analyses of losses actually incurred, and on the risk indicators for operational risks. ↗

(63) RESTRICTIONS ON DISPOSAL AND COLLATERALS FOR OWN LIABILITIES

Assets have been transferred as collateral in the specified amount for the following liabilities:

EUR m	12/31/2022	12/31/2021
Liabilities to banks	4,637.3	6,453.8
Liabilities to customers	117.1	494.1
Securitised liabilities	703.3	350.1
Collateralized liabilities	**5,457.6**	**6,898.0**

The total amount (carrying amounts) of the collateral transferred consists of the following assets:

EUR m	12/31/2022	12/31/2021
Receivables from customers (AC) pledged as collateral	5,079.9	5,137.8
Receivables from banks (AC) pledged as collateral	13.3	11.1
Bonds (FVOCI) pledged as collateral	1,047.8	2,411.6
Collateral transferred	**6,141.0**	**7,560.5**

The transferred receivables from customers include receivables refinanced by development loan institutions. OLB mainly cooperates with the development loan institutions KfW, NBank and LRB. According to these development loan institutions' general terms and conditions, OLB generally assigns to the refinancing institution the customer receivable including any subsidiary rights as well as collateral which the customer has provided for the refinanced receivable in question. The carrying amount for the customer receivables transferred as collateral in this respect was EUR 2,282.3 million (2021: EUR 2,653.8 million). Moreover, customer receivables are transferred to a cover fund for OLB's covered bond issues. The carrying amount of these receivables amounted to EUR 1,090.5 million (2021: EUR 798.5 million). Further collateral transferred consists of receivables as part of true-sale receivables securitisations by the SPV Weser Funding S.A. (ABS), with a carrying amount of EUR 988.7 million (2021: EUR 985.0 million) and from the transfer of loans through the loan submission procedure (Mobilisation and Administration of Credit Claims – MACCs), with a carrying amount of EUR 718.4 million (2021: EUR 700.4 million).

The transferred receivables from banks mainly comprise cash collaterals relating to derivatives.

The fair value of the transferred bonds matches the above carrying amount.

OLB did not have any reverse repo transactions as of the reporting date.

EUR m	12/31/2022	12/31/2021
Reverse repurchase transactions		
Assets transferred (FVOCI)	324.9	633.6
Corresponding liabilities to banks	324.2	636.5
Total assets transferred	**324.9**	**633.6**
Total corresponding liabilities	324.2	636.5

With the scope of its refinancing business with institutions and insurers, out of an overall portfolio of customer receivables of EUR 18,008.9 million (2021: EUR 16,943.1 million) receivables were transferred to the refinancing entities, with the Bank retaining the related interest rate and counterparty risks. The fair value of the customer receivables within the scope of this refinancing business was EUR 2,058.4 million (2021: EUR 2,673.1 million). The liabilities relating to the refinancing funds amounted to EUR 2,282.3 million (2021: 2,656.5 million). These have been reported in the liabilities to customers and the liabilities to banks.

OBLIGATION TO

EUR m	12/31/2022	12/31/2021
Compensation Scheme of German Private Banks	13.1	11.0
Single Resolution Fund	10.1	8.2
Deposit protection scheme	3.2	3.2
Total	**26.3**	**22.4**

(64) FOREIGN CURRENCY VOLUMES

EUR m	12/31/2022	12/31/2021
Assets of the currency		
USD	402.9	334.1
GBP	91.8	71.1
Other	20.4	12.4
Total assets	**515.1**	**417.6**
Liabilities of the currency		
USD	611.2	351.2
GBP	14.6	13.9
Other	33.2	41.9
Total liabilities	**659.0**	**407.0**

These amounts are the totals in euro equivalents for non-Eurozone currencies.

(65) BREAKDOWN OF RESIDUAL TERMS OF RECEIVABLES AND LIABILITIES

The following tables provide a breakdown of receivables by maturity respectively by call date.

	12/31/2022		
EUR m	Up to 12 months	Over 12 months	Total
Receivables from banks	766.8	8.4	775.2
Receivables from customers	3,178.7	14,830.2	18,008.9
Financial assets of the non-trading portfolio	274.5	2,812.8	3,087.3
Other assets	315.0	42.2	357.2
Total receivables	**4,535.0**	**17,693.7**	**22,228.7**

EUR m	12/31/2021		
	Up to 12 months	Over 12 months	Total
Receivables from banks	967.3	2.8	970.0
Receivables from customers	3,045.5	13,897.6	16,943.1
Financial assets of the non-trading portfolio	126.4	2,550.2	2,676.6
Other assets	177.8	51.5	229.3
Total receivables	**4,316.9**	**16,502.2**	**20,819.1**

The following tables break down the undiscounted financial liabilities from derivative and non-derivative transactions according to contractual residual terms. As the figures are undiscounted and include interest payments, some of the values differ from the book values shown in the balance sheet. ↗

As of the respective reporting date, the financial liabilities according to contractually agreed maturity structures in accordance with IFRS 7.39 were as follows:

EUR m	12/31/2022					
	Due daily or with indefinite maturity	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total
Trading portfolio liabilities	—	28.4	22.1	43.3	90.8	184.6
Negative fair values of derivative hedging instruments	—	1.0	—	78.6	124.9	204.4
Derivative instruments (before off-setting)	**—**	**29.3**	**22.1**	**121.9**	**215.7**	**389.0**
Liabilities to banks	87.0	440.8	1,200.9	2,289.5	1,057.2	5,075.3
Liabilities to customers	9,806.8	3,382.0	2,221.1	522.1	260.5	16,192.5
Securitised liabilities	—	—	1.9	5.6	699.5	706.9
Subordinated debt	—	14.1	21.8	36.1	89.8	161.9
Interest payments for non-derivative financial instruments	—	20.2	60.6	138.1	195.2	414.1
Non-derivative financial instruments	**9,893.8**	**3,857.1**	**3,506.2**	**2,991.4**	**2,302.3**	**22,550.7**
Balance sheet items	**9,893.8**	**3,886.4**	**3,528.3**	**3,113.3**	**2,517.9**	**22,939.7**
Contingent liabilities and other commitments	—	2,374.1	—	—	—	2,374.1
Total liabilities	**9,893.8**	**6,260.5**	**3,528.3**	**3,113.3**	**2,517.9**	**25,313.8**

EUR m	12/31/2021 Due daily or with indefinite maturity	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total
Trading portfolio liabilities	—	19.1	10.7	14.1	27.4	71.2
Negative fair values of derivative hedging instruments	—	—	1.6	27.3	56.8	85.8
Derivative instruments (before off-setting)	**—**	**19.1**	**12.3**	**41.4**	**84.2**	**157.0**
Liabilities to banks	104.5	779.0	542.5	4,216.6	1,229.7	6,872.3
Liabilities to customers	10,392.4	2,566.5	618.5	235.6	260.4	14,073.5
Securitised liabilities	—	22.1	—	7.9	349.1	379.1
Subordinated debt	—	—	3.8	41.3	121.4	166.5
Interest payments für non-derivative financial instruments	—	2.0	6.1	76.7	34.3	119.2
Non-derivative financial instruments	**10,496.9**	**3,369.7**	**1,170.9**	**4,578.2**	**1,994.9**	**21,610.5**
Balance sheet items	**10,496.9**	**3,388.7**	**1,183.2**	**4,619.6**	**2,079.1**	**21,767.6**
Contingent liabilities and other commitments	—	2,958.9	—	—	—	2,958.9
Total liabilities	**10,496.9**	**6,347.6**	**1,183.2**	**4,619.6**	**2,079.1**	**24,726.4**

(66) DERIVATIVE TRANSACTIONS AND HEDGE ACCOUNTING

Among other factors, the value of derivative financial instruments which enable the transfer of market and credit risks between various parties results from interest rates and indices as well as share prices and foreign exchange rates. Markdowns are calculated on positive fair values to cover counterparty risks. The most important derivative products used include interest rate swaps and currency forwards. Derivatives can be entered into by means of standardised contracts on the stock market or in the form of transactions negotiated bilaterally over the counter.

Derivatives are used for the Bank's internal risk management and for asset/liability management. From the point of view of valuations, a distinction is made between products traded on the stock market and those traded over the counter.

Where index options are entered into, a daily cash settlement will be made for contracts traded on the stock market.

There are only two cases in which positive and negative fair values of exchange-traded derivatives will arise and thus only two cases in which such values will be reported: either the terms of the agreement require full settlement only on the maturity date (for European options; EUREX products = American options) or the variation margin (futures only) has not yet been received as of the balance sheet date, e.g. because stock exchanges are located in different time zones. Apart from the exceptions described above, the fair values of exchange-traded derivatives will always be zero as a result of the daily settlement of gains and losses.

The following table shows the nominal volumes by residual term as well as the positive and negative fair values of the derivative transactions which the Bank has entered into. The nominal amounts generally serve only as a reference figure for the calculation of the mutually agreed settlement payments (e.g. interest claims and/or interest obligations in case of interest rate swaps), and thus do not represent any direct receivables and/or payables in the balance sheet sense.

EUR m	Positive fair value	Negative fair value	Total nominal values
December 31, 2022			
Interest rate derivatives	**858.6**	**– 336.3**	**12,068.0**
Interest rate derivates from customer business	145.2	– 131.9	5,027.7
Interest rate derivatives from interest book management	713.4	– 204.4	7,040.3
of which: designated as micro hedging instruments	452.7	– 204.0	5,122.3
of which: designated as portfolio hedging instruments	260.7	– 0.3	1,918.0
Currency derivatives	**52.0**	**– 52.7**	**3,861.6**
Currency options: purchases	3.2	—	243.9
Currency options: sales	—	– 3.2	243.9
Cross-currency swaps	3.7	—	150.0
FX swaps and currency forwards	45.0	– 49.5	3,223.9
Total derivatives	**910.6**	**– 389.0**	**15,929.6**
December 31, 2021			
Interest rate derivatives	**132.5**	**– 116.9**	**8,997.2**
Interest rate derivates from customer business	44.3	– 31.1	2,973.2
Interest rate derivatives from interest book management	88.2	– 85.8	6,024.0
of which: designated as micro hedging instruments	65.7	– 38.3	3,961.0
of which: designated as portfolio hedging instruments	22.5	– 47.5	2,063.0
Currency derivatives	**45.6**	**– 40.1**	**3,435.9**
Currency options: purchases	1.2	—	83.8
Currency options: sales	—	– 1.2	83.8
Cross-currency swaps	—	– 0.3	88.2
FX swaps and currency forwards	44.4	– 38.6	3,179.9
Total derivatives	**178.1**	**– 157.0**	**12,433.1**

Hedging instruments used in the hedge accounting are as follows:

EUR m	Nominal value	Positive fair values	Negative fair values	Change in fair value used as the basis for recognising hedge ineffectivness for the period	Average interest rate of the hedging instruments (in %)
December 31, 2022					
Hedging of interest rate risk	**6,975.3**	**713.4**	**– 204.4**	**502.9**	**0.82**
Interest rate swaps in micro hedges	5,057.3	452.7	– 204.0	217.7	0.69
Interest rate swaps in portfolio hedges	1,918.0	260.7	– 0.3	285.3	1.17
December 31, 2021					
Hedging of interest rate risk	**6,024.0**	**88.2**	**– 85.8**	**112.8**	**0.26**
Interest rate swaps in micro hedges	3,961.0	65.7	– 38.3	57.0	0.21
Interest rate swaps in portfolio hedges	2,063.0	22.5	– 47.5	55.8	0.54

All hedging instruments included in the above table are included in the balance sheet items positive market values from derivative hedging instruments and negative market values from derivative hedging instruments.

The profile of the timing of the nominal amount of the hedging instruments is shown in the following table:

EUR m	Nominal values up to 1 year	Nominal values over 1 year and up to 5 years	Nominal values over 5 years	Total nominal values
December 31, 2022				
Interest rate derivatives from interest book management	150.0	2,630.5	4,259.8	7,040.3
of which: designated as micro hedging instruments	85.0	2,100.5	2,936.8	5,122.3
of which: designated as portfolio hedging instruments	65.0	530.0	1,323.0	1,918.0
December 31, 2021				
Interest rate derivatives from interest book management	125.0	2,028.0	3,871.0	6,024.0
of which: designated as micro hedging instruments	40.0	1,603.0	2,318.0	3,961.0
of which: designated as portfolio hedging instruments	85.0	425.0	1,553.0	2,063.0

Underlying transactions used in the hedge accounting are presented below:

EUR m	Carrying amount	Accumulated hedge adjustments	Change in fair value used as the basis for recognising hedge ineffectivness for the period	Accumulated hedge adjustments from terminated hedging relationships
December 31, 2022				
Hedging of interest rate risk – micro hedges	**– 204.7**	**– 248.8**	**– 231.1**	**55.4**
Financial assets measured at AC	—	—	– 12.8	53.7
Financial assets of the non-trading portfolio	—	—	—	—
Receivables from banks and receivables from customers	—	—	– 12.8	53.7
Financial assets measured at FVOCI	– 2,400.9	– 467.3	– 420.0	28.4
Financial assets of the non-trading portfolio	– 2,400.9	– 467.3	– 420.0	28.4
Receivables from banks and receivables from customers	—	—	—	—
Financial liabilities measured at AC	2,196.2	218.4	201.7	– 26.7
Securitised liabilities	696.2	114.5	103.7	– 1.9
Liabilities to banks	1,500.0	103.9	97.9	– 24.7
Hedging of interest rate risk – portfolio hedges	**2,091.1**	**– 62.9**	**– 400.0**	**– 388.6**
Financial assets measured at AC	2,091.1	– 62.9	– 400.0	– 388.6
Financial assets of the non-trading portfolio	–	–	–	–
Receivables from banks and receivables from customers	2,091.1	– 62.9	– 400.0	– 388.6
December 31, 2021				
Hedging of interest rate risk – micro hedges	**– 241.4**	**– 41.7**	**– 61.7**	**79.5**
Financial assets measured at AC	—	—	– 31.9	66.6
Financial assets of the non-trading portfolio	—	—	—	—
Receivables from banks and receivables from customers	—	—	– 31.9	66.6
Financial assets measured at FVOCI	– 2,090.3	– 64.0	– 56.8	45.1
Financial assets of the non-trading portfolio	– 2,090.3	– 64.0	– 56.8	45.1
Receivables from banks and receivables from customers	—	—	—	—
Financial liabilities measured at AC	1,848.9	22.3	27.0	– 32.2
Securitised liabilities	348.9	11.0	8.8	– 2.2
Liabilities to banks	1,500.0	11.3	18.2	– 30.0
Hedging of interest rate risk – portfolio hedges	**2,079.9**	**– 29.3**	**– 51.9**	**– 22.2**
Financial assets measured at AC	2,079.9	– 29.3	– 51.9	– 22.2
Financial assets of the non-trading portfolio	—	—	—	—
Receivables from banks and receivables from customers	2,079.9	– 29.3	– 51.9	– 22.2

(67) OFFSETTING OF FINANCIAL INSTRUMENTS

At OLB, derivatives business cleared by means of a broker through the central counterparty (CCP) EUREX is currently the only scenario for balance-sheet offsetting. Positive and negative fair values of derivatives held on the reporting date vis-à-vis EUREX and the related cash collateral balance will be offset and reported in the balance sheet as a single net receivable or as a single net liability. For all other transaction portfolios whose overall credit risk and collateralisation are covered by means of framework agreements (bilaterally settled derivative business and repo business), either the IAS 32 requirements for balance-sheet offsetting are not fulfilled (these are framework agreements that only provide for offsetting in the event of insolvency, but do not allow for a shortening of the payment path in ongoing business operations) or else these requirements are fulfilled, but there are no offsetting transaction balances as of the reporting date.

OFFSETTING OF RECEIVABLES

				Items that reduce credit risk and are not subject to offsetting		
EUR m	Financial assets before offsetting	Amounts, subject to a global netting or similar agreement	Financial assets after offsetting	Amounts, not subject to a legally enforcable global netting or similar agreement	Collateral received	Net amount of credit risk
12/31/2022						
Derivatives	**910.6**	**– 782.8**	**127.8**	**– 59.5**	**– 47.3**	**21.0**
of which bilateral	119.0	—	119.0	– 59.5	– 47.3	12.2
of which over CCP broker	791.6	– 782.8	8.8	—	—	8.8
Repo transactions	**—**	**—**	**—**	**—**	**—**	**—**
of which bilateral	—	—	—	—	—	—
of which over CCP broker	—	—	—	—	—	—
Total amount	**910.6**	**– 782.8**	**– 782.8**	**– 59.5**	**– 47.3**	**21.0**
12/31/2021						
Derivatives	**192.8**	**– 86.3**	**106.5**	**– 43.4**	**– 13.1**	**50.0**
of which bilateral	106.5	—	106.5	– 43.4	– 13.1	50.0
of which over CCP broker	86.3	– 86.3	—	—	—	—
Repo transactions	**—**	**—**	**—**	**—**	**—**	**—**
of which bilateral	—	—	—	—	—	—
of which over CCP broker	—	—	—	—	—	—
Total amount	**192.8**	**– 86.3**	**106.5**	**– 43.4**	**– 13.1**	**50.0**

OFFSETTING OF LIABILITIES

				Items that reduce credit risk and are not subject to offsetting		
EUR m	Financial assets before offsetting	Amounts, subject to a global netting or similar agreement	Financial assets after offsetting	Amounts, not subject to a legally enforcable global netting or similar agreement	Collateral provided	Net amount of credit risk
12/31/2022						
Derivatives	**– 953.4**	**782.8**	**– 170.6**	**59.5**	**13.2**	**– 97.9**
of which bilateral	– 170.6	—	– 170.6	59.5	13.2	– 97.9
of which over CCP broker	– 782.8	782.8	—	—	—	—
Repo transactions	**– 324.6**	**—**	**– 324.6**	**—**	**320.3**	**– 4.3**
of which bilateral	– 259.3	—	– 259.3	—	257.7	– 1.6
of which over CCP broker	– 65.4	—	– 65.4	—	62.6	– 2.8
Total amount	**– 1,278.1**	**782.8**	**– 495.3**	**59.5**	**333.5**	**– 102.2**
12/31/2021						
Derivatives	**– 157.0**	**86.3**	**– 70.7**	**43.4**	**16.3**	**– 11.0**
of which bilateral	– 69.3	—	– 69.3	43.4	16.3	– 9.5
of which over CCP broker	– 87.8	86.3	– 1.5	—	—	– 1.5
Repo transactions	**– 637.8**	**—**	**– 637.8**	**—**	**624.6**	**– 13.2**
of which bilateral	– 526.9	—	– 526.9	—	516.2	– 10.6
of which over CCP broker	– 110.9	—	– 110.9	—	108.4	– 2.5
Total amount	**– 794.8**	**86.3**	**– 708.5**	**43.4**	**640.9**	**– 24.2**

(68) LEASING

On principle, OLB only acts as a lessee. The balance sheet contains the following items related to leasing:

EUR m	12/31/2022	12/31/2021
Right-of-use		
Land and buildings	17.5	19.7
Operating and business equipment	0.9	0.7
Intangible assets	24.5	21.9
Total rights-of-use	**42.9**	**42.3**
Lease liabilities by remaining maturity		
Until 1 year	11.7	12.0
from 1 to 5 years	29.2	26.8
more than 5 years	3.2	4.4
Total lease liabilities	**44.1**	**43.2**

Additions made to right-of-use assets during the financial year 2022 amounted to EUR 6.3 million (2021: EUR 0.8 million).

EUR m	Land and buildings	Operating and business equipment	Intangible assets	Total
01/01 – 12/31/2022				
Carrying amount as of January 1	**19.8**	**0.8**	**22.6**	**43.2**
Additions during the financial year	1.7	—	4.6	6.3
Disposals during the financial year	—	—	—	—
Changes in balance during the financial year	**1.7**	**—**	**4.6**	**6.3**
Change in duration during the financial year	1.2	0.7	6.1	8.0
Amortisation during the financial year	– 5.2	– 0.5	– 7.8	– 13.5
Discounting	0.1	0.0	0.1	0.1
Changes in measurement during the financial year	**– 4.0**	**0.2**	**– 1.6**	**– 5.4**
Carrying amount as of December 31	**17.6**	**1.0**	**25.5**	**44.1**
01/01 – 12/31/2021				
Carrying amount as of January 1	**24.2**	**1.3**	**27.1**	**52.6**
Additions during the financial year	0.1	0.0	0.7	0.8
Disposals during the financial year	—	—	– 0.1	– 0.1
Changes in balance during the financial year	**0.1**	**0.0**	**0.6**	**0.8**
Change in duration during the financial year	1.0	—	1.6	2.6
Amortisation during the financial year	– 5.5	– 0.6	– 6.8	– 12.8
Discounting	0.0	0.0	0.0	0.0
Changes in measurement during the financial year	**– 4.5**	**– 0.6**	**– 5.1**	**– 10.2**
Carrying amount as of December 31	**19.8**	**0.8**	**22.6**	**43.2**

The following amounts are reported in the statement of profit and loss in connection with leases:

EUR m	2022	2021
Amortization of lease liabilities		
Land and buildings	5.2	5.5
Operating and business equipment	0.5	0.6
Intangible assets	8.0	6.9
Interest expense	**0.1**	**0.0**
Items shown in the Profit and Loss Statement	**13.9**	**13.0**

Payments made for leases in 2022 totalled EUR 13.5 million (2021: EUR 12.7 million).

OFF-BALANCE SHEET BUSINESS

(69) CONTINGENT LIABILITIES AND LOAN COMMITMENTS

Contingent liabilities and loan commitments are future liabilities of the Group arising from time-limited credit lines which the Bank has granted its customers but which they have not yet drawn on. By means of credit facilities, the Group provides its customers with rapid access to funds which its customers require in order to fulfil their short-term obligations as well as their long-term financing requirements. Liabilities from guarantees and indemnity agreements and letters of credit are also reported. Income from guarantees is recognised in net commission income. The amount of this income is determined by means of the application of agreed rates on the nominal amount of these guarantees.

The figures listed below do not permit any direct inference as to the resulting liquidity requirements.

EUR m	12/31/2022	12/31/2021
Credit guarantees	203.4	247.6
Other guarantees and warranties	491.3	447.6
Letters of credit	9.8	24.0
less provisions	– 8.7	– 11.6
Contingent liabilities	**695.8**	**707.5**
Loans	1,476.7	2,036.0
Guarantee lines	206.1	226.4
less provisions	– 4.6	– 11.1
Irrevocable credit commitments	**1,678.2**	**2,251.4**

Risk provision for off-balance sheet obligations has been reported under other provisions.

The figures provided in the tables reflect the amounts whose write-down would be required in the event that customers used the full amounts of these facilities and subsequently defaulting on payment – subject to the assumption that no collateral is available. A large portion of these obligations may expire without being drawn upon. These figures do not definitively reflect the actual future loan commitment or the liquidity requirements resulting from these obligations. Collateral may have been provided to cover the total commitments to customers under loans and guarantees. There are also sub-participations by third parties in irrevocable credit commitments and guarantees.

(70) OTHER FINANCIAL LIABILITIES

EUR m	12/31/2022	12/31/2021
Obligations under rental- and usage agreements	5.9	3.9
Obligations for maintenance of information technology	5.9	5.5
Payment obligations and joint liabilities	26.3	22.4
Other financial obligations	**38.1**	**31.7**

Obligations under rental and usage agreements mainly comprise contracts in the area of IT hardware as well as software.

There were no call commitments for shares, bonds, other shareholdings or joint liabilities under Sec. 26 of the German Act on Limited Liability Companies in GmbH Form (GmbHG).

Oldenburgische Landesbank AG is a member of the German deposit protection scheme, which covers liabilities to creditors up to a maximum amount. As a member of this deposit protection scheme, Oldenburgische Landesbank AG is separately liable to provide additional capital contributions, but not exceeding the annual contribution of Oldenburgische Landesbank AG which is indicated below.

Obligation to and expenses for deposit protection and market stabilization schemes:

OBLIGATION TO DEPOSIT PROTECTION AND MARKET STABILIZATION SCHEMES

EUR m	12/31/2022	12/31/2021
Compensation scheme of German Private Banks (EdB)	13.1	11.0
German deposit protection scheme	3.2	3.2
Single Resolution Fund	10.1	8.2
Total	**26.3**	**22.4**

The bank has an irrevocable payment obligation to each of these schemes. In the event of those funds being drawn upon to a significant extent, additional other financial liabilities may arise in the amount of EUR 26.3 million (2021: EUR 22.4 million).

ANNUAL EXPENSE FOR DEPOSIT PROTECTION AND MARKET STABILIZATION SCHEMES

EUR m	12/31/2022	12/31/2021
Compensation scheme of German Private Banks (EdB)	– 4.8	– 6.8
German deposit protection scheme	– 0.0	– 0.0
Single Resolution Fund	– 10.4	– 7.8
Total	**– 15.2**	**– 14.6**

In 2022, the bank contributed in total EUR 15.2 million (2021: EUR 14.6 million) to those schemes.

The majority of the bank's pension obligations at the time and the cover funds allocated to fulfil these obligations were transferred to a non-insurance based pension fund managed by Allianz Pensionsfonds AG. The bank remains secondarily liable for the transferred liabilities in the event of any shortfall. If the cover funds are not sufficiently funded in relation to the necessary settlement amount, so that Allianz Pensionsfonds AG is unable to meet its obligations deriving from the transferred pension liabilities, the bank may be held liable for any such liabilities, which may be material.

ADDITIONAL DISCLOSURES

(71) FAIR VALUES AND CARRYING AMOUNTS OF FINANCIAL INSTRUMENTS BY MEASUREMENT CATEGORY AND BALANCE SHEET ITEM AND THEIR CLASSIFICATION IN THE FAIR VALUE HIERARCHY

The financial instruments shown in the following table mainly comprise financial assets and liabilities which fall under the scope of IFRS 13 and which are either recognised in the balance sheet or not recognised in the balance sheet. Classes of these financial instruments have been established. These enable a distinction in terms of amortised cost and fair values, as the relevant IFRS 9 measurement criteria. Cash and cash equivalents are reported at their nominal value. For the sake of clarity, they are shown in the "measured at amortised cost" columns. Fair values of derivative hedging instruments in the hedge accounting are shown in the "carried at fair value" column. In addition, for each class an indication is provided of which measurement category the financial instruments belong to. The following abbreviations are used in the table: AC = at amortised cost (Amortised Costs), FVOCI = at fair value through other comprehensive income (Fair Value through Other Comprehensive Income), FVPL = At fair value through profit or loss (Fair value through Profit or Loss). For each measurement category of financial instruments, the fair values are compared with the carrying amounts and reconciled with the items on the assets side and the equity and liabilities side of the balance sheet. In addition, the financial instruments reported at fair value are allocated to one of the three fair value levels according to the IFRS fair value hierarchy.

	12/31/2022									
	Category	Balance sheet items	Financial instruments measured at amortised cost			Carried at fair value	∑ financial instruments	Level 1	Level 2	Level 3
EUR m		Carrying amount	Carrying amount	Δ	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
Cash and cash equivalents (carried at nominal value)	AC	1,529.8	1,529.8	—	1,529.8		1,529.8	—	1,529.8	—
Trading portfolio assets										
Non-derivative trading assets measured at FVPL	FVPL	0.0				0.0	0.0	0.0	—	—
Positive fair values from interest rate derivatives	FVPL	145.2				145.2	145.2	—	145.2	—
Positive fair values from currency derivatives	FVPL	52.0				52.0	52.0	—	52.0	—
Adjustments related to offsetting and CVA	FVPL	– 88.7				– 88.7	– 88.7	—	– 87.3	– 1.5
Positive fair values of derivative hedging instruments	FVPL	17.9				17.9	17.9	—	17.9	—
Receivables from banks (net after risk provisions)	AC	775.2	775.2	– 0.5	774.7		774.7	—	770.5	4.2
Receivables from customers (net after risk provisions)	AC	18,008.9	18,008.9	– 643.7	17,365.2		17,365.2	—	1,062.3	16,302.9
Financial assets of the non-trading portfolio										
Financial assets of the non-trading portfolio classified at FVOCI	FVOCI	3,085.6				3,085.6	3,085.6	3,067.7	—	17.9
Financial assets of the non-trading portfolio classified at FVPL	FVPL	1.7				1.7	1.7	—	—	1.7
Other assets										
Cash Collaterals CCP	AC	265.7	265.7	—	265.7		265.7	—	265.7	—
Total financial instruments		**23,793.3**	**20,579.6**	**– 644.2**	**19,935.4**	**3,213.7**	**23,149.1**	**3,067.7**	**3,756.0**	**16,325.3**

	12/31/2022									
	Category	Balance sheet items	Financial instruments measured at amortised cost			Carried at fair value	∑ financial instru-ments	Level 1	Level 2	Level 3
EUR m		Carrying amount	Carrying amount	Δ	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
Trading portfolio liabilities										
Negative fair values from interest rate derivatives	FVPL	131.9				131.9	131.9	—	131.9	—
Negative fair values from currency derivatives	FVPL	52.7				52.7	52.7	—	52.7	—
Adjustments related to offsetting	FVPL	– 23.5				– 23.5	– 23.5	—	– 23.5	—
Negative fair values from hedging derivatives	FVPL	9.4				9.4	9.4	—	9.4	—
Liabilities to banks	AC	5,075.3	5,075.3	– 362.0	4,713.3		4,713.3	—	101.7	4,611.6
Liabilities to customers	AC	16,192.5	16,192.5	109.8	16,302.3		16,302.3	—	9,999.1	6,303.2
Securitzed liabilities	AC	706.9	706.9	– 120.6	586.3		586.3	—	586.3	—
Subordinated debt	AC	161.9	161.9	– 10.8	151.1		151.1	—	—	151.1
Other liabilities										
Cash Collaterals CCP	AC	0.6	0.6	—	0.6	—	0.6	0.6	—	—
Total financial instruments		**22,307.9**	**22,137.3**	**– 383.6**	**21,753.7**	**170.6**	**21,924.3**	**0.6**	**10,857.8**	**11,065.9**
Contingent liabilities	n / a	—					– 8.7	—	—	– 8.7
Irrevocable loan commitments	n / a	—					– 17.1	—	—	– 17.1

	12/31/2021									
	Category	**Balance sheet items**	**Financial instruments measured at amortised cost**			**Carried at fair value**	**∑ financial instruments**	**Level 1**	**Level 2**	**Level 3**
EUR m		Carrying amount	Carrying amount	Δ	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
Cash and cash equivalents (carried at nominal value)	AC	2,154.2	2,154.2	—	2,154.2		2,154.2	—	2,154.2	—
Trading portfolio assets										
Non-derivative trading assets measured at FVPL	FVPL	0.0				0.0	0.0	0.0	—	—
Positive fair values from interest rate derivatives	FVPL	44.3				44.3	44.3	—	44.3	—
Positive fair values from currency derivatives	FVPL	45.6				45.6	45.6	—	45.6	—
Adjustments related to offsetting and CVA	FVPL	– 7.7				– 7.7	– 7.7	—	– 7.7	—
Positive fair values of derivative hedging instruments	FVPL	24.3				24.3	24.3	—	24.3	—
Receivables from banks (net after risk provisions)	AC	970.0	970.0	– 0.0	970.0		970.0	—	961.2	8.8
Receivables from customers (net after risk provisions)	AC	16,943.1	16,943.1	843.8	17,786.9		17,786.9	—	1,068.5	16,718.4
Financial assets of the non-trading portfolio										
Financial assets of the non-trading portfolio classified at FVOCI	FVOCI	2,674.0				2,674.0	2,674.0	2,654.1	—	19.8
Financial assets of the non-trading portfolio classified at FVPL	FVPL	2.6				2.6	2.6	—	—	2.6
Other assets										
Cash Collaterals CCP	AC	144.7	144.7	—	144.7		144.7	—	144.7	—
Total financial instruments		**22,995.2**	**20,212.1**	**843.8**	**21,055.9**	**2,783.1**	**23,839.0**	**2,654.2**	**4,435.2**	**16,749.7**

	12/31/2021									
	Category	**Balance sheet items**	**Financial instruments measured at amortised cost**			**Carried at fair value**	**∑ financial instruments**	**Level 1**	**Level 2**	**Level 3**
EUR m		Carrying amount	Carrying amount	Δ	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
Trading portfolio liabilities										
Negative fair values from interest rate derivatives	FVPL	31.1				31.1	31.1	—	31.1	—
Negative fair values from currency derivatives	FVPL	40.1				40.1	40.1	—	40.1	—
Adjustments related to offsetting	FVPL	– 15.9				– 15.9	– 15.9	—	– 15.9	—
Negative fair values from hedging derivatives	FVPL	15.4				15.4	15.4	—	15.4	—
Liabilities to banks	AC	6,872.3	6,872.3	– 51.0	6,821.4		6,821.4	—	109.8	6,711.5
Liabilities to customers	AC	14,073.5	14,073.5	84.6	14,158.1		14,158.1	—	10,381.6	3,776.5
Securitzed liabilities	AC	379.1	379.1	– 7.1	372.0		372.0	—	372.0	—
Subordinated debt	AC	166.5	166.5	20.0	186.5		186.5	—	—	186.5
Other liabilities										
Cash Collaterals CCP	AC	—	—	—	—		—	—	—	—
Total financial instruments		**21,562.1**	**21,491.4**	**46.5**	**21,537.9**	**70.7**	**21,608.7**	**—**	**10,934.1**	**10,674.6**
Contingent liabilities	n / a	—					– 11.6	—	—	– 11.6
Irrevocable loan commitments	n / a	—					– 0.4	—	—	– 0.4

Fair value is the amount for which a financial instrument may be freely traded between knowledgeable and willing parties in an arm's length transaction. Fair value is defined as the exit price or the transfer / disposal price.

For all financial instruments, first of all it will be checked whether a market price is available on an active market. If so, this will be immediately used as a fair value (price times quantity) and this fair value will be categorised as a Level 1 fair value. Exchange-traded securities are the main scenario where Level 1 fair values are found. At OLB, this mainly concerns holdings of financial assets valued at FVOCI and FVPL and, to a lesser extent, trading assets. Price service agencies were used to access certain platforms on which brokers publish their prices. If there was a corresponding price link and market liquidity, this was used as the price quotation in Level 1.

If no market price as defined above is available, a valuation model will be used. If all of the key input parameters for this valuation are observable on the market, the resulting theoretical value will be a Level 2 fair value. Interest rate swaps and all other derivatives in the Bank's portfolio have Level 2 fair values. The discounted cash-flow method and option pricing models were used to determine these fair values in the reporting period. The market value of a derivative corresponds to the sum of all future cash flows discounted at a risk-adequate rate on the valuation date (present value or dirty close-out value). In the case of collateralised derivatives, risk-free overnight index swap "OIS" curves were used as the basis for discounting (because the collateral bears interest at these rates); in the case of unsecured derivatives, however, the valuation is based on tenor swap curves (for example, the 3-month EURIBOR swap curve). OLB uses a discounted cash-flow model (present value of the difference between the contract rate and the forward rate on the reporting date) to value forward exchange transactions. For currency options (plain vanilla currency options) OLB uses the classic Black-Scholes model according to Garman-Kolhagen. For the valuation of barrier options (with American barrier) OLB uses the Black-Scholes model according to Rubinstein-Reiner.

For the valuation of barrier options (with a European barrier), OLB uses a finite difference model. In all these cases, the options are valued on the basis of implied volatility. In addition, for loan receivables and liabilities with daily or very short maturities (overdrafts and demand deposits vis-à-vis credit institutions and customers as well as cash on hand) that are subject neither to material interest rate risks nor to creditworthiness risks, the fair value corresponds to the carrying amount. These fair values are classified as Level 2 fair values.

On the other hand, if not all of the key input parameters for the valuation are observable on the market, a theoretical value will apply which is a Level 3 fair value. The fair values of these instruments are determined using recognised mathematical valuation models with as many market data inputs as are available.

The present value method and the option pricing model in particular were used in the period under review. In these cases, the fair value is a theoretical value as of the reporting date which is a Level 2 fair value (e.g. interest rate swaps) or a Level 3 fair value (e.g. specific loan assets) which should be taken as an indication of a value which is realisable upon sale or assignment. Level 3 instruments include, in particular, loan receivables and deposit products with longer maturities for which third party and own credit assessment is essential (as credit assessment often cannot be done via direct market data inputs). To determine the fair values of these instruments, the future contractual cash flows were calculated and discounted using risk-adjusted zero coupon curves. The zero-coupon curves are based on the swap curves observable on the market and take into account the credit quality of the instrument through an appropriate adjustment of the curve from which the discount factors are derived.

Please see Note (62) for further comments on the methods used to measure the risks associated with the financial instruments.

Transfer of financial instruments. No transfers between the levels of the fair value hierarchy occurred in the periods under review.

Development of Level 3 financial instruments recognised at fair value. The following tables contain an overview of the development of these financial instruments:

	Financial assets of the non-trading portfolio classified at FVPL				**Financial assets of the non-trading portfolio classified at FVOCI**
EUR m	**Investment securities**	**Shares in non-consolidated subsidiaries**	**Shares**	**Financial assets of the non-trading portfolio classified at FVPL**	
Balance as of January 1, 2021	**0.6**	**0.7**	**4.8**	**6.1**	**—**
Additions	—	0.1	—	0.1	20.0
Disposals	– 0.0	– 0.6	– 2.9	– 3.5	—
Changes in balance during the financial year	**– 0.0**	**– 0.5**	**– 2.9**	**– 3.4**	**20.0**
Gains during the financial year	—	—	—	—	—
Losses during the financial year	—	—	—	—	– 0.2
Valuation changes during the financial year	**—**	**—**	**—**	**—**	**– 0.2**
Balance as of December 31, 2021	**0.6**	**0.2**	**1.9**	**2.6**	**19.8**
Additions	—	—	—	—	—
Disposals		– 0.0	– 0.9	– 0.9	
Changes in balance during the financial year	**—**	**– 0.0**	**– 0.9**	**– 0.9**	**—**
Gains during the financial year	—	—	—	—	—
Losses during the financial year	—	—	—	—	– 2.0
Valuation changes during the financial year	**—**	**—**	**—**	**—**	**– 2.0**
Balance as of December 31, 2021	**0.6**	**0.1**	**1.0**	**1.7**	**17.9**

Sensitivity of financial assets classified at FVPL. The model value of the preference shares allocated to Level 3 was formed from the value of the ordinary shares and a percentage discount to take account of the restrictions on the preference shares. The model value of the preference shares increases or decreases by 10 % if the market price of the ordinary shares also changes by +/–10 %. If the discount increases by 10 %, the model value decreases by approximately 8 % and vice versa. The other financial assets allocated to Level 3 (investments and shares in non-consolidated subsidiaries) did not show any significant sensitivities.

Sensitivity of the financial asset classified as FVOCI. The model price was determined using the zero swap curve including a spread premium from the original purchase valuation.

(72) RELATED PARTY DISCLOSURES

There were individual changes in OLB's ownership structure in 2022. Most of OLB's shares (> 90 %) continue to be held by companies that are connected with Apollo Global Management, Grovepoint Investment Management, and Teacher Retirement System of Texas.

The companies are mutually independent and each of them holds an indirect stake of under 40 %, which means that none of the shareholders controls OLB under corporate law. However, the companies have a significant influence over OLB (>20 % of the voting rights). The remainder of the shares is held by MPP S. à. r. l. and MPuffer Invest GmbH, each of which holds only small stakes (<10 %), but whose ownership structures give them significant influence over OLB.

All companies are therefore considered as related parties under IAS 24.

Within the scope of ordinary business activities, transactions are entered into with related parties at arm's length terms and conditions. The scope of these transactions is presented below.

The related parties are members of the Board of Managing Directors and the Supervisory Board of Oldenburgische Landesbank AG and its affiliated companies as well their close relatives. The Board of Managing Directors and the Supervisory Board of Oldenburgische Landesbank AG are considered to be key management personnel. The affiliated companies are non-consolidated companies of Oldenburgische Landesbank AG (reported under subsidiaries). Companies in which members of the Bank's Supervisory Board hold management positions are also reported under other related companies and persons, together with companies to which OLB's shareholders are affiliated.

RECEIVABLES AND LIABILITIES

EUR m	12/31/2022	12/31/2021
Receivables from customers		
Key management personnel of OLB AG	0.8	0.5
Entities with significant influence over OLB AG	–	–
Subsidiaries	–	–
Other related companies and persons	1.4	1.3
Financial assets of the non-trading portfolio		
Key management personnel of OLB AG	–	–
Entities with significant influence over OLB AG	–	–
Subsidiaries	–	–
Other related companies and persons	18.1	20.0
Other Assets		
Key management personnel of OLB AG	–	–
Entities with significant influence over OLB AG	–	–
Subsidiaries	–	–
Other related companies and persons	–	–
Receivables total	**20.3**	**21.8**
Liabilities to customers		
Key management personnel of OLB AG	2.2	3.5
Entities with significant influence over OLB AG	–	–
Subsidiaries	0.9	1.2
Other related companies and persons	1.1	4.3
Subordinated debt		
Key management personnel of OLB AG	–	0.3
Entities with significant influence over OLB AG	–	–
Subsidiaries	–	–
Other related companies and persons	16.7	16.7
Provisions		
Key management personnel of OLB AG	11.1	13.4
Entities with significant influence over OLB AG	–	–
Subsidiaries	–	–
Other related companies and persons	–	–
Additional Equity Components		
Key management personnel of OLB AG	–	–
Entities with significant influence over OLB AG	–	–
Subsidiaries	–	–
Other related companies and persons	5.0	5.0
Liabilities total	**37.0**	**44.4**

The above-mentioned receivables from and liabilities to customers are money market transactions, loans and deposits as well as refinancing funds, all at arm's length. Receivables from key management personnel of OLB AG are almost entirely secured by means of mortgages. Receivables from subsidiaries are not collateralised since they form part of the combined Group. The Bank has been provided with collateral in the amount of EUR 2.8 million (2021: EUR 3.1 million) to cover receivables from other related companies and persons.

Servicing, securities, foreign exchange trading and interest rate forward transactions were also entered into with related parties. Other related companies and persons have not been granted any guarantee lines. The effect of these transactions on the *income statement* is shown in the following table:

EUR m	01/01 – 12/31/2022	01/01 – 12/31/2021
Net interest income	– 1.5	– 1.5
Key management personnel of OLB AG	– 0.0	– 0.0
Entities with significant influence over OLB AG	—	—
Subsidiaries	—	—
Other related companies and persons	– 1.5	– 1.5
Net commission income	– 0.0	5.2
Key management personnel of OLB AG	– 0.0	– 0.0
Entities with significant influence over OLB AG	—	—
Subsidiaries	—	5.2
Other related companies and persons	– 0.0	0.0
Non-personnel expenses	– 0.1	– 0.0
Key management personnel of OLB AG	– 0.0	– 0.0
Entities with significant influence over OLB AG	—	—
Subsidiaries	– 0.1	—
Other related companies and persons	– 0.0	– 0.0
Other income	—	0.2
Key management personnel of OLB AG	—	—
Entities with significant influence over OLB AG	—	—
Subsidiaries	—	0.2
Other related companies and persons	—	—
Result total	**– 1.7**	**3.9**
Distributions	0.3	0.1
Dividend payments	40.0	30.0

In the income statement, income of EUR 0.0 million (2021: EUR 6.3 million) and expenses of EUR 1.7 million (2021: EUR 2.4 million) have arisen for transactions with related parties. Interest and commission business has been entered into on arm's length terms. This includes the collateral provided and intra-Group transfer pricing.

Credit was granted to members of the Board of Managing Directors as of December 31, 2022, as follows: The use of credit lines totalled EUR 0.0 thousand (2021: EUR 0.0 thousand). Credit card limits of EUR 0.3 thousand (2021: EUR 0.6 thousand) were utilised on the reporting date. Loan commitments in the amount of EUR 673.2 thousand existed as of December 31, 2022 (2021: EUR 394.6 thousand), of which EUR 673.2 thousand were utilised as of December 31, 2022 (2021: EUR 394.6 thousand). The rate of interest and the terms and conditions comply with arm's length requirements.

Credit was granted to members of the Supervisory Board as of December 31, 2022 as follows: The use of credit lines totalled EUR 0.0 thousand (2021: EUR 4.1 thousand). Credit card limits of EUR 11.9 thousand (2021: EUR 1.9 thousand) were utilised on the reporting date. In addition, loan commitments amounted to EUR 122.3 thousand (2021: EUR 126.3 thousand), of which EUR 122.3 thousand were utilised as of December 31, 2022 (2021: EUR 126.3 thousand). The rate of interest and the terms and conditions comply with arm's length requirements.

The remuneration components granted to the Board of Managing Directors for the financial year 2022 and recognised as expense are set out below, broken down into categories according to IAS 24:

EUR m	01/01 – 12/31/2022	01/01 – 12/31/2021
Short-term benefits	5.4	4.8
Other long-term benefits	3.5	3.4
Share-based payment	—	—
Termination benefits	0.6	1.2
Post-employment benefits	—	0.1
Total remuneration of Board of Directors	**9.5**	**9.5**

The remuneration paid to the Supervisory Board in the financial year 2022 amounted to EUR 1.2 million (2021: EUR 1.5 million). This remuneration consists of short-term benefits. In addition, other benefits in the form of wages and salaries amounting to EUR 0.6 million (2021: EUR 0.5 million) have been paid to the employee representatives of the Supervisory Board.

(73) SHARE BASED PAYMENTS

In 2022, a management participation program (the *"Management Participation Program"*) was set up in order to align the commercial interest of the management and key employees with the interests of the Champ Investor, the GIM Investor and the TRS Texas Investor. MPP S.à r.l. (*"MPP"*) serves as entity that pools the interests of the management and key employees. This entity subscribed shares in OLB as part of a capital increase in 2022 and currently holds 2,500,708 shares in the Company.

As part of the implementation of the management participation model, MPP acquired plan shares ("plan shares") in OLB. The plan Shares consist of newly issued shares in OLB against cash contribution and were acquired by MPP at par value.

The share capital of MPP consists of two classes of shares: A-shares, which are held exclusively by the Funding Shareholders, and B-shares, which are held exclusively by the participants and which were offered for purchase to the participants under the Management Participation Program. The Management Participation Program is not open for new investments by new participants.

The Bank's shareholders subscribed for the A-shares at a total issue price of EUR 4.2 million. The B-shares were subscribed by the participants at a total issue price of EUR 1.8 million. The subscription amount of the A-Shares and the B-shares at which the participants are to participate in the MPP corresponds to the market value of the shares. This was determined by a valuation report of an external appraiser. For the purposes of the valuation report, the probability-weighted expected return method was applied. Since the corresponding planning is based on a certain probability of occurrence and has a sufficient degree of detail, the external appraiser is of the opinion that the selected methodology is preferable to other possible methodologies. Taking into account a weighted probability of occurrence, for purposes of the probability-weighted expected return method, expected future events, such as an IPO, are used to derive the current market value of the shares. In the valuation analysis, information and documents pertaining to the Company's financial projections, balance sheet data related to assets / liabilities, and equity capital structure, were considered as communicated by OLB. The value range estimated are based on the "objectified value", which is included in the valuation report.

Since the B-Shares were acquired by the participants at fair value, OLB did not recognize at balance sheet date an expense from share-based compensation. ↗

MPP exercises all shareholder rights arising from the shares it holds in the Bank. In particular, these include the right to vote at the Annual General Meeting and the right to receive dividends. Dividends may be passed on to the holders of the A Shares and the B Shares subject to the fixed waterfall distribution rates and the decision of the MPP.

The Articles of Association of MPP provides for a fixed distribution of the proceeds according to the waterfall principle in the event of an exit of all Shareholders from OLB. The distribution is to depend significantly on the total proceeds that can be achieved upon the sale of the Bank for the Shareholder and in addition certain defined rates of return have been achieved for the Existing Shareholders (Exit price).

MPP participants are subject to customary lock-up arrangements in line with other shareholders.

(74) LIST OF INVESTMENT HOLDINGS

Name and registered office	Share of capital	Equity 12/31/2022	Net profit or loss 01/01 – 12/31/2022	Net profit or loss 01/01 – 12/31/2021
	%	EUR m	EUR m	EUR m
OLB-Service GmbH, Oldenburg	100	0.0	—	—
QuantFS GmbH, Hamburg1)	100	0.6	0.2	0.1
Total		**0.7**	**0.2**	**0.1**

OLB Immobiliendienst GmbH, Oldenburg, was merged with OLB as the acquiring legal entity with retroactive effect from January 1, 2022.

A profit-and-loss transfer agreement has been concluded with OLB-Service Gesellschaft mit beschränkter Haftung, Oldenburg.

(75) DATE OF RELEASE FOR PUBLICATION

The full Board of Managing Directors of Oldenburgische Landesbank AG released these consolidated financial statements for publication on 03/17/2023. It was possible to take events after the balance sheet date into consideration up to this date.

(76) EVENTS AFTER THE BALANCE SHEET DATE

On February 2, 2023, the bank successfully issued a senior preferred MREL-eligible bond with an aggregate principal amount of EUR 400 million (due February 2, 2026) at an interest rate of 5.625 % under a EUR 1.5 billion debt issuance program under ISIN DE000A11QJP7.

No further events of particular significance have occurred since December 31, 2022, and thus no events are reflected in the statement of profit and loss or the balance sheet.

Oldenburg, 03/17/2023
Oldenburgische Landesbank AG

The Board of Managing Directors

Stefan Barth
Chairman

Marc Ampaw

Aytac Aydin

Chris Eggert

Giacomo Petrobelli

Dr. Rainer Polster

DECLARATION BY THE EXECUTIVE DIRECTORS

We hereby certify to the best of our knowledge that, in accordance with the applicable basis of accounting, these consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group and that the Group management report provides a true and fair view of the course of business, including the Group's performance and its position, and describes the key risks and opportunities associated with the Group's expected development.

Oldenburg, 03/17/2023
Oldenburgische Landesbank AG

The Board of Managing Directors

Stefan Barth
Chairman

Marc Ampaw

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Chris Eggert

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CONCEPT AND DESIGN
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PHOTOGRAPHY
Frank Reinhold, Düsseldorf

TRANSLATION
media lingua translations GmbH, Berlin

DATE OF PUBLICATION
March 30, 2023

This report is available in German and English.
Both versions may be downloaded from the
Internet at www.olb.de.