Oldenburgische
Landesbank AG

Oldenburgische Landesbank Group
Financial Report 2013

The Oldenburgische Landesbank Group at a Glance

EUR m	12 / 31 / 2013	12 / 31 / 2012	Change (%)
Total assets	**14,207.8**	**14,426.5**	**– 1.5**
Loans and advances to banks[1]	628.5	414.5	51.6
Loans and advances to customers[1]	10,303.7	10,338.7	– 0.3
Total lendings[1]	10,303.4	10,338.2	– 0.3
Financial assets	2,722.4	3,353.9	– 18.8
Amounts due to banks	4,498.5	4,021.6	11.9
Amounts due to customers	7,806.3	8,221.5	– 5.1
Customer deposits (excl. repos)	7,806.3	7,568.2	3.1
Securitized liabilities	579.6	812.9	– 28.7
Subordinated debt	253.6	274.3	– 7.5
Equity	**602.9**	**607.1**	**– 0.7**
Issued capital	60.5	60.5	—
Additional paid-in capital	202.9	202.9	—
Retained earnings	347.1	344.2	0.8
Other comprehensive income	– 7.6	– 0.5	>100

EUR m	1 / 1 / 2013 – 12 / 31 / 2013	1 / 1 / 2012 – 12 / 31 / 2012	Change (%)
Net interest income	237.7	235.5	0.9
Net commission income	81.0	90.2	– 10.2
Net operating trading income/expense	3.5	– 1.8	n / a
Other operating income	17.6	40.4	– 56.4
Operating personnel expense	167.0	176.1	– 5.2
Office expense	97.1	113.2	– 14.2
Risk provisions	81.5	42.6	91.3
Restructuring expense	90.3	—	n / a
Profit before taxes	9.1	48.5	– 81.2
Profit after taxes	**8.7**	**38.9**	**– 77.6**
Cost-income ratio (%)	**78.3**	**80.3**	**n / a**

	12 / 31 / 2013	12 / 31 / 2012	
Core capital ratio per Sec. 10a of the German Banking Act (%)	9.5	8.2	
Aggregate capital ratio per Sec. 10a of the German Banking Act (%)	13.3	11.6	
Employees (number)	2,445	2,785	
Full-time equivalents	1,946	2,293	
Branches of Oldenburgische Landesbank AG Regional Bank	177	177	

1 Net of risk provisions

FINANCIAL REPORT 2013

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TO OUR SHAREHOLDERS

Letter to Our Shareholders

Dear shareholders,
dear friends of OLB,

Following the considerable turbulence of the previous years, the financial markets calmed somewhat in 2013. This was the result both of stabilization measures enacted by governments and of the monetary policy control measures applied by the European Central Bank. The German economy grew moderately in 2013; economic performance in the Northwest improved somewhat more vigorously. The outlook for the German economy appears more promising at present for 2014. We also expect growth to accelerate in our own business region. But the challenges to banks will remain, with low market interest rates, regulatory pressure to make adjustments, and changes in customer attitude as the key points.

Amid this difficult environment, your Bank was still able to increase its current income within its region by more than 3 percent. Costs remained well in hand, with a slight increase of 1.2 percent. Before risk provisions, we therefore showed an operating profit that had improved by more than 10 percent, to EUR 81.9 million – the second best showing for this figure in five years of financial crisis.

Developments in the shipping markets were less welcome. As the crisis in this industry recognizably persists, we have adopted even more conservative assessments of our ship financing. In this connection, risk provisions increased appreciably from a year ago, by EUR 38.9 million. As a consequence, the OLB Group's pretax profit decreased to EUR 9.1 million (prior year: EUR 48.5 million).

The higher risk provisions further strengthened our resources in fiscal 2013. We also increased our core capital ratio substantially, from 8.2 percent to 9.5 percent. This sound foundation will enable us to keep assisting the growth of

our clients in the Northwest. And despite the considerable decrease in profits, we can still propose a dividend distribution of EUR 0.10 per share to you, our shareholders (prior year: EUR 0.25). The remainder of the profit will be allocated to our reserves.

Our business volume performed well, surpassing EUR 20 billion for the first time. The principal reason was our successful business with our regional clients, with total customer lendings of more than EUR 10 billion and significantly higher customer deposits of EUR 6.9 billion. This reflects our customers' ongoing confidence in us, which in turn is the sustained foundation for our business.

We expect a focused expansion of our services to our customers to provide further growth in the years to come. Back in 2012, we had established regional centers of competence for Private Banking & Independent Professionals. In 2013, we expanded our sector-specific skills in the lending business and established centralized sector-specific teams to supplement our corporate customer support officers in the regions.

We are also modernizing our branch locations. Improvements in services and upgraded offices will benefit our customer business. In parallel, we have expanded our online banking, because we aim to provide a persuasive range of products and services for all our customers, no matter how they access us. To further increase our presence and skills on location, we have decided to assign directors with decision-making powers to 20 locations for our Corporate Customers, Retail Customers and Private Banking lines. That will be associated with a streamlining of our sales regions to coincide with the boundaries of political districts, for better internal operations management.

We assume that in addition to lower personnel expenses, being even more conveniently available to our customers will also be reflected in higher earnings.

What are our plans for the current fiscal year? We will continue to modernize the Bank, offering our customers optimized service and advice to meet their needs and organizing our procedures more efficiently. Additional capital expenditures will be necessary for this purpose, but we expect these to add further impetus to our earnings performance within the medium term. We will also continue to improve our risk profile by limiting concentration risks in particular. Bottom line, we expect earnings to improve again in fiscal 2014.

Dr. Achim Kassow
Chairman of the Board of Managing Directors

The Share

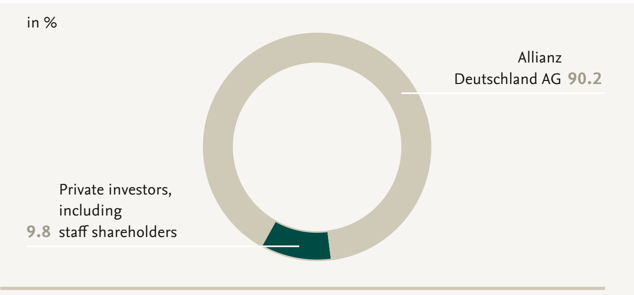
Performance of OLB stock

Initial successes in overcoming the government debt crisis in the euro zone, together with the central banks' policies of low interest rates, had a positive impact on stock markets in 2013. Many European stock exchanges recorded substantial gains by year's end. Investors in Germany additionally benefited from an improvement in business conditions. The DAX remained almost unchanged during the first half, but then steadily rose over the second half to close out the year about 25 percent higher, above 9,500. However, the geopolitical tensions surrounding the Crimean crisis caused the index to recede again at the beginning of 2014.

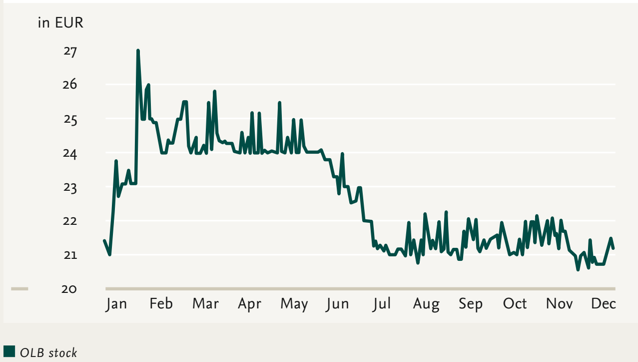
See Glossary, p. 164

Events in the news during 2013 caused below-average performance in the prices of bank stocks and financial securities. On balance, the CDAX Banks sector index ended the year nearly 11 percent higher than where it had started. OLB's stock held stable in 2013 and closed out the year at roughly EUR 21.00, more than 2 percent above the EUR 20.55 where it started the year. The stock remained at the prior year's level for the first part of 2014, staying within a range between EUR 20.00 and EUR 22.00 (as of March 14, 2014).

Ownership structure



Performance of OLB stock in 2013



Ownership structure

Allianz Deutschland AG, of Munich, holds approximately 90.2 percent of the stock of Oldenburgische Landesbank AG (as of December 31, 2013). The remainder is held by private investors, including staff shareholders.

Oldenburgische Landesbank AG stock is traded on the regulated market of the Berlin and Hamburg-Hanover exchanges, over the counter in Düsseldorf, and in the Open Market of the Frankfurt exchange, under German securities identification number (WKN) 808 600. At 97.3 thousand shares, trading volume in OLB stock for 2013 was slightly below the prior-year figure of 101.6 thousand shares. The principal trading floor, with the comparatively highest trading volumes, was the Frankfurt exchange, followed by the Hamburg-Hanover exchange. The number of shares outstanding is just under 23.3 million. Multiplied by the trading price per share, this yields a market capitalization of about EUR 485 million (as of March 14, 2014).

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

Financial calendar

2014	
Financial press conference for fiscal 2013	**March 12, 2014**
Release of 2013 financial reports for AG and Group on Internet	**March 28, 2014**
Interim report as of March 31, 2014	**May 15, 2014**
Shareholders' Meeting in Oldenburg	**May 28, 2014**
Interim report as of June 30, 2014	**August 14, 2014**
Interim report as of September 30, 2014	**November 13, 2014**

Key information

2014	
German securities ID no. (WKN)	**808 600**
ISIN	**DE0008086000**
Type of stock	**Bearer shares**
Denomination	**No-par common stock**
Markets where quoted	**Berlin, Hamburg-Hanover**
Number of shares	**23.3 million**
Market capitalization as of March 14, 2014	**EUR 482.6 million**

Corporate Governance Report

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

The German Corporate Governance Code currently applies in its amended version as of May 13, 2013. It lays down the principal requirements of law for the management and supervision of German companies traded on stock exchanges, and incorporates internationally and nationally recognized standards for proper, responsible corporate management and supervision, in the form of recommendations and suggestions. It clarifies the obligation of the Board of Managing Directors and Supervisory Board to work toward the Company's survival and its sustainable added value, consistently with the principles of a social market economy.

There is no statutory obligation to comply with the Code's recommendations and suggestions. However, under Sec. 161 of the German Stock Corporation Act, each year the managing board and supervisory board of listed companies must issue a declaration of compliance with the Code's recommendations, under the principle of "comply or explain." Any deviations from the Code's recommendations must be explained. In certain cases, a well-justified deviation from a Code recommendation may very well be in the interest of good corporate management. The Declaration of Compliance issued by the Board of Managing Directors and Supervisory Board in December 2013 can be found in the Management Declaration in this Annual Report..

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

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

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

Board of Managing Directors

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

See Glossary, p. 167

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

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

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

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

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

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

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

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

The members of the Board of Managing Directors for fiscal 2013 can be found in the Compensation Report.

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Supervisory Board

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

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

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

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

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

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

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

Goals for composition of the Supervisory Board and status of implementation

In accordance with Item 5.4.1 of the German Corporate Governance Code (GCGC), the Supervisory Board has adopted the following goals for its composition:

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

1. Requirements for individual members of the Supervisory Board

- Knowledge of the field, particularly
  - business experience;
  - general understanding of the banking business;
  - ability to understand and evaluate preparatory documents for annual financial statements and reports to the Supervisory Board;
  - where possible, specialized knowledge of importance to the Bank's business operations.

- Reliability.
- Allowance for the age limit of 70 established in the Supervisory Board's rules of procedure.
- Compliance with the limitations on numbers of board positions held, as prescribed by law or recommended by the German Corporate Governance Code.
- Ability and willingness to dedicate sufficient time.
- No positions on governing bodies or consulting duties for significant OLB competitors.

2. Requirements for the composition of the entire board

- At least six members of the Supervisory Board, including at least one shareholder representative, should be independent within the meaning of Item 5.4.2 of the German Corporate Governance Code. Under that recommendation of the Code, a member of the Supervisory Board is not to be considered independent, in particular, if he or she has a personal or business relationship with OLB, its governing bodies, a controlling shareholder, or an entity associated with the controlling shareholder, such as might result in a material, not merely transient conflict of interests. With regard to employee representatives, it is assumed that their independence is not affected by the simple fact that they represent employees or by an employment relationship.
- At least one independent member with a knowledge of accounting or auditing within the meaning of Section 100 (5) of the German Stock Corporation Act.
- At least one member with substantial experience in the banking business.
- No more than two former members of the Board of Managing Directors of OLB.
- Reasonable participation of women – i. e., nomination of at least one female candidate each to represent the shareholders and the employees at the next regular election for the Supervisory Board in 2013, on the understanding that the Supervisory Board has no power to choose employee representatives.
- Balanced composition, so that desirable professional knowledge is as widespread as possible within the Supervisory Board.

The members of the Supervisory Board for fiscal 2013 can be found in the Compensation Report. The present composition of the Supervisory Board already complies with the above requirements. In particular, women candidates were nominated and elected to represent both shareholders and employees in the 2013 elections to the Supervisory Board. Future nominations by the Supervisory Board for the election of its members will take the above goals into account. The Supervisory Board recommends that its members elected by the employees should endeavor, so far as possible, to take the requirements and goals into account for the nominations to be made by the responsible employee committees.

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

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

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

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

The Executive Committee was renamed the *Executive and Compensation Committee* as of December 10, 2013; it has six members. It includes the Chairman and Vice-Chairman of the Supervisory Board, together with four other members elected by the Supervisory Board, two of them elected by nomination of the employee representatives and two by nomination of the shareholder representatives. At least one member of the Executive and Compensation Committee must have sufficient expertise and professional experience in risk management and risk controlling, particularly with regard to mechanisms for ensuring that compensation systems are in line with the Bank's overall risk propensity and risk strategy and with the equity capitalization of Oldenburgische Landesbank AG. The Executive and Compensation Committee works with the Risk Committee and is expected, for example, to seek advice from the Risk Controlling department in-house and from outside parties who are independent from the Board of Managing Directors. Members of the Board of Managing Directors are not permitted to attend meetings of the Executive and Compensation Committee at which those members' compensation is discussed. In performing its duties, the Executive and Compensation Committee may make use of any resources it deems appropriate, and may also involve outside consultants and advisors. It is to receive sufficient funding for this purpose from Oldenburgische Landesbank AG. The committee chair may obtain information directly from the head of Internal Auditing and from the heads of the organizational units responsible for structuring the Bank's compensation systems. The Board of Managing Directors must be notified of such consultations. The Executive and Compensation Committee is responsible for personnel matters concerning the members of the Board of Managing Directors and for other personnel matters falling under the authority of the Supervisory Board, other than those referred by law to the full membership of the board. It prepares for the appointment of members of the Board of Managing Directors, and for the full Supervisory Board's decisions on the compensation system and the total compensation to be paid to the individual managing directors, and submits motions for resolutions to the full Supervisory Board. In addition, it evaluates the structure, size, composition and performance of the Board of Managing Directors, and makes recommendations to the Supervisory Board in this regard. It also evaluates the knowledge, abilities and experience both of the individual members of the Board of Managing Directors and of that board as a whole. It furthermore reviews the principles applied by the Board of Managing Directors in selecting and appointing members of upper management, and makes recommendations to the Board of Managing Directors in this regard. Its duties furthermore include monitoring the appropriate structuring of the compensation systems for the Board of Managing Directors and the Bank's employees, and especially the appropriateness of the compensation for the heads of the Risk Controlling and Compliance functions, as well as of those employees who have a material influence on the overall risk profile of Oldenburgische Landesbank AG. It monitors whether the internal controlling organization and all other relevant units have been duly consulted in organizing the compensation systems, and evaluates the effects of the compensation systems on risk management, capital management and liquidity management. The duties of the Executive and Compensation Committee also include consenting to the appointment of the Bank's representatives with full signing authority, consenting to pension arrangements, approving loans made to members of governing bodies under Sec. 15 of the German Banking Act, and consenting for members of the Board of Managing Directors and employees to hold certain additional offices and engage in certain incidental activities.

The *Risk Committee* comprises the Chairman of the Supervisory Board and up to six additional members of the Supervisory Board, up to three each elected by nomination of the shareholder and employee representatives. The Risk Committee currently has six members. The chair of the Risk Committee may obtain information directly from the head of Internal Auditing and from the head of the

Risk Controlling department. The Board of Managing Directors must be informed of these consultations. The Risk Committee may obtain the advice of outside experts where necessary, and defines the nature, scope, format and frequency of the information that it must receive from the Board of Managing Directors on the topics of strategy and risk. It advises the Supervisory Board on the Bank's current and future overall risk propensity and risk strategy, and supports the Supervisory Board in monitoring how this strategy is implemented by upper management at OLB. The committee furthermore concerns itself with the Bank's risk situation. The Risk Committee also monitors whether terms and conditions in business with customers are consistent with OLB's business model and risk structure, and if applicable will make suggestions to the Board of Managing Directors on how terms and conditions in the customer business can be structured in accordance with the business model and risk structure. It reviews whether the incentives established by the compensation system take due account of the Bank's risk structure, capital structure, and risk structure, as well as the probability and due dates of income. It also approves loans that the Board of Managing Directors cannot approve on its own authority. Finally, the Risk Committee approves the Bank's investment plan; the acquisition and disposal of equity investments and real estate for amounts above certain limits, as well as the founding of subsidiaries other than pure asset management companies, are also subject to its consent.

The *Audit Committee* comprises the Chairman of the Supervisory Board and up to four additional members to be elected by the Supervisory Board, up to two each by nomination of the shareholder and employee representatives. It currently has five members. The chairman of the committee must have an expert knowledge of accounting or auditing of financial statements. If the chairman cannot be considered independent within the meaning of Secs. 100 (5) and 107 (4) of the German Stock Corporation Act, the Audit Committee must also include at least one independent member with an expert knowledge of accounting or auditing. The Supervisory Board has found that Prof. Dr. Andreas Georgi, as chairman of the Audit Committee, is independent and has the required expertise. The chair of the Audit Committee may obtain information directly from the head of Internal Auditing and the head of the Risk Controlling department. The Board of Managing Directors must be informed of these consultations. The Audit Committee has the responsibility of performing an advance audit of the parent-company and consolidated financial statements, the management reports, the audit reports, the proposed allocation of profits, and the report on relations with affiliated entities. It prepares for the decisions of the full Supervisory Board on adopting the parent company's annual financial statements and approving the consolidated financial statements and the report on relations with affiliated entities. It monitors the accounting process and the efficacy of the internal controlling, risk management, internal auditing and compliance systems, and is also concerned with the activities that are the particular focus of the latter two systems. The Supervisory Board's decision on nominating independent auditors for appointment by the Shareholders' Meeting is based on a recommendation from the Audit Committee. The committee monitors the process of auditing the financial statements, and especially the independence of the independent auditors, as well as the additional services to be provided by the independent auditors, together with ensuring that any deficiencies found by the auditors are promptly corrected by the Board of Managing Directors. It engages the auditors, and in this connection concerns itself with the main focuses of the audit and the auditors' fee. It also discusses the semiannual financial report with the Board of Managing Directors before the report is released. Finally, the Audit Committee is also responsible for preparing the Supervisory Board's annual Declaration of Compliance under Sec. 161 of the Stock Corporation Act, and auditing the efficiency of the Supervisory Board's activities.

The *Nominating Committee* comprises the Chairman of the Supervisory Board and two additional shareholder representatives. In performing its duties, the Nominating Committee may make use of any resources it deems appropriate, and may also involve outside consultants and advisors. It is to receive sufficient funding for this purpose. This committee's task is to seek suitable candidates for election to the Supervisory Board as shareholder representatives, giving due attention to balance and diversity in the knowledge, skills and experience of the Supervisory Board members, as well as other factors. The Nominating Committee develops a set of objectives for the promotion of representation of the underrepresented gender on the Supervisory Board, together with a strategy for achieving the associated balance. It assesses the structure, size, composition and performance of the Supervisory Board, and makes recommendations to the Supervisory Board in this regard. It also assesses the knowledge, skills and experience both of the individual members of the Supervisory Board and of the board as a whole.

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

The members of the committees of the Supervisory Board were newly elected after the Annual Shareholders' Meeting. The members of the committees of the Supervisory Board have therefore been as follows since June 5, 2013:

Executive and Compensation Committee
- Andree Moschner, Chair
- Prof. Dr. Andreas Georgi
- Stefan Lübbe
- Uwe Schröder
- Rainer Schwarz
- Christine de Vries

Risk Committee
- Prof. Dr. Andreas Georgi, Chair
- Svenja-Marie Gnida
- Stefan Lübbe
- Andree Moschner
- Uwe Schröder
- Rainer Schwarz

Audit Committee
- Prof. Dr. Andreas Georgi, Chair
- Stefan Lübbe
- Andree Moschner
- Rainer Schwarz
- Christine de Vries

Nominating Committee
- Andree Moschner, Chair
- Dr. Werner Brinker
- Rainer Schwarz

Mediation Committee (Sec. 27 (3) Co-Determination Act)
- Andree Moschner, Chair
- Prof. Dr. Andreas Georgi
- Uwe Schröder
- Gaby Timpe

The Report of the Supervisory Board includes details of the meetings held by the Supervisory Board and its committees in fiscal 2013, together with the topics addressed at those meetings.

Shareholders' Meeting

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

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

Transparency and information

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

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

See p. 007

Directors' dealings

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

During fiscal 2013, no reportable securities transactions under Sec. 15a of the Securities Trading Act were reported to Oldenburgische Landesbank AG.

Shareholdings of the Board of Managing Directors and Supervisory Board

The total amount of Oldenburgische Landesbank AG stock held by all members of the Board of Managing Directors and the Supervisory Board as of December 31, 2013, was less than 1 percent of the stock issued by the Company.

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

Declaration of Compliance with the German Corporate Governance Code

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

In December 2013, the Board of Managing Directors and the Supervisory Board of Oldenburgische Landesbank AG issued the periodic Declaration of Compliance with the German Corporate Governance Code, declaring that the Company has complied with all recommendations of the German Corporate Governance Code since the last Declaration of Compliance was issued, and that it will continue to comply with those recommendations in the future. The Declaration of Compliance of December 2013 reads as follows:

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

1. Oldenburgische Landesbank AG complies, and will continue to comply, with all recommendations of the Government Commission on the German Corporate Governance Code in the version of May 13, 2013, as promulgated by the Federal Ministry of Justice in the Official Part of the Federal Gazette, the Bundesanzeiger.

2. Since the last Declaration of Compliance, from December 2012, Oldenburgische Landesbank AG has complied with all recommendations of the Commission on the German Corporate Governance Code in the version of May 15, 2012.

Oldenburg, December 2013
Oldenburgische Landesbank AG

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

For the Supervisory Board:
(signed) Andree Moschner"

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

Oldenburgische Landesbank AG furthermore complied extensively with the nonbinding suggestions of the German Corporate Governance Code in fiscal 2013.

Disclosures regarding management practices

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

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

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

The Allianz Group's Code of Conduct for Business Ethics and Compliance, which the OLB Group has adopted, has been published on the Web site of Allianz SE.

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

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

See p. 008 ff.

The members of the Board of Managing Directors and the Supervisory Board for fiscal 2013 are listed in the Compensation Report.

See p. 018 ff.

The composition and working procedures of the committees of the Supervisory Board are described in the Corporate Governance Report. The Board of Managing Directors has decided not to form committees of its own.

See p. 011 ff.

Compensation Report

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

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

Compensation of the Board of Managing Directors

The concept for the compensation of the Board of Managing Directors aims for fairness, sustainability and competitiveness. Its structure is deliberated and regularly reviewed by the Supervisory Board. This procedure was most recently carried out in December 2013. Because of changes in the law, the Supervisory Board has revised the compensation system as of 2014 (explanations are provided at the end of the section on Compensation of the Board of Managing Directors).

The following compensation principles governed the compensation of the Board of Managing Directors:

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

The compensation system in effect in 2013 for the Board of Managing Directors consisted of the following components:

Non-performance-based compensation

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

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

b) *Other components of compensation.* Noncash benefits provided as compensation in kind and perquisites are accorded in variable amounts depending on the individual's duties and position, and must be taxed individually. These are primarily insurance benefits commonly provided in the market, the use of company cars, and reimbursements of the expenses for maintaining two residences.

Performance-based compensation

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

See Glossary, p. 164

The performance-based compensation comprises the following components:

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

b) *Medium-term bonus.* In addition to the annual bonus, the Chairman of the Board of Managing Directors is accorded a three-year bonus. For this purpose, an amount equal to the fixed annual bonus is set aside for each year over a three-year period. The total of these contributions provides the preliminary basis for the medium-term bonus. After each three-year period expires, the Supervisory Board will review how sustainably the goals were achieved, and will determine the amount of the medium-term bonus on that basis. The medium-term bonus for 2010 through 2012 was calculated in 2013.

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

See Glossary, pp. 164 and 166

Under the Allianz share-based compensation plan that was in effect until 2010 (the Group Equity Incentive, GEI), employees were also awarded Stock Appreciation Rights (SARs) in addition to RSUs. These are virtual options that carry the entitlement to collect the difference between the trading price of Allianz SE stock on the exercise date and the price at the award date, in cash. The maximum difference is limited to 150 percent of the price at the grant date. The SARs granted up until 2008 may be exercised after a vesting period of two years. The vesting period for SARs issued from 2009 onward is four years. A first requirement for exercise of an SAR is that the trading price of Allianz SE stock must be at least 20 percent above the price at the grant date. The stock's price must also have outperformed the Dow Jones EURO STOXX Price Index (600) for a period of five successive trading days at least once during the option's term. The SARs expire after seven years if they have not been exercised under the terms of the plan by then. The SARs awarded up to 2010 that have not been exercised will remain valid until the associated plan expires. No further SARs will be issued under the new Allianz Equity Incentive Program.

See Glossary, pp. 165–167

See Glossary, p. 165

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

Company retirement plan

Under their employment agreements, the members of the Board of Managing Directors receive a company retirement plan in the form of a defined-contribution arrangement.

Individualized 2013 compensation of the Board of Managing Directors

Individualized details of the compensation paid to the Board of Managing Directors in fiscal 2013 can be found in the table below.

Compensation paid to members of the Board of Managing Directors

EUR k		Non-performance-based components		Performance-based components			Total
		Fixed component	Other components of compensation	Annual bonus (short-term)	Three-year bonus (medium-term)	Share-based payments (long-term)	
Dr. Achim Kassow	**2013**	**440.0**	**42.8**	**175.3**	**175.3** [1]	**175.3**	**1,008.7**
	2012	440.0	52.1	201.3	201.3 [2]	201.3	1,096.0
Dr. Thomas Bretzger	**2013**	**220.0**	**27.1**	**156.2**	**—**	**156.2**	**559.5**
	2012	110.0	13.5	92.9	—	392.9 [3]	609.3
Jörg Höhling	**2013**	**220.0**	**15.4**	**110.7**	**—**	**110.7**	**456.8**
	2012	220.0	15.2	188.0	—	188.0	611.2
Karin Katerbau	**2013**	**220.0**	**19.2**	**204.6**	**—**	**204.6**	**648.4**
	2012	156.0	24.5	137.5	—	637.5 [4]	955.5
Total compensation	**2013**	**1,100.0**	**104.5**	**646.8**	**175.3**	**646.8**	**2,673.4**
	2012 [5]	1,036.0	116.2	716.7	201.3	1,516.7	3,586.9

1 Because of the revision of the compensation system for the Board of Managing Directors, this amount will be settled in 2014 and will no longer apply in the future.

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

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

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

5 The totals for 2012 represent the compensation for all members of the Board of Managing Directors who were active in 2012. They therefore also include the compensation for the member Dr. Stefan Friedmann, who left the Board of Managing Directors in 2013.

As of December 31, 2013, the number of share-based rights held by the active members of the Board of Managing Directors totaled 5,756 SARs and 29,567 RSUs. Regarding the measurement of these rights and the evolution of their value, please see the Note to the Consolidated Financial Statements regarding share-based payments.

See p. 142

The total compensation paid to the Board of Managing Directors in fiscal 2013 came to EUR 2.7 million (prior year: EUR 3.6 million).

Credit granted to members of the Board of Managing Directors was as follows as of December 31, 2013: Approved credit lines totaled EUR 425 thousand (prior year: EUR 430 thousand), EUR 24.2 thousand of which (prior year: EUR 21 thousand) had been used as of December 31, 2013. The interest rate for each line was 6.00 percent. The interest rates and terms are those commonly applied in the market. At the reporting date, EUR 0.4 thousand (prior year: EUR 0.5 thousand) in credit card lines had been utilized, out of total limits of EUR 60 thousand (prior year: EUR 75 thousand).

There were no loan or guarantee commitments to members of the Board of Managing Directors as of the reporting date.

See Glossary, p. 165

Payments for company retirement plans and comparable benefits in fiscal 2013 came to EUR 80 thousand for Ms. Katerbau, EUR 164 thousand for Dr. Kassow, EUR 81 thousand for Dr. Bretzger, and EUR 85 thousand for Mr. Höhling. These were recognized as current service cost under IAS 19.

See Glossary, p. 164 and 165

On December 31, 2013, the actuarial net present value of pension obligations, on an IFRS basis, for members of the Board of Managing Directors who were active during fiscal 2013 came to EUR 1,220 thousand (prior year: EUR 763 thousand). Of this amount, EUR 136 thousand was for Ms. Katerbau, EUR 397 thousand for Dr. Kassow, EUR 120 thousand for Dr. Bretzger, and EUR 567 thousand for Mr. Höhling.

See Glossary, p. 165

A total of EUR 1.1 million was paid to former members of the Board of Managing Directors or their survivors. The actuarial net present value of pension obligations for this group, on an IFRS basis, came to EUR 19.3 million (prior year: EUR 20.3 million).

Outlook

Because of changes in the law as a result of the CRD IV Transposition Act, as well as new Code recommendations for the compensation of boards of managing directors, at its meeting in December 2013 the Supervisory Board resolved to revise the compensation system for the Board of Managing Directors accordingly, and also to make revisions to the compensation of the individual members of the Board of Managing Directors. Under the new compensation system, the variable component will no longer be able to exceed 100 percent of the fixed component. Consequently, to keep the total compensation unchanged while including pension expenses and assuming a 100 percent goal achievement level, the fixed component of compensation was increased for all members of the Board of Managing Directors, and the variable component was reduced. The maximum possible goal achievement for performance-based compensation was reduced from 165 percent to 150 percent. Additionally, all members of the Board of Managing Directors will now receive two variable components of compensation: the annual bonus, and the RSUs. The medium-term bonus for the Chairman of the Board of Managing Directors will be eliminated. It will be paid for 2013 together with the annual bonus for 2014. To further improve the sustainability of compensation for the Board of Managing Directors, 50 percent of the RSUs will be subject to additional sustainability criteria from 2014 onward. If certain events of an especially serious nature occur, this will enable the Supervisory Board to cancel up to 50 percent of awarded RSUs before they are exercised. The Supervisory Board furthermore defined a targeted pension level for the individual members of the Board of Managing Directors, as well as maximum limits for those members' compensation, both as a whole and in terms of their variable components.

Compensation systems for employees of Oldenburgische Landesbank AG

Compensation system

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

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

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

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

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

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

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

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

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

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

Second-level management employees
Second-level management employees receive a fixed compensation in the form of a monthly gross salary, together with individual profit-sharing bonuses based on goal achievement levels that range from 60 percent to 140 percent. Employees in this group cannot earn commissions on brokerage of home loan and savings agreements, insurance, and real estate.

Total compensation

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

	2013 total compensation				
EUR	Fixed component	Variable component	Employees[1]	Commis-sions	Total
OLB Regional Bank	90,395,138	17,004,056	2,623	4,074,182	111,473,376
Allianz Bank[2]	12,962,755	4,349,265	449	3,428	17,315,448
Total Oldenburgische Landesbank AG	**103,357,893**	**21,353,321**	**3,072**	**4,077,610**	**128,788,824**
Münsterländische Bank Thie & Co. KG	1,410,234	352,549	34	668	1,763,451
Bankhaus W. Fortmann & Söhne KG	1,235,400	192,289	37	21,337	1,449,026
Total subsidiaries	**2,645,634**	**544,838**	**71**	**22,005**	**3,212,477**
Total Oldenburgische Landesbank Group	**106,003,527**	**21,898,159**	**3,143**	**4,099,615**	**132,001,301**

1 Number of beneficiaries of variable components of compensation under Sec. 7 (2) No. 2 of the Bank Compensation Regulation (InstitutsVergV)
2 Business operations ceased as of June 30, 2013

Compensation of the Supervisory Board

Compensation system

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

Compensation for work on the Supervisory Board

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

Compensation for committee work

Members of the Risk and Audit Committees receive an additional annual compensation of EUR 15,000 each. The compensation for membership on the Executive Committee is EUR 12,500. The committee chairs each receive twice the amount of regular members. No additional compensation is provided for members of the Nominating or Mediation Committees.

Meeting honorarium

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

Individualized compensation of members of the Supervisory Board at a glance

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

EUR		Fixed component	Committee work	Meeting honorarium	Total compensation
Andree Moschner[1], Chair	**2013**	**—**	**—**	**—**	**—**
	2012	—	—	—	—
Manfred Karsten, Vice-Chair (to June 5, 2013)	**2013**	**37,500**	**6,250**	**1,500**	**45,250**
	2012	75,000	12,500	2,500	90,000
Uwe Schröder, Vice-Chair (from June 5, 2013)	**2013**	**64,583**	**28,750**	**3,000**	**96,333**
	2012	50,000	27,500	2,500	80,000
Dr. Werner Brinker	**2013**	**50,000**	**—**	**2,500**	**52,500**
	2012	50,000	—	2,500	52,500
Claas E. Daun (to June 5, 2013)	**2013**	**25,000**	**—**	**1,000**	**26,000**
	2012	50,000	—	2,500	52,500
Carsten Evering (to June 5, 2013)	**2013**	**25,000**	**15,000**	**2,000**	**42,000**
	2012	50,000	30,000	3,000	83,000
Prof. Dr. Andreas Georgi	**2013**	**50,000**	**72,500**	**3,000**	**125,500**
	2012	50,000	72,500	2,500	125,000
Svenja-Marie Gnida (from June 5, 2013)	**2013**	**29,167**	**8,750**	**1,500**	**39,417**
	2012	—	—	—	—
Stefan Lübbe	**2013**	**50,000**	**36,250**	**2,500**	**88,750**
	2012	50,000	27,500	2,500	80,000
Dr. Thomas Naumann[1] (to June 5, 2013)	**2013**	**—**	**—**	**—**	**—**
	2012	—	—	—	—
Prof. Dr. Petra Pohlmann (from June 5, 2013)	**2013**	**29,167**	**—**	**1,500**	**30,667**
	2012	—	—	—	—
Horst Reglin	**2013**	**50,000**	**—**	**2,500**	**52,500**
	2012	50,000	—	2,500	52,500
Rainer Schwarz[2]	**2013**	**50,000**	**42,500**	**3,000**	**95,500**
	2012	—	—	—	—
Carl-Ulfert Stegmann (from June 5, 2013)	**2013**	**29,167**	**—**	**1,500**	**30,667**
	2012	—	—	—	—
Jörg Thöle (to June 5, 2013)	**2013**	**25,000**	**—**	**1,500**	**26,500**
	2012	50,000	—	2,500	52,500
Gabriele Timpe (from June 5, 2013)	**2013**	**29,167**	**—**	**1,500**	**30,667**
	2012	—	—	—	—
Christine de Vries (from June 5, 2013)	**2013**	**29,167**	**16,042**	**1,500**	**46,709**
	2012	—	—	—	—
Total	**2013**	**572,918**	**226,042**	**30,000**	**828,960**
	2012	475,000	170,000	23,000	668,000

1 Waiver per Art. 13 (7) of the Articles of Incorporation
2 Waiver per Art. 13 (7) of the Articles of Incorporation until fiscal 2012

Total compensation paid to the Supervisory Board for fiscal 2013, including meeting honoraria, came to EUR 828,960 (prior year: EUR 668,000).

The statutory value-added tax applicable to total compensation and meeting honoraria came to EUR 144,186 and was reimbursed.

In addition, Claas E. Daun received EUR 2,000 as compensation for his membership on the Advisory Board of Oldenburgische Landesbank AG.

Loans to members of the Supervisory Board

Credit granted to members of the Supervisory Board was as follows as of December 31, 2013: Approved credit lines totaled EUR 309.1 thousand (prior year: EUR 241.1 thousand), EUR 128.6 thousand of which (prior year: EUR 14.1 thousand) had been used as of December 31, 2013. The interest rates were between 2.95 percent and 8.49 percent. In addition, there was a guarantee line of credit of EUR 5.7 thousand (prior year: EUR 46.6 thousand), for which a commission of 3.25 percent was paid. There were furthermore loan commitments of EUR 3,927 thousand (prior year: EUR 730.3 thousand), of which EUR 3,863 thousand had been drawn as of December 31, 2013. The interest rates were between 1.45 percent and 6.00 percent. The interest rates and terms are those commonly applied in the market. At the reporting date, EUR 2.9 thousand (prior year: EUR 3.9 thousand) in credit card lines had been utilized, out of total limits of EUR 125.2 thousand (prior year: EUR 126.5 thousand).

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GROUP MANAGEMENT REPORT

The terms of German Accounting Standard (DRS) No. 20, Group Management Report, apply for the first time for fiscal 2013. Some changes in the form and content of this Group Management Report have resulted from the implementation of those rules.

About the Group

Oldenburgische Landesbank AG (OLB) is an exchange-listed regional bank that conducts banking business for corporate and retail customers. Its core business is the commercial banking business in Northwestern Germany, where it has been located since 1869. OLB's business territory, with its more than 170 branch offices, is roughly bounded by the Weser and Ems Rivers and the North Sea. With experienced staff for corporate customers, retail customers, private banking and independent professionals, specialized advisors for the region's strong agricultural and renewable energy sectors, and an ingrained sense of social responsibility, OLB has made itself a partner for the region and its people.

The consolidated Group includes Bankhaus W. Fortmann & Söhne KG, of Oldenburg, and Münsterländische Bank Thie & Co. KG, of Münster, two subsidiaries in which OLB holds the prevailing majority of voting rights and all shares of the capital. The two banks complement OLB's products and services with their focus on higher-net-worth retail banking. Additionally, OLB holds a number of smaller equity interests, which serve, for example, for networking in the financial industry and the region's economy.

In fiscal 2013, OLB's business operations were divided between the Regional Bank and Allianz Bank segments. Following the discontinuation of Allianz Bank's business activities as of June 30, 2013, OLB has concentrated on its traditional business, which was combined under the Regional Bank segment. OLB's intent to provide comprehensive, individualized advice for local retail and business customers, private banking and independent professional customers, as well as corporate customers, requires its front-office units to adopt a systematic orientation to specific target groups. For that reason, its future monitoring and reporting will be based on three strategic lines of business: Retail and Business Customers, Private Banking & Independent Professionals, and Corporate Customers.

The Retail and Business Customers business comprises classic bank-branch business with individuals and small businesses. It the most important source for OLB's stable deposit base, and thus its liquidity and refinancing base. Above and beyond the deposits business, the principal product groups are account management, payment traffic, consumer loans, private construction financing, smaller business loans, risk cushioning / retirement planning, and structured asset investment.

The Private Banking & Independent Professionals business offers all-around customized team support, from investment counseling to the lending business. In addition to classic banking products in payment traffic, deposits and lending, as well as customized solutions in private risk cushioning and retirement planning, this line of business also places a particular emphasis on asset investment, with a strong focus on managed forms of investment and asset management, as well as securities advisory services to assist orders, and real estate brokering.

In the Corporate Customers segment, OLB concentrates on its traditional broad-based credit business with small and medium-sized corporate customers, especially in the key regional industries of renewable energy, agriculture and food. In addition to the lending business, OLB products and services also focus on payment traffic and foreign business.

The Bank's business and risk strategy are the business-policy foundation for its management system. Both strategic documents are adopted by OLB's Board of Managing Directors and are reviewed at least once a year to take timely account of changing conditions.

The aim of this management system is to define strategic goals and measures, to make their implementation measurable, and to assess them regularly and sustainably. The management system is intended to detect early when actual figures deviate from plans for the Whole Bank and within strategic lines of business, and thus to find relevant areas for action. This is intended to ensure that when deviations from goals are found, management can take steps as directly as possible to correct business activities.

In this regard, OLB's management is oriented to a sales organization tailored to customer groups in all three strategic lines of business. Management is especially conducted by way of operating results and their principal components: current income, current expenses, and risk provisions. In addition to these key performance indicators from the income statement, management also assesses the business lines' cost effectiveness. OLB does this by including the cost-income ratio in its internal reporting. Above and beyond these classic financial indicators, it also takes the numbers of clients and business volume into account as significant performance indicators that look beyond the boundaries of the business lines.

See Glossary, p. 164

The principal control parameters are reported monthly, and the reports include detailed comments to point up important current developments and areas for action for the Board of Managing Directors.

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

Composition of issued capital

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

See Glossary, p. 166

Restrictions on voting rights or on the transfer of shares

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

Capital holdings in excess of 10 percent of voting rights

Allianz Deutschland AG, of Munich, holds approximately 90.2 percent of the stock of Oldenburgische Landesbank AG (as of December 31, 2013). The sole shareholder of Allianz Deutschland AG is Allianz SE, of Munich.

Shares with special rights conferring control

There are no shares with special rights conferring control.

Nature of control of voting rights for shares held by employees

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

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

The members of the Board of Managing Directors are appointed and dismissed by the Supervisory Board, in accordance with Sec. 84 of the German Stock Corporation Act (AktG). Members of the Board of Managing Directors are appointed for terms of no more than five years. Their terms may be extended, and reappointments are permitted. In appointing members of the Board of Managing Directors, particular care must be taken that they are reliable and professionally qualified to manage a banking institution (Sec. 33 (1) Nos. 2 and 4 of the German Banking Act – KWG).

The Federal Financial Supervisory Authority (BaFin) must be notified of the intent to appoint a new member to the Board of Managing Directors, and of the appointment proper, in accordance with Sec. 24 (1) No. 1 of the German Banking Act. Under Art. 7 of the Articles of Incorporation, the Board of Managing Directors must have at least two members. If the Board of Managing Directors lacks a necessary member, in emergencies an interested party may petition the court to appoint that member, in accordance with Sec. 85 of the Stock Corporation Act.

Otherwise, the Supervisory Board may decide the number of members.

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

Members of the Board of Managing Directors may be dismissed by the Supervisory Board for cause (Sec. 84 (3) Stock Corporation Act). The resolution is to be adopted by the same rules as for an appointment. BaFin must be informed of the departure of a member of the Board of Managing Directors in accordance with Sec. 24 (1) No. 2 of the Banking Act. Under certain circumstances, Sec. 36 of the Banking Act authorizes BaFin to demand the dismissal of members of the Board of Managing Directors. Dismissal may be demanded particularly in cases of unreliability or if a board member lacks the necessary professional qualifications.

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

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

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

Under Art. 6 of the Articles of Incorporation, the Board of Managing Directors is furthermore authorized to increase the Company's share capital on one or more occasions on or before May 30, 2017, subject to the consent of the Supervisory Board, by issuing new no-par shares in return for cash contributions, for a total of not more than EUR 15 million. The shareholders are to be given preemptive rights; however, the Board of Managing Directors is authorized to exclude fractional amounts from the shareholders' preemptive rights, subject to the consent of the Supervisory Board. This authorization enables the Board of Managing Directors to cover any capital needs quickly and flexibly.

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

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

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

- Under the Allianz Sustained Performance Plan (ASPP), Restricted Stock Units (RSUs) – in other words, virtual Allianz stock – are distributed as a share-based component of compensation to top management of the Allianz Group worldwide, including at Oldenburgische Landesbank AG. Additionally, until 2010, stock appreciation rights (SARs) – virtual options on Allianz stock – were issued under the Group Equity Incentive (GEI) plan, and some of these still remain valid. The terms of these RSUs and SARs include change of control clauses. These apply if the majority of the voting capital in Oldenburgische Landesbank AG is acquired directly or indirectly by one or more third parties who do not belong to the Allianz Group. The change of control clauses provide for an exception from the usual exercise periods. In accordance with the terms of the RSU plans, RSUs are exercised by the Company for plan participants on the change of control date, waiving the vesting period that would otherwise apply. In accordance with the SAR plan terms, SARs are exercised by the Company for the plan participants concerned on the change of control date, waiving the normal exercise dates. However, exercise of the SARs presupposes that the performance thresholds must have been met. The elimination of the vesting period in the event of a change of control takes account of the fact that the terms for stock price performance will change substantially in the event of a change of control.
- Allianz Bank ceased business activities as of June 30, 2013. However, business relationships will continue beyond that date for certain client groups (Allianz employees, Allianz agents, and certain limited target customer groups), as will also be the case for non-terminable longer-term contracts that originated from the Allianz Bank business (e.g., building loans). For the above contractual relationships, as well as for all transactions from the Allianz Bank segment up to June 30, 2013, there is an agreement with Allianz Deutschland AG under which Allianz Deutschland AG must compensate for pretax losses incurred in this regard. In accordance with that agreement, Allianz Deutschland AG assumed the cost of discontinuing business operations at Allianz Bank as of June 30, 2013, and the corresponding staff reduction. The contract calls for losses to be covered until December 31, 2014. After that time, Oldenburgische Landesbank AG will decide whether to continue the contractual obligations still in existence from this business on its own account, without compensation for losses, or to wind them up (where legally permitted) at the expense of Allianz Deutschland AG.

Indemnification agreements in the event of a takeover bid

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

Report on Economic Conditions

Economic Conditions

Germany and the European Economic Area

The German economy remained on a moderate growth track in 2013. The long winter slowed business in the first quarter of the year, but catch-up effects led to accelerated growth in the second quarter. This recovery continued, albeit at a low level, in the second half. All in all, there was a broad-based improvement in both Germany and the rest of Europe, drawing support from increases in new orders and rising indicators of sentiment. However, the German gross domestic product gained only 0.4 percent for 2013 as a whole compared to the prior year.

See Glossary, p.165

While foreign trade had provided particular impetus for the German economy in prior years, domestic factors played an increasing role in growth in 2013, thanks to low unemployment, still-growing employment, and considerable pay increases in a number of industries, all of which encouraged greater private consumer spending. Low interest rates, combined with general confidence about economic development in Germany, also served to encourage private housing construction. Businesses, by contrast, remained wary and showed little propensity to invest.

Uncertainty about future economic developments remains higher than usual. The evolution of the financial and government debt crisis in the euro area continues to play an important role. All in all, however, the situation on the financial markets has calmed significantly in the past few months, thanks in no small part to the continuing easing of monetary policy by the central banks.

If the recovery from crises in the European countries around the Mediterranean continues, growth rates can be expected to rise further throughout the European Union. Positive signals in this regard have been provided by macroeconomic data, especially from the countries on the periphery of the European Monetary Union. However, the evolution of government debt in these countries continues to be unsatisfactory. Since European countries are still Germany's main trading partners, the German economy too will benefit from any recovery, and will log better growth rates than in 2013.

Despite the improved economic outlook in Germany and Europe, OLB expects interest rates to remain low in the euro area (for short-term, medium-term and long-term funds), with a normal yield curve. This assessment is based primarily on the still-large budget deficits in the Mediterranean countries, including France, so that it appears unlikely that the European Central Bank (ECB) will raise interest rates any time within the near term.

The economy in Northwest Germany

Despite some unusual structural aspects, in past years the economy in Northwest Germany has performed largely consistently with the rest of the nation. It is worth noting, however, that the slump resulting from the 2009 crisis in the financial market impacted the Northwest considerably less severely than the nation as a whole. One significant reason may well be that the Weser-Ems region has a significantly lower export level (approx. 30 percent) than the figure for all of Germany (approx. 45 percent). This means that foreign trade has less of an impact – both positive and negative – for this region than it does for the German economy overall. Although this mitigated the downturn in the Northwest as the global economic crisis reached its zenith, the continuing decline in exports in past years also had an adverse impact on the subsequent upswing, which had been driven largely by foreign trade.

The parallelism with the German business cycle as a whole was also evident in the Northwest German economy's performance over the course of 2013. As in the rest of the country, the economic situation first stabilized in the region after a slow start for the year, and then gathered momentum over the remainder of the period.

OLB expects the regional economy to parallel the national economy in the next few years as well, so that growth rates in OLB's business territory should improve further in 2014, analogously to developments for the country as a whole.

The banking environment

The financial industry has been in a phase of radical change and renewal for years now. Especially relevant effects derive from the accelerated change in the regulatory environment, increasingly intense competition for retail and corporate customers, and significant changes in customers' usage habits, which place increasing demands on a bank's technical organization and staffing resources.

Legislators and the supervisory authorities have initiated or already implemented numerous measures to strengthen banks' liquidity and equity capitalization, and to protect consumers. Particularly noteworthy are the rules that have been implemented in the European Union's Capital Requirement Directive (CRD) IV and the Capital Requirement Regulation (CRR), which will be binding from 2014 onward. These new rules particularly increase both the quantitative and qualitative requirements for liable equity capital and for banks' liquidity position, and must be phased in by 2019.

Moreover, the competitive environment is becoming more rigorous, in part because the interregional banks in particular are returning their attention to the comparatively stable business with retail and corporate customers, as well as because of the arrival of new actors in these customer segments. At the same time, the steady growth in the use of electronic media, together with changes in customer practices, with an increasing use of online and mobile banking services, poses challenges for the branch-office banking business. The consequences have been more intense competition and persistent pressure on margins.

Taken all together, these changes in the market mean that numerous cost drivers in the financial business are taking effect at the same time as a structurally induced slackening of earnings momentum, which is being amplified even further in the present environment of low interest rates.

Business Performance

Results of operations

Consolidated profit

The following table compares the OLB Group's statements of comprehensive income for 2013 and 2012:

EUR m	2013	2012	Change	Change (%)
Interest and similar income	483.9	532.0	– 48.1	– 9.0
Interest expense and similar charges	246.2	296.5	– 50.3	– 17.0
Net interest income	237.7	235.5	2.2	0.9
Commission income	115.2	134.8	– 19.6	– 14.5
Commission expense	34.2	44.6	– 10.4	– 23.3
Net commission income	81.0	90.2	– 9.2	– 10.2
Net operating trading income / expense	3.5	– 1.8	5.3	n / a
Other income	17.6	40.4	– 22.8	– 56.4
Operating income	**339.8**	**364.3**	**– 24.5**	**– 6.7**
Operating personnel expense	167.0	176.1	– 9.1	– 5.2
Office expense	97.1	113.2	– 16.1	– 14.2
Other expenses	1.9	3.2	– 1.3	– 40.6
Administrative expenses	**266.0**	**292.5**	**– 26.5**	**– 9.1**
Risk provisions for credit business	81.5	42.6	38.9	91.3
Restructuring expense	90.3	—	90.3	n / a
Reimbursement of restructuring expense	– 90.3	—	– 90.3	n / a
Realized net income / loss from financial assets	16.9	21.2	– 4.3	– 20.3
Net nonoperating trading income / expense	– 0.1	– 1.9	1.8	– 94.7
Net income / loss from financial assets	16.8	19.3	– 2.5	– 13.0
Profit before taxes	**9.1**	**48.5**	**– 39.4**	**– 81.2**
Taxes	0.4	9.6	– 9.2	– 95.8
Profit after taxes	**8.7**	**38.9**	**– 30.2**	**– 77.6**

Basic and diluted earnings per share (EUR)	**0.37**	**1.67**	**– 1.30**	**– 77.8**

OLB faced complex challenges in fiscal 2013. The expectation that the Allianz Bank business model would bring profitable growth in the intensely competitive retail customer business did not come to fruition. In view of the difficult market environment with a persistent phase of low interest rates, no sustained turnaround was in sight. For that reason, the decision was made in January 2013 to discontinue business activities at Allianz Bank as of June 30, 2013. Business operations were wound down quickly; the account relocation service and the cancellations of the accounts concerned went smoothly, as did the transfers of accounts still to be maintained. The Bank was able to arrive at mutually acceptable solutions with more than 400 affected employees nationwide.

The nonrecurring charges for restructuring were paralleled by significant decreases in operating expenses. The impact on net interest and commission income was less than expected during the year. In addition to the termination of Allianz Bank business activities, risk provisions also had a significant effect on the evolution of profits. In 2013, the crisis in the shipping industry that has continued since 2008 resulted in additional charges. Although risk provisions for the remaining credit portfolio remained within expected ranges, the total risk provisions of EUR 81.5 million represented a significant increase from the prior year. OLB remains sustainably successful in its business with clients. It remains a partner for its clients as a reliable provider of finance for small and medium-sized businesses and as a regionally rooted bank for the Weser-Ems region. The result was that even with the significant increase in risk provisions, OLB ended the year with a consolidated net profit of EUR 8.7 million.

See Glossary, p. 167

Details of the individual components of profits:

Net interest income

EUR m	2013	2012	Change	Change (%)
Interest (and similar income)	483.9	532.0	– 48.1	– 9.0
Interest expense (and similar charges)	246.2	296.5	– 50.3	– 17.0
Net interest income	**237.7**	**235.5**	**2.2**	**0.9**
Customer lending volume at end of period (before risk provisions and balance sheet impairments)	10,527.7	10,520.2	7.5	0.1

The ECB continued its low-interest policy in 2013. The key lending rate was reduced twice during the year and is at a record low of 0.25 percent. Historically, interest rates have risen slightly since the year began. But rates still remain at very low levels by historical comparison. Consequently, the pressure on interest margins – especially in the deposit business – remains unchanged.

Nevertheless, OLB increased its net interest income slightly by EUR 2.2 million over the prior year. This is in part the result of taking advantage of lower-cost refinancing options when higher-interest deposits and securitized liabilities expired. Also, the large lending volume, which remained stable after the substantial increase the year before, resulted in an improvement in net interest income from the lending business.

In the deposits business, the termination of business activities in the Allianz Bank segment led to a decrease in customer funds, as expected, but the decline was less than had been projected. The outflows were compensated by gains for demand, term and savings deposits at the Regional Bank, and by an adjustment in the portfolio of financial assets.

All in all, net interest income therefore increased 0.9 percent year on year, to EUR 237.7 million, and was consequently within the expectations set in the prior year.

Net commission income

EUR m	2013	2012	Change	Change (%)
Securities business	35.4	52.6	– 17.2	– 32.7
Asset management	11.0	10.0	1.0	10.0
Payment traffic	26.4	26.3	0.1	0.4
Foreign business	2.2	2.4	– 0.2	– 8.3
Insurance, home loan and savings, real estate business	14.0	15.9	– 1.9	– 11.9
Credit card business	1.5	3.2	– 1.7	– 53.1
Trustee and other fiduciary activities	—	—	—	n / a
Other	– 9.5	– 20.2	10.7	– 53.0
Net commission income	**81.0**	**90.2**	**– 9.2**	**– 10.2**

The principal drivers in the commission business are payment traffic and private investment in securities. The performance of the securities business in 2013 was significantly influenced by the discontinuation of business activities at Allianz Bank on June 30. The corresponding decrease in net commission income in comparison to the prior year resulted from the loss of business with Allianz Bank customers in the second half. The Regional Bank saw a slight increase in the investment business. By establishing area-wide centers of competence for Private Banking & Independent Professionals, and with an even stronger focus on its customer groups, it has increasingly been able to attract customers for customized investment solutions. In continuing operations, income from payment traffic was stable.

In total, net commission income decreased in 2013 by EUR 9.2 million from the prior year, to EUR 81.0 million.

Net operating trading income / expense

As of the beginning of fiscal 2013, OLB has discontinued own-account trading, and has focused its trading activities on foreign currency trading and the business in interest rate hedging instruments for its customers. This business generated net income of EUR 2.2 million during the year.

See Glossary, p. 167

The item for net operating trading income or expense also includes the results from the measurement of hedge transactions. In particular, OLB uses swap transactions to hedge against changes in interest rates. Measurement of underlying and hedge transactions for 2013 yielded a measurement peak of EUR 0.9 million (prior year: EUR –1.4 million).

Compared to the prior year, which still showed a loss from own-account trading in interest rate instruments, net operating trading income improved substantially, from EUR –1.8 million to EUR 3.5 million.

Other income

The “Other income” item largely comprises the reimbursement of Allianz Bank’s operating loss by Allianz Deutschland AG. The reimbursement of restructuring expenses is shown separately.

Administrative expenses

EUR m	2013	2012	Change	Change (%)
Operating personnel expense	167.0	176.1	– 9.1	– 5.2
Office expense	97.1	113.2	– 16.1	– 14.2
Administrative expenses	**264.1**	**289.3**	**– 25.2**	**– 8.7**
Employees at 12/31	2,445	2,785	– 340	– 12.2
Full-time equivalents at 12/31	1,946	2,293	– 347	– 15.1
Cost-income ratio (%)	78.3	80.3	k. A.	k. A.

More than 400 of the Group's employees were affected by the discontinuation of business activities at Allianz Bank as of June 30, 2013. Arrangements to avoid hardships were quickly reached with these employees. The rapid adjustment of personnel capacity already significantly reduced operating costs in the second half substantially. The office expense also decreased because of the elimination of operating costs. All in all, the restructuring measures reduced administrative expenses by EUR 25.2 million, to EUR 264.1 million.

Risk provisions for credit business

In the special portfolios business, the crisis that has persisted in the shipping industry since 2008 continued to affect assessments. Given the generally disappointing evolution of charter rates in 2013, OLB took an even more conservative view of future developments in the shipping markets. Based on this changed assessment, OLB extended the parameters of its valuation model in terms of the duration of the crisis. In addition, the rating of some ships was changed to "Sell" instead of "Hold." These adjustments generally resulted in a substantial increase in risk provisions for the shipping portfolio. While the year was still in progress, the Bank was already able to determine that the risk provisions for 2013 would also be above the prior-year figures in areas outside the shipping portfolio. Given the substantial rise in total lendings in the past few years, this amount is within an expected range.

Net income from financial assets

In the course of reimbursement for the liquidity outflows that resulted from the termination of business activities at Allianz Bank, the Bank took advantage of market opportunities in adjusting its financial assets and realized trading gains in the income statement that had formerly been recognized in equity, Net income from financial assets totaled EUR 16.8 million (prior year: EUR 19.3 million).

Restructuring expense

The termination of business operations at Allianz Bank resulted in a restructuring expense of EUR 90.3 million for the year. Most of these expenses were the costs of personnel arrangements intended to avoid hardships for the employees. Additional amounts were spent as compensation payments to commercial agents and for demolition of infrastructure. The costs incurred were reimbursed in full by Allianz Deutschland AG.

Segment results

The following discussion breaks down the OLB Group's earnings performance between two segments: OLB Regional Bank, which represents the traditional regional business of the Oldenburgische Landesbank Group and its 177 branch offices within its territory (as of the reporting date), and Allianz Bank. More information about segment reporting is provided in Note 12 to the Consolidated Financial Statements.

See pp. 101 ff.

Segment: OLB Regional Bank

EUR m	2013	2012	Change	Change (%)
Net interest income	226.3	221.3	5.0	2.3
Net commission income	69.5	69.7	– 0.2	– 0.3
Net operating trading income	3.5	– 1.9	5.4	k.A.
Other income	0.3	0.2	0.1	50.0
Operating income	**299.6**	**289.3**	**10.3**	**3.6**
Operating personnel expense	148.8	145.2	3.6	2.5
Direct office expense	78.4	79.5	– 1.1	– 1.4
Intersegment cost offsetting	– 9.8	– 11.5	1.7	– 14.8
Other expenses	0.3	2.0	– 1.7	– 85.0
Operating expenses	**217.7**	**215.2**	**2.5**	**1.2**
Risk provisions for credit business	78.7	39.6	39.1	98.7
Operating profit / loss	**3.2**	**34.5**	**– 31.3**	**– 90.7**
Realized net income from financial assets	6.6	19.5	– 12.9	– 66.2
Net nonoperating trading income / expense	– 0.1	– 1.9	1.8	– 94.7
Net gain / loss from financial assets	6.5	17.6	– 11.1	– 63.1
Profit before taxes	**9.7**	**52.1**	**– 42.4**	**– 81.4**
Segment assets (EUR bn)	13.2	12.6	0.6	4.8
Segment liabilities (EUR bn)	12.6	12.0	0.6	5.0
Cost-income ratio (%)	72.7	74.4	– 1.7	– 2.3
Risk capital (average)	438.9	456.4	– 17.5	– 3.8
Risk assets (average)	6,054.4	6,295.5	– 241.1	– 3.8

OLB Regional Bank continued its record of success in the client business. Total lendings remained high following the prior year's dynamic growth. In private construction financing especially, OLB showed steady growth, making up for loan repayments in the corporate customer business. The Bank again highlighted its importance as a reliable financing partner for its clients in the Northwest. The deposit business as well showed that clients still place great confidence in OLB. Total deposits rose 17.8 percent, to some EUR 6.9 billion.

On that basis, OLB improved its net interest income for 2013 by 2.3 percent, to EUR 226.3 million. The increase in average volume in the lending business made a primary contribution here.

Despite excellent performance on the stock markets and ongoing low interest rates, many clients were still wary about their private investments in 2013. By establishing regional centers of competence for Private Banking & Independent Professionals, OLB offers an area-wide range of services for personal strategic financial planning. This has enabled the Bank to win back an increasing number of clients for customized investment concepts. This is also already reflected in the uptrend (+0.9 percent) in the net commission income from the securities business (including asset management).

OLB clients continued to be very interested in real estate, either as an investment or for their own use. Business volume and the associated commission income remained at the same high level as the year before.

Administrative expenses in 2013 were raised by the 2.5 percent increase in collectively bargained wages, as well as by a reduction in economies of scale due to the termination of business operations at Allianz Bank. Additionally, the increasingly rigorous regulatory environment necessitated investments in management processes and organizational procedures. Administrative expenses were further increased by nonrecurring expenses to cover personnel charges in advance. The increase in costs was countered in part by a slight decrease in average full-time equivalent employees, an overall lower cost for performance-based employee compensation, and savings on operating costs for the core bank application. All in all, administrative expenses grew EUR 4.2 million, to EUR 217.4 million.

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

Following the positive performance of financial assets held as a liquidity reserve, trading gains of EUR 6.6 million were realized during the year on the disposal of partial holdings.

The OLB Regional Bank segment's performance in the client business was stable on the whole. Effects of increases in operating costs were compensated in the administrative expenses. Consequently, the operating profit before risk provisions rose substantially, from EUR 74.1 million to EUR 81.9 million. The risk provisions necessitated by the ongoing crisis in the shipping industry kept net operating profit from improving, and instead reduced the segment's profit before taxes to EUR 9.7 million.

The evolution of operating income and administrative expenses at OLB Regional Bank in 2013 largely conformed to the outlook described in the prior year. Actual risk provisions were well above the planned levels.

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

EUR m	2013	2012	Change	Change (%)
Net interest income	11.4	14.2	– 2.8	– 19.7
Commission income (gross)	27.9	51.2	– 23.3	– 45.5
Gross income	**39.3**	**65.4**	**– 26.1**	**– 39.9**
Commission expense for payment traffic	1.9	3.2	– 1.3	– 40.6
Brokerage commissions	14.5	27.5	– 13.0	– 47.3
Other income	17.3	40.3	– 23.0	– 57.1
Operating income	**40.2**	**75.0**	**– 34.8**	**– 46.4**
Operating personnel expense	18.2	30.9	– 12.7	– 41.1
Direct office expense	18.7	33.7	– 15.0	– 44.5
Intersegment cost offsetting	9.8	11.5	– 1.7	– 14.8
Other expenses	1.6	1.2	0.4	33.3
Operating expenses	**48.3**	**77.3**	**– 29.0**	**– 37.5**
Risk provisions for credit business	2.8	3.0	– 0.2	– 6.7
Restructuring expense	90.3	—	90.3	n / a
Reimbursement of restructuring expense	– 90.3	—	– 90.3	n / a
Operating profit / loss	**– 10.9**	**– 5.3**	**– 5.6**	**> 100**
Net income / loss from financial assets	10.3	1.7	8.6	> 100
Loss before taxes	**– 0.6**	**– 3.6**	**3.0**	**– 83.3**
Segment assets (EUR bn)	1.3	1.9	– 0.6	– 31.6
Segment liabilities (EUR bn)	1.3	1.9	– 0.6	– 31.6
Cost-income ratio (%)	120.1	103.1	17.0	16.5
Risk capital (average)	19.1	27.3	– 8.2	– 30.0
Risk assets (average)	263.9	376.5	– 112.6	– 29.9

The performance of the Allianz Bank segment is characterized by the decision to discontinue business operations as of June 30, 2013.

Net interest and commission income remained stable until business operations were terminated. Since that time, continuing clients have been supported centrally, both online and by telephone, by OLB in Oldenburg. As expected, commission income in particular decreased significantly in the second half. But for the year as a whole, it can be noted that the evolution of earnings was above the Bank's projections.

Current expenses decreased substantially from the prior year. Most significantly because of an in-depth dialog with employee representatives and the employees themselves, it was possible to organize the necessary capacity reduction quickly and in a way that avoided hardships for the staff. After business operations ceased, office expenses were incurred primarily only for activities associated with the conclusion of business.

The termination of business operations at Allianz Bank resulted in a restructuring expense of EUR 90.3 million. This expense was covered in full by Allianz Deutschland AG. Most of the expense related to payments associated with the implementation of the capacity adjustment at Allianz Bank in a manner that would prevent hardships for the employees. Provisions have been set aside in advance for the expected charges from restructuring in future years.

Oldenburgische Landesbank AG and Allianz Deutschland AG had agreed that Allianz Deutschland AG would compensate for the segment's losses calculated on the basis of the German Commercial Code (HGB). Because of differences in measurement rules for financial instruments and provisions, expenses for the year were less under the Commercial Code than under IFRS. Consequently, because of the compensation for losses under the item for "Other income," the segment report shows a loss before taxes of EUR –0.6 million.

Compared to the projections from the prior year, earnings before the loss compensation were better than planned. The Bank attributes this to the slower reduction of income and more beneficial developments in administrative expenses and restructuring costs.

Profit / taxes

The OLB Group's profit before taxes for 2013 totaled EUR 9.1 million (prior year: EUR 48.5 million). Allowing for taxes of EUR 0.4 million, this yields a profit after taxes of EUR 8.7 million (prior year: EUR 38.9 million).

In terms of income and costs, the Bank either achieved or outperformed its targets for the year. Through the additional risk provisioning for the shipping portfolio, the risk posed by a further delay in the industry's recovery, as described in the prior year, did indeed arise. Consequently, OLB's profit before taxes of EUR 9.1 million is well below the projection from the prior year.

Net assets and financial position

Total lendings

Following the previous year's dynamic growth, new business management in the year under review focused primarily on meeting margin requirements and improving the portfolio's risk structure. The Bank continues to enjoy lively demand for credit, especially in private construction financing, where OLB's total lendings grew another 5.7 percent. Total lendings, at EUR 10.3 million, remain above the EUR 10 billion mark, which the Bank topped for the first time in 2012.

EUR m	2013	2012	Change	Change (%)
Customer lending / Germany	10,460.2	10,447.4	12.8	0.1
Customer lending / outside Germany	67.5	72.8	– 5.3	– 7.3
Total lending volume (gross)	**10,527.7**	**10,520.2**	**7.5**	**0.1**
Less: risk provisions and balance sheet impairments	224.3	182.0	42.3	23.2
Total lendings (net)	**10,303.4**	**10,338.2**	**– 34.8**	**– 0.3**

Liquidity

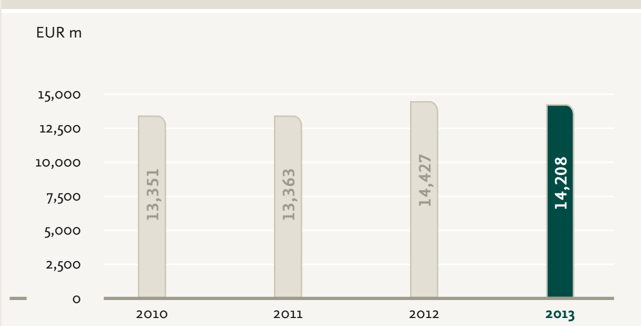
OLB's liquidity situation remains stable. Cash outflows for terminating business activities at Allianz Bank were compensated by gains in customer business at the Regional Bank and by adjusting the financial assets maintained for this purpose. OLB manages its liquidity position so as to maintain conservative safety buffers and ensure the Bank's ability to meet payments, even in the event of sudden complications in the financial markets. The regulatory liquidity ratio at the reporting date was 1.62 (prior year: 1.55), and thus remains well above the minimum of 1.0. Expiring long-term refinancing instruments were replaced in part by placing new borrower's note loans with terms of up to 20 years with institutional investors.

In 2012, OLB initiated a broad-based project to implement the requirements for simplifying payment traffic in connection with SEPA. Besides establishing the technical infrastructure needed, it set particular emphasis on sensitizing employees and customers to the topic. OLB was SEPA-compatible by the original implementation date (February 1, 2014); about 75 percent of OLB's customers (especially those submitting direct debit charges) have notified the Bank that they too are SEPA-compatible. OLB will use the extension of the transition period to July 31, 2014, to further optimize its internal procedures. At the same time, the Bank will continue to support its customers vigorously in their preparations to transition to SEPA.

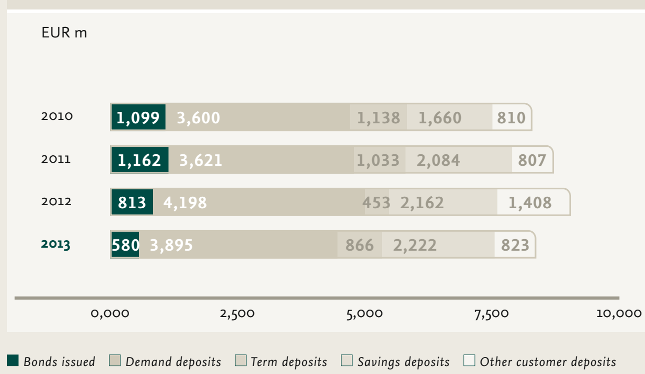
Financial assets

OLB's portfolio primarily comprises Pfandbrief bonds and government bonds with top ratings. Outgoing deposit surpluses from Allianz Bank that had been invested in these securities resulted in a revision of the portfolio. The portfolio of financial assets decreased EUR 631.5 million from the year before, to EUR 2.7 billion.

Total assets



Customer deposits and OLB bonds



Deposits and borrowed funds

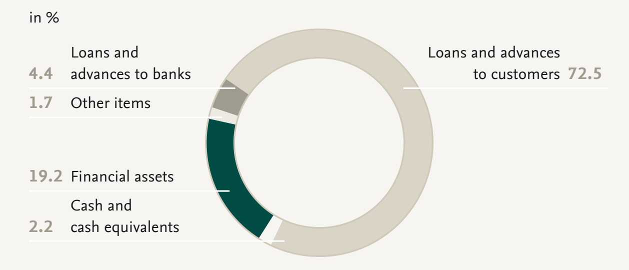
EUR m	2013	2012	Change	Change (%)
Customer deposits	**7,806.3**	**8,221.5**	**– 415.2**	**– 5.1**
Demand deposits	3,929.4	4,236.5	– 307.1	– 7.2
Term deposits	1,654.7	1,822.6	– 167.9	– 9.2
Savings deposits	2,222.2	2,162.4	59.8	2.8
Interbank money	**4,498.5**	**4,021.6**	**476.9**	**11.9**
Demand deposits	338.7	151.9	186.8	> 100
Term deposits	4,159.8	3,869.7	290.1	7.5
Securitized liabilities	**579.6**	**812.9**	**– 233.3**	**– 28.7**
Subordinated debt	**253.6**	**274.3**	**– 20.7**	**– 7.5**
Total deposits and borrowed funds	**13,138.0**	**13,330.3**	**– 192.3**	**– 1.4**

Equity
Because of the lower profit after taxes and the other comprehensive income of EUR –7.6 million, balance sheet equity remained at the same level as the year before, at EUR 602.9 million.

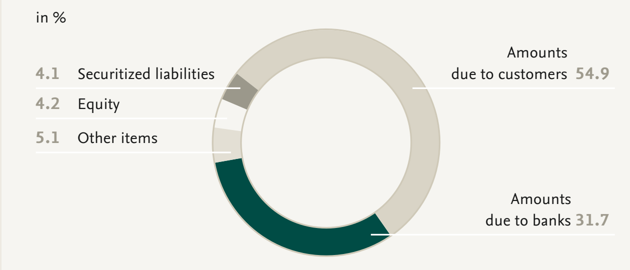
Regulatory capital (Sec. 10a of the German Banking Act – KWG)
The regulatory capital of the OLB Group consists of tier 1 and tier 2 capital. Tier 1 capital primarily comprises issued capital, reserves, and the special item for general banking risks under Sec. 340g of the German Commercial Code.

After the adoption of the balance sheet, the tier 1 capital came to EUR 581.0 million as of December 31, 2013. Tier 2 capital came to EUR 234.0 million, and was composed mainly of subordinated debt and unrealized reserves in securities. Thus, following the adoption of the balance sheet, the share capital and reserves came to EUR 815.0 million (prior year: EUR 773.0 million).

Balance sheet ratios for assets



Balance sheet ratios for equity and liabilities



Risk assets at the reporting date came to EUR 6.1 billion, a substantial reduction from the prior year (EUR 6.6 billion). This considerable decrease related to counterparty risks. In addition to smaller financial asset portfolios, other contributors to this development included measures that the Bank took to improve its risk structure in the customer lending business, and further developments in risk assessment methods and parameters. The core capital ratio under Sec. 10a of the German Banking Act (KWG) at December 31, 2013, had increased 1.3 percentage points from the prior year, to 9.5 percent. The aggregate capital ratio at December 31, 2013, had increased 1.7 percentage points from the prior year, to 13.3 percent.

EUR m	2013	2012	Change	Change (%)
Tier 1 capital	**581.0**	**544.0**	**37.0**	**6.8**
Tier 2 capital[1]	234.0	229.0	5.0	2.2
Share capital and reserves (Sec. 10a KWG)	**815.0**	**773.0**	**42.0**	**5.4**
Risk assets for counterparty risks	5,513.0	6,066.0	– 553.0	– 9.1
Risk assets for market risks	25.0	34.0	– 9.0	– 26.5
Risk assets for operational risks	575.0	538.0	37.0	6.9
Risk assets	**6,113.0**	**6,638.0**	**– 525.0**	**– 7.9**

1 Not more than 100 percent of tier 1 capital

in %	2013	2012
Core capital ratio	9.5	8.2
Aggregate capital ratio	13.3	11.6

The Bank sets a very high priority on its capital strength. For that reason, OLB will propose to its shareholders at the Shareholders' Meeting on May 28, 2014, to allocate EUR 2.4 million of the distributable profit to retained earnings.

Events after the reporting date

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

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

The Compensation Report and the Management Declaration per Sec. 289a of the German Commercial Code are part of the Management Report, and can be found in the Corporate Governance Report. For simplicity's sake, they are not reproduced here.

Report of Anticipated Developments

The report on the principal opportunities and risks for the Group's expected development has been incorporated into the following report of anticipated developments in business and in the Group's situation. Additional information about the risk management system, individual risks and the risk situation can be found in the Group risk report section of the Management Report.

The Bank estimates the development of relevant influencing factors for fiscal 2014 and the resulting opportunities and risks, based on the outlook for economic conditions, as follows:

Business conditions in the Northwest, in combination with the stable job market, offer good conditions for stable economic performance by the Bank's customers. This should have a positive effect on the demand for credit, and on risk provisions. However, OLB assumes that two of the Region's principal growth drivers – agriculture and renewable energy – and therefore regional demand for credit, will continue to develop more weakly until clear and reliable pronouncements are available from the federal and state governments about the future environment for these sectors. Overall, the Bank expects demand for credit to remain stable from 2013.

OLB assumes that the tense situation in the shipping industry will persist in 2014. In the course of the expected gradual reduction of the current excess capacity in the segments relevant to the Bank, charter rates will not return to normal levels until the medium term. A sustained delay in the recovery of charter rates, with the associated continuance of the crisis in the sector, could mean that the need for risk provisions at OLB would remain high. On the other hand, if consolidation within the sector and an improvement of business conditions result in a distinct improvement in the shipping industry's economic situation, risk provisions would be lower.

Further developments in interest rates will be significantly affected again in 2014 by further political developments in Europe and by the decisions of the European Central Bank. Interest rate levels directly affect the valuation of the financial assets held as a liquidity reserve and the return on new business and variable-rate existing business, and therefore net interest income. The Bank expects a stable development of interest rates in 2014, and has based its projections for net interest income and measurement results on that expectation. Outside metropolitan areas and the islands, because of the agricultural character of its business territory, OLB foresees no risk that low interest rates will result in an overheating of demand for credit or in real estate bubbles within the region. Given its present balance sheet ratios, OLB's net interest income would benefit significantly from a possible increase in interest rates. A lasting reduction of long-term interest rates would further intensify pressure on margins in the lending and deposits business, and would place a burden on the Bank's earnings situation.

OLB obtains refinancing largely through its stable deposit business, and is therefore less vulnerable to disturbances in the money and capital markets that would restrict options for raising liquidity or would permit only excessive interest markups. The Bank takes due account of existing market uncertainties with a conservative orientation, and by maintaining adequately dimensioned liquidity buffers. The liquidity reserve, held in first-class securities, furthermore makes it possible to manage transient market bottlenecks. The Bank does not expect any impediments in 2014 from liquidity developments in the money and capital markets.

The regulatory environment for banks will become more rigorous again in 2014 because of the adoption of new regulations and disclosure obligations (e.g., MIFID II), and because of stricter interpretations of existing rules. In addition to the costs incurred to implement and maintain compliance with the substantially more extensive and stringent regulatory requirements, stricter liquidity requirements and requirements for larger equity backing will further limit banks' earning potential. Further risks are represented by charges that may be imposed to establish a uniform deposit insurance system throughout the EU, and by the planned introduction of a financial transaction tax.

OLB is in intense competition with other banks represented in the region. Above and beyond this, competition from direct banks is steadily on the rise in the retail customer business. In business with corporate customers, interregional banks are also increasingly penetrating into business with larger entities in the category of small to medium enterprises. The Bank expects pressure on margins and prices to persist. In such a setting, OLB believes that a modernization of its sales channels is indispensable.

In fiscal 2014, OLB will concentrate entirely on making the most of the potential that is already present in its business with its customers in the Northwest. In its three strategic lines of business – Retail and Business Customers, Private Banking & Independent Professionals, and Corporate Customers – it will appeal to customers in ways attuned to their needs, with highly qualified personnel in combination with a high-performance range of products.

These lines of business are all subject to the same defining external factors, and the Bank expects parallel developments in all three segments. For that reason, the further presentation of expected business developments for the OLB Group as a whole in 2014 applies to each of them.

With more than 450,000 customers in its business territory, OLB is the Northwest's leading regional bank. Last fiscal year, the Bank further expanded its customer base, adding another 1,000 customers net. OLB intends to place a major emphasis on customer acquisition, and has set itself the goal of significantly greater net growth in 2014.

In the lending business, the Bank expects demand from its customers to remain stable in 2014, given a stable economic environment and low interest rates. This is particularly the case for private construction financing. Following the dynamic growth in its total lendings, which have expanded from EUR 7.4 billion to EUR 10.3 billion over the past five years, the Bank again expects to focus in 2014 on meeting its margin needs and improving the risk structure of its portfolio. OLB is planning on moderate growth in total lendings. In the deposit business, it expects to be able to refinance growth on the assets side in the customer business.

In the Private Banking & Independent Professionals business line, the Bank will especially focus on asset investments, with a strong orientation to managed forms of investment and asset management. Here, OLB will offer its customers capable on-location advice thanks to its area-wide presence and skilled personnel. Its aim is for these services to attract new business volume, further enhancing net commission income from securities and other asset investments.

On that basis, the Bank expects net interest income and net commission income from the Regional Bank business to expand slightly in 2014 compared to 2013. The slight further reduction in interest income from terminated term products held by former Allianz Bank customers, and from the loss of this segment's commission business, will have no effect on profits.

In addition to the expected increase in collectively bargained wages and general inflation, administrative expenses will be increased in the coming year by the elimination of former economies of scale from the shared use of centralized functions by both OLB Regional Bank and Allianz Bank. To compensate sustainably for these charges, OLB will significantly increase its investments in modernizing its business processes and in expanding digital services for its customers. In comparison to the prior year, this will result in a reduction of profits for 2014, and a slight weakening of the cost-income ratio. In the medium term, enhanced processing efficiency, resulting in a need for less personnel for customer service and transaction processing, will have a positive effect on costs. The substantial reduction in operating income and expenses from the termination of Allianz Bank business activities will have no effect on profits, because of the assumption of losses by Allianz Deutschland AG.

Given the prospects for stable overall economic development in 2014, the Bank assumes that the risk provisioning expense for its portfolio as a whole will remain at largely the same level as for 2013. For its shipping portfolio, OLB has made due allowance for the persistent crisis in this sector by setting the parameters for its valuation model even more conservatively. This resulted in a substantial increase in risk provisions in 2013. After this structural effect, the Bank expects its shipping portfolio to have less of a lowering effect on profits in 2014. Nevertheless, the Bank expects that developments in the shipping industry will bring further individual risks to bear on its portfolio that may entail a need for risk provisions. On the whole, however, OLB expects the burdens on profits to be substantially less than in 2013.

Given the above expectations – especially the absence of any further exacerbation of the situation in the shipping industry – OLB expects risk provisions to return to normal in fiscal 2014, yielding a substantial rebound from 2013 in profits from the Regional Bank business, and therefore in the total consolidated profit, even though profits will presumably not return yet to the levels of 2012.

Group Risk Report

Principles of Whole Bank risk management

Risk strategy

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

The objective of OLB's risk management process is to generate income while managing all risks incurred so as to ensure the continuing expansion of the Bank's ability to cover risk. The focus of risk management here is to optimize the risk-to-earnings ratio, while limiting the Whole Bank risk. The framework for fundamental risk disposition in the various areas of risk depends on the business strategy and the Bank's earnings goals.

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

- that risk aspects are taken into account in deciding on OLB's business strategy,
- that OLB's future risk-carrying capacity is assured, and that the risks resulting from the planned business strategy are covered,
- that a maximum utilization of risk is defined, based on the potential to cover risk less a risk buffer defined by management,
- that OLB's risk management process ensures that significant risks will be identified and that they will be assessed through suitable risk measurement procedures, and
- that the Bank has appropriate risk reporting and monitoring capabilities in place.

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

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

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

Definition of types of risk

Credit risk

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

Country risk, a subcategory of credit risk, represents in particular the transfer and convertibility risk for receivables from borrowers domiciled outside Germany. It serves to measure how political or economic conditions in the country under consideration may affect a debtor's payment practices. Country risk is not founded in a debtor's creditworthiness or solvency.

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

See Glossary, p. 164

Market risk

Market risk refers to the risk that the Bank may suffer losses because of unexpected changes in market prices, or in parameters that affect market prices. It also includes the risk of changes in value that may occur if large positions can be bought or sold within a given time only at prices that are not consistent with the market.

Liquidity risk

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

Operational risk

Operational risk is the risk of a direct or indirect loss through inadequacies or omissions in projects, processes or controls, due to technical, staffing, organizational or external factors. This also includes the risk of changes in the law, reputation risks, and the risk of criminal conduct.

Risk of changes in the law

The risk of changes in the law is the risk that a loss may be caused by the enactment of new laws or regulations, adverse amendments to existing ones, or adverse court interpretations or applications of laws or regulations. It also includes the risk that contractual agreements may be legally unenforceable, or that a court may decide that other, less advantageous provisions apply to the Bank instead.

Reputation risk

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

Risk of criminal conduct

The risk of criminal conduct is the risk of losses due to criminal activity by employees and / or external third parties.

Strategic risk

Strategic risk is the risk that long-term business objectives may not be achieved because of an inappropriate strategic decision-making process, or because of inadequate oversight of the implementation of strategies.

Concentration risk

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

Risk-carrying capacity

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

Value-based risk-carrying capacity

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

See Glossary, p. 164

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

Period-based risk-carrying capacity

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

Organization of risk management and controlling

Below the Board of Managing Directors, the Risk Committee is the central body that monitors and manages the Bank's risk-carrying capacity. The Risk Committee includes the Chief Risk Officer, the Chief Financial Officer, and the managers of the Risk Controlling, Large and Specialized Loans, Treasury, Finance / Controlling, and Credit Quality Management departments. Subcommittees of the Risk Committee are the Risk Methods and Process Committee, the Operational Risk Committee, and the Credit Portfolio Management Committee, each of which is headed by the Chief Risk Officer. Changes in methods and risk parameters are assessed with expert knowledge by the Operational Risk Committee (for operational risks) and the Risk Methods and Process Committee (for all other types of risk). The Credit Portfolio Management Committee assesses proposals for changes in the portfolio and their impact on the Bank's business model. The full Board of Managing Directors makes the final decision on aspects strategically relevant to risk. Its decisions are bound by the rules of procedure issued by the Supervisory Board, which define the required conditions. Any decisions outside the authority of the Board of Managing Directors are made in consultation with the Supervisory Board.

Risk management

The managers of the following organizational units are responsible for risk management:

Type of risk	Organizational unit
Credit risk	Back-office units (credit) and Credit Quality Management
Market and liquidity risk	Treasury
Operational risk	Organization
Risk of changes in the law	Legal department
Strategic risk	Finance / Controlling
Reputation risk	Strategy and Communications
Risk of criminal conduct	Organization

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

Risk monitoring

Risk monitoring is performed by the Risk Controlling and Compliance departments. These are implemented as units organizationally independent from the risk management system. The task of risk controlling is to fully and consistently analyze, measure and monitor risks. It provides the risk analyses and risk information that risk management needs for active management adequate to the risk at hand. Compliance is responsible for countering the risks that may result from noncompliance with legal rules and requirements. Here, Compliance must work to implement effective methods to ensure compliance with the relevant requirements of law, and to provide the associated monitoring.

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

Risk reporting

In risk reporting, the risk controlling system reports regularly to decision makers (Board of Managing Directors, Risk Committee, pertinent department managers) and 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 Auditing and Compliance, if applicable.

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

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

Management and controlling of specific risks

Credit risk

Risk management in the customer lending business

Managing all credit risks in the customer lending business is the province of the back-office units (credit) and Credit Quality Management. The approach is based on an integrated concept of clearly defined guidelines, authority structures, and incentive systems that is consistent with the Bank's strategic focus and objectives.

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

Various organizational rules have been adopted depending on the credit risk to be decided. The aim is for the structure and the distribution of duties to ensure that decision-making and processing for credit commitments are both adequate to risk and efficient, as a function of lot sizes, risk content, and complexity. For example, for customer credit, OLB defines a total borrower-specific exposure volume of up to EUR 250 thousand as a homogeneous transaction. These exposures are covered by simplified approval, decision-making and monitoring processes. Exposures in the nonhomogeneous portfolio (total exposure above EUR 250 thousand, and all special financing) are approved, decided and monitored in 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 loan approval in the homogeneous portfolio depend on the type of transaction and on who is in charge of providing customer support. Provided the credit ratings are adequate, loans for up to EUR 50 thousand to retail and business customers in the branch business, and for up to EUR 250 thousand in private construction financing, are decided by the front office. Loan extensions to clients in the Private Banking & Independent Professionals and Corporate Customers areas, for amounts up to EUR 250 thousand, are decided by the front-office customer support officer in charge, provided that the credit ratings are adequate. Within the bounds of the front office's own authority (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 commitments, risk assessment and the credit decision are carried out in cooperation between the front and back office.

In new business, the risk of insolvency is determined for each borrower, in the form of a credit rating category, on the basis of statistical creditworthiness procedures. The collateral furnished by the customer is appraised in parallel. Depending on its scope and complexity, this may be done in cooperation with the back office, or by internal and external certified appraisers. The loan volume, credit rating and collateral together provide an absolute measurement of the customer's credit risk.

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

Since real property plays such an important role as collateral for OLB, a central real estate monitoring unit has been set up that tracks regional changes in prices in the real estate market, and triggers an individual reassessment of pertinent exposures 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 and credit rating, spheres of authority are defined so that credit decisions are always made at a level adequate to the risk involved.

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

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

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

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

See Glossary, pp. 165 and 166

Risk management in trading

OLB discontinued own-account trading as of December 31, 2012. After the residual risks have been integrated into risk monitoring for the investment portfolio, the Federal Financial Supervisory Authority (BaFin) will be given final notification by the end of the first quarter of 2014 that the Bank has acquired the status of a non-trading-portfolio institution.

See Glossary, p. 166

The Bank conducts trading transactions in the non-trading portfolio when they are intended to safeguard the Bank's long-term liquidity and to control the risk of changes in interest rates within the defined limits. Thus they serve to safeguard the Bank's long-term survival 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. The portfolio is completed by investments in two special funds that invest largely in bonds and stocks, which diversify risk.

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

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

Risk measurement

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

See Glossary, p. 167

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

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

Market risks

OLB is exposed to market risks in its customer business and in trading. Significant factors here include

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

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as well as fluctuations (volatility) in these parameters.

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OLB has discontinued own-account trading in the trading portfolio for the purpose of generating short-term trading gains. The remaining positions comprise only the foreign currency transactions initiated by clients, plus the associated hedge transactions. An open foreign currency position is now possible only for very minor technical amounts. The risk from the non-trading portfolio derives primarily from changes in interest rates. It also includes, to a limited degree, stock risks and foreign currency risks from the special funds.

Risk measurement

Market 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 and stock prices, equally weighted over time since 1988. To quantify the interest rate risk, the method calculates how the present value of the interest rate book would change if the historically observed changes in interest rates were to occur. For variable-rate products, a fictive maturity scenario is estimated on the basis of their historical interest rate adjustment behavior. Special repayment rights in the lending business are also incorporated into the risk measurement as a model cash flow.

For lack of holdings, no value-at-risk limit for the trading portfolio was defined. For the remaining overall currency positions (currency forwards, spot trading and options) a limit of EUR 0.5 million was defined on the basis of what is known as the “standard” method under the Solvency Regulation. Because of the method, 10 percent of the closed position was applied even for self-contained currency forwards, so that at least a minimum amount is always shown for interest rate risks. For risks from holdings in foreign cash and precious metals, the limit is EUR 2 million.

The simulations use the following parameters:

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

Risk management

The Treasury department is responsible for controlling market risk. Positioning in the non-trading portfolio is deliberated and decided by the Bank Management Committee.

The value at risk for the non-trading portfolio (99.93 percent / 1 year) serves to limit risk.

In addition to the limit for the Whole Bank non-trading portfolio, there are also individual limits for the interest rate portfolio, for stock positions, and for the bond positions in the liquidity reserve.

Various stress scenarios and sensitivities are additionally used in assessing market risk. For the non-trading portfolio, interest rate risks are reviewed in accordance with regulatory requirements.

Risk monitoring

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

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Liquidity risks

Risk measurement

Short-term liquidity risks are measured and controlled with a forward horizon of the next 30 days, on the basis of liquidity development summaries of deterministic cash inflows and outflows, which are made available daily. The liquidity buffer is supplemented with an additional payment traffic buffer that takes account of weekly cash outflows from the customer business. This approach serves to ensure that the Bank is able to meet payments on short notice, especially by holding an appropriate liquidity reserve. Compliance with the regulatory liquidity key ratio is a strict additional requirement.

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

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

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

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

The "Combined" scenario combines the assumptions of the "Recession" and "Downgrade" scenarios.

In addition to the scenarios described above, concentration risk analyses are included in the liquidity risk analysis. Since 2013, these have additionally included imponderable factors from the cash outflows for the top 10 deposit customers.

The Board of Managing Directors is informed of the results of the analyses each month by way of the Risk Committee.

Risk management

Short-term liquidity risks are limited on the basis of the regulatory key ratio under the Liquidity Regulation. Receivables and liabilities are assigned to maturity ranges for this purpose. According to regulatory requirements, the ratio of cash funds to liabilities in the first maturity range (daily or up to one month) cannot be less than 1. To ensure that this requirement is met at all times, an internal limit is defined, and appropriate risk-reducing measures are taken when it is reached. The Risk Committee is regularly informed of the evolution of this key ratio. The short-term liquidity buffer that was already in existence was supplemented during the year with an additional payment traffic buffer that is derived from the weekly liquidity outflows from customer transactions. The limits for medium- to long-term liquidity risks are based on "cumulative relative liquidity surpluses" as the key indicator. These represent the liquidity cash flow for defined maturity ranges relative to total liabilities. Limits have been defined for the "Recession," "Downgrade" and "Combined" stress scenarios. If liquidity falls below the limit, risk-reducing measures are initiated.

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

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

Operational risk

Risk measurement

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

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

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

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

Following approval by the Federal Financial Supervisory Authority (BaFin), the regulatory capital requirements for operational risks are calculated using the standard approach. The Bank is currently examining the possibility of using a progressive measurement method of calculating operational risk.

Risk management
Management of operational risks is based on the performed scenario analyses, on analyses of losses actually incurred, on the risk indicators for operational risks, and on the possibilities, limited by areas of authority, for intentionally choosing not to mitigate existing risks (risk acceptance) on the basis of a cost-benefit analysis. Depending on the importance of the recognized risk fields, it may be necessary to take steps to limit risks, taking cost-benefit considerations into account. Such steps include optimizing processes and informing employees adequately (including through continuing training and by using up-to-date communication methods), as well as taking out insurance against major losses (for example, a fire at headquarters) and establishing an appropriate backup system for computer data.

The Compliance / Money Laundering unit performed analyses of the risks posed by criminal conduct and corruption. Management of these risks is governed by the fraud prevention guideline and an anti-corruption guideline.

Risk of changes in the law

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

Reputation risk

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

Strategic risk
To estimate strategic risks, the OLB Group uses the classic instruments of simulating the balance sheet and income statement. Business strategy is reviewed and developed further in an annual process, during which it is also revised to meet changing conditions. Implementation of the strategy is monitored on the basis of suitable key performance indicators that are defined for the implementation of each sub-strategy as part of the strategy process.

Concentration risk
Concentration risk is managed by the responsible departments as part of their controlling of individual risk types. Concentration risks involving multiple risk types are evaluated as the partial results of general and specialized stress tests as part of risk controlling. They are then analyzed by the Risk Committee and taken into account as part of the strategy process in the annual review of business and risk strategy.

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

EUR m	2013	2012
Credit risk	309.9	370.0
Market risk / non-trading portfolio	66.4	120.9
Market risk / trading business	0.6	2.8
Operational risk	27.6	38.3
Liquidity risk	5.2	4.4
Whole Bank risk	**409.7**	**536.4**

The periodic comparison of Whole Bank risk with risk-covering potential showed that OLB had risk-carrying capacity throughout the year with a confidence level of 99.93 percent.

Credit risk
Credit risk is calculated on the basis of a credit value at risk using a credit portfolio model based on CreditMetrics™. The decrease in the risk assessment is the consequence of the development of the portfolio, which is taken into account both through the model parameters derived from the portfolio, such as migrations and correlations, and also through current developments in the credit-rating structure, collateral, concentrations and volumes.

Market risk in the trading business
The Bank believes that the foreign exchange risk, which is limited to hedging transactions for the assumption of positions from the customer business, is minor. It is taken into account in the market risk by adding in the current allowance amount under the Solvency Regulation.

Market risk in the non-trading portfolio
Market risk in the non-trading portfolio is assessed and limited on a value basis through historical changes in interest rates and stock prices. This risk decreased from the prior year, primarily because of the model adjustments based on the inclusion of pension provisions so as to harmonize the management of the interest exposure book, which is on a present value basis, with the periodic calculation of net earnings, as well as because of the necessary adjustment of the deposit base volumes in connection with the closure of Allianz Bank.

Trading business

Operational risk

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

Liquidity risk

The liquidity risk is calculated using a value-at-risk model. It reflects the risk that OLB might have to procure refinancing funds on less advantageous terms because of higher credit spreads in the capital market. Although it increased from the prior year, the liquidity risk is low.

Whole Bank risk

Whole Bank risk results from adding up the individual risk positions. This approach to calculating risk makes no allowance for the effects of diversification between risk types. Under this assumption, the Whole Bank risk as of December 31, 2013, came to EUR 420.4 million.

Credit risk

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

Credit portfolio by class of receivable

EUR m	2013	2012
Loans and advances to customers	10,303.7	10,338.7
Loans and advances to banks	628.5	414.5
Financial assets	2,722.4	3,353.9
Trading business	13.7	14.1
Contingent liabilities	306.4	319.7
Open credit commitments	520.4	591.6
Total	**14,495.1**	**15,032.5**

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

Credit portfolio by quality of receivable

EUR m	Loans and advances to customers	Contingent liabilities	Open credit commitments	Other categories	Total	Prior-year total
Not overdue, no specific loan loss provision	9,685.0	292.7	515.7	3,363.8	13,857.2	14,377.3
Overdue, but no specific loan loss provision	262.8	8.7	1.5	—	273.0	317.8
Overdue with specific loan loss provision	355.9	5.0	3.2	0.8	364.9	337.4
Total	**10,303.7**	**306.4**	**520.4**	**3,364.6**	**14,495.1**	**15,032.5**

Customers are categorized as “overdue” when they have a significant overdraft under the Solvency Regulation. This has been defined as an account overdraft or loan arrears of at least EUR 100 and at least 2.5 percent of the customer’s approved credit volume. In addition, OLB categorizes overdrafts and arrears of EUR 250 thousand or more as material, irrespective of the customer’s credit volume.

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

Credit ratings

The table below shows OLB’s credit portfolio of receivables not overdue and with no specific loan loss provision, broken down by credit rating. The categorization is based on internal rating class, which is determined regularly using statistical methods as part of the loan processing. The guarantor’s country rating is used for securities with government guarantees.

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

EUR m	Loans and advances to customers	Loans and advances to banks	Financial assets	Trading assets	Contingent liabilities	Open credit commit-ments	Total	Prior-year total
I – II	463.8	324.0	2,194.6	—	2.0	11.7	2,996.1	3,281.1
III – IV	998.3	301.9	443.0	1.1	30.5	23.7	1,798.5	1,797.8
V – VI	2,216.6	0.1	—	2.2	116.2	202.3	2,537.4	2,141.7
VII – VIII	3,589.1	0.2	—	0.5	93.5	195.6	3,878.9	3,697.8
IX – X	1,712.0	—	—	1.2	39.0	62.6	1,814.8	2,515.3
XI – XII	568.4	—	—	0.2	10.5	17.6	596.7	726.2
XIII – XIV	119.1	—	—	—	0.7	1.9	121.7	103.9
n/a	17.7	2.3	84.8	7.7	0.3	0.3	113.1	113.5
Total	**9,685.0**	**628.5**	**2,722.4**	**12.9**	**292.7**	**515.7**	**13,857.2**	**14,377.3**

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

About 94 percent (prior year: 93 percent) of the volume in the category of receivables not overdue and with no specific loan loss provision is viewed as able to meet payment obligations (credit ratings I – X). An impaired ability to pay under adverse circumstances (credit ratings XI – XII) must be assumed for 4.3 percent (prior year: 5.1 percent). Inability to pay is considered probable (credit rating XIII – XIV) for only 0.9 percent (prior year: 0.7 percent).

Collateral

Collateral in the OLB Group's credit portfolio derives first of all from the customer lending business, and is allocated, as applicable, to the categories of loans and advances to customers, contingent liabilities, and open credit commitments. In addition, securities are accepted as collateral for receivables from banks as part of money market transactions. Volumes in the other categories of receivables are unsecured.

Credit volume and associated collateral in the customer lending business

EUR m	Loans and advances to customers	Loans and advances to banks	Contingent liabilities	Open credit commitments	Total	Prior-year total
Volume in receivable category	10,303.7	628.5	306.4	520.4	**11,759.0**	11,250.0
Allocated collateral	6,047.2	247.1	66.7	—	**6,361.0**	5,820.1

About 59 percent (prior year: 52 percent) of the credit volumes in the customer lending business are secured with collateral. Most of this collateral, at 77 percent (prior year: 77 percent), is liens on residential and commercial property, followed by cash collateral such as deposit accounts, home loan and savings agreements, life insurance policies, etc., at 11 percent (prior year: 12 percent). About 12 percent is other collateral, primarily assignments as security (prior year: 11 percent). Loans and advances to banks are 39 percent secured with collateral.

During the year, the OLB Group acquired a single-family home that had previously served as collateral for loans extended to customers. The property is recognized at EUR 198.3 thousand under the item for "Other assets," and is to be sold on the open market. There are no other matters of relevance under IFRS 7.38.

Offsetting of financial assets, financial liabilities and security (per IFRS 7.13)
Financial assets

						2013
EUR m	Gross amounts	Amounts set off per IAS 32	Net amounts shown in balance sheet	Other offsetting items		Net risk
				a) Financial instruments recognized in balance sheet that do not meet IAS 32 criteria	b) Financial collateral (including cash collateral) at fair value	
Genuine compensation agreements per German Bank Reporting Regulation (RechKredV)						
Loans and advances to customers	111.4	– 87.2	24.2	—	—	24.2
Secured market values of derivatives						
Positive market values of derivatives	3.7	—	3.7	– 3.7	—	—
Secured money market transactions with central counterparty						
Loans and advances to banks	245.0	—	—	—	– 245.0	—
Secured money market transactions OTC						
Loans and advances to banks	—	—	—	—	—	—
Open market operations						
Securities recognized in balance sheet, in pledged securities account	100.8	—	100.8	—	– 100.8	—
Total						
Financial assets	**460.9**	**– 87.2**	**128.7**	**– 3.7**	**– 345.8**	**24.2**

Financial liabilities

EUR m	Gross amounts	Net amount per IAS 32	Net amounts shown in balance sheet	Other offsetting items: a) Financial instruments recognized in balance sheet that do not meet IAS 32 criteria	Other offsetting items: b) Financial collateral (incl. cash collateral) at fair value	Net risk
						2013
Genuine compensation agreements per German Bank Reporting Regulation (RechKredV)						
Amounts due to customers	– 123.0	87.2	– 35.8	—	—	– 35.8
Secured market values of derivatives						
Recognized cash funds received in this context	—	—	—	—	—	—
Negative market values of derivatives	– 102.0	—	– 102.0	3.7	98.3	—
Secured money market transactions with central counterparty						
Amounts due to banks	—	—	—	—	—	—
Secured money market transactions OTC						
Amounts due to banks	– 954.1	—	– 954.1	—	939.9	– 14.2
Open market operations						
Amounts due to banks	– 100.8	—	– 100.8	—	100.8	—
Total						
Financial liabilities	**– 1,279.9**	**87.2**	**– 1,192.7**	**3.7**	**1,139.0**	**– 50.0**

Arrears

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

EUR m	Loans and advances to customers	Contingent liabilities	Open credit commitments	Other categories	Total	Prior-year total
Up to 30 days	255.5	8.7	1.5	—	265.7	303.6
31–60 days	6.6	—	—	—	6.6	11.6
61–90 days	0.7	—	—	—	0.7	2.6
Total	**262.8**	**8.7**	**1.5**	**—**	**273.0**	**317.8**

Most receivables in the category of "Overdue with no specific loan loss provisions" (97.3 percent; prior year: 95.5 percent) are less than 30 days in arrears. The remaining 2.7 percent have been in arrears for longer (prior year: 4.5 percent).

Concentration risks

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

More active risk management in 2012 and 2013 resulted in a decrease in the size concentration risk in the customer lending portfolio; growth in the upper size classes above EUR 10 million was below the portfolio average during 2012. Volumes in this size class decreased in 2013. In addition, as of December 31, 2013, only two exposures (compared to three for the prior year) in the customer credit business exceeded the regulatory reporting limit for large loans under Sec. 13a of the German Banking Act.

The distribution of the credit portfolio by sector is characterized by the clientele resident in the Bank's business region. An additional focal point is the lending business in the renewable energy sector, particularly financing for wind power, biogas and photovoltaic installations.

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

Financing for oceangoing vessels

In the special portfolios business, the crisis that has persisted in the shipping industry since 2008 continued to affect assessments. Given the generally disappointing evolution of charter rates in 2013, OLB took an even more conservative view of future developments in the shipping markets. Based on this changed assessment, OLB extended the parameters of its valuation model in terms of the duration of the crisis. In addition, the rating of some ships was changed to "Sell" instead of "Hold." These adjustments generally resulted in a substantial increase in risk provisions for the shipping portfolio.

Collateral

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

Where concentration arises because of the nature or item of collateral, suitable measures were taken to monitor value:

Collateral	Monitoring
Real estate	Monitoring of real estate market for regional fluctuations in market price
Inland-waterway and oceangoing ships	Semiannual market value appraisal

Banks

See chart, p. 066

On the whole, the counterparty risks from loans and advances to banks and bonds issued by banks are low. Almost the entire volume has investment grade ratings (I–VI), 99.9 percent of the receivables are in the I–IV range, and the remainder, in the amount of EUR 0.3 million, is distributed among rating classes V, VI and VII.

The credit rating structure for receivables from banks continued to improve slightly during the year, while volume on the whole decreased. OLB continues to pursue a conservative risk policy in this segment.

Country risk

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

Market risk

Trading business

Trading was cut back significantly in the second quarter of 2012, and was entirely discontinued by year's end. An open position remains possible only for very minor technical amounts in connection with foreign currency transactions initiated by customers.

Non-trading portfolio

Value at risk for the non-trading portfolio (99.93 percent / 1 year) in 2013:

	VaR
Mean	81.8
Minimum	45.4
Maximum	101.3

See charts, p. 067

On average, the market price risks for the non-trading portfolio (VaR model 99.93 percent / 1 year) for 2013 stayed below the prior-year level. The average value at risk, at EUR 81.8 million, was well below the 2012 figure of EUR 118.0 million. The limit was consistently maintained.

During the first half of the year, value at risk rose slightly because of the increase in the lending business. From August onwards, revisions in the models were taken into account, which served to harmonize assumptions in managing the interest exposure book, which is based on present values, and the periodic net income account. The model revisions as a whole had the effect of reducing risk, with the main effect coming from the inclusion of pension provisions in the interest position. From September to November, closeouts of payer swaps, allowances for the Bank's own credit spread risk, the market price risk for foreign currency, and new long-term securities in the liquidity reserve had the effect of increasing risk.

Over the course of the year, it was possible to revise the original conservative expectations concerning the outflow of deposits as a result of the termination of business activities at Allianz Bank on the basis of the actual volumes, so that a new assessment of the deposit base in December resulted in a risk reduction.

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The reporting limit for the Basel II coefficient was not exceeded at any time during 2013.

Operational risk

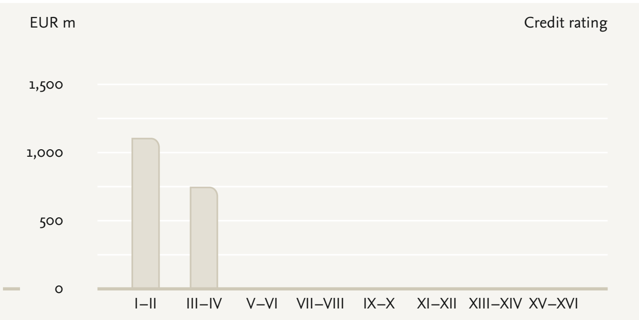
As part of the annual risk assessment, risk scenarios are developed and updated in the Organization and Risk Controlling departments. After consultations with the Chief Risk Officer, the relevant scenarios were discussed with the applicable process officers from the specialized departments in joint workshops with the Organization and Risk Controlling departments, and assessed by those officers with regard to possible levels and frequencies of losses.

The VaR was found to be in the 99.93 percent quantile in a Monte Carlo simulation. If changes occur under scenarios during the year, the corresponding scenarios are reassessed.

Examples of relevant scenarios:

Scenario	Specialized department in charge
Internal and external IT attacks	Information Technology
Embezzlement, fraudulent transactions	Organization department and Compliance
Advisor liability	Product Management
Money laundering	Compliance
Failure of business-critical IT	Information Technology
Model risk in Risk Controlling	Risk Controlling
Pandemic, natural disasters	Operations Organization
Outsourcing	Operations Organization

Credit rating categories of receivables from banks and bank bonds as of December 31, 2013



Liquidity risk
Changes in key regulatory ratio

	2013	2012
Mean	1.55	1.96
Minimum	1.42	1.55
Maximum	1.71	2.20

The minimum value of 1 for the key regulatory ratio was maintained throughout the year. On average, the key ratio was 55 percent above the required minimum. At December 31, 2013, the key ratio was 1.62.

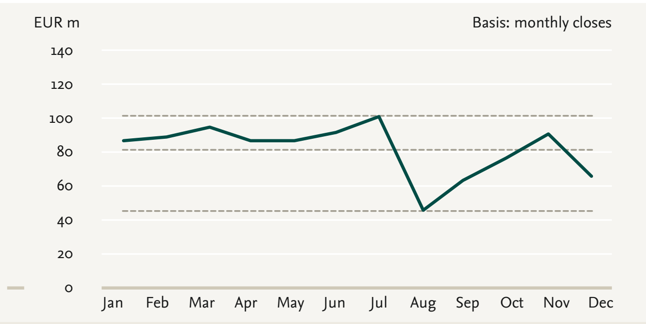
The key ratio for liquidity decreased during the year because of the closure of Allianz Bank and the associated reduction in deposits.

Maturities

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

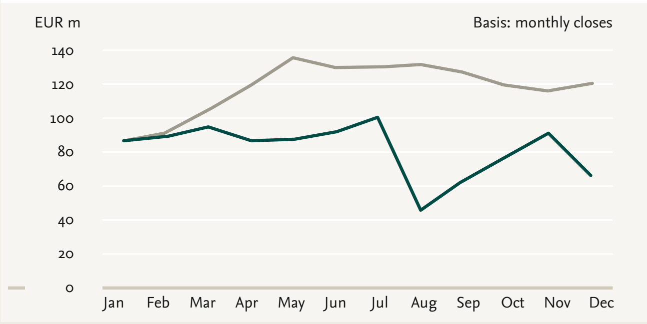
Irrespective of the assumptions from the Liquidity Regulation, the following tables show the breakdown of the actual remaining terms of receivables and liabilities. The figures are carrying amounts before deduction of risk provisions.

VaR for non-trading portfolio, 2013 (99.93 percent/1 year)



Minimum, maximum, mean *VaR*

Comparison of VaR for non-trading portfolio, 2012/2013 (99.93 percent/1 year)



VaR 2012 *VaR 2013*

2013 receivables

EUR m	3 months or less	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total 2013
Term loans and advances to banks	175.0	—	—	—	175.0
Loans and advances to customers[1]	1,383.1	660.1	2,654.3	5,830.5	10,528.0
Receivables at 12/31/2013	**1,558.1**	**660.1**	**2,654.3**	**5,830.5**	**10,703.0**

1 The receivables from customers with remaining terms of three months or less include receivables of EUR 864 million with indeterminate terms.

2013 liabilities

EUR m	3 months or less	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total 2013
Bank demand deposits	338.7	—	—	—	338.7
Term liabilities to banks	1,017.5	356.3	1,243.8	1,542.2	4,159.8
Customer demand deposits	3,929.4	—	—	—	3,929.4
Savings deposits	2,026.4	176.3	19.5	—	2,222.2
Other term liabilities to customers	617.2	266.0	170.3	601.2	1,654.7
Securitized liabilities	28.3	39.5	124.5	387.3	579.6
Provisions and other liabilities	97.4	52.9	106.6	194.0	450.9
Tax liabilities	—	—	9.2	—	9.2
Subordinated debt	15.0	33.0	117.9	87.8	253.7
Liabilities at 12/31/2013	**8,069.9**	**924.0**	**1,791.8**	**2,812.5**	**13,598.2**

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

2013 liabilities from derivatives

EUR m	3 months or less	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total 2013
Interest rate swaps	3.9	3.8	60.4	38.7	106.8
Currency forwards/currency swaps	1.0	0.6	—	—	1.6
Currency options	—	0.1	—	—	0.1
Stock index options	—	—	—	—	—
Futures options	—	—	—	—	—
Stock options	—	—	—	—	—
Caps	—	—	—	—	—
Total at 12/31/2013	**4.9**	**4.5**	**60.4**	**38.7**	**108.5**

2012 receivables

EUR m	3 months or less	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total
					2012
Term loans and advances to banks	300.1	—	—	—	300.1
Loans and advances to customers[1]	1,447.2	656.0	2,630.9	5,786.6	10,520.7
Receivables at 12/31/2012	**1,747.3**	**656.0**	**2,630.9**	**5,786.6**	**10,820.8**

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

2012 liabilities

EUR m	3 months or less	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total
					2012
Bank demand deposits	151.9	—	—	—	151.9
Term liabilities to banks	466.6	514.8	1,273.9	1,614.4	3,869.7
Customer demand deposits	4,236.5	—	—	—	4,236.5
Savings deposits	1,896.4	240.2	25.8	—	2,162.4
Other term liabilities to customers	827.8	374.3	183.0	437.5	1,822.6
Securitized liabilities	170.9	147.6	90.6	403.8	812.9
Provisions and other liabilities	79.2	39.3	120.4	233.1	472.0
Tax liabilities	—	—	7.1	—	7.1
Subordinated debt	60.0	10.0	146.0	58.3	274.3
Liabilities at 12/31/2012	**7,889.3**	**1,326.2**	**1,846.8**	**2,747.1**	**13,809.4**

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

2012 liabilities from derivatives

EUR m	3 months or less	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total
					2012
Interest rate swaps	—	7.0	84.6	69.5	161.1
Currency forwards/currency swaps	0.8	0.5	—	—	1.3
Currency options	—	0.1	—	—	0.1
Stock index options	—	—	—	—	—
Futures options	—	—	—	—	—
Stock options	—	—	—	—	—
Caps	—	—	—	—	—
Total at 12/31/2012	**0.8**	**7.6**	**84.6**	**69.5**	**162.5**

Coverage of liabilities

Liabilities as a whole are covered by on-balance-sheet assets such as cash, deposits at central banks, securities and covered bonds, shares in special funds, and receivables from customers and banks. Any liquidity requirements for existing liabilities can be covered on short notice by way of a sale of the bonds in the Available-for-Sale (AfS) category. If a sale is not possible because of the market situation, the bonds may alternatively be used to procure short-term liquidity through open-market transactions with the ECB.

See Glossary, p. 164

Thanks to its broad customer base, OLB has very diverse financing sources, and because of this highly granular exposure it has no material concentration of liquidity risk, either in assets or in financing sources.

See chart below

Liquidity cash flows at December 31, 2013

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

The liquidity cash flow signals a substantial liquidity surplus for the next seven years under all scenarios.

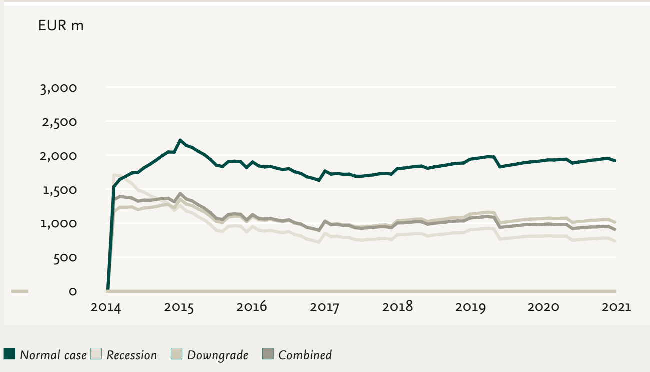
Principal features of the internal controlling system and risk management process with regard to the accounting process

Sections 289 (5) and 315 (2) No. 5 of the German Commercial Code require publicly traded entities to describe, in their group management report, the principal features of their internal controlling and risk management system with regard to the group's accounting process. The readership of the financial statements should be able to get a view of the main features of the controlling and risk management system that pertain to the individual company's or group's accounting process.

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

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

Seven-year liquidity cash flows



components: monitoring, information and communication, efficacy of control activities, risk assessment, and the corporate control environment.

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

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

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

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

The corporate Finance / Controlling, Risk Controlling, and Internal Auditing departments are overseen by different members of the Board of Managing Directors.

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

Oldenburg, March 6, 2014
Oldenburgische Landesbank AG

The Board of Managing Directors

Dr. Achim Kassow
Chairman

Dr. Thomas Bretzger

Jörg Höhling

Karin Katerbau

Hilger Koenig

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CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Comprehensive Income of the Oldenburgische Landesbank Group for the period January 1 – December 31, 2013

Income statement*

EUR m	2013	2012	Change	Change (%)	Note / Page
Interest and similar income	483.9	532.0	– 48.1	– 9.0	
Interest expense and similar charges	246.2	296.5	– 50.3	– 17.0	
Net interest income	237.7	235.5	2.2	0.9	02 / 095
Commission income	115.2	134.8	– 19.6	– 14.5	
Commission expense	34.2	44.6	– 10.4	– 23.3	
Net commission income	81.0	90.2	– 9.2	– 10.2	03 / 096
Net operating trading income / expense	3.5	– 1.8	5.3	n / a	04 / 097
Other income	17.6	40.4	– 22.8	– 56.4	05 / 097
Operating income	**339.8**	**364.3**	**– 24.5**	**– 6.7**	
Operating personnel expense	167.0	176.1	– 9.1	– 5.2	
Office expense	97.1	113.2	– 16.1	– 14.2	
Other expenses	1.9	3.2	– 1.3	– 40.6	06 / 098
Administrative expenses	**266.0**	**292.5**	**– 26.5**	**– 9.1**	
Risk provisions for credit business	81.5	42.6	38.9	91.3	07 / 099
Restructuring expense	90.3	—	90.3	n / a	08 / 099
Reimbursement of restructuring expense	– 90.3	—	– 90.3	n / a	
Realized net income / loss from financial assets	16.9	21.2	– 4.3	– 20.3	
Net nonoperating trading income / expense	– 0.1	– 1.9	1.8	– 94.7	
Net income / loss from financial assets	16.8	19.3	– 2.5	– 13.0	09 / 092
Profit before taxes	**9.1**	**48.5**	**– 39.4**	**– 81.2**	
Taxes	0.4	9.6	– 9.2	– 95.8	10 / 100
Profit after taxes	**8.7**	**38.9**	**– 30.2**	**– 77.6**	
Basic and diluted earnings per share (EUR)	**0.37**	**1.67**	**– 1.30**	**– 77.8**	10 / 093

*Adjustments to prior-year figures result from retrospective application of IAS 19 (new). See also (01), Basis of preparation, in the Notes.

Other comprehensive income*

EUR m	2013	2012	Change	Change (%)
Profit after taxes	**8.7**	**38.9**	**– 30.2**	**– 77.6**
Other income from available-for-sale financial instruments (realizable or realized in profit or loss)				
Unrealized changes in market value (gross)	– 3.8	86.3	– 90.1	n / a
Reclassification to income statement because of realization (gross)				
Because of realized gains (–) and losses (+)	– 17.4	– 22.4	5.0	– 22.3
Because of impairment	0.1	0.4	– 0.3	– 75.0
Taxes on unrealized changes in fair value	3.5	– 26.2	29.7	n / a
Reclassification to income statement because of realization	4.1	5.6	– 1.5	– 26.8
Other expense from net pension obligations (not realizable in profit or loss)				
Gross change in scope of obligations	9.2	– 39.3	48.5	n / a
Tax on changes in scope of obligations	– 2.8	12.1	– 14.9	n / a
Other income from other changes in capital (not realizable in profit or loss)	—	– 0.1	0.1	–100.0
Other comprehensive income	**– 7.1**	**16.4**	**– 23.5**	**n / a**
Total income and expenses	**1.6**	**55.3**	**– 53.7**	**– 97.1**

*Adjustments to prior-year figures result from retrospective application of IAS 19 (new). See also (01), Basis of preparation, in the Notes.

All items following the after-tax profit are included in Note 35a on cumulative measurement effect.

Consolidated Statement of Financial Position (Balance Sheet) of the Oldenburgische Landesbank Group at December 31, 2013

Assets* EUR m	**12/31/2013**	**12/31/2012**	Change	Change (%)	Note/Page
Cash and cash equivalents	312.3	84.1	228.2	> 100	*13 / 105*
Trading assets	13.7	14.1	– 0.4	– 2.8	*14 / 105*
Loans and advances to banks (net after risk provisions of EUR 0.05 million; prior year: EUR 0.1 million)	628.5	414.5	214.0	51.6	*15 / 105*
Loans and advances to customers (net after risk provisions and balance sheet impairments of EUR 224.3 million; prior year: EUR 181.9 million)	10,303.7	10,338.7	– 35.0	– 0.3	*16 / 106*
Financial assets	2,722.4	3,353.9	– 631.5	– 18.8	*19 / 108*
Property, plant and equipment	82.9	91.0	– 8.1	– 8.9	*20 / 110*
Intangible assets	10.9	9.9	1.0	10.1	*22 / 111*
Other assets	75.9	83.7	– 7.8	– 9.3	*22 / 111*
Tax refund entitlements	22.4	8.8	13.6	> 100	*23 / 112*
Deferred tax assets	35.1	27.8	7.3	26.3	*33 / 119*
Total assets	**14,207.8**	**14,426.5**	**– 218.7**	**– 1.5**	

*Adjustments to prior-year figures result from retrospective application of IAS 19 (new). See also (01), Basis of preparation, in the Notes.

Liabilities* EUR m	**12/31/2013**	**12/31/2012**	Change	Change (%)	Note/Page
Trading liabilities	6.8	10.0	–3.2	–32.0	26/113
Due to banks	4,498.5	4,021.6	476.9	11.9	
Due to customers	7,806.3	8,221.5	–415.2	–5.1	26/113
Securitized liabilities	579.6	812.9	–233.3	–28.7	28/114
Provisions and other liabilities	450.9	472.0	–21.1	–4.5	29/114
Tax liabilities	9.2	7.1	2.1	29.6	32/119
Subordinated debt	253.6	274.3	–20.7	–7.5	34/121
Equity	**602.9**	**607.1**	**–4.2**	**–0.7**	35/121
Issued capital	60.5	60.5	—	—	
Additional paid-in capital	202.9	202.9	—	—	
Retained earnings	347.1	344.2	2.9	0.8	
Other comprehensive income	–7.6	–0.5	–7.1	>100	
Total equity and liabilities	**14,207.8**	**14,426.5**	**–218.7**	**–1.5**	

*Adjustments to prior-year figures result from retrospective application of IAS 19 (new). See also (01), Basis of preparation, in the Notes.

Statement of Changes in Consolidated Equity of the Oldenburgische Landesbank Group for the period January 1 – December 31, 2013

EUR m	Issued capital	Additional paid-in capital	Retained earnings	Other comprehensive income	Total equity
December 31, 2011*	**60.5**	**202.9**	**305.4**	**– 17.0**	**551.8**
Profit for period	—	—	38.6	—	38.6
Other comprehensive income from available-for-sale financial instruments	—	—	—	43.7	43.7
Other comprehensive income from net pension obligations	—	—	0.3	– 27.2	– 26.9
Other changes in capital	—	—	– 0.1	—	– 0.1
Total net income	**—**	**—**	**38.8**	**16.5**	**55.3**
Dividend distribution from profit carried forward	—	—	—	—	—
December 31, 2012*	**60.5**	**202.9**	**344.2**	**– 0.5**	**607.1**
Profit for period	—	—	8.7	—	8.7
Other net income from available-for-sale financial instruments	—	—	—	– 13.4	– 13.4
Other net income / loss from net pension obligations	—	—	—	6.3	6.3
Other changes in capital	—	—	—	—	—
Total net income / expense	**—**	**—**	**8.7**	**– 7.1**	**1.6**
Dividend distribution from profit carried forward	—	—	– 5.8	—	– 5.8
December 31, 2013	**60.5**	**202.9**	**347.1**	**– 7.6**	**602.9**

*Adjustments to prior-year figures result from retrospective application of IAS 19 (new). See also (01), Basis of preparation, in the Notes.

A dividend of EUR 0.25 per share was distributed during the year (prior year: no distribution).

Further information on constituents of equity is provided under Note (35) below.

Consolidated Cash Flow Statement of the Oldenburgische Landesbank Group for the period January 1 – December 31, 2013

EUR m	2013	2012	Note / Page
Operating activities			
Profit for the year	8.7	38.9	
Write-downs of investments	0.1	0.4	
Write-ups of investments	—	—	
Write-downs and write-ups of property, plant and equipment and intangible assets	14.2	20.8	20, 21 / 110, 111
Change in provisions and risk provisions for credit business	182.9	81.6	18, 29 / 107, 114
Changes in other noncash items	– 53.9	– 185.7	
Proceeds from sale of property, plant and equipment and of financial assets	– 17.7	– 22.6	
Other adjustments	– 218.6	– 204.4	
Subtotal	– 84.3	– 271.0	
Change in loans and advances to banks	– 213.9	509.6	15 / 105
Change in loans and advances to customers	– 4.5	– 494.0	17 / 099
Change in trading assets	– 2.8	– 1.3	14, 25 / 105, 113
Change in other assets	– 10.2	1.5	
Change in amounts due to banks	476.9	624.6	26 / 113
Change in amounts due to customers	– 415.2	677.0	27 / 113
Change in securitized liabilities	– 233.3	– 348.8	28 / 114
Change in other liabilities	– 37.7	39.7	29 / 114
Interest received	488.4	533.9	
Dividends received	0.8	0.8	
Interest paid	– 253.5	– 302.3	
Income tax paid	– 17.1	– 28.0	
Cash flow from operating activities	**– 306.4**	**941.7**	
Investing activities			
Proceeds from disposal of financial assets	895.7	975.1	
Proceeds from disposal of property, plant and equipment	0.7	0.4	
Payments for the acquisition of financial assets	– 287.5	– 1,963.3	
Payments for the acquisition of property, plant and equipment and intangible assets	– 9.7	– 14.3	20, 21 / 110,111
Cash flow from investing activities	**599.2**	**– 1,002.1**	
Financing activities			
Proceeds from changes in capital	– 39.2	—	
Dividends paid	– 5.8	—	
Change in subordinated debt	– 20.6	0.1	34 / 121
Net issue of profit participation rights	—	—	
Interest expense for profit participation rights	—	—	
Changes in cash from other financing activities	1.0	0.1	
Cash flow from financing activities	**– 64.6**	**0.2**	
Cash and cash equivalents			
Cash and cash equivalents as of 1 / 1	84.1	144.3	13 / 105
Cash and cash equivalents as of 12 / 31	312.3	84.1	13 / 105
Change in cash and cash equivalents	**228.2**	**– 60.2**	

*Adjustments to prior-year figures result from retrospective application of IAS 19 (new). See also (01), Basis of preparation, in the Notes.

Notes to the Consolidated Financial Statements

Summary of Significant Accounting Policies

01 Basis of preparation

Under Sec. 340i (1) in conjunction with Sec. 290 (1) of the German Commercial Code (HGB), Oldenburgische Landesbank AG (OLB) is required to prepare consolidated financial statements for the OLB subgroup, because the conditions for exemption under Sec. 291 (1) of the Commercial Code do not apply as a consequence of the exclusion clause under Sec. 291 (3) No. 1 of the code.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), all as adopted by the EU, as the consolidated accounts required under Art. 4 of the IAS Regulation. In addition, Sec. 340i (2) of the German Commercial Code, in conjunction with Sec. 315a (1) of that code, governs the application of the above code requirements, such as those for the Group management report, that are also to be applied to the IFRS consolidated financial statements, together with further explicit additional disclosures.

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

Application of the following standards, amendments or additions to existing standards was mandatory for the first time for fiscal 2013, insofar as they were relevant to the OLB Group:

- IFRS 13 – Fair Value Measurement (first-time application for fiscal years beginning on or after January 1, 2013)
- Amendment to IAS 1 – Presentation of Financial Statements (first-time application mandatory for fiscal years beginning on or after July 1, 2012, early application in 2012 annual financial statements)
- Amendments to IAS 19 (new, revised 2011) – Employee Benefits (first-time application for fiscal years beginning on or after January 1, 2013)
- Amendments under Annual Improvements to IFRSs 2009–2011
  - IAS 1 – Presentation of Financial Statements
  - IAS 16 – Property, Plant and Equipment
  - IAS 32 – Financial Instruments
  - IAS 34 – Interim Reporting
  - IFRS 1 – First-Time Adoption of IFRSs
    (first-time application for fiscal years beginning on or after January 1, 2013)

Other than IAS 19 (new, revised 2011), the changes had no material effect on the presentation of the OLB Group's net assets, financial position or results of operations. Adjustments did result from the retrospective application of the amended IAS 19. The effects of these adjustments are explained in detail at the end of Note (01), "Basis of preparation."

Additionally, IFRS 10 – Consolidated Financial Statements, was adopted and is to be applied for the first time in the coming fiscal year.

This standard extensively redefines the concept of control. If one entity controls another entity, the parent company must consolidate the subsidiary. According to the new concept, control exists if and only if the potential parent company has the power of decision over the potential subsidiary on the basis of voting rights or other rights, it is exposed or has rights to variable returns from its involvement with the subsidiary, and it has the power to affect the amount of these returns. The new standard must be applied by users of IFRSs in the EU for the first time for fiscal years beginning on or after January 1, 2014. Apart from certain exceptions, IFRS 10 is applicable retrospectively.

The OLB Group prepared for the first-time application of IFRS 10 as part of a project with external support. However, the meaning of classic credit collateral rights in relationships between banks and their clients under the redefined concept of control under IFRS 10 is currently the subject of ongoing vigorous international debate among specialists. For example, issues in this area are being addressed in Germany by a task force of the Institute of Public Auditors (Institut der Wirtschaftsprüfer – IDW). At the time when the present consolidated financial statements were prepared, no unanimous opinion had as yet become established on significant points.

Irrespective of the above, the OLB Group assumes that the number of units to be included in its consolidated financial statements will not increase at the time of the first application of IFRS 10. It does not expect to have units for which full consolidation is to be terminated under the first-time application of IFRS 10. The OLB Group is carefully watching the development of the experts' debate about the possible control of credit customers on the grounds of loan collateral. At present, it is not possible to state conclusively whether any effects will result from that debate, or if so, what they will be, beyond the expectations set forth in this section.

In addition, a number of other standards and interpretations were issued, amended or supplemented that must be applied for the first time in the coming fiscal year, and that the Bank expects to have no material influence on its consolidated financial statements:

- IFRS 11 – Joint Arrangements, including 2012 amendments
  (first-time application for fiscal years beginning on or after January 1, 2014)
- IFRS 12 – Disclosure of Interests in Other Entities, including 2012 amendment
  (first-time application for fiscal years beginning on or after January 1, 2014)
- Amendments to IAS 27 – Separate Financial Statements
  (first-time application for fiscal years beginning on or after January 1, 2014)
- Amendments to IAS 28 – Investments in Associates and Joint Ventures
  (first-time application for fiscal years beginning on or after January 1, 2014)
- Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities
  (first-time application for fiscal years beginning on or after January 1, 2014)
- Amendments to IAS 36 – Impairment of Assets
  (first-time application for fiscal years beginning on or after January 1, 2014)
- Amendments to IAS 39 – Financial Instruments: Recognition and Measurement
  (first-time application for fiscal years beginning on or after January 1, 2014)
- Amendments to IFRS 13 – Fair Value Measurement
  (first-time application for fiscal years beginning on or after January 1, 2014)
- Amendments under Annual Improvements to IFRSs 2010–2012
  - IFRS 2 – Share-Based Payment
  - IFRS 3 – Business Combinations
  - IFRS 8 – Business Segments
  - IFRS 13 – Fair Value Measurement
  - IAS 16 – Property, Plant and Equipment
  - IAS 24 – Related Party Disclosures
  - IAS 38 – Intangible Assets
    (first-time application for fiscal years beginning on or after July 1, 2014)
- Amendments under Annual Improvements to IFRSs 2011–2013
  - IFRS 1 – First-time Adoption of IFRSs
  - IFRS 3 – Business Combinations
  - IFRS 13 – Fair Value Measurement
  - IAS 40 – Investment Property
    (first-time application for fiscal years beginning on or after January 1, 2014)
- IFRIC 21 – Interpretation on Recognition of Levies
  (first-time application for fiscal years beginning on or after January 1, 2014)

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

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

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

Consolidated entities

The Bank consolidates all subsidiaries in which it holds the prevailing majority of voting rights and all shares of capital, using the purchase method. The following were consolidated:
- W. Fortmann & Söhne KG, Oldenburg
- Münsterländische Bank Thie & Co. KG, Münster

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

They are managed by Allianz Global Investors (AGI).

Financial instruments

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

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

Categories of financial instruments

According to IAS 39, all financial instruments must be recognized in the balance sheet, must be classified in specified categories, and must be measured as a function of that classification.
- Financial assets or liabilities held for trading serve primarily to generate profits from short-term price fluctuations or dealer's margins. According to IAS 39.9, a derivative must generally be categorized as a financial asset or liability held for trading unless it constitutes a financial guarantee or is included in an effective hedging relationship.
- Financial investments held to maturity are assets with fixed payments and fixed terms, which the Bank can and will hold to maturity. The intent and ability to hold them must be documented at the time of acquisition and at the end of each reporting period. The Bank had not classified any assets in this category as of the reporting date.
- Loans and receivables extended by the Company are financial assets with fixed or determinable payments that are not quoted in an active market. This category primarily comprises loans and advances to banks and to customers.
- Available-for-sale financial assets are what remains – i. e., all financial assets that cannot be assigned to one of the foregoing categories; in other words, the Bank does not actively designate assets to this category. It recognizes such amounts as financial assets.
- The Bank does not exercise the option to designate financial assets or liabilities at fair value through profit or loss.

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

All financial instruments are initially measured at cost (including transaction costs), which is equivalent to the fair value or market value of the consideration paid (for the acquisition of financial assets) or the consideration received (for the acquisition of financial liabilities). Thereafter, financial assets are normally measured at fair value. Exceptions include loans and receivables not held for trading, and certain financial assets whose fair value cannot be determined reliably. These exceptions are measured at amortized cost. If they are equity instruments for which no price is quoted on active market and no fair value can be determined reliably, these financial assets are measured at cost. Except for trading liabilities measured at fair value, financial liabilities are likewise recognized at amortized cost. OLB does not apply the fair-value option.

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

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

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

Foreign currency translation

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

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

Offsetting

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

Net interest income

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

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

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

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

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

Net commission income

This item includes commissions from the securities business, asset management, payment traffic, foreign transactions, and commissions for services for trust business, as well as from brokerage of banking transactions, insurance policies, credit cards, home savings and loan contracts, and real estate. OLB provides the regulatory liability umbrella for the sale of AGI products by independent Allianz agents. The associated compensation for ensuring compliance with securities law is recognized as commission income. The agents' commissions for these products covered by the liability umbrella is owed by OLB in a legal third-party relationship. Other commission expenses are incurred for these payments. OLB receives an identical amount of other commission income from Allianz as compensation. Commissions are credited to income at the date when the service is provided.

Net operating trading income / expense

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

Fair-value hedge accounting

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

Only fair-value hedges are formed, to hedge against changes in the market value of recognized assets due to interest rate risk. The hedged risk is defined as the risk of a change in fair value of the hedged items due to a change in the underlying reference interest rate.

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

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

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

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

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

Negative market values of hedging derivatives under hedge accounting are recognized as other liabilities in the "Provisions and other liabilities" item.

Negative market values of derivatives that are not designated as hedging relationships under hedge accounting are recognized as part of trading liabilities.

Net nonoperating trading income / expense

The result from the measurement of derivatives in the Ammerland and Weser-Ems special funds, both of which are categorized as noncurrent financial assets, is recognized under the net nonoperating trading income or expense. The derivatives are used to manage the funds' investment positions, and are subject to measurement in full at fair value. Net nonoperating trading income is combined with the realized income from financial assets in the net income or loss from financial assets.

Restructuring expense

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

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

Restructuring expenses refer to discontinued activities or business units that are so clearly set apart that they cannot be connected with future continuing business.

Taxes

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

Other taxes are recognized under the administrative expenses.

Information about segment reporting

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

In 2013, the OLB Group distinguished two segments, OLB Regional Bank and Allianz Bank. The OLB Regional Bank segment reflects the Oldenburgische Landesbank Group's regional full-service banking business, with its branches in its familiar business territory. The Allianz Bank segment reflects the Allianz Bank business, including consulting and sales for banking products (sale of investment funds and securities, lending and deposit business) through Allianz agencies nationwide. Operations at the Allianz Bank affiliate were discontinued as of June 30, 2013. At the end of April 2013, the Corporate Employee Council and the Board of Managing Directors of OLB reached agreements for a formal reconciliation of interests and a plan to avert hardships for departing employees. The Bank was able to arrive at mutually acceptable solutions with more than 400 affected employees nationwide. Substantial restructuring expenses were incurred for this purpose in 2013; they were reimbursed in full by Allianz Deutschland AG. For greater transparency, the past separation into these segments has been maintained for 2013 as a whole.

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

Administrative expenses include both direct costs and those costs that are allocated by netting between segments on the basis of an intra-Group exchange of services.

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

Risk capital is allocated by backing the segment’s average risk assets with a factor of 7.25 percent.

Following the discontinuation of Allianz Bank’s business activities, OLB has concentrated on its traditional business, which was combined under the Regional Bank segment. OLB’s intent to provide comprehensive, individualized advice for local retail and business customers, private banking and independent professional customers, as well as corporate customers, requires an orientation to target groups in its front-office units. For that reason, future monitoring and reporting will be based on three strategic lines of business: Retail and Business Customers, Private Banking & Independent Professionals, and Corporate Customers. Plans for 2014 call for segment reporting to follow the new segment structure.

Cash and cash equivalents

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

Trading assets and liabilities

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

Trading assets and liabilities are recognized at fair value plus transaction costs at the trade date, and thereafter are likewise measured at fair value. This means that transaction costs are recognized immediately in profit or loss.

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

Fair-value option

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

Financial assets

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

The *investments in associates* pertain to two companies in which the OLB Group holds a majority interest, but which it does not include in the consolidated financial statements because of their minor importance to the Bank's net assets, financial position and results of operations.

Equity interests are entities over which the Bank cannot exercise a significant influence and which serve to establish a lasting relationship with the entities concerned.

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

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

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

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

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

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

Repurchase agreements

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

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

Reverse repo agreements

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

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

Loans and advances to banks and to customers

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

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

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

Irrespective of how they are managed internally, the breakdown of loans and advances to customers in the Notes to the financial statements is based on distinguishing features as to legal form and economic sector. Public-sector entities are categorized on the basis of their economic sector. Corporate customers primarily comprise corporations and partnerships, as well as sole proprietorships entered in the Commercial Register. Private individuals, associations and unregistered partnerships are recognized as retail customers.

Impairment and provisions in the lending business (risk provisions)

To determine objectively if there is a need for impairment, the Bank analyzes certain triggering criteria:

- significant financial difficulties of the issuer or debtor,
- breach of contract,
- concessions to the borrower for economic or legal reasons in connection with its financial difficulties (so-called “forbearance measures”),
- the probability of the borrower’s insolvency or need for reorganization, or
- indications from observable data that there has been a measurable reduction in expected future cash flows from a group of financial assets since their initial recognition, even though the reduction cannot be attributed to any particular asset in the group.

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

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

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

Nonhomogeneous portfolio

Specific Loan Loss Provisions (SLLPs) are recognized in the nonhomogeneous portfolio to take account of any individually significant defaults that are discovered. The amount, allowing for the discounted value of collateral, is determined from the difference between the carrying amount of the receivable and the present value of expected payments to be received on that receivable.

In addition, General Loan Loss Provisions (GLLPs) are recognized for impairments of receivables for which no individual provisions have been formed, since it must be expected that some defaults may have already occurred that could not yet be identified as of the end of the reporting period. In assessing impairment, the Bank combines financial assets that have similar risk characteristics. The amount of the risk provision for the nonhomogeneous portfolio is based on the historical default probabilities and the derived losses given default, allowing for the discounted value of collateral.

Homogeneous portfolio

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

Annual estimation of parameters

The parameters for determining the GLLP, PLLP and guarantee provisions are updated annually. In computing the GLLP and PLLP, an additional risk markup under IAS 39 AG 89 is included, if necessary, to take account of higher insolvency probabilities due to economic conditions. In the valuation of the marine shipping portfolio, assumptions about the recovery of charter rates were revised during the year. Formerly, the model for the expected recovery of charter rates assumed an increase to long-term historical charter rate levels (ten-year average) within four calendar years. For the 2013 financial statements, a period of five calendar years was assumed for the recovery of charter rates to the ten-year average. The change in this accounting estimate resulted in an additional risk provision of EUR 8.0 million.

Country risks

The country risk provision reflects the risk related to transfers and convertibility of receivables in regard to borrowers domiciled outside Germany. Allowing for valid collateral and any customer risk provisions already in existence, the amount of the provision is computed as an expected loss given default (country risk provisioning ratio) on the customer's usage of facilities. No country risk provisions were necessary as of the balance sheet date.

Impairments on the balance sheet

Written-down loans are considered uncollectible for accounting purposes no later than the expiration of defined terms. The length of the terms depends in particular on the collateral and the Bank's experience. This does not affect the validity or prosecution of the Bank's legal claims. A balance sheet impairment takes place when a default on the unsecured receivable is probable, or in the case of the nonhomogeneous portfolio,

- no later than one year after the first establishment of a risk provision or
- no later than half a year after termination,

and in the homogeneous portfolio, in the event of a significant overdraft or escalation,

- after two years, if the exposure is primarily secured by real property, or
- after half a year, if the exposure is not primarily secured by real property.

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

Derecognition of receivables

As soon as a receivable becomes uncollectible, it is derecognized by taking a charge against any associated specific loan loss provision that has been established, by recognizing an impairment on the balance sheet, or else by taking a charge directly against the income statement. Receivables are derecognized, if

- no receipts can be expected from a current insolvency proceeding and an opinion from the insolvency administrator to this effect is in hand,
- there is an affidavit in lieu of oath from the borrower,
- a bailiff has performed enforcement without results, and nothing more can be collected,
- the debtor is listed in a debtors' register of the German state concerned or
- consumer insolvency proceedings have been initiated.

Receipts on written-off receivables

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

Restructuring of receivables

In certain significant exceptional cases, for certain receivables that would otherwise be delinquent or impaired because the borrower's economic circumstances have deteriorated, the Bank agrees to renegotiate the contract terms. In connection with "flex" and support loans for ship financing, the Bank makes use of instruments for temporary interest or principal deferrals, if applicable as part of an extension of the term of the loan. The use of these instruments presupposes that the loan still essentially has a prospect for successful collection of interest payments and the repayment of principal. In any case, the materiality of the change in the loan agreement undergoes a review. If the present value of the "flex" or support loan deteriorates by 10.0 percent or more from the present value of the original loan agreement(s), a material change in the original loan agreement must be assumed. Furthermore, qualitative criteria are also applied in assessing a material change in the original loan agreement. There has been no material change in the original loan agreement for the "flex" and support loans agreed upon to date.

Property, plant and equipment

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

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

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

Finance leases

OLB had previously entered into a contract to lease automated teller machines and service terminals that was to be categorized as a finance lease. It was recognized in property, plant and equipment. This lease was rescinded as part of the discontinuation of Allianz Bank's business operations. There are no other finance leases.

Intangible assets

Under this item, OLB reports acquired software, which is amortized on a straight-line basis under other administrative expenses over its expected useful life.

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

Interest-bearing and non-interest-bearing liabilities

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

Provisions

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

Provisions for credit risks in off-balance-sheet credit commitments are charged to the risk provisions for the credit business. The other allocations to provisions are normally charged as administrative expenses and, if applicable, to the interest and commissions expense. Write-backs are recognized in the same items to which the provisions were originally applied.

Retirement plan obligations

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

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

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

The pension obligation is measured at the present value of the pension entitlements earned as of the measurement date. Here, account is taken of an interest rate consistent with current market conditions (for first-class fixed-yield industrial bonds with matching maturities), and of assumed increases in wages and salaries, pension trends, and expected income from the plan assets. Actuarial gains and losses – which result from experience-based adjustments, changes in actuarial assumptions and changes in the plans themselves – are recognized in other comprehensive income. The pension expense is recognized under administrative expenses, as expenses for retirement plans.

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

Trust business

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

Information about the cash flow statement

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

Estimation uncertainties and critical accounting judgments

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

Retrospective application of IAS 19 (new)

The changes and additions under IAS 19 (new, revised 2011) were applied for the first time in the year under review.

Under IAS 19 (old and new), all relevant figures in the balance sheet and income statement are calculated during the year on the basis of assumed parameters defined at the beginning of the year. These particularly include discount interest rates, but also expected increases in salaries and pensions, as well as expected returns on plan assets. At year's end, the scope of liabilities is calculated on the basis of the actual parameters and the actual quantity structure. The difference between the assumed parameters and the actual quantity structure is recognized as an actuarial gain or loss.

IAS 19 (old) allowed the option of either
(a) Recognizing the provision for pension obligations in full in the balance sheet, allowing for deferred taxes, and recognizing the actuarial gains or losses in equity, or
(b) Not recognizing actuarial gains or losses in the balance sheet when they first occur, and amortizing them in profit or loss over an average term.

The OLB Group has consistently applied option (b).

However, the new version of IAS 19 permits only variant (a). On that basis, actuarial gains and losses were recognized retrospectively in equity, and the net expense for amortization (recalculated consistently for the entire Group since 2011) was credited to retained earnings.

In 2013, allowing for the corresponding tax impact, these changes resulted in the first recognition of actuarial losses in other comprehensive income, and in amortization effects which were recognized in personnel expenses.

The retrospective application under IAS 8.19 ff. was captured as a change in measurement and a change in the prior-year figures. These comparison figures are identified as "Restated" in the financial statements. The following tables show the figures released previously, the restatements, and the impact on each reporting item as though IAS 19 (new) had always been applied:

Balance sheet

Assets	Published		Restatement		Restated	
EUR m	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012
Deferred tax assets	19.0	7.9	7.8	19.9	26.8	27.8
Total assets	**13,363.4**	**14,406.6**	**7.8**	**19.9**	**13,371.2**	**14,426.5**

Equity and liabilities	Published		Restatement		Restated	
EUR m	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012
Provisions and other liabilities	389.7	407.9	25.2	64.1	414.9	472.0
Equity	**569.2**	**651.3**	**–17.4**	**–44.2**	**551.8**	**607.1**
Issued capital	60.5	60.5	—	—	60.5	60.5
Additional paid-in capital	202.9	202.9	—	—	202.9	202.9
Retained earnings	304.7	343.2	0.7	1.0	305.4	344.2
Other comprehensive income	1.1	44.7	–18.1	–45.2	–17.0	–0.5
Total equity and liabilities	**13,363.4**	**14,406.6**	**7.8**	**19.9**	**13,371.2**	**14,426.5**

Income statement

EUR m	Published		Restatement		Restated	
	1/1/2011 –12/31/2011	1/1/2012 –12/31/2012	1/1/2011 –12/31/2011	1/1/2012 –12/31/2012	1/1/2011 –12/31/2011	1/1/2012 –12/31/2012
Operating personnel expense	182.9	176.5	– 1.0	– 0.4	181.9	176.1
Operating expenses	**304.2**	**292.9**	**– 1.0**	**– 0.4**	**303.2**	**292.5**
Profit before taxes	13.5	48.1	1.0	0.4	14.5	48.5
Taxes	– 3.4	9.5	0.3	0.1	– 3.1	9.6
Profit after taxes	**16.9**	**38.6**	**0.7**	**0.3**	**17.6**	**38.9**
Basic and diluted earnings per share (EUR)	**0.73**	**1.66**	**0.03**	**0.01**	**0.76**	**1.67**

Information about the nature and extent of risk

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

Notes to the Income Statement and Segment Reporting

02 Net interest income

EUR m	2013	2012
Interest income from		
Lending and money market transactions	425.3	458.0
Written-down financial assets[1]	3.6	1.2
Written-off financial assets[1]	0.3	0.5
Fixed-income securities and book-entry securities	39.7	52.6
Interest rate swaps	13.6	18.3
Current income from		
Stocks and other non-fixed-income securities, equity interests of 50 % or less, and investments in associates	0.8	0.8
Other	0.6	0.6
Total interest income	**483.9**	**532.0**
Interest expenses for		
Deposits	175.7	208.5
Securitized liabilities	7.8	22.1
Subordinated debt	12.4	13.8
Interest rate swaps	47.0	47.2
Other	3.3	4.9
Total interest expenses	**246.2**	**296.5**
Net interest income	**237.7**	**235.5**

1 Accrued per IAS 39 (unwinding)

The total interest income from financial assets not measured at fair value through profit or loss was EUR 470.3 million (prior year: EUR 513.7 million). The total interest expense for financial liabilities not measured at fair value through profit or loss was EUR 199.2 million (prior year: EUR 249.3 million).

03 Net commission income

EUR m	2013	2012
Securities business	**35.4**	**52.6**
Income	38.7	55.5
Expenses	3.3	2.9
Asset management	**11.0**	**10.0**
Income	12.0	10.4
Expenses	1.0	0.4
Payment traffic	**26.4**	**26.3**
Income	28.5	28.6
Expenses	2.1	2.3
Foreign business	**2.2**	**2.4**
Income	2.2	2.4
Expenses	—	—
Insurance, home loan and savings, real estate business	**14.0**	**15.9**
Income	18.5	20.5
Expenses	4.5	4.6
Credit card business	**1.5**	**3.2**
Income	4.5	7.4
Expenses	3.0	4.2
Trustee and other fiduciary activities	**—**	**—**
Income	—	—
Expenses	—	—
Other	**–9.5**	**–20.2**
Income	10.8	10.0
Expenses	20.3	30.2
Net commission income	**81.0**	**90.2**
Income	115.2	134.8
Expenses	34.2	44.6

The "Other" commission expense pertains primarily to EUR 14.5 million in compensation paid to the Allianz sales organization in Germany for their generation of business (prior year: EUR 27.5 million).

Since July 1, 2013, OLB has provided the regulatory liability umbrella for the sale of AGI products by independent Allianz agents. For ensuring compliance with securities law and the associated expense, OLB received other commission income of EUR 0.5 million (prior year: EUR 0.0 million). The agents' commission for these products covered by the liability umbrella is owed by OLB in a legal third-party relationship. For this it incurred other commission expenses of EUR 3.2 million (prior year: EUR 0.0 million). OLB received an identical amount of other commission income from Allianz as compensation.

The total commission income from financial assets not measured at fair value through profit or loss was EUR 3.7 million (prior year: EUR 5.2 million). These were primarily loan and guarantee-line commissions.

04 Net operating trading income / expense

Normally, market trading prices are used in determining the fair value of trading assets and trading liabilities. For products not quoted on a market, fair values are determined using present valuing or suitable option pricing models. The net trading income also includes both realized net income and the net result from the measurement of financial instruments that OLB recognizes in the "Held for trading" measurement category.

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

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

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

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

04 a Net operating trading income by product

EUR m	2013	2012
Trading in interest rate products	0.1	– 3.8
Trading in stock products	—	0.4
Foreign-currency and precious-metals business	2.1	2.5
Effect of hedged transactions and derivatives for management of the interest rate book	0.9	– 1.4
Other	0.4	0.5
Net operating trading expense	**3.5**	**– 1.8**

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

EUR m	2013	2012
Realized income (net)	0.3	– 2.8
Measurement income (net)[1]	1.0	– 1.0
Write-ups	4.0	3.0
Write-downs	3.0	4.0
Net interest and dividend income from trading	0.7	0.4
Trading-related commissions	1.5	1.6
Net operating trading expense	**3.5**	**– 1.8**

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

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

05 Other income

EUR m	2013	2012
Other income	17.6	40.4

The other income for the year primarily comprised cost reimbursements in the amount of EUR 17.3 million (prior year: EUR 39.9 million) from Allianz Deutschland AG to cover the operating loss at Allianz Bank.

06 Administrative expenses

EUR m	2013	2012
Wages and salaries	111.5	117.8
Social security	22.1	23.4
Bonuses	17.5	18.8
Pensions and other post-retirement benefits	15.9	16.1
Total operating personnel expenses	**167.0**	**176.1**
IT expenses	18.6	27.7
Expenses for sales support and services within the Allianz Group	8.1	14.7
Occupancy expenses	15.0	16.0
Advertising and representation expense	5.3	5.1
Business and office equipment expense	3.5	2.8
Other administrative expenses	32.7	29.9
Office expense before current depreciation and amortization	**83.2**	**96.2**
Current depreciation and amortization	**13.9**	**17.0**
Other expenses	**1.9**	**3.2**
Administrative expense	**266.0**	**292.5**

The “Other administrative expenses” are primarily costs for deposit insurance and the bank levy, together with the costs for the technical management of customer accounts and customer payment traffic (EC cards, mailing of account statements, and processing of vouchers for bank transfer orders). This item also includes expenses for outside services and consultants, as well as training and travel expenses and costs for the use of market information systems.

The “Other expenses” are primarily payments made to the Bank’s customers either as gestures of goodwill or as indemnification.

On average for the year, OLB had 2,619 employees (prior year: 2,814), not including apprentices and trainees.

07 Risk provisions for credit business

EUR m	2013	2012
Net result of impairment provisions	96.3	60.2
Additions to impairment provisions	108.4	83.4
Write-backs of impairment provisions	12.1	23.2
Net results from provisions	2.9	1.2
Additions to provisions	4.6	2.1
Write-backs of provisions	1.7	0.9
Direct write-downs	0.1	0.1
Receipts on written-off receivables	17.8	18.9
Risk provisions for credit business	**81.5**	**42.6**

08 Restructuring expense

The restructuring expenses refer to measures associated with discontinuing the business activities of Allianz Bank as of June 30, 2013. These include future payments under phased and early retirement arrangements, severance payments and compensation payments to Allianz agents.

EUR m	2013	2012
Restructuring expense	90.3	—

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

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

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

EUR m	2013	2012
Realized income (net)	17.0	21.2
Measurement loss (net)	– 0.1	—
Write-ups	—	—
Write-downs	0.1	—
Realized net income / loss from financial assets	**16.9**	**21.2**
Realized income (net)	– 0.1	– 2.3
Measurement loss (net)	—	0.4
Write-ups	—	0.4
Write-downs	—	—
Net nonoperating trading income / expense	**– 0.1**	**– 1.9**
Net income / loss from financial assets	**16.8**	**19.3**

The net realized income of EUR 17.0 million from financial assets (prior year: EUR 21.2 million) comes from realizations of securities in the “Available for sale” category (AfS). The measurement loss is EUR – 0.1 million (prior year: EUR 0.0 million).

The realized expense of EUR – 0.1 million (prior year: EUR – 2.3 million) from nonoperating trading resulted from the sale or maturity of derivatives in the special funds. The measurement income is EUR 0.0 million (prior year: EUR 0.4 million).

The net income / loss from financial assets includes realization income of EUR 2.2 million on an investment in an unlisted stock recognized at cost for EUR 1.0 million.

EUR m	2013	2012
Net income / loss on available-for-sale securities	16.9	21.2
Net income / loss on disposals and measurements at associates	—	—
Net income / loss from other financial assets	—	—
Net nonoperating trading income / expense	– 0.1	– 1.9
Net income / loss from financial assets	**16.8**	**19.3**

10 Taxes

EUR m	2013	2012
Current taxes (current year)	3.5	19.8
Current taxes (previous years)	– 0.5	– 0.7
Deferred taxes (current year)	– 2.5	– 6.8
Deferred taxes (previous years)	– 0.1	– 2.7
Taxes	**0.4**	**9.6**

11 Basic and diluted earnings per share

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

	2013	2012
Profit (EUR m)	8.7	38.9
Average number of shares outstanding (million)	23.3	23.3
Basic and diluted earnings per share (EUR)	**0.37**	**1.67**

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

12 Segment reporting

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

EUR m	OLB Regional Bank segment	Allianz Bank segment	Consolidation	OLB Group total
				2013
Operating income	299.6	40.2	—	339.8
Operating expenses	217.7	48.3	—	266.0
Risk provisions for credit business	78.7	2.8	—	81.5
Restructuring expense	—	90.3	—	90.3
Reimbursement of restructuring expense	—	– 90.3	—	– 90.3
Net income from financial assets	6.5	10.3	—	16.8
Profit / loss before taxes (segment profit / loss)	**9.7**	**– 0.6**	**—**	**9.1**
Segment assets (EUR bn)	13.2	1.3	– 0.3	14.2
Segment liabilities (EUR bn)	12.6	1.3	– 0.3	13.6
Cost-income ratio (%)	72.7	120.1	—	78.3
Adjusted risk capital (average)	438.9	19.1	—	458.0
Risk assets (average)	6,054.4	263.9	—	6,318.3

EUR m	OLB Regional Bank segment	Allianz Bank segment	Consolidation	OLB Group total
				2012
Operating income	289.3	75.0	—	364.3
Operating expenses	215.2	77.3	—	292.5
Risk provisions for credit business	39.6	3.0	—	42.6
Restructuring expense	—	—	—	—
Reimbursement of restructuring expense	—	—	—	—
Net income from financial assets	17.6	1.7	—	19.3
Profit / loss before taxes (segment profit / loss)	**52.1**	**– 3.6**	**—**	**48.5**
Segment assets (EUR bn)	12.6	1.9	– 0.1	14.4
Segment liabilities (EUR bn)	12.0	1.9	– 0.1	13.8
Cost-income ratio (%)	74.4	103.1	—	80.3
Adjusted risk capital (average)	456.4	27.3	—	483.7
Risk assets (average)	6,295.5	376.5	—	6,672.0

The performance of the segments is shown below:

Segment: OLB Regional Bank

EUR m	2013	2012	Change	Change (%)
Net interest income	226.3	221.3	5.0	2.3
Net commission income	69.5	69.7	– 0.2	– 0.3
Net operating trading income / expense	3.5	– 1.9	5.4	n / a
Other income	0.3	0.2	0.1	50.0
Operating income	**299.6**	**289.3**	**10.3**	**3.6**
Operating personnel expense	148.8	145.2	3.6	2.5
Direct office expense	78.4	79.5	– 1.1	– 1.4
Intersegment cost offsetting	– 9.8	– 11.5	1.7	– 14.8
Other expenses	0.3	2.0	– 1.7	– 85.0
Operating expenses	**217.7**	**215.2**	**2.5**	**1.2**
Risk provisions for credit business	78.7	39.6	39.1	98.7
Operating profit	**3.2**	**34.5**	**– 31.3**	**– 90.7**
Realized net income / loss from financial assets	6.6	19.5	– 12.9	– 66.2
Net nonoperating trading income / expense	– 0.1	– 1.9	1.8	– 94.7
Net income / loss from financial assets	6.5	17.6	– 11.1	– 63.1
Profit before taxes	**9.7**	**52.1**	**– 42.4**	**– 81.4**
Segment assets (EUR bn)	13.2	12.6	0.6	4.8
Segment liabilities (EUR bn)	12.6	12.0	0.6	5.0
Cost-income ratio (%)	72.7	74.4	– 1.7	– 2.3
Risk capital (average)	438.9	456.4	– 17.5	– 3.8
Risk assets (average)	6,054.4	6,295.5	– 241.1	– 3.8

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

EUR m	2013	2012
Allocations to asset-side risk provisions	102.8	79.7
Reversals of asset-side risk provisions	15.3	24.4
Allocations to provisions	35.3	35.9
Reversals of provisions	6.1	6.0
Net write-ups and write-downs on trading instruments	1.0	– 1.0
Net write-ups and write-downs on financial assets	– 0.1	—
Interest income from accrued interest	35.2	40.3
Interest expense from accrued interest	33.6	37.8

Scheduled depreciation and amortization of EUR 13.5 million on property, plant and equipment and on intangible assets (prior year: EUR 14.5 million) and unscheduled write-downs of EUR 0.3 million (prior year: EUR 1.7 million) pertained to the OLB Regional Bank segment.

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

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

EUR m	2013	2012	Change	Change (%)
Net interest income	11.4	14.2	– 2.8	– 19.7
Commission income (gross)	27.9	51.2	– 23.3	– 45.5
Gross income	**39.3**	**65.4**	**– 26.1**	**– 39.9**
Commission expense for payment traffic	1.9	3.2	– 1.3	– 40.6
Brokerage commissions	14.5	27.5	– 13.0	– 47.3
Other income	17.3	40.3	– 23.0	– 57.1
Operating income	**40.2**	**75.0**	**– 34.8**	**– 46.4**
Operating personnel expense	18.2	30.9	– 12.7	– 41.1
Direct office expense	18.7	33.7	– 15.0	– 44.5
Intersegment cost offsetting	9.8	11.5	– 1.7	– 14.8
Other expenses	1.6	1.2	0.4	33.3
Operating expenses	**48.3**	**77.3**	**– 29.0**	**– 37.5**
Risk provisions for credit business	2.8	3.0	– 0.2	– 6.7
Restructuring expense	90.3	—	90.3	n / a
Reimbursement of restructuring expense	**– 90.3**	**—**	**– 90.3**	**n / a**
Operating profit / loss	– 10.9	– 5.3	– 5.6	> 100
Net income / loss from financial assets	10.3	1.7	8.6	> 100
Loss before taxes	**– 0.6**	**– 3.6**	**3.0**	**– 83.3**
Segment assets (EUR bn)	1.3	1.9	– 0.6	– 31.6
Segment liabilities (EUR bn)	1.3	1.9	– 0.6	– 31.6
Cost-income ratio (%)	120.1	103.1	17.0	16.5
Risk capital (average)	19.1	27.3	– 8.2	– 30.0
Risk assets (average)	263.9	376.5	– 112.6	– 29.9

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

EUR m	1/1/2013 – 12/31/2013	1/1/2012 – 12/31/2012
Allocations to asset-side risk provisions	5.6	3.7
Reversals of asset-side risk provisions	0.4	—
Allocations to provisions	85.2	16.6
Reversals of provisions	3.9	6.5
Net write-ups and write-downs on trading instruments	—	—
Net write-ups and write-downs on financial assets	—	—
Interest income from accrued interest	0.3	0.5
Interest expense from accrued interest	5.2	8.3

Scheduled depreciation and amortization of EUR 0.2 million on property, plant and equipment and on intangible assets (prior year: EUR 2.4 million) and unscheduled write-downs of EUR 0.0 million (prior year: EUR 2.1 million) pertained to the Allianz Bank segment.

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

13 Cash and cash equivalents

EUR m	2013	2012
Cash on hand	87.1	81.5
Balances with central banks	225.2	2.6
including: eligible for Deutsche Bundesbank refinancing	225.2	2.6
Cash and cash equivalents	**312.3**	**84.1**

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

14 Trading assets

Trading assets comprise portfolios from client business in foreign currencies and interest rate hedging instruments, as well as positive fair values from the hedging of share-based payments.

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

EUR m	2013	2012
Stocks and other non-fixed-income securities	—	—
Positive market values from derivative financial instruments	6.6	10.1
Positive market values from hedge derivatives excluded from hedge accounting	—	—
Positive market values from hedging of share-based payments	7.1	4.0
Other trading portfolios	—	—
Trading assets	**13.7**	**14.1**

15 Loans and advances to banks

EUR m	2013			2012		
	Germany	Outside Germany	Total	Germany	Outside Germany	Total
Market and payment transactions in course of settlement	6.1	6.2	12.3	9.4	8.1	17.5
Receivable from reverse repo transactions	245.0	—	245.0	—	—	—
Cash collateral paid	101.8	—	101.8	—	—	—
Other receivables	144.4	125.0	269.4	247.0	150.1	397.1
Loans	—	—	—	—	—	—
Loans and advances to banks	**497.3**	**131.2**	**628.5**	**256.4**	**158.2**	**414.6**
less: risk provisions	—	—	—	0.1	—	0.1
Loans and advances to banks (after risk provisions)	**497.3**	**131.2**	**628.5**	**256.3**	**158.2**	**414.5**

16 Loans and advances to customers

EUR m	2013 Germany	2013 Outside Germany	2013 Total	2012 Germany	2012 Outside Germany	2012 Total
Corporate customers	4,199.7	26.9	4,226.6	4,290.4	30.1	4,320.5
Public-sector entities	10.9	—	10.9	30.3	—	30.3
Retail customers	6,249.9	40.6	6,290.5	6,127.2	42.7	6,169.9
Loans and advances to customers	**10,460.5**	**67.5**	**10,528.0**	**10,447.9**	**72.8**	**10,520.7**
less: risk provisions and balance sheet impairments	224.3	—	224.3	182.0	—	182.0
Loans and advances to customers (after risk provisions and balance sheet impairments)	**10,236.2**	**67.5**	**10,303.7**	**10,265.9**	**72.8**	**10,338.7**

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

As part of hedge accounting, positive adjusted changes in market value of EUR 54.7 million (prior year: EUR 92.3 million) since the hedge relationships began were allocated to amortized cost.

16 a Breakdown by industry (before risk provisions and balance sheet impairments)

EUR m	2013 Germany	2013 Outside Germany	2013 Total	2012 Germany	2012 Outside Germany	2012 Total
Manufacturing	539.5	4.6	544.1	555.2	7.6	562.8
Construction	108.4	—	108.4	129.1	—	129.1
Retail	378.0	6.1	384.1	409.3	7.0	416.3
Financial institutions and insurance companies	6.2	—	6.2	8.0	—	8.0
Transportation	421.9	10.1	432.0	461.2	9.0	470.2
Services	1,075.6	6.2	1,081.8	1,034.0	6.5	1,040.5
Utilities	1,402.1	—	1,402.1	1,441.8	—	1,441.8
Other	267.9	—	267.9	251.8	—	251.8
Corporate customers	4,199.6	27.0	4,226.6	4,290.4	30.1	4,320.5
Public-sector entities	10.9	—	10.9	30.3	—	30.3
Private individuals	6,250.0	40.5	6,290.5	6,127.2	42.7	6,169.9
Loans and advances to customers	**10,460.5**	**67.5**	**10,528.0**	**10,447.9**	**72.8**	**10,520.7**

16 b Breakdown by type of transaction (before risk provisions and balance sheet impairments)

EUR m	2013 Germany	2013 Outside Germany	2013 Total	2012 Germany	2012 Outside Germany	2012 Total
Loans	10,438.8	67.5	10,506.3	10,431.9	72.8	10,504.7
including: mortgages	—	—	—	—	—	—
including: public-sector loans	106.9	1.3	108.2	108.6	1.3	109.9
including: other loans secured with real-estate liens	5,118.1	29.9	5,148.0	4,859.7	29.2	4,888.9
Other receivables	21.7	—	21.7	16.0	—	16.0
Loans and advances to customers	**10,460.5**	**67.5**	**10,528.0**	**10,447.9**	**72.8**	**10,520.7**

Loans and advances to customers in the amount of EUR 2,841.5 million (prior year: EUR 2,838.9 million) were assigned as security for the Bank's own liabilities.

17 Total lendings

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

EUR m	2013 Germany	2013 Outside Germany	2013 Total	2012 Germany	2012 Outside Germany	2012 Total
Corporate customers	4,199.7	26.9	4,226.6	4,290.4	30.1	4,320.5
Public-sector entities	10.9	—	10.9	30.3	—	30.3
Corporate customers	6,249.6	40.6	6,290.2	6,126.7	42.7	6,169.4
Public-sector entities	10,460.2	67.5	10,527.7	10,447.4	72.8	10,520.2
Retail customers	—	—	—	—	—	—
Loans to customers	**10,460.2**	**67.5**	**10,527.7**	**10,447.4**	**72.8**	**10,520.2**
Loans to banks	224.3	—	224.3	182.0	—	182.0
Total lendings	**10,235.9**	**67.5**	**10,303.4**	**10,265.4**	**72.8**	**10,338.2**

18 Changes in risk provisioning

In addition to the risk provisions of EUR 117.0 million recognized as deductions from assets (prior year: EUR 77.6 million) and balance sheet impairments deducted from assets in the amount of EUR 107.3 million (prior year: EUR 104.3 million), the risk provisions also include the provisions of EUR 6.6 million (prior year: EUR 3.9 million) for contingent liabilities, which are included on the liabilities side.

EUR m	SLLP	PLLP	GLLP[3]	Provisions	Total before balance sheet impairments	Balance sheet impairments	Total including balance sheet impairments
At 1/1/2013	**46.5**	**13.0**	**18.1**	**3.9**	**81.5**	**104.3**	**185.8**
Used	37.4	15.9	—	0.2	53.5	31.7	85.2
Written back[1]	10.3	—	1.8	1.7	13.8	14.7	28.5
Written back through unwinding[2]	3.6	—	—	—	3.6	0.3	3.9
Additions	94.4	13.3	0.7	4.6	113.0	49.7	162.7
Reclassifications	—	—	—	—	—	—	—
At 12/31/2013	**89.6**	**10.4**	**17.0**	**6.6**	**123.6**	**107.3**	**230.9**

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

Additions to balance sheet impairments result from the consumption of risk provisions and therefore entail no net need for risk provisions.

19 Financial assets

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

Financial assets are broken down as follows:

EUR m	2013	2012
Bonds and other fixed-income securities	2,672.9	3,306.9
Stocks	—	—
Stocks (Level 3)	0.1	1.1
Investment funds	48.4	44.9
Total securities	2,721.4	3,352.9
Equity interests (Level 3)	0.9	0.9
Investments in unconsolidated subsidiaries (Level 3)	0.1	0.1
Financial assets	**2,722.4**	**3,353.9**

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

Investments in unconsolidated subsidiaries in the amount of EUR 52 thousand (prior year: EUR 52 thousand) are rounded according to common commercial practice.

19 a Breakdown of bonds and other fixed-income securities

EUR m	2013	2012
Bonds and other debt instruments from government issuers	1,184.2	1,220.6
Bonds and other debt instruments from other issuers	1,488.7	2,086.3
Bonds and other fixed-income securities	**2,672.9**	**3,306.9**
including: marketable securities	2,639.7	3,289.9
including: quoted in a market	2,639.7	3,289.9

Bonds and other fixed-income securities with a nominal total value of EUR 530.0 million will mature in 2014 (prior year: EUR 352.0 million).

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

EUR m	2013	2012
Stocks	0.1	1.1
Other	49.3	45.8
Stocks and other non-fixed-income securities	**49.4**	**46.9**
including: marketable securities	13.0	30.1
including: quoted in a market	13.0	30.1

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

19 c Changes in portfolio

	2013		2012	
EUR m	Investments	Investments in unconsolidated associates	Investments	Investments in unconsolidated associates
Historical acquisition costs	0.9	0.1	0.9	—
Historical write-ups	—	—	—	—
Historical write-downs	—	—	—	—
Carrying amount at 1/1	**0.9**	**0.1**	**0.9**	**—**
Additions measured at cost	—	—	—	—
Disposals measured at cost	—	—	—	—
Historical write-ups included in disposals for the year	—	—	—	—
Historical write-downs included in disposals for the year	—	—	—	—
Additions through reclassification	—	—	—	0.1
Disposals through reclassification	—	—	—	—
Changes in portfolio during the year	**—**	**—**	**—**	**0.1**
Write-ups during the year	—	—	—	—
Write-downs during the year	—	—	—	—
Changes in measurement during the year	**—**	**—**	**—**	**—**
Carrying amount at 12/31	**0.9**	**0.1**	**0.9**	**0.1**

Shares in unconsolidated associates at December 31, 2013, included the carrying amount of the two wholly-owned subsidiaries OMB-Immobiliendienst-GmbH, Oldenburg, and OLB-Service GmbH, Oldenburg, for an amount of EUR 26 thousand each.

20 Property, plant and equipment

EUR m	2013 Land and buildings	2013 Business and office equipment	2013 Total	2012 Land and buildings	2012 Business and office equipment	2012 Total
Historical acquisition costs	146.0	127.0	273.0	146.0	128.5	274.5
Historical write-ups	—	—	—	—	—	—
Historical write-downs	87.8	94.2	182.0	84.5	92.5	177.0
Carrying amount at 1/1	**58.2**	**32.8**	**91.0**	**61.5**	**36.0**	**97.5**
Additions measured at cost	—	6.1	6.1	—	8.4	8.4
Disposals measured at cost	—	8.9	8.9	—	10.0	10.0
Historical write-ups included in disposals for the year	—	—	—	—	—	—
Historical write-downs included in disposals for the year	—	8.4	8.4	—	9.8	9.8
Additions through reclassification	—	—	—	—	—	—
Disposals through reclassification	—	—	—	—	—	—
Changes in portfolio during the year	**—**	**5.6**	**5.6**	**—**	**8.2**	**8.2**
Write-ups during the year	—	—	—	—	—	—
Write-downs during the year (scheduled)	3.3	10.1	13.4	3.3	10.9	14.2
Write-downs during the year (unscheduled)	—	0.3	0.3	—	0.5	0.5
Changes in measurement during the year	**–3.3**	**–10.4**	**–13.7**	**–3.3**	**–11.4**	**–14.7**
Carrying amount at 12/31	**54.9**	**28.0**	**82.9**	**58.2**	**32.8**	**91.0**

The Group used land and buildings with a carrying amount of EUR 54.9 million (prior year: EUR 58.2 million).

No write-ups (recoveries of value) were recognized in fiscal 2013 for previous write-downs (impairments).

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

As of the reporting date, as in the prior year, no property, plant or equipment had been assigned as collateral for the Bank's own liabilities.

21 Intangible assets

EUR m	2013	2012
Historical acquisition costs	33.6	28.3
Historical write-ups	—	—
Historical write-downs	23.7	18.3
Carrying amount at 1/1	**9.9**	**10.0**
Additions measured at cost	3.5	6.0
Disposals measured at cost	3.8	0.8
Historical write-ups included in disposals for the year	—	—
Historical write-downs included in disposals for the year	3.8	0.8
Additions through reclassification	—	—
Disposals through reclassification	—	—
Changes in portfolio during the year	**3.5**	**6.0**
Write-ups during the year	—	—
Write-downs during the year (scheduled)	2.5	2.8
Write-downs during the year (unscheduled)	—	3.3
Changes in measurement during the year	**– 2.5**	**– 6.1**
Carrying amount at 12/31	**10.9**	**9.9**

The intangible assets are software.

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

22 Other assets

EUR m	2013	2012
Deferred interest	35.5	40.8
Positive market values of hedge derivatives under hedge accounting	3.6	—
Miscellaneous other assets	36.8	42.9
Other assets	**75.9**	**83.7**

The miscellaneous other assets include not only receivables of EUR 10.5 million (prior year: EUR 12.4 million) from Allianz Deutschland AG for a still-pending portion of the reimbursable expenses for operating the Allianz Bank business in 2013, but also receivables of EUR 2.1 million (prior year: EUR 2.8 million) for phased retirement in the personnel segment. In 2013, there were EUR 4.5 million (prior year: EUR 4.6 million) in outsourced plan assets for phased retirement obligations under a Contractual Trust Agreement (CTA), which were netted against other assets under the item for other provisions.

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

23 Tax refund entitlements

EUR m	2013	2012
Tax refund entitlements	**22.4**	**8.8**

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

24 Assigned assets

Under repurchase agreements, pledges of security and open-market transactions, bonds were transferred whose risk exposure for interest rate changes and counterparty defaults was retained by the Bank. The Bank fair-values these bonds among its financial assets at EUR 1,125.9 million (prior year: EUR 1,157.7 million). The associated liabilities come to EUR 1,054.9 million (prior year: EUR 1,486.2 million). These liabilities are recognized among the liabilities due to banks.

In the refinancing business with other institutions and insurance companies, out of total loans and advances to customers of EUR 2,841.5 million (prior year: EUR 2,838.9 million), receivables were transferred to the refinancing entities, while the risk exposure for interest rate changes and counterparty defaults was retained by the Bank. The fair value of loans and advances to customers in the refinancing business was EUR 2,943.7 million (prior year: EUR 3,111.4 million). The associated liabilities for refinanced funds came to EUR 2,841.9 million (prior year: EUR 2,836.0 million). These are recognized among the amounts due to customers and banks.

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

25 Trading liabilities

EUR m	2013	2012
Negative market values from derivative financial instruments	6.8	10.0
Negative market values from hedging derivatives excluded from hedge accounting	—	—
Negative market values from hedging of share-based payments	—	—
Trading liabilities	**6.8**	**10.0**

26 Amounts due to banks

EUR m	2013	2012
Demand deposits	83.0	115.0
Liabilities from repurchase agreements	954.1	662.5
Cash collateral received	—	7.8
Borrower's note loans and registered mortgage bonds	40.0	55.0
Market and payment transactions in course of settlement	255.7	29.1
Term deposits	343.9	331.6
Other term liabilities	2,821.8	2,820.6
Due to banks	**4,498.5**	**4,021.6**
including: banks in Germany	4,498.4	4,000.5
including: banks outside Germany	0.1	21.1

Amounts due to banks include fixed-interest liabilities of EUR 4,159.8 million (prior year: EUR 3,877.5 million) and variable-interest liabilities of EUR 338.7 million (prior year: EUR 144.1 million).

Cash received in the assignment of assets with a simultaneous agreement to repurchase them under repo agreements, including cash collateral received, came to EUR 954.1 million (prior year: EUR 670.3 million).

27 Amounts due to customers

EUR m	2013	2012
Demand deposits	3,895.2	4,198.4
Liabilities from repurchase agreements	—	653.3
Savings deposits	2,222.2	2,162.4
Borrower's note loans and registered mortgage bonds	780.0	706.2
Market and payment transactions in course of settlement	34.2	38.1
Term deposits	865.8	453.0
Other term liabilities	8.9	10.1
Due to customers	**7,806.3**	**8,221.5**

In the prior year, the Bank entered into repurchase agreements with clients, which resulted in liabilities from repurchase agreements. The principal counterparty received a banking license during the year under review. Consequently, transactions with that partner are recognized under liabilities to banks as of the reporting date.

27 a Breakdown by customer group

EUR m	2013			2012		
	Germany	Outside Germany	Total	Germany	Outside Germany	Total
Corporate customers	2,775.5	33.7	2,809.2	2,934.4	27.6	2,962.0
Public-sector entities	256.2	—	256.2	192.0	—	192.0
Retail customers	4,688.0	52.9	4,740.9	5,006.1	61.4	5,067.5
Due to customers	**7,719.7**	**86.6**	**7,806.3**	**8,132.5**	**89.0**	**8,221.5**

Amounts due to customers include fixed-interest liabilities of EUR 3,227.8 million (prior year: EUR 3,511.4 million) and variable-interest liabilities of EUR 4,578.5 million (prior year: EUR 4,710.1 million).

Cash received in the assignment of assets with a simultaneous agreement to repurchase them under repo arrangements came to EUR 0.0 million (prior year: EUR 653.3 million, cf. explanation under Table 27).

28 Securitized liabilities

EUR m	2013	2012
Bonds issued	579.6	812.9
Securitized liabilities	**579.6**	**812.9**

Securitized liabilities consist solely of the Bank's own bond issues. Of the outstanding bonds, tranches with a nominal value of EUR 67.8 million (prior year: EUR 319.0 million) will mature in 2014. The securitized liabilities include variable-rate bonds for an amount of EUR 387.3 million (prior year: EUR 403.7 million).

29 Provisions and other liabilities

EUR m	2013	2012
Provisions for pensions and similar obligations	184.7	191.9
Other provisions	92.7	59.0
Deferred interest	38.8	46.1
Negative market values of hedge derivatives under hedge accounting	102.9	152.5
Other liabilities	31.8	22.5
Provisions and other liabilities	**450.9**	**472.0**

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

The other provisions pertain primarily to still-pending restructuring measures for the discontinuation of business activities at Allianz Bank, severance payments, phased retirement accounts, and provisions for the "Sparschatz" product and for commitments under guarantee lines.

The other liabilities include goods and services not yet billed and payroll withholdings not yet forwarded to the authorities. The other liabilities also include income tax liabilities of EUR 13.6 million, of which EUR 6.9 million is payable investment income tax (prior year: EUR 7.2 million), and EUR 6.7 million is payable value-added tax and corporate income tax.

30 Provisions for pensions and similar obligations

EUR m	2013	2012	2011	2010	2009
Pension obligations at 1/1	**191.9**	**163.1**	**155.3**	**131.7**	**112.4**
Less actuarial loss at 1/1	—	27.6	26.7	9.6	5.6
Pension provisions recognized at 1/1	**191.9**	**135.5**	**128.6**	**122.1**	**106.8**
Current service cost	6.0	4.6	5.1	3.4	2.8
Imputed interest expense	7.0	7.8	7.5	6.9	6.6
Expected return on assets	– 0.9	– 0.8	– 0.3	– 0.1	—
Repayment of costs from plan change	—	—	—	1.6	—
Repayment of actuarial gains (–) / losses (+)	—	0.9	0.8	—	0.1
Net pension expense	**12.1**	**12.5**	**13.1**	**11.8**	**9.5**
Amortization and transfer	– 0.2	– 0.1	– 0.1	0.4	11.1
Pension commitments through deferred compensation	– 0.8	– 0.7	– 0.8	– 0.7	– 0.6
Allocation under defined-contribution pension agreement	– 3.4	– 14.2	—	—	—
Pension benefits paid during year	– 5.6	– 5.4	– 5.3	– 5.0	– 4.7
Taxes paid out of assets	0.1	—	—	—	—
Change in actuarial gains (–) / losses (+)	– 9.4	—	—	—	—
Pension provisions recognized at 12/31	**184.7**	**127.6**	**135.5**	**128.6**	**122.1**
Actuarial loss at 12/31	—	64.3	27.6	26.7	9.6
Total pension obligations at 12/31	**184.7**	**191.9**	**163.1**	**155.3**	**131.7**

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

EUR m	2013	2012
Change in scope of obligations		
Present value of earned pension entitlements at 1/1	216.2	170.6
Current service cost	6.0	4.6
Theoretical interest expense	6.9	7.7
Employee contributions	1.5	1.1
Cost of plan changes	—	—
Actuarial gains (–)/losses (+)	–10.1	37.7
Pension payments	–5.6	–5.4
Acquisitions	—	—
Additions (+) / Disposals (–)	–0.2	–0.1
Present value of earned pension entitlements at 12/31[1]	**214.7**	**216.2**
Change in fair value of fund assets		
Fair value of fund assets at 1/1	24.3	7.5
Expected return on assets	0.9	0.8
Actuarial gains (+) / losses (–)	–0.8	—
Employer contributions	4.2	14.9
Employee contributions	1.5	1.1
Taxes paid out of fund assets	–0.1	—
Transfers	—	—
Fair value of fund assets at 12/31	30.0	24.3
Funding status (balance sheet value) at 12/31	**184.7**	**191.9**

1 Including EUR 173.5 million (prior year: EUR 178.9 million) directly committed by Group companies as of December 31, 2013, and EUR 41.2 million (prior year: EUR 37.3 million) backed with fund assets. The fair value of the associated plan assets as of December 31, 2013, was EUR 30.0 million (prior year: EUR 24.3 million).

Current income on fund assets for fiscal 2013 came to EUR 0.9 million (prior year: EUR 0.8 million).

Fund assets

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

in %	2013	2012
Stocks	3.3	2.8
Bonds	9.4	11.4
Real estate	0.4	0.4
Other	86.9	85.4
Total	**100.0**	**100.0**

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

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

EUR m	2013	2012	2011	2010	2009
Present value of earned pension entitlements	214.7	216.2	170.6	160.8	133.2
Fair value of fund assets	30.0	24.3	7.5	5.5	1.5
Funding status	184.7	191.9	163.1	155.3	131.7
Actuarial gains (–) / losses (+) from experience-based adjustments for:					
Scope of obligations	– 3.6	– 3.8	2.1	4.6	– 4.0
Fund assets	—	—	—	– 1.2	—

Measurement assumptions

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

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

in %	2013	2012	2011	2010	2009
Interest rate for discounting	3.50	3.25	4.75	4.75	5.25
Expected return on assets	3.25	4.58	4.70	4.70	5.40
Expected salary increases	2.50	2.50	2.50	2.50	2.30
Expected pension increases	1.90	1.90	1.90	1.90	1.70

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

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

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

The assumed interest rate especially is associated with uncertainty and entails a substantial risk. An increase of 0.50 percentage points in the assumed interest rate would have a negative effect of EUR 16.7 million on the present value of earned pension entitlements, while a decrease of 0.50 percentage points would have a positive effect of EUR 19.3 million.

Largely because of the change of 25 basis points in the assumed interest rate, the actuarial loss decreased from EUR 64.3 million to EUR 56.4 million.

The calculations are based on the Allianz “AT2010GA” tables. These are a version of the “2005 G Guideline Tables” of Heubeck-Richttafeln-GmbH, Cologne, modified specifically for the Company. As in the prior year, the actuarial assumptions applied for employees both covered and not covered by collective bargaining agreements.

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

Contributions paid

For fiscal 2014, the Group expects to pay employer contributions of EUR 2.7 million (prior year: EUR 4.2 million) into the fund assets for defined-benefit pension plans, and EUR 5.6 million (prior year: EUR 5.4 million) in direct pension payments to beneficiaries.

Contributions promised

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

During fiscal 2013, expenses for contribution commitments of EUR 3.3 million (prior year: EUR 3.7 million) were paid into the Versicherungsverein des Bankgewerbes a. G., of Berlin, as contributions for employees. Contributions of EUR 11.6 million (prior year: EUR 12.5 million) were paid into the public pension insurance system.

31 Other provisions

EUR m	Restructuring provisions	Provisions for credit business	Other provisions for personnel operations	Miscellaneous other provisions	Total
At 1/1/2013	**2.2**	**3.9**	**27.2**	**25.7**	**59.0**
Used	38.3	0.2	17.2	9.4	65.1
Write-backs	—	1.7	2.6	5.7	10.0
Additions	78.6	4.6	19.4	5.8	108.4
Reclassification	– 8.7	—	8.9	0.2	0.4
At 12/31/2013	**33.8**	**6.6**	**35.7**	**16.6**	**92.7**

The "Other provisions" include provisions of EUR 25.9 million (prior year: EUR 20.2 million) with a term of more than one year; these were discounted. Otherwise, no discounting was applied. The impact of interest rates on the "Other provisions" nets out to zero (prior year: EUR 0.7 million), and comprises EUR 0.6 million in income from time effects (prior year: EUR 0.5 million) and EUR –0.6 million in expenses from the change in interest rates (prior year: EUR –0.2 million).

In 2013, there were outsourced plan assets of EUR 4.5 million (prior year: EUR 4.7 million) under a Contractual Trust Agreement (CTA) for phased retirement obligations of EUR 6.3 million (prior year: EUR 7.3 million). These assets were netted against other assets under the item for other provisions.

32 Tax liabilities

EUR m	2013	2012
At 1/1	**7.1**	**11.4**
Used	—	6.8
Write-backs	—	—
Additions	2.1	2.5
At 12/31	**9.2**	**7.1**

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

33 Deferred taxes and income taxes

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

33 a Deferred tax assets and tax liabilities

EUR m	Change recognized	2013 Income tax receivables	2013 Income tax liabilities	2013 Net	2012 Net
Loans and advances to customers		1.8	–17.0	–15.2	–29.3
including: hedge accounting	Net interest income/net trading income	—	–17.0	–17.0	–32.1
including: risk provisions	Risk provisions	1.8	—	1.8	2.8
Financial assets		17.0	–21.7	–4.7	–14.7
including: AfS financial instruments	Net income from financial assets	16.5	–9.6	6.9	4.5
including: Other comprehensive income from AfS financial instruments	Other comprehensive income	0.5	–12.1	–11.6	–19.2
Trading portfolios		34.0	–3.7	30.3	46.2
including: hedge accounting	Net interest income/net trading income	31.9	–1.1	30.8	47.3
including: other trading portfolios	Net trading income	2.1	–2.6	–0.5	–1.1
Pension provisions		29.8	–1.0	28.8	30.5
including: net pension obligations	Administrative expenses	11.3	—	11.3	10.5
including: other comprehensive income from net pension obligations	Other comprehensive income	18.5	–1.0	17.5	20.0
Other provisions	Administrative expenses	6.8	–0.5	6.3	3.4
Other		1.9	–12.3	–10.4	–8.3
including: hedge accounting	Net interest income/net trading income	0.7	–11.3	–10.6	–12.7
including: other	Administrative expenses	1.2	–1.0	0.2	4.4
Total		**91.3**	**–56.2**	**35.1**	**27.8**

Asset and liability items for deferred taxes were offset in the balance sheet at the Company level, provided they concerned income taxes payable to the same tax authorities and carried a legally assertable right to offsetting. On balance, the income tax receivables of EUR 91.3 million (prior year: EUR 109.6 million) and income tax liabilities of EUR 56.2 million (prior year: EUR 81.8 million) yield a deferred tax receivable of EUR 35.1 million (prior year: 27.8 million).

The change of EUR 7.3 million in net deferred taxes (prior year: EUR –11.1 million) results from changes in temporary differences. Of this total, EUR 2.2 million (prior year: EUR 9.6 million) is recognized in profit or loss, and EUR 5.1 million (prior year: EUR –20.7 million) is recognized in other comprehensive income.

33 b Income taxes

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

EUR m	2013	2012
Current taxes (current year)	3.5	19.8
Current taxes (previous years)	– 0.5	– 0.7
Deferred taxes (current year)	– 2.5	– 6.8
Deferred taxes (previous years)	– 0.1	– 2.7
Recognized income taxes	**0.4**	**9.6**

The current taxes for 2013 are computed on the basis of an effective corporate income tax rate, including the reunification surcharge, of 15.8 percent (prior year: 15.8 percent), plus an effective rate of 14.1 percent (prior year: 13.9 percent) for local business income tax ("trade tax").

The deferred taxes for 2013 are computed on the basis of an effective corporate income tax rate, including the reunification surcharge, of 15.8 percent (prior year: 15.8 percent), plus an effective rate of 15.2 percent (prior year: 15.2 percent) for local business income tax.

33 c Reconciliation accounts

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

EUR m	2013	2012
Loss before taxes	9.1	48.5
Applicable tax rate in %	31.000	31.000
Imputed income tax	2.8	15.0
Tax effects		
Local business income tax	– 0.1	– 0.7
Nontaxable income	– 2.3	– 3.1
Other tax additions and deductions	0.8	2.1
Corporate income tax credit	– 0.2	– 0.3
Taxes from prior years	– 0.6	– 3.4
Recognized income taxes	**0.4**	**9.6**

34 Subordinated debt

The subordinated debt of EUR 253.7 million (prior year: EUR 274.3 million) consists of EUR 146.1 million in subordinated borrower's note loans from customers (prior year: EUR 186.3 million) and EUR 107.6 million in subordinated OLB bearer notes (prior year: 88.0 million). In the event of the Bank's insolvency or liquidation, this debt can be repaid only after all non-subordinated creditors have been satisfied. There is no early redemption obligation.

The interest expense for subordinated debt during the year came to EUR 12.2 million (prior year: EUR 13.6 million). The interest rates for fixed-rate subordinated debt are in the range from 4.35 percent to 6.00 percent. The average interest rate is 4.62 percent.

	Bearer notes 2013	Borrower's note loans 2013
Year issued	2010 – 2013	2004 – 2013
Nominal amount (EUR m)	107.4	146.5
Issuer	OLB	OLB
Interest rate in %	3.2 – 5.1	4.35 – 6.0
Maturity	2017 – 2023	2014 – 2028

35 Equity

Issued capital. The issued capital was unchanged from the prior year, at EUR 60.5 million, and was divided into 23,257,143 no-par bearer shares at December 31, 2013. Each share represents a notional portion of the share capital, and confers one vote in the Shareholders' Meeting. The shares are fully paid in.

In accordance with IAS 27, the Bank is an associate of Allianz SE and is included in Allianz's consolidated financial statements. Those financial statements can be obtained from Allianz SE in 80802 Munich, Germany, Königinstrasse 28, and are published in the electronic version of Germany's Federal Gazette, the Bundesanzeiger.

Authorized capital. The Board of Managing Directors is authorized to increase the Company's share capital on one or more occasions on or before May 30, 2017, subject to the consent of the Supervisory Board, by issuing new no-par shares in return for cash contributions, for a total of not more than EUR 15 million. The shareholders are to be given preemptive rights; however, the Board of Managing Directors is authorized to exclude fractional amounts from the shareholders' preemptive rights, subject to the consent of the Supervisory Board. The Board of Managing Directors is furthermore authorized to decide the further content of stock rights and the terms of the stock issue, subject to the consent of the Supervisory Board.

The authorization to increase the share capital by issuing new shares, which was originally to expire on May 21, 2012, and has been extended by the Shareholders' Meeting to May 30, 2017, was not exercised during the year.

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

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

Allocation of profits in the single-entity financial statements under the German Commercial Code. According to the German Commercial Code (HGB), the pertinent profit for the period for fiscal 2013 was EUR 4.7 million. As there were no carry-forwards or allocations to reserves, this corresponds to the distributable profit. For the allocation of this profit, a proposal will be made to the shareholders at the Shareholders' Meeting on May 28, 2014, to distribute a dividend of EUR 0.10 per no-par share for fiscal 2013, and to allocate EUR 2.4 million to retained earnings.

35 a Other comprehensive income

This item comprises the effects from changes in the measurement of available-for-sale financial instruments; at the date of actual realization, or in the event of an impairment, these changes are reclassified to the income statement. Likewise, changes in value from financial instruments covered by hedge accounting that were initially included in other comprehensive income are reclassified to the income statement. Also recognized are measurement changes from net pension obligations that cannot be realized in the income statement.

EUR m	2013	2012
At 1/1	**– 0.5**	**– 17.0**
Other income from available-for-sale financial instruments (realizable or realized in profit or loss)		
Unrealized changes in market value (gross)	– 3.8	86.3
Reclassification to income statement because of realization (gross)		
because of realized gains (–) and losses (+)	– 17.4	– 22.4
because of impairment	0.1	0.4
Taxes on unrealized changes in fair value	3.5	– 26.2
Taxes on reclassification to income statement because of realization	4.1	5.6
Other income / expense from net pension obligations (not realizable in profit or loss)		
Gross change in scope of obligations	9.2	– 39.3
Tax on changes in scope of obligations	– 2.8	12.1
At 12/31	**– 7.6**	**– 0.5**

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

OLB's equity capitalization is subject to the regulatory requirements of the German Banking Act (KWG), which requires at least 8 percent of risk assets to be backed with share capital and reserves. Regulatory capital may consist of three categories: tier 1 and tier 2 capital, which together constitute the capital and reserves, and tier 3 capital. The tier 1 capital consists of the Group's equity capital and additional adjustments. The tier 2 capital consists primarily of longer-term subordinated debt, together with unrealized reserves in securities. There is no tier 3 capital at present. Compliance with minimum capital requirements must always be ensured, both for the Group and the Group's individual companies, when managing capital and equity.

As of 2014, CRD IV and CRR, as the case may be, will constitute a new mandatory framework for the required backing of risk assets with capital. These new requirements most notably increase both the quantitative and qualitative requirements for liable equity. The current requirement for 4 percent of risk assets to be backed with tier 1 capital will be gradually increased to a minimum of 8.5 percent by 2019. Consequently, capital will continue to increase in importance as a control parameter.

Given this background, OLB's planning must assign central importance to further strengthening capital by reinvesting profits, together with systematic risk-return management for Whole Bank risks. The Bank aims to ensure through suitable measures that, in particular, it has sufficient leeway in equity capitalization to act freely as a provider of finance for small to medium enterprises.

EUR m	2013	2012
Tier 1 capital	**581.0**	**544.0**
including: deductions[1]	7.0	7.0
Tier 2 capital[2]	234.0	229.0
including: subordinated debt	225.0	203.0
including: securities revaluation reserves (of which 45%)	16.0	33.0
including: additions[3]	—	—
including: deductions[1]	7.0	7.0
Share capital and reserves (Sec. 10a KWG)	**815.0**	**773.0**
Risk assets for counterparty risks	5,513.0	6,066.0
Risk assets for market risks	25.0	34.0
Risk assets for operational risks	575.0	538.0
Risk assets	**6,113.0**	**6,638.0**

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

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

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

in %	2013	2012
Core capital ratio	9.5	8.2
Aggregate capital ratio	**13.3**	**11.6**

Notes to the Balance Sheet – Miscellaneous

36 Collateral furnished for own debt

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

EUR m	2013	2012
Amounts due to banks	3,997.6	3,668.0
Amounts due to customers	0.9	654.2
Secured liabilities	**3,998.5**	**4,322.2**

In the previous year, the Bank entered into repurchase agreements with clients, which resulted in liabilities from repurchase agreements. The principal counterparty has received a banking license and is now included in the amounts due to banks for the year under review.

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

EUR m	2013	2012
Loans and advances to customers	2,841.5	2,838.9
Bonds	1,125.9	1,587.7
Furnished collateral[1]	**3,967.4**	**4,426.6**

1 Includes assets sold under repurchase agreements

The transferred loans and advances to customers are refinanced loans only. OLB works primarily with KfW, NBank and LRB as refinancing banks. Under their general terms and conditions, OLB fundamentally assigns the receivables from customers to the refinancing bank, together with all incidental rights, including collateral furnished by the customer for the refinanced receivable. The fair value of the receivables from customers assigned as collateral was EUR 2,943.7 million (prior year: EUR 3,111.4 million).

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

37 Amounts in foreign currency

EUR m	2013	2012
Assets in:		
USD	89.9	87.8
GBP	4.9	1.1
Other	27.2	22.7
Total assets	**122.0**	**111.6**
Liabilities in:		
USD	84.2	93.6
GBP	2.4	2.0
Other	20.9	22.1
Total liabilities	**107.5**	**117.7**

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

38 a Remaining terms of receivables and payables

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

EUR m	3 months or less	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total
					2013
Term loans and advances to banks	175.0	—	—	—	175.0
Loans and advances to customers	1,383.1	660.1	2,654.3	5,830.5	10,528.0
Receivables at 12/31/2013	**1,558.1**	**660.1**	**2,654.3**	**5,830.5**	**10,703.0**

The receivables from customers with remaining terms of three months or less include receivables of EUR 864.0 million with indeterminate terms.

EUR m	3 months or less	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total
					2012
Term loans and advances to banks	300.1	—	—	—	300.1
Loans and advances to customers	1,447.2	656.0	2,630.9	5,786.6	10,520.7
Receivables at 12/31/2012	**1,747.3**	**656.0**	**2,630.9**	**5,786.6**	**10,820.8**

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

EUR m	3 months or less	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total
					2013
Bank demand deposits	338.7	—	—	—	338.7
Term liabilities to banks	1,017.5	356.3	1,243.8	1,542.2	4,159.8
Customer demand deposits	3,929.4	—	—	—	3,929.4
Savings deposits	2,026.4	176.3	19.5	—	2,222.2
Other term liabilities to customers	617.2	266.0	170.3	601.2	1,654.7
Securitized liabilities	28.3	39.5	124.5	387.3	579.6
Provisions and other liabilities	97.4	52.9	106.6	194.0	450.9
Tax liabilities	—	—	9.2	—	9.2
Subordinated debt	15.0	33.0	117.9	87.8	253.7
Liabilities at 12/31/2013	**8,069.9**	**924.0**	**1,791.8**	**2,812.5**	**13,598.2**

EUR m	2012				
	3 months or less	**Over 3 months to 1 year**	**Over 1 year to 5 years**	**Over 5 years**	**Total**
Bank demand deposits	151.9	—	—	—	151.9
Term liabilities to banks	466.6	514.8	1,273.9	1,614.4	3,869.7
Customer demand deposits	4,236.5	—	—	—	4,236.5
Savings deposits	1,896.4	240.2	25.8	—	2,162.4
Other term liabilities to customers	827.8	374.3	183.0	437.5	1,822.6
Securitized liabilities	170.9	147.6	90.6	403.8	812.9
Provisions and other liabilities	79.2	39.3	120.4	233.1	472.0
Tax liabilities	—	—	7.1	—	7.1
Subordinated debt	60.0	10.0	146.0	58.3	274.3
Liabilities at 12/31/2012	**7,889.3**	**1,326.2**	**1,846.8**	**2,747.1**	**13,809.4**

38 b Classification of total liabilities by remaining terms

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

This is provided in the following tables:

EUR m	2013				
	3 months or less	**Over 3 months to 1 year**	**Over 1 year to 5 years**	**Over 5 years**	**Total**
Bank demand deposits	338.7	—	—	—	338.7
Term liabilities to banks	1,019.8	357.1	1,246.6	1,545.6	4,169.1
Customer demand deposits	3,929.4	—	—	—	3,929.4
Savings deposits	2,026.4	176.3	19.5	—	2,222.2
Other term liabilities to customers	617.2	266.0	170.3	601.2	1,654.7
Securitized liabilities	28.3	39.5	126.3	387.3	581.4
Provisions and other liabilities	93.6	49.5	49.3	159.2	351.6
Tax liabilities	—	—	9.2	—	9.2
Subordinated debt	15.0	33.0	117.7	88.2	253.9
Balance sheet item	**8,068.4**	**921.4**	**1,738.9**	**2,781.5**	**13,510.2**
Contingent liabilities and other obligations	826.8	—	—	—	826.8
Total liabilities at 12/31/2013	**8,895.2**	**921.4**	**1,738.9**	**2,781.5**	**14,337.0**

EUR m	3 months or less	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total 2012
Bank demand deposits	151.9	—	—	—	151.9
Term liabilities to banks	468.3	516.7	1,278.6	1,620.4	3,884.0
Customer demand deposits	4,236.5	—	—	—	4,236.5
Savings deposits	1,896.4	240.2	25.8	—	2,162.4
Other term liabilities to customers	827.8	374.3	183.0	437.5	1,822.6
Securitized liabilities	170.9	148.1	93.6	403.7	816.3
Provisions and other liabilities	15.1	32.4	41.5	230.5	319.5
Tax liabilities[1]	—	—	7.1	—	7.1
Subordinated debt	60.0	10.0	145.8	58.5	274.3
Balance sheet item	**7,826.9**	**1,321.7**	**1,775.4**	**2,750.6**	**13,674.6**
Contingent liabilities and other obligations	911.3	—	—	—	911.3
Total liabilities at 12/31/2012	**8,738.2**	**1,321.7**	**1,775.4**	**2,750.6**	**14,585.9**

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

39 Derivative transactions

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

Derivatives are used both for the Bank's internal risk management and also in its asset and liabilities management.

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

Exchange-traded contracts are settled in cash daily upon the agreement of index options.

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

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

EUR m	Positive fair values	Negative fair values	Nominal volume / maturity: 1 year or less	Over 1 year to 5 years	Over 5 years	Total 2013	Total 2012
Interest-related derivatives	9.1	– 106.9	283.3	661.3	638.3	1,582.9	1,683.9
including: interest rate swaps for management of the interest rate book	3.6	– 101.7	210.0	540.0	596.0	1,346.0	1,398.0
Currency-related derivatives	1.1	– 1.6	166.2	—	—	166.2	141.0
including: foreign currency options – calls	—	—	6.8	—	—	6.8	6.5
including: foreign currency options – puts	—	—	6.8	—	—	6.8	6.5
Derivatives in share-based payments	7.1	—	4.8	6.6	—	11.4	9.1
Total derivatives	**17.3**	**– 108.5**	**454.3**	**667.9**	**638.3**	**1,760.5**	**1,834.0**
including: products in EUR	15.6	– 106.6	288.1	658.6	631.5	1,578.2	1,674.5
including: products in USD	1.6	– 1.7	121.0	9.2	6.8	137.0	110.1
including: products in GBP	—	—	6.5	—	—	6.5	11.5
including: products in JPY	0.1	—	1.6	—	—	1.6	2.7

At year’s end, interest rate swaps with a nominal volume of EUR 1,346.0 million were designated for hedge accounting (prior year: EUR 1,398.0 million).

In forming on-balance-sheet hedge relationships under the rules of IAS 39 (Hedge Accounting), interest rate swaps used in managing the interest rate book underwent adjusted positive changes of EUR 35.4 million in market value (prior year: EUR 31.3 million). Corresponding receivables from and payables to customers, as well as financial assets, underwent total adjusted negative changes of EUR 37.0 million in market value (prior year: EUR 28.3 million). The net effect of EUR –1.6 million (prior year: EUR –3.0 million) is recognized in the net operating trading expense.

Off-Balance-Sheet Business

40 Contingent liabilities and other obligations

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

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

EUR m	2013	2012
Obligations under suretyships and guarantees		
Credit suretyships	11.0	15.1
Other suretyships and guarantees	291.1	299.5
Documentary credits	4.3	5.1
including: credit openings	3.7	5.1
including: credit confirmations	0.6	—
Contingent liabilities	**306.4**	**319.7**
Committed credit facilities		
Current account credits	345.6	414.1
Guarantee lines	103.8	95.5
Mortgage loans / public-sector loans	71.0	82.0
Other obligations	**520.4**	**591.6**

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

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

41 Other financial obligations

EUR m	2013			
	1 year or less	**Over 1 year to 5 years**	**Over 5 years**	**Total**
Obligations under leases	21.9	66.0	20.5	108.4
Obligations for maintenance of information technology	0.9	3.9	1.0	5.8
Obligations under commenced capital spending projects	1.6	—	—	1.6
Call commitments and joint liability	2.1	—	—	2.1
Other financial obligations	**26.5**	**69.9**	**21.5**	**117.9**

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

Obligations under leases pertain to rental and lease agreements for buildings and business equipment. These resulted in expenses of EUR 10.1 million for the year (prior year: EUR 12.7 million). The building leases as a rule have terms of ten years. Leases for business equipment have terms of between three and five years.

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

The joint liability commitments pertain to an equity interest of the OLB Group of 50 percent or less. The carrying amount of the equity interest comes to EUR 0.3 million. The OLB Group is conditionally liable to the investee for additional commitments up to an amount of EUR 2.0 million. Furthermore, under the investee's articles of association, OLB may also be jointly liable if other shareholders fail to meet their obligations to provide additional payments. Where joint liability exists, the creditworthiness of the joint shareholders is beyond doubt in every case. In addition, Oldenburgische Landesbank AG is a member of a deposit insurance fund that covers liabilities to creditors up to a defined maximum amount. As a member of the deposit insurance fund, which itself is a shareholder in the aforementioned investee, Oldenburgische Landesbank AG and the other fund members are separately liable for additional capital payments up to a maximum of the annual contribution of Oldenburgische Landesbank AG as indicated below.

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

For 2012, Oldenburgische Landesbank AG was charged a contribution of EUR 5.4 million (prior year: EUR 5.3 million) for the deposit insurance fund and for the Compensation Plan of German Banks.

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

For another investee, there is a revived liability of EUR 0.1 million under Sec. 172 (4) of the German Commercial Code.

42 Trust business

EUR m	2013	2012
Trust receivables from customers	7.2	10.9
Trust assets[1]	**7.2**	**10.9**
Trust payables to banks	5.6	8.0
Trust payables to customers	1.6	2.9
Trust liabilities	**7.2**	**10.9**

1 Including EUR 7.2 million (prior year: EUR 10.9 million) in trustee loans

Supplementary Information

43 Fair values and carrying amounts of financial instruments by measurement class and balance sheet item, and their placement in the fair-value hierarchy

The financial instruments in the following table are primarily on-balance-sheet and off-balance-sheet financial assets and liabilities to which IFRS 13 applies. For these financial instruments, classes have been formed that make it possible to decide whether amortized cost or fair value should be applied as the relevant measurement standard under IAS 39. Cash and cash equivalents are shown at their nominal value, and for easier comprehensibility appear in the column for "At amortized cost." Market values of hedge derivatives under hedge accounting are shown in the "At fair value" column. An indication is also given for each class as to which valuation category the financial instruments belong to. The abbreviations used in the table have the following meanings: LaR = Loans and Receivables; HfT = Held for Trading; AfS = Available for Sale; FVH = Fair Value Hedging Instruments; oL = other Liabilities; n. a. = not applicable – no financial instrument. The fair values for each measurement class of financial instruments are compared to carrying amounts, and a reconciliation to the items on the assets and liabilities side of the balance sheet is carried out. In addition, the following table ranks financial instruments recognized at fair value in the three fair-value categories according to the IFRS fair-value hierarchy.

Assets										2013
	Category	Balance sheet item	Financial instruments at amortized cost			At fair value	Σ financial instruments	Level 1	Level 2	Level 3
EUR m		Carrying amount	Carrying amount	Δ	Fair Value	Fair value	Fair value	Fair value		
Cash and cash equivalents (at face value)	LaR	312.3	312.3	—	312.3		312.3	312.3	—	—
Trading assets	HfT	13.7				13.7	13.7	—	13.7	—
Stocks and other non-fixed-income securities	HfT	—				—	—	—	—	—
Positive market values of interest-related derivatives	HfT	5.5				5.5	5.5	—	5.5	—
Positive market values of currency-related derivatives	HfT	1.1				1.1	1.1	—	1.1	—
Positive market values of stock / index-related derivatives	HfT	—				—	—	—	—	—
Positive market values of other derivatives	HfT	—				—	—	—	—	—
Positive market values from hedging of share-based payments	HfT	7.1				7.1	7.1	—	7.1	—
Loans and advances to banks (net after risk provisions)	LaR	628.5	628.5	0.8	629.3		629.3	—	—	629.3
Loans and advances to customers (net after risk provisions)	LaR	10,303.7	10,303.7	627.0	10,930.7		10,930.7	—	—	10,930.7
Financial assets	AfS	2,722.4				2,722.4	2,722.4	262.2	2,459.1	1.1
Bonds from public issuers	AfS	1,184.2				1,184.2	1,184.2	135.3	1,048.9	—
Other bonds	AfS	1,488.7				1,488.7	1,488.7	78.5	1,410.2	—
Stocks	AfS	—				—	—	—	—	—
Stocks (Level 3)	AfS	0.1				0.1	0.1	—	—	0.1
Investment funds	AfS	48.4				48.4	48.4	48.4	—	—
Equity interests (Level 3)	AfS	0.9				0.9	0.9	—	—	0.9
Investments in unconsolidated subsidiaries (Level 3)	AfS	0.1				0.1	0.1	—	—	0.1
Property, plant and equipment	n / a	82.9								
Intangible assets	n / a	10.9								
Other assets	n / a	75.9								
Deferred interest	LaR	35.5	35.5	—	35.5		35.5	—	—	35.5
Positive market values of hedge derivatives under hedge accounting	FVH	3.6				3.6	3.6	—	3.6	—
Miscellaneous other assets	n / a	36.8								
Tax refund entitlements	n / a	22.4								
Deferred tax assets	n / a	35.1								
Total on-balance-sheet assets		**14,207.8**								
including: financial instruments		**14,019.7**	**11,280.0**	**627.8**	**11,907.8**	**2,739.7**	**14,647.9**	**574.5**	**2,476.4**	**11,597.0**
Loans and receivables	LaR	11,280.0	11,280.0	627.8	11,907.8	—	11,907.8	312.3	—	11,595.5
Held for trading	HfT	13.7	—	—	—	13.7	13.7	—	13.7	—
Available for sale	AfS	2,722.4	—	—	—	2,722.4	2,722.4	262.2	2,459.1	1.1
Fair-value hedging instruments	FVH	3.6	—	—	—	3.6	3.6	—	3.6	—

Equity and liabilities										2013
	Cate-gory	Balance sheet item	Financial instruments at amortized cost			At fair value	Σ financial instru-ments	Level 1	Level 2	Level 3
EUR m		Carrying amount	Carrying amount	Δ	Fair value	Fair value	Fair value	Fair value		
Trading liabilities	HfT	6.8				6.8	6.8	—	6.8	—
Negative market values of interest-related derivatives	HfT	5.2				5.2	5.2	—	5.2	—
Negative market values of currency-related derivatives	HfT	1.6				1.6	1.6	—	1.6	—
Negative market values of stock- / index-related derivatives	HfT	—				—	—	—	—	—
Negative market values of other derivatives	HfT	—				—	—	—	—	—
Negative market values from hedging of share-based payments	HfT	—				—	—	—	—	—
Amounts due to banks	oL	4,498.5	4,498.5	75.2	4,573.7		4,573.7	—	—	4,573.7
Amounts due to customers	oL	7,806.3	7,806.3	98.9	7,905.2		7,905.2	—	—	7,905.2
Securitized liabilities	oL	579.6	579.6	– 11.7	567.9		567.9	—	—	567.9
Provisions and other liabilities	n / a	450.9								
Provisions for pensions and similar obligations	n / a	184.7								
Other provisions	n / a	92.7								
Deferred interest	oL	38.8	38.8	—	38.8		38.8	—	—	38.8
Negative market values of hedge derivatives in hedge accounting	FVH	102.9				102.9	102.9	—	102.9	—
Other liabilities	n / a	31.8								
Tax liabilities	n / a	9.2								
Subordinated debt	oL	253.6	253.6	27.4	281.0		281.0	—	—	281.0
Equity	n / a	602.9								
Total on-balance-sheet equity and liabilities		**14,207.8**								
including: financial instruments		**13,286.5**	**13,176.8**	**189.8**	**13,366.6**	**109.7**	**13,476.3**	**—**	**109.7**	**13,366.6**
Held for trading	HfT	6.8	—	—	—	6.8	6.8	—	6.8	—
Other liabilities	oL	13,176.8	13,176.8	189.8	13,366.6	—	13,366.6	—	—	13,366.6
Fair-value hedging instruments	FVH	102.9	—	—	—	102.9	102.9	—	102.9	—
Off-balance-sheet items (no category)	n / a	—					0.4	—	—	0.4
Contingent liabilities	n / a	—					– 5.1	—	—	– 5.1
Committed credit facilities	n / a	—					5.5	—	—	5.5

Assets										2012
	Category	Balance sheet item	Financial instruments at amortized cost			At fair value	Σ financial instruments	Level 1	Level 2	Level 3
EUR m		Carrying amount	Carrying amount	Δ	Fair value	Fair value	Fair value	Fair value		
Cash and cash equivalents (at face value)	LaR	84.1	84.1	—	84.1		84.1	84.1	—	—
Trading assets	HfT	14.1				14.1	14.1	—	14.1	—
Stocks and other non-fixed-income securities	HfT	—				—	—	—	—	—
Positive market values of interest-related derivatives	HfT	9.0				9.0	9.0	—	9.0	—
Positive market values of currency-related derivatives	HfT	1.1				1.1	1.1	—	1.1	—
Positive market values of stock / index-related derivatives	HfT	—				—	—	—	—	—
Positive market values of other derivatives	HfT	—				—	—	—	—	—
Positive market values from hedging of share-based payments	HfT	4.0				4.0	4.0	—	4.0	—
Loans and advances to banks (net after risk provisions)	LaR	414.5	414.5	1.3	415.8		415.8	—	—	415.8
Loans and advances to customers (net after risk provisions)	LaR	10,338.7	10,338.7	1,076.4	11,415.1		11,415.1	—	—	11,415.1
Financial assets	AfS	3,353.9				3,353.9	3,353.9	1,943.5	1,408.3	2.1
Bonds from public issuers	AfS	1,220.6				1,220.6	1,220.6	764.2	456.4	—
Other bonds	AfS	2,086.3				2,086.3	2,086.3	1,160.7	925.6	—
Stocks	AfS	—				—	—	—	—	—
Stocks (Level 3)	AfS	1.1				1.1	1.1	—	—	1.1
Investment funds	AfS	44.9				44.9	44.9	18.6	26.3	—
Equity interests (Level 3)	AfS	0.9				0.9	0.9	—	—	0.9
Investments in unconsolidated subsidiaries (Level 3)	AfS	0.1				0.1	0.1	—	—	0.1
Property, plant and equipment	n / a	91.0								
Intangible assets	n / a	9.9								
Other assets	n / a	83.7								
Deferred interest	LaR	40.8	40.8	—	40.8		40.8	—	—	40.8
Positive market values of hedge derivatives under hedge accounting	FVH	—				—	—	—	—	—
Miscellaneous other assets	n / a	42.9								
Tax refund entitlements	n / a	8.8								
Deferred tax assets	n / a	27.8								
Total on-balance-sheet assets		**14,426.5**								
including: financial instruments		**14,246.1**	**10,878.1**	**1,077.7**	**11,955.8**	**3,368.0**	**15,320.0**	**2,027.6**	**1,422.4**	**11,870.0**
Loans and receivables	LaR	10,878.1	10,878.1	1,077.7	11,955.8	—	11,955.8	84.1	—	11,871.7
Held for trading	HfT	14.1	—	—	—	14.1	14.1	—	14.1	—
Available for sale	AfS	3,353.9	—	—	—	3,353.9	3,353.9	1,943.5	1,408.3	2.1
Fair-value hedging instruments	FVH	—	—	—	—	—	—	—	—	—

Equity and liabilities										2012
	Category	Balance sheet item	Financial instruments at amortized cost			At fair value	Σ financial instruments	Level 1	Level 2	Level 3
EUR m		Carrying amount	Carrying amount	Δ	Fair value	Fair value	Fair value		Fair value	
Trading assets	HfT	10.0				10.0	10.0	—	10.0	—
Negative market values of interest-related derivatives	HfT	8.6				8.6	8.6	—	8.6	—
Negative market values of currency-related derivatives	HfT	1.4				1.4	1.4	—	1.4	—
Negative market values of stock- / index-related derivatives	HfT	—				—	—	—	—	—
Negative market values of other derivatives	HfT	—				—	—	—	—	—
Negative market values from hedging of share-based payments	HfT	—				—	—	—	—	—
Amounts due to banks	oL	4,021.6	4,021.6	147.3	4,168.9		4,168.9	—	—	4,168.9
Amounts due to customers	oL	8,221.5	8,221.5	149.8	8,371.3		8,371.3	—	—	8,371.3
Securitized liabilities	oL	812.9	812.9	16.1	829.0		829.0	—	—	829.0
Provisions and other liabilities	n / a	472.0								
Provisions for pensions and similar obligations	n / a	191.7								
Other provisions	n / a	59.0								
Deferred interest	oL	46.1	46.1	—	46.1		46.1	—	—	46.1
Negative market values of hedge derivatives in hedge accounting	FVH	152.5				152.5	152.5	—	152.5	—
Other liabilities	n / a	22.7								
Tax liabilities	n / a	7.1								
Subordinated debt	oL	274.3	274.3	30.1	304.4		304.4	—		304.4
Equity	n / a	607.1								
Total on-balance-sheet equity and liabilities		**14,426.5**								
including: financial instruments		**13,538.9**	**13,376.4**	**343.3**	**13,719.7**	**162.5**	**13,882.2**	**—**	**162.5**	**13,719.7**
Held for trading	HfT	10.0	—	—	—	10.0	10.0	—	10.0	—
Other liabilities	oL	13,376.4	13,376.4	343.3	13,719.7	—	13,719.7	—	—	13,719.7
Fair-value hedging instruments	FVH	152.5	—	—	—	152.5	152.5	—	152.5	—
Off-balance-sheet items (no category)	n / a	—					– 3.8	—	—	– 3.8
Contingent liabilities	n / a	—					– 3.4	—	—	– 3.4
Committed credit facilities	n / a	—					– 0.4	—	—	– 0.4

The fair value is the amount obtainable from the trading of a financial instrument in a bargained transaction between knowledgeable, willing, independent parties. Fair value is best expressed by a market value, if a market price is available. Financial instruments primarily comprise securities, receivables, liabilities and derivatives. Price connections were reviewed for all financial instruments. Where quoted market prices existed, they were taken as a basis, and the instruments were categorized in Level 1. Where price models were applied based on parameters observed primarily from the market, the instruments were categorized in Level 2. For most financial instruments, and primarily for loans, deposits and non-marketable derivatives, no market prices are directly available because there is no organized market on which these instruments are traded. For these instruments, fair value was determined using measurement methods accepted in financial mathematics, applying current market parameters. The present-value method and option pricing models were used in particular. Accordingly, fair value is a model value referred to the reporting date, and can only be viewed as an indicator for the amount recoverable in a future sale. Further explanations of the methods of measuring risk associated with financial instruments are provided in the risk report in the section on risk position, under risk-bearing capacity and counterparty risks.

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

Receivables and liabilities. To determine fair value, future cash flows defined by contract are calculated and discounted using zero-coupon curves. The zero-coupon curves are derived directly from swap curves observable in the market. Borrowers' creditworthiness is taken into account with an appropriate adjustment of the discount rates. The fair value of loans and advances to customers and banks, and of liabilities, in Level 3 of the fair-value hierarchy was determined taking account of credit spreads as a shift in the yield curve.

Deferred interest. Deferred interest receivable is placed in the LaR category; deferred interest payable, in the oL category. These do not represent independent financial instruments; rather, they are an imputed part of a financial instrument recognized elsewhere. As there is no estimation uncertainty about the interest rates employed, there is no need to indicate a sensitivity.

Trading assets and liabilities and market values of hedge derivatives under hedge accounting. The Group measures trading assets and liabilities and market values of hedge derivatives under hedge accounting, including debt securities, stocks, derivative financial instruments and foreign exchange transactions, at fair value. If no price quotation is available, fair values are measured using financial mathematics. In the case of hedge derivatives, a distinction is made as to whether market values have been hedged. If they have been hedged, discounting is based on risk-free Overnight Index Swap (OIS) curves; if they have not, swap curves corresponding to the substance of the transactions concerned and traded on the bank market are used.

Securities. Securities held as financial assets are categorized as available-for-sale financial instruments in accordance with IAS 39, and are measured at fair value. Price service agencies are used to access certain platforms on which brokers publish their prices. If trading prices from at least three brokers were available, an average was taken and used as a price quote for Level 1. If there were less than three different trading prices from brokers, an average was taken and used as a price quote for Level 2. If no price quotation is available, fair values are measured using financial mathematics. Stocks, equity interests and interests in unconsolidated subsidiaries in Level 3 are not traded on active markets. At EUR 2.1 million, they are of minor importance. Their fair value cannot be determined reliably, and therefore they are measured at cost.

Long-term liabilities. Securitized liabilities and subordinated debt are measured on the basis of quoted market prices where available, and taking various factors into account, including current market interest rates and the Group's credit rating. To determine fair value, future cash flows defined by contract are calculated and discounted at suitable market interest rates with zero-coupon curves. The zero-coupon curves are derived directly from swap curves observable in the market. Allowance was made for the Group's credit rating by appropriately adjusting the discount rates. The fair value was determined making allowance for credit spreads as a shift in the yield curve. If no price quotation is available, fair values are measured using financial mathematics.

Off-balance-sheet items. These items belong to no category provided under IAS 39. Guarantee lines are contingent liabilities that will result in receivables if drawn upon. The fair value for these is derived from the discounted expected cash flows if they are utilized, taking collateral into account. Three years is assumed as the date of expected drawdown unless a different assumption appears appropriate. These lines are discounted at an average three-year interest rate for first-class corporate bonds. Irrevocable credit commitments are measured with drawdown and default probabilities that result from internal risk provisioning models. To measure the risk of changes in interest rates for interest rate exposures under irrevocable credit commitments, the future contractually defined cash flows were calculated and discounted using zero-coupon curves.

Transfer of financial instruments. At the end of 2013, the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer – IDW) released a new, binding interpretation of IFRS 13 ("IDW RS HFA 47"). When price information provided by third parties is used, HFA 47 requires mixed prices generally to be categorized in Level 2 of the fair-value hierarchy, and permits only individual price quotes to qualify for categorization in Level 1. As the OLB Group follows standard industry practice by using mixed prices from price service agencies, in compliance with the interpretation of HFA 47 it has transferred EUR 1.4 billion in fixed-income securities from Level 1 to Level 2.

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

44 Related-party transactions

Allianz Deutschland AG holds approximately 90.2 percent (prior year: 90.2 percent) of the stock of Oldenburgische Landesbank AG. The sole shareholder of Allianz Deutschland AG is Allianz SE.

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

Receivables and liabilities

EUR m	2013	2012
Loans and advances to customers		
Persons in key positions at OLB AG	4.0	0.3
Subsidiaries	0.2	0.4
Other related parties	5.8	20.2
Other assets		
Parent companies	10.5	12.4
Other related parties	30.9	25.8
Total receivables	**51.4**	**59.1**
Amounts due to customers		
Persons in key positions at OLB AG	0.6	0.5
Subsidiaries	0.2	0.2
Other related parties	121.3	133.7
Provisions and other liabilities		
Parent companies	1.5	1.6
Other related parties	4.5	8.9
Total liabilities	**128.1**	**144.9**

The above receivables from and liabilities to customers concern money market transactions, loans and deposits, and refinancing funds. Receivables from persons in key positions at OLB AG are almost entirely secured with real-estate liens. Receivables from parent companies and subsidiaries are not secured, because of their affiliation within the Group. Collateral of EUR 15.2 million (prior year: EUR 39.9 million) has been provided for receivables from other related parties. No collateral was furnished for liabilities. Additionally, there were guarantee lines of EUR 22.5 million to other related parties at December 31, 2013 (prior year: EUR 24.1 million). The Bank also conducts service, securities, foreign currency trading and forward-rate transactions with related parties.

These transactions affected the computation of profits as shown in the following table:

EUR m	2013	2012
Net interest income		
Persons in key positions at OLB AG	0.1	—
Parent companies	– 0.1	– 0.3
Subsidiaries	—	—
Other related parties	—	– 0.3
Net commission income		
Persons in key positions at OLB AG	—	—
Parent companies	—	—
Subsidiaries	2.4	2.3
Other related parties	18.8	19.8
Office expense		
Persons in key positions at OLB AG	—	—
Parent companies	– 5.9	– 8.4
Subsidiaries	—	—
Other related parties	– 10.4	– 14.8
Other income and income from reimbursement of restructuring expense		
Persons in key positions at OLB AG	—	—
Parent companies	107.5	39.9
Subsidiaries	0.3	0.3
Other related parties	—	0.2
Total profit	**112.7**	**38.7**

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

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

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

The computation of profits includes EUR 146.3 million in income (prior year: EUR 92.6 million) and EUR 33.5 million in expenses (prior year: EUR 53.8 million) for related-party transactions. The income is principally Allianz Deutschland AG's compensation for the loss on ongoing business operations at Allianz Bank, and commissions from Allianz Group companies for brokering and managing portfolios of fund and insurance products. The expenses are principally restructuring expenses incurred in terminating the business activities of Allianz Bank. The terms and conditions for the interest and commissions business, including collateral, as well as the intra-Group charges, are those commonly applied in the market.

With regard to the indemnification declaration furnished by Allianz Deutschland AG to the Bundesverband deutscher Banken e. V. in favor of Oldenburgische Landesbank AG, please see the comments in the section on "Other financial obligations."

Credit granted to members of the Board of Managing Directors was as follows as of December 31, 2013: Approved credit lines totaled EUR 425 thousand (prior year: EUR 430 thousand), EUR 24 thousand of which (prior year: EUR 21 thousand) had been used as of December 31, 2013. The interest rate for each line was 6.00 percent. The interest rates and terms are those commonly applied in the market. At the reporting date, EUR 0.4 thousand (prior year: EUR 0.5 thousand) in credit card lines had been utilized, out of total limits of EUR 60 thousand (prior year: EUR 75 thousand). There were no loan or guarantee-line commitments to members of the Board of Managing Directors as of the reporting date.

Credit granted to members of the Supervisory Board was as follows as of December 31, 2013: Approved credit lines totaled EUR 309 thousand (prior year: EUR 241 thousand), EUR 129 thousand of which (prior year: EUR 14 thousand) had been used as of December 31, 2013. The interest rates were between 2.71 percent and 8.49 percent. In addition, there were guarantee lines of EUR 6 thousand (prior year: EUR 47 thousand), for which a commission of 3.25 percent was paid. There were furthermore loan commitments of EUR 3,927 thousand (prior year: EUR 730 thousand), of which EUR 3,863 thousand (prior year: EUR 640 thousand) had been drawn as of December 31, 2013. The interest rates were between 1.45 percent and 6.00 percent. The interest rates and terms are those commonly applied in the market. At the reporting date, EUR 3 thousand (prior year: EUR 4 thousand) in credit card lines had been utilized, out of total limits of EUR 125 thousand (prior year: EUR 127 thousand).

Compensation paid to the Board of Managing Directors in fiscal 2013 came to EUR 2.7 million (prior year: EUR 3.6 million). This figure includes RSUs with a total fair value of EUR 0.6 million (prior year: EUR 1.5 million). As of December 31, 2013, the number of share-based rights held by members of the Board of Managing Directors totaled 5,756 SARs and 29,567 RSUs. On December 31, 2013, the actuarial net present value of pension obligations, on an IFRS basis, for members of the Board of Managing Directors who were active at that date, came to EUR 1.2 million (prior year: EUR 0.8 million). The expense for pension obligations was EUR 0.4 million (prior year: EUR 0.3 million). The components of compensation by category are shown in the following table:

EUR m	2013	2012
Benefits due short-term	1.9	1.9
Other benefits due long-term	0.2	0.2
Share-based payments	0.6	1.5
Total	**2.7**	**3.6**
Benefits for termination of employment	—	—
Benefits after termination of employment	—	0.4

OLB paid compensation of EUR 1.1 million to former members of the Board of Managing Directors or their survivors (prior year: EUR 1.3 million). The actuarial net present value of the pension obligations for this group of persons, on an IFRS basis, came to EUR 19.3 million (prior year: EUR 20.3 million).

Compensation paid to the Supervisory Board in fiscal 2013 came to EUR 0.8 million (prior year: EUR 0.7 million). All of these are benefits payable in the short term.

The compensation of the Board of Managing Directors and the Supervisory Board is reported individually in the Group management report.

45 Share-based payments

Employee stock purchase plans. Stock of Allianz SE is also offered to entitled employees of the OLB Group on preferred terms, within a specified time period. To be entitled to participate, employees must normally have been in an uninterrupted, unterminated employment or training relationship with the Bank for at least six months before the stock is offered; moreover, the purchase is subject to limitations on the amount that employees may invest in the stock acquisition. The amount of stock of the OLB Group issued under these offerings came to 20,598 shares for the fiscal year (prior year: 29,048 shares); the difference of EUR 0.2 million (prior year: EUR 0.2 million) between the strike price and the market price for 2013 is recognized under the personnel expense.

Group Equity Incentive Plans. The OLB Group's Group Equity Incentive Plans (GEI Plans) are intended to support the focus of top management, particularly the Board of Managing Directors, on sustainably enhancing corporate value. Until 2010, the GEIs included "virtual stock options" (Stock Appreciation Rights, SARs) and "virtual shares" (Restricted Stock Units, RSUs). As of the time of grant in 2011, the Allianz Equity Incentive Plan (AEI) replaced the GEI Plans. Under the AEI Plan, plan participants receive only virtual shares (Restricted Stock Units).

Stock Appreciation Rights Plans. The SARs granted to a plan participant obligate the OLB Group to pay in cash, for each right granted, the difference between the trading price of Allianz stock on the exercise date and the reference price. The maximum difference is limited to 150 percent of the reference price. The reference price is the average of the closing prices of Allianz SE stock on the ten trading days following the financial press conference of Allianz SE in the year of issue. The SARs granted up until 2008 may be exercised after a vesting period of two years, and expire after seven years. The vesting period for SARs issued from 2009 onward is four years; they too expire after seven years. Once the vesting period has expired, plan participants may exercise the SARs if the following market conditions are fulfilled:

1. the relative stock price performance of Allianz SE must have exceeded the performance of the Dow Jones EURO STOXX Price Index at least once for a period of five successive trading days during the plan period, and
2. the stock price of Allianz SE must exceed the reference price by at least 20 percent at the time of exercise.

Additionally, provided that the above market conditions are fulfilled, SARs may be exercised by the Company prior to the expiration of the vesting period if a plan participant dies, majority ratios change, or the plan participant leaves the Company because of a termination for business reasons.

Rights not exercised on the last date of the plan are exercised automatically if the requirements have been met. If the requirements have not been met, or if a participant in the plan has left the OLB Group's employ, the rights expire.

The fair value of SARs at the time of grant is determined using a Cox–Rubenstein binomial option valuation model. The volatility is derived from observable historical market prices. If no historical information is available in regard to the exercise of SARs (especially, if the plans issued from 2006 to 2008 are not in the money), it is assumed that the expected term is the same as the term until the SARs expire.

The following table shows the assumptions for computing the fair value of SARs at the time of grant:

	2013	2012	2011	2010	2009
Expected volatility in %	—	—	—	29.0	60.0
Risk-free interest rate in %	—	—	—	2.7	2.6
Expected dividend yield in %	—	—	—	5.6	6.2
Stock price in EUR	—	—	—	88.09	55.19
Expected term in years	—	—	—	7	7

No new units were granted in 2011 through 2013.

The OLB Group reports SARs as cash-settled compensation. For that reason, the Group includes the fair value of the SARs as a personnel expense on an accrual basis over the duration of the vesting period. After the vesting period expires, any changes in the fair value of unexercised rights are recognized as a personnel expense. During the fiscal year ended December 31, 2013, the total personnel expense associated with unexercised rights came to EUR 12 thousand (prior year: EUR 64 thousand).

As of December 31, 2013, the OLB Group had established a provision of EUR 792 thousand (prior year: EUR 413 thousand) for unexercised SARs. In 2013, 12,471 units expired.

The following table shows the performance of the SARs:

	Units	Eligible for exercise	Weighted average strike price in EUR	Weighted average fair value on valuation date in EUR	Weighted average remaining term in years
At 12/31/2011	**66,343**	**—**	**111.55**	**2.55**	**2.5**
Granted	—	—	—	—	—
Exercised	—	—	—	—	—
Expired	–15,925	—	—	—	—
At 12/31/2012	**50,418**	**—**	**117.46**	**9.99**	**2.2**
Granted	—	—	—	—	—
Exercised	–2,564	—	120.00	—	—
Expired	–12,471	—	—	—	—
At 12/31/2013	**35,383**	**—**	**116.93**	**10.43**	**1.8**

Restricted Stock Unit Plans. The RSUs granted to a plan participant obligate the OLB Group to make a cash payment equivalent to the average trading price of the stock of Allianz SE on the ten trading days preceding the expiration of the vesting period, or to issue one share of Allianz SE or another equity instrument of the same value for each right granted. The RSUs have a vesting period of five years. The OLB Group exercises the RSUs on the first trading day after their vesting period expires. On the exercise date, the OLB Group may define the method of performance for the individual RSUs.

Additionally, RSUs may be exercised by the Company prior to the expiration of the vesting period if a plan participant dies, majority ratios change, or the plan participant leaves the Company because of a termination for business reasons. RSUs are virtual shares that carry no rights to dividend payments. Their fair value is calculated by subtracting the net present value of expected future dividend payments from the current prevailing price on the measurement date.

The following table shows the assumptions for computing the fair value of RSUs at the time of grant:

in %	2013	2012	2011	2010
Average interest rate	—	—	—	1.40
Average dividend yield	—	—	—	5.50

No new units were granted in 2011 through 2013.

The OLB Group recognizes RSUs as cash-settled compensation because the OLB Group is planning on cash settlement. For that reason, the Group includes the fair value of the RSUs as a personnel expense on an accrual basis over the duration of the vesting period. During the fiscal year ended December 31, 2013, the total personnel expense associated with unexercised RSUs came to EUR 102 thousand (prior year: EUR 166 thousand).

As of December 31, 2013, the OLB Group had established a provision of EUR 943 thousand (prior year: EUR 948 thousand) for RSUs that could not be exercised.

Allianz Equity Incentive Plan. The AEI Plan replaced the GEI Plans as of the 2011 grant year.

Under the new compensation structure, which has been in effect since January 1, 2010, the 2014 RSUs are treated as compensation granted to participants for the 2013 year.

The RSUs granted to a plan participant obligate the OLB Group to make a cash payment equivalent to the average trading price of Allianz SE stock on the exercise date and the nine preceding trading days, or to exchange each virtual share for one share of Allianz SE. The payout is limited to 200 percent of the increase in the stock price above the price at the time of issue.

The RSUs under the AEI Plan are subject to a four-year vesting period. The RSUs are released on the last day of the vesting period. The OLB Group may define the method of performance for the individual RSUs.

Additionally, RSUs may be exercised by the Company prior to the expiration of the vesting period if a plan participant dies, majority ratios change, or the plan participant leaves the Company because of a termination for business reasons.

The RSUs are virtual stock that do not carry an entitlement to payment of a dividend and are subject to a payout limit. Their fair value is calculated from the trading price prevailing on the measurement date, less the aggregate net present value of the future dividend payments expected until maturity, and the fair value of the payout limit. The payout limit is measured as a European short-call option on the basis of current market figures on the measurement date.

The following table shows the assumptions for computing the fair value of RSUs at the time of grant:

	2014	2013
Stock price in EUR	124.55	110.40
Average dividend yield in %	4.40	4.60
Average interest rate in %	0.51	0.47
Expected volatility in %	20.60	20.90

The 2014 RSUs are treated as compensation granted to the participants for the 2013 year. Consequently, the assumptions for the RSUs issued in March 2014 are based on a best estimate.

The OLB Group recognizes RSUs within the new compensation structure as cash-settled compensation because the OLB Group is planning on cash settlement. For that reason, the OLB Group recognizes the fair value of the RSUs as a personnel expense on an accrual basis, over the one-year period for which they are earned and then over the vesting period. During the fiscal year ended December 31, 2013, the total personnel expense associated with the RSU component of the AEI Plan came to EUR 887 thousand (prior year: EUR 659 thousand).

As of December 31, 2013, the OLB Group had established a provision of EUR 2,783 thousand (prior year: EUR 1,242 thousand) for these RSUs.

The following table shows the performance of the RSUs:

	Units	Weighted average fair value in EUR	Weighted average strike price in EUR
At 12/31/2011	**30,405**	**64.06**	**—**
Granted	11,316	90.42	—
Exercised	– 5,591	—	90.01
Reassignment within Group	—	—	—
At 12/31/2012	**36,130**	**95.02**	**—**
Granted	19,742	—	—
Exercised	– 3,849	—	104.65
Reassignment within Group	—	—	—
At 12/31/2013	**52,023**	**—**	**—**

The total expense for share-based compensation recognized for 2013 was EUR 1,247 thousand (prior year: EUR 1,128 thousand), the total carrying amount of the liabilities as of the reporting date was EUR 4,518 thousand (prior year: EUR 2,603 thousand), and the intrinsic value of the liabilities was EUR 7,484 thousand (prior year: EUR 3,694 thousand).

46 Independent auditors' fees

EUR m	2013	2012
Audit of financial statements	0.8	1.1
Other confirmation and valuation services	2.1	0.3
Total	**2.9**	**1.4**

47 Risk of changes in market price

In the interest of greater clarity, for information on market risks associated with the trading and non-trading portfolios the reader is referred to the risk report in the Group management report, particularly the section on market price risk in the discussion of risk-bearing capacity under “Risk situation.”

48 Concentration of credit risk

In the interest of greater clarity, for information on the concentration of credit risk the reader is referred to the risk report in the Group management report, particularly the section on concentration risks under the definition of risk types.

49 List of shareholdings

Name and registered office of the company	Share of capital held	Equity	Profit for period	Profit for period
		12/31/2013	1/1–12/31/2013	1/1–12/31/2012
	%	EUR m	EUR m	EUR m
W. Fortmann & Söhne KG, Oldenburg	100.00	8.16	–0.16	0.32
Münsterländische Bank Thie & Co. KG, Münster	100.00	8.55	0.65	0.55
OLB-Service Gesellschaft mit beschränkter Haftung, Oldenburg	100.00	0.03	—	—
OLB-Immobiliendienst-GmbH, Oldenburg	100.00	0.03	—	—
AGI-Fonds Ammerland[1]	100.00	n/a	4.90	8.03
AGI-Fonds Weser-Ems[1]	100.00	n/a	1.24	2.60

1 Managed by Allianz Global Investors, Frankfurt am Main

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

The Group has profit-and-loss transfer agreements with the following subsidiaries:

- OLB-Immobiliendienst-GmbH, Oldenburg
- OLB-Service Gesellschaft mit beschränkter Haftung, Oldenburg

In addition to Oldenburgische Landesbank AG, headquartered in 26122 Oldenburg, Stau 15/17 – entered in the Commercial Register of Oldenburg Local Court under No. HRB 3003 – the consolidated financial statements include the companies and special funds listed in the list of shareholdings, as described under Note (01). These exclude OLB-Immobiliendienst-GmbH, of Oldenburg, and OLB-Service Gesellschaft mit beschränkter Haftung, of Oldenburg, because of their minor importance to the Group’s net assets, financial position and results of operations.

50 Employees

On average for the year, OLB had 2,619 employees (prior year: 2,814). They comprised the following categories:

Number	2013	2012
Full-time employees (average)		
Women	796	879
Men	1,131	1,234
Part-time employees (average)		
Women	653	668
Men	39	33
Total employees	**2,619**	**2,814**

The number of employees at December 31, 2013, was 2,445 (prior year: 2,785); the OLB Group also had 236 apprentices and trainees, 124 of them women (prior year: 229/135).

51 Corporate governance

The Declaration of Compliance with the Recommendations of the Government Commission on the German Corporate Governance Code has been issued by the Board of Managing Directors and the Supervisory Board as required under Sec. 161 of the German Stock Corporation Act, and is kept permanently available to shareholders on the Internet, in the Investor Relations area of our Web site, www.olb.de (path: www.olb.de / dieolb / 2626.php).

52 Dividend payment

According to the German Commercial Code (HGB), the pertinent profit for the period for fiscal 2013 was EUR 4.7 million. As there were no carry-forwards or allocations to reserves, this corresponds to the distributable profit. For the allocation of this profit, a proposal will be made to the shareholders at the Shareholders' Meeting on May 28, 2013, to distribute a dividend of EUR 0.10 per no-par share for fiscal 2013, and to allocate EUR 2.4 million to retained earnings.

53 Date of release for publication

The present consolidated financial statements were released by the full Board of Managing Directors of Oldenburgische Landesbank AG for publication on March 6, 2014. Events from the balance sheet date until the release date may be included in consideration. Thereafter, under Sec. 173 of the Stock Corporation Act, changes in the consolidated financial statements may be made only by resolution of the Shareholders' Meeting

Oldenburg, March 6, 2014
Oldenburgische Landesbank AG

The Board of Managing Directors

Dr. Achim Kassow
Chairman

Dr. Thomas Bretzger

Jörg Höhling

Karin Katerbau

Hilger Koenig

Management's Statement of Responsibility

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the Group's net assets, financial position, and results of operations, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the Group's expected development.

Oldenburg, March 6, 2014
Oldenburgische Landesbank AG

The Board of Managing Directors

Dr. Achim Kassow
Chairman

Dr. Thomas Bretzger

Jörg Höhling

Karin Katerbau

Hilger Koenig

Independent Auditors' Opinion

We have audited the consolidated financial statements prepared by Oldenburgische Landesbank AG, of Oldenburg – comprising the balance sheet, the statement of comprehensive income, the statement of changes in equity, the cash flow statement, and the notes to the consolidated financial statements – together with the Group management report, for the period from January 1 through December 31, 2013. The preparation of the consolidated financial statements and the Group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB, are the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer – IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework, and in the Group management report, are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group, and expectations as to possible misstatements, are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the Group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in the consolidated financial statements, the determination of entities to be included in consolidation, the accounting and consolidation principles used, and significant estimates made by the Company's legal representatives, as well as evaluating the overall presentation of the consolidated financial statements and Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB, and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The Group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Hamburg, March 12, 2014
KPMG AG
Wirtschaftsprüfungsgesellschaft

König	Olschewski
Certified public auditor	Certified public auditor

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ADDITIONAL INFORMATION

Other Offices Held by Corporate Officers

Honorary Chairman of the Supervisory Board

Dr. Bernd W. Voss

Supervisory Board

The members of the Supervisory Board held the positions listed below.

Andree Moschner
Chair
Member of the Board of Management of Allianz Deutschland AG, Munich; CEO of Allianz Beratungs- und Vertriebs-AG, Munich

Uwe Schröder
Vice-Chair (from June 5, 2013)
Banker, Oldenburgische Landesbank AG, Oldenburg; Chairman of the Corporate Employee Council

Dr. Werner Brinker
Chairman of the Board of Management, EWE Aktiengesellschaft, Oldenburg
Positions on other legally required supervisory boards of German companies:
Positions within the corporate group:
- EWE Vertrieb GmbH, Oldenburg (Chairman)
- EWE TEL GmbH, Oldenburg (Chairman)
- swb AG, Bremen (Chairman)

Memberships in comparable supervisory bodies:
- Werder Bremen GmbH & Co. KG aA, Bremen

Positions within the corporate group:
- EWE Turkey Holding A. S., Turkey

Claas E. Daun (to June 5, 2013)
Chairman of the Board of Management, Daun & Cie. Aktiengesellschaft, Rastede
Positions on other legally required supervisory boards of German companies:
- Stöhr & Co. AG, Mönchengladbach (Chairman)

Positions within the corporate group:
- KAP Beteiligungs-AG, Stadtallendorf (Chairman)
- Mehler AG, Fulda (Chairman)

Memberships in comparable supervisory bodies:
- Steinhoff International Holdings Ltd., Johannesburg, South Africa
- Zimbabwe Spinners & Weavers Ltd., Harare, Zimbabwe

Carsten Evering (to June 5, 2013)
Branch Manager, Oldenburgische Landesbank AG, Friesoythe and Gehlenberg

Prof. Dr. Andreas Georgi
Consultant, Starnberg
Positions on other legally required supervisory boards of German companies:
- Asea Brown Boveri AG, Mannheim
- Rheinmetall AG, Düsseldorf

Memberships in comparable supervisory bodies:
- Felix Schoeller Holding GmbH & Co. KG, Osnabrück (Vice-Chairman)

Svenja-Marie Gnida (from June 5, 2013)
Branch Manager, Oldenburgische Landesbank AG, Osnabrück

Manfred Karsten (to June 5, 2013)
Vice-Chair (to June 4, 2013)
Banker, Oldenburgische Landesbank AG, Oldenburg; Vice-Chairman of the Corporate Employee Council (to October 31, 2013)

Stefan Lübbe
Director, Member of the Management, Oldenburg-Süd Region, Oldenburgische Landesbank AG, Cloppenburg

Dr. Thomas Naumann (to June 5, 2013)
Member of the Board of Management of Allianz Asset Management AG, Munich

Prof. Dr. Petra Pohlmann (from June 5, 2013)
Professor, University of Münster
Positions on other legally required supervisory boards of German companies:
- Allianz Versicherungs-AG, Munich

Horst Reglin
Union Secretary, Vereinte Dienstleistungsgewerkschaft, Oldenburg
Positions on other legally required supervisory boards of German companies:
- Öffentliche Lebensversicherungsanstalt, Oldenburg
- Oldenburgische Landesbrandkasse, Oldenburg

Rainer Schwarz
Member of the Supervisory Board, Oldenburgische Landesbank AG, Munich

Carl-Ulfert Stegmann (from June 5, 2013)
Sole Director, AG Reederei Norden-Frisia, Norderney
Memberships in comparable supervisory bodies:
- Wyker Dampfschiffsreederei Föhr-Amrum GmbH, Wyk auf Föhr

Jörg Thöle (to June 5, 2013)
Customer Support Officer, Oldenburgische Landesbank AG, Osnabrück; Representative of the Deutscher Bankangestellten-Verband

Gabriele Timpe (from June 5, 2013)
Customer Advisor, Oldenburgische Landesbank AG, Lähden

Christine de Vries (from June 5, 2013)
Organizer, Processes and Projects, Oldenburgische Landesbank AG, Oldenburg

Board of Managing Directors

The members of the Board of Managing Directors held the positions listed below.

Dr. Achim Kassow
Chairman of the Board of Managing Directors, Oldenburgische Landesbank AG
Positions on other legally required supervisory boards of German companies:
Positions within the corporate group:
- AllSecur Deutschland AG (from October 1, 2013)

Dr. Thomas Bretzger
Member of the Board of Managing Directors, Oldenburgische Landesbank AG
Memberships in comparable supervisory bodies:
- Münsterländische Bank Thie & Co. KG, Münster (Vice-Chairman)
- W. Fortmann & Söhne KG, Oldenburg (Vice-Chairman)

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

Karin Katerbau
Member of the Board of Managing Directors, Oldenburgische Landesbank AG

Effective: December 31, 2013

Advisory Board

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

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

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

Manfred Adrian
Publisher, Wilhelmshavener Zeitung, Wilhelmshaven

Prof. Dr. Heinz-W. Appelhoff
Shareholder in Treuhand Oldenburg GmbH, Oldenburg

Christian Basse
Managing Partner, SKN Druck und Verlag GmbH & Co. KG, Norden

Harald Beenen
Managing Director, H. Beenen Vermögensverwaltung GmbH & Co. KG, Aurich

Dr. Jan Bernd Berentzen
Managing Shareholder, Berentzen Mally Marketing plus Services GmbH, Greven

Clemens van den Berg
Shareholder, van den Berg GmbH & Co. KG, Lingen

Dr. Fritz Blume
Private income, Jever

Dr. Franz J. Bönkhoff
Partner, Wirtschaftsprüfer- und Steuerberaterkanzlei Dr. Bönkhoff & Partner, Oldenburg

Dr. Bernhard Brons
Board of Management, Reederei Aktien-Gesellschaft "EMS," Emden

Heiner Bröring
Former Managing Director, H. Bröring GmbH und Co. KG, Dinklage

Heinz Buse
Owner and Managing Director, Heinz Buse Corporate Group, Leer

Philip Freiherr von dem Bussche
Spokesman of the Board of Management, KWS SAAT AG, and Farmer, Einbeck

Dr. Markus Connemann
Managing Director, Hammerlit GmbH, Leer

Claas E. Daun
Chairman of the Board of Management, Daun & Cie. AG, Rastede

Stefan Delkeskamp
Managing Director, Delkeskamp Verpackungswerke GmbH, Nortrup

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

Isabel Hüppe
Attorney-at-law, Großenkneten-Huntlosen

Heinz Josef Imsiecke
Publisher, Münsterländische Tageszeitung, Cloppenburg

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

Prof. Dr. Dr. h. c. Hans Kaminski
Institute Director and Managing Director, Institut für Ökonomische Bildung (Institute for Economic Education), Oldenburg

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

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

Michael Koch
Board of Management, Kaffee-Partner Leasing AG, Osnabrück

Reinhard Köser
Publisher, Nordwest-Zeitung, Oldenburg

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

Angela Krüger-Steinhoff
Managing Director, Steinhoff Familienholding GmbH, Westerstede

Dr. Andreas Kühnl
Managing Director, H. Kemper GmbH & Co. KG, Nortrup

Friedrich-Wilhelm Freiherr von Landsberg-Velen
Managing Partner, Ferienzentrum Schloss Dankern GmbH, Haren

Hermann Lanfer
Managing Shareholder, Lanfer Logistik GmbH, Meppen

Johannes van der Linde
Managing Partner, LUDWIG FREYTAG GmbH & Co. Kommanditgesellschaft, Oldenburg

Dirk Lütvogt
Managing Partner, Friedrich Lütvogt GmbH & Co. KG, Wagenfeld

Peter Mager
Steinfeld

Bernd Meerpohl
CEO, Big Dutchman AG, Vechta

Bernard Meyer
Managing Director, MEYER-WERFT GmbH, Papenburg

Consul Friedrich A. Meyer
Managing Shareholder, F.A. Meyer Beteiligungs-GmbH, Wilhelmshaven

Harald Müller
Managing Shareholder, Erwin Müller Gruppe Lingen, Lingen

Markus Müller
Generalintendant, Oldenburgisches Staatstheater, Oldenburg

Eske Nannen
Managing Director, Kunsthalle Emden Stiftung Henri und Eske Nannen und Schenkung Otto van de Loo, Emden

Holger Neumann
Managing Director, Pallas Group, Diepholz

Dieter Niederste-Hollenberg
Chairman of the Supervisory Board, BauKing AG, Hanover

Fritz-Dieter Nordmann
Managing Shareholder, Nordmann corporate group, Wildeshausen

Peter Pickel
Managing Partner, August Pickel GmbH & Co. KG, Oldenburg

Christian Rauffus
Managing Partner, Rügenwalder Wurstfabrik Carl Müller GmbH & Co. KG, Bad Zwischenahn

Hubert Rothärmel
Member of the Board of Trustees, Neumüller CEWE COLOR Stiftung, Oldenburg

Klaus Rücker
Managing Shareholder, Rücker Group, Aurich and Wismar

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

Ralf Schu
Managing Director, Papier- u. Kartonfabrik Varel GmbH & Co. KG, Varel

Dirk Schulte Strathaus
Publisher, Delmenhorster Kreisblatt, Delmenhorst

Herbert Siedenbiedel
Managing Director, Nordwest Medien GmbH & Co. KG, Oldenburg

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

Carl Ulfert Stegmann
Board of Management, Aktiengesellschaft Reederei Norden-Frisia, Norderney

Franz Thiele jun.
Managing Director, Thiele & Freese GmbH & Co. KG, Emden

Harald Vogelsang
Managing Director, Hugo Vogelsang Maschinenbau GmbH, Essen (Oldenburg)

Heidi Gräfin von Wedel
Wilhelmshaven

Manfred Wendt
Speaker for the Management, Johann Bunte Bauunternehmung GmbH & Co. KG, Papenburg

Doris Wesjohann
Member of the Board of Management, PHW Group, Visbek

Dr. Aloys Wobben
Managing Director, ENERCON GmbH, Aurich

Roland Zerhusen
Managing Director, ZERHUSEN Kartonagen GmbH, Damme

Effective: February 19, 2014

We mourn the passing of

The following active employees

Ursula Jastram-Köllner
June 16, 2013

Peter Schröder
June 9, 2013

and the following retirees

Friedrich Ackermann
June 24, 2013

Hermann Hermes
February 3, 2013

Gerold Kathmann
December 19, 2013

Hildegard Koch
October 11, 2013

Albert Krüger
July 12, 2013

Dieter Niggemann
January 16, 2014

Klaus Prieber
September 28, 2013

Monika Rabe
October 11, 2013

Adam Schneider
January 24, 2014

Gotthard Schroeter
February 21, 2014

Rolf Tempel
February 4, 2013

Gerhard Vogel
December 28, 2013

Evelyn Weber
April 23, 2013

Hans-Günther Wessels
November 14, 2013

Herbert Willms
June 13, 2013

Through March 5, 2014

Report of the Supervisory Board

The Supervisory Board continuously monitored the management of the Bank during the year, advised the Board of Managing Directors on running the institution, and participated directly in decisions of fundamental importance. The organization of activities and the areas of responsibility of the Supervisory Board are set forth in the rules of procedure of the Supervisory Board and those of the Board of Managing Directors.

Overview

The Supervisory Board was regularly informed by the Board of Managing Directors about the course of business and the condition and performance of Oldenburgische Landesbank AG (OLB) and its subsidiaries. We also obtained information about the Bank's strategic focus, major business events, and the risk situation. We furthermore participated in the planning by the Board of Managing Directors for fiscal 2014. We also obtained reports on deviations of actual business developments from previously reported goals, together with an explanation of the reasons. The Supervisory Board monitored and advised management on the basis of the written and oral information provided by the Board of Managing Directors. Matters of particular significance were thoroughly examined and discussed with the Board of Managing Directors. In addition to the reports from the Board of Managing Directors, we also obtained reports from the Internal Auditing department and the independent auditors.

The Supervisory Board met seven times in 2013, including one meeting by way of teleconferencing and one constituting meeting. The Board's meetings were held in January, March, April, June, September and December. The Chairman of the Supervisory Board also maintained contact with the Board of Managing Directors between meetings, and with them regularly discussed the Bank's strategy, business performance, risk management and other matters of importance.

The reports by the Board of Managing Directors on business performance and other reports on special issues were accompanied by written presentations and documentation that were made available as preparation to every member of the Supervisory Board in good time before each meeting. The same applied to all documentation for the financial statements, and the audit reports of the independent auditors. Where acts of management were subject to the consent of the Supervisory Board or one of its committees, the matters were duly resolved upon.

Matters addressed by the full board

The Supervisory Board's regular deliberations concerned the economic condition of Oldenburgische Landesbank AG and the Group. The Supervisory Board obtained information about earnings performance at every regular meeting, and discussed full details of the course of business development with the Board of Managing Directors. In addition to regular reports on the risk situation, we also obtained a separate report from the Board of Managing Directors on the Company's business and risk strategy, which we discussed with the Board of Managing Directors.

At the beginning of 2013, we held a special meeting to address the further development of Allianz Bank. Together with the Board of Managing Directors, we explored the various available options for action. After an in-depth discussion, we approved the decision by the Board of Managing Directors to close Allianz Bank.

At our constituting meeting, which was held following the 2013 Annual Shareholders' Meeting, we elected the Chair and Vice-Chair of the Supervisory Board, the members of the committees, and the Chair of the Risk and Audit Committee. We further noted that Prof. Dr. Georgi meets the requirements for an "independent financial expert" as required by corporate law.

We addressed matters of compensation on several occasions. For example, we decided the level of goal achievement for each member of the Board of Managing Directors for fiscal 2012, and set the goals for the variable component of compensation in 2014. Owing to changes in the law because of the CRD IV Transposition Act and new recommendations for the compensation of boards of managing directors under the German Corporate Governance Code, we reviewed the compensation system for the Board of Managing Directors and revised it to comply with the new requirements. We modified the individual compensation of the members of the Board of Managing Directors accordingly. We also obtained more detailed information from the Board of Managing Directors about the structure of the compensation systems for OLB employees. We appointed Mr. Schwarz as the expert on compensation oversight for the Supervisory Board. Further information about the compensation of the Board of Managing Directors is provided in the Compensation Report.

The Supervisory Board dealt in detail with the appointment of Mr. Hilger Koenig as a new member of the Board of Managing Directors, as well as the nominations for the 2013 elections to the Supervisory Board. In recognition of amendments to the German Banking Act and the German Corporate Governance Code, the scope of duties of the Supervisory Board and its committees was further specified and expanded. This was discussed in detail, and the rules of procedure for the Supervisory Board were revised accordingly.

Once again in fiscal 2013, we regularly examined the Bank's credit and risk management as well as its compliance with the relevant regulatory requirements, especially the minimum requirements for risk management at banks. We obtained continuous information on these matters from the Board of Managing Directors, and thoroughly discussed with them the alternatives for action to be derived from the resulting findings.

Finally, we revised the rules of procedure for the Board of Managing Directors to reflect current developments.

Work in the committees of the Supervisory Board

The Supervisory Board has established five committees to assist it in performing its duties efficiently: the Executive Committee (renamed the Executive and Compensation Committee as of December 10, 2013), the Audit Committee, the Risk Committee, the Nominating Committee, and the Mediation Committee.

The committees prepare the decisions of the Supervisory Board and the work of the full meetings of the board. In addition, where appropriate and permitted by law, the Supervisory Board transferred some of its decision-making authority to committees. The committee chairs regularly informed the Supervisory Board of the committees' work. The membership of the individual committees can be found in the Corporate Governance Report.

See p. 014

During 2013, the *Executive Committee* held a total of four meetings. It dealt primarily with matters concerning the Board of Managing Directors, including the structure and amount of that board's compensation. The committee prepared the review and revision of the compensation system for the Board of Managing Directors, and developed a proposal for the full membership of the Supervisory Board about setting goals for the Board of Managing Directors for the current fiscal year.

The committee also discussed the degree of achievement of the goals set for the members of the Board of Managing Directors for fiscal 2012, and presented a corresponding recommendation to the full Supervisory Board. It furthermore deliberated on the appointment of Mr. Koenig as a member of the Board of Managing Directors, and discussed severance pay for employees. Finally, the committee approved loans to members of governing bodies under Sec. 15 of the Banking Act, and consented for members of the Board of Managing Directors to accept certain offices at other companies and institutions.

The *Audit Committee* met four times in fiscal 2013, including once by way of teleconferencing. The committee reviewed the annual financial statements of Oldenburgische Landesbank AG and the Group, as well as the management reports and audit reports, and discussed these with the auditors, who were in attendance and had first presented the principal results of their audit. The committee also addressed the report on relations with affiliated companies and the associated audit report. The Audit Committee found no cause for objection in either the documents of the financial statements or the report on relations with affiliated companies. It also satisfied itself of the independence of the independent auditors, decided the main emphases for the audit, and engaged the auditors. The committee furthermore submitted a recommendation to the full Supervisory Board for the Supervisory Board's recommendation to the Shareholders' Meeting regarding the election of the independent auditors. The Audit Committee again gave particular attention to the Company's internal controlling system, and in that connection also examined the controlling system for financial accounting. It likewise reviewed the Internal Auditing and Compliance system and furthermore obtained descriptions of the principal activities of these two units, together with the results of regulatory audits of the units. It discussed the semiannual financial report with the Board of Managing Directors before publication. Finally, the Audit Committee submitted a suggestion to the full Supervisory Board for the Declaration of Compliance with the German Corporate Governance Code, and obtained a review of the regulatory changes that were relevant to OLB.

The *Risk Committee* held a total of six meetings during the year, two of them by way of teleconferencing. It discussed the business and risk strategy with the Board of Managing Directors, and concerned itself in depth with the Bank's current risk position. Quarterly risk reports addressed such matters as risk-carrying capacity, credit risks, market price risks, liquidity risks and operational risks. Again in 2013, the Risk Committee dealt in great detail with loans for ship financing, and discussed further measures for risk reduction with the Board of Managing Directors. At several meetings the committee obtained detailed information about the credit and risk management system, its further evolution, compliance with the relevant regulatory requirements, and the results of external audits, and discussed these with the Board of Managing Directors. It furthermore obtained detailed information about the credit portfolios in renewable energies and in oceangoing and inland-waterway ships. Further topics in its deliberations were the capital expenditure plan for fiscal 2014, preparation for the revision of the rules of procedure for the Board of Managing Directors, the rating system for special loans in the fields of wind energy, biogas, photovoltaics and oceangoing ships, and certain credit applications.

In a teleconference, the *Nominating Committee* voted on the preparation of the slate of nominees for the 2013 Supervisory Board elections. It also discussed the disclosure of the respective candidates' personal and business relationships.

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

Corporate Governance and Declaration of Compliance

The Supervisory Board and Board of Managing Directors thoroughly discussed the implementation of the provisions of the German Corporate Governance Code. At the end of 2013, both bodies issued a Declaration of Compliance with the German Corporate Governance Code in accordance with Sec. 161 of the German Stock Corporation Act, declaring that the Company has complied with all recommendations of the German Corporate Governance Code since the last Declaration of Compliance was issued, and that it will continue to comply with those recommendations in the future. The Declaration of Compliance of December 2013 was published on OLB's Web site, and is also reproduced in the Management Declaration in accordance with Sec. 289a of the German Commercial Code. Both the Management Declaration and the Corporate Governance Report provide further information about corporate governance at Oldenburgische Landesbank AG.

See pp. 016–017

The Supervisory Board reviewed the efficiency of its activities again in the past year. Based on the preparations made by the Audit Committee, we discussed potential areas of improvement and adopted appropriate steps to be taken in the future.

Audit of parent-company and consolidated financial statements

KPMG AG Wirtschaftsprüfungsgesellschaft, of Hamburg, has audited the parent-company and consolidated financial statements of Oldenburgische Landesbank AG as of December 31, 2013, together with the management reports for the parent company and the Group, and has granted them an unqualified audit opinion. The parent company's financial statements were prepared in accordance with the German Commercial Code (HGB); the consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRSs), in the form applicable in the European Union, together with the supplementary provisions of commercial law to be applied under Sec. 315a (1) of the German Commercial Code.

The documents for the financial statements and KPMG's audit reports for fiscal 2013 were forwarded to all members of the Supervisory Board in a timely manner. These documents were discussed in detail by the Audit Committee at its meeting of March 6, 2014, and by the full Supervisory Board at its meeting of March 12. The auditors participated in both of these discussions. They reported to us on the material results of their audits and were available to answer questions and provide additional information. The independent auditors furthermore confirmed that the Board of Managing Directors, taking account of the improvements adopted during the year and currently still being implemented, has duly taken the measures required under Sec. 91 (2) of the Stock Corporation Act, particularly for establishing a monitoring system, and that the monitoring system is suitable for the early detection of developments that might pose a threat to the Company's continuing existence.

On the basis of its own audit and review of the parent-company and consolidated financial statements and the parent-company and Group management reports, as well as the proposed allocation of profits, the Supervisory Board found no objections, and concurred in the results of KPMG's audit of the financial statements. The Supervisory Board approved the parent-company and consolidated financial statements prepared by the Board of Managing Directors; the annual financial statements of the parent company are thereby adopted. We concur in the allocation of profits proposed by the Board of Managing Directors.

Report on relations with affiliated companies

The Board of Managing Directors furthermore submitted to the Supervisory Board the report on relations with affiliated companies, together with the associated audit report prepared by KPMG. On the basis of their audit, completed without finding objections, the independent auditors provided the following audit opinion:

"Following our conscientious audit and assessment, we confirm that

1. the factual details of the report are correct,
2. in the transactions detailed in the report, the consideration furnished by the company was not excessive,
3. there are no circumstances that argue for an assessment materially different from that of the Board of Managing Directors in regard to the measures detailed in the report."

The report on relations with affiliated companies, together with the associated audit report, was forwarded to all members of the Supervisory Board. These documents were discussed by the Audit Committee and by the full board, with the independent auditors attending. The independent auditors reported on the material findings of their audit. On the basis of its own review, the Supervisory Board approved the report on relations with affiliated companies. We have noted with approval the associated report by the independent auditors.

In accordance with the final results of its own audit, the Supervisory Board has no objections to the declaration by the Board of Managing Directors at the end of the report on relations with affiliated companies.

Changes in the Supervisory Board and Board of Managing Directors

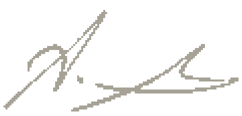
The term of office of the former Supervisory Board expired at the end of the Shareholders' Meeting on June 5, 2013. Claas E. Daun, Carsten Evering, Manfred Karsten, Dr. Thomas Naumann and Jörg Thöle left the Supervisory Board as of that date. We thanked them warmly for their valuable and dedicated work on the board. The Shareholders' Meeting elected Prof. Dr. Petra Pohlmann and Carl-Ulfert Stegmann as new members to represent the shareholders on the Supervisory Board. Svenja-Marie Gnida, Gabriele Timpe and Christine de Vries also joined the Supervisory Board as members representing the employees. Shareholder representatives Dr. Werner Brinker, Prof. Dr. Andreas Georgi, Andree Moschner and Rainer Schwarz were reelected, as were employee representatives Stefan Lübbe, Horst Reglin and Uwe Schröder.

At its constituting meeting, the Supervisory Board reelected Andree Moschner as Chair, and Uwe Schröder as Vice-Chair.

Effective January 1, 2014, the Supervisory Board appointed Mr. Hilger Koenig to the Company's Board of Managing Directors.

The Supervisory Board wishes to thank every employee of Oldenburgische Landesbank AG and the OLB Group companies for their dedication and for their successful hard work.

Oldenburg, March 12, 2014
For the Supervisory Board



Andree Moschner
Chairman

Glossary

A

Allianz Equity Incentive (AEI) An instrument by which an Allianz company establishes a long-term bond with executives by issuing company stock to them and thus strengthening their identification with the company, or bringing their interests into line with its own.

Allianz Sustained Performance Plan All elements of performance-based compensation are governed by a simplified, uniform goal agreement form, and are described in a model that applies throughout the Allianz Group: the Allianz Sustained Performance Plan (ASPP). The goal agreement form establishes both the goals for each year and the three-year medium-term goals.

Available for sale Refers to financial assets available for sale.

B

Basel II / III New regulatory standards set by the Basel Committee on Banking Supervision.

C

CDAX Banks Also CDAX Banken. A stock index calculated and published by Deutsche Börse AG. It includes a number of German bank stocks that are listed for trading in the official segment of the market.

Confidence level A way of expressing the probability that a potential loss will not exceed an upper limit defined by the value at risk.

Cost-income ratio A key performance indicator: administrative expenses divided by the total of net interest and commission income plus net trading income.

Cox – Rubinstein binomial model Strictly speaking, the Cox – Ross – Rubinstein (1979) model or binomial model. A model for pricing options consistently with the market, based on a binary structure that reflects the decrease or increase in a stock's trading price per unit of time.

Credit spread The credit spread refers to the risk premium that the issuer must pay to the buyer of a bond at risk of default. It may take the form of markdowns on the bond's price, or premiums on yield, whose amount is determined by the issuer's credit standing.

Current service cost A current expense that derives from employee pension entitlements, and that is distributed linearly according to actuarial assumptions across the periods in which the employee performs work. Used as a basis for calculating a present value for a given period, such as a fiscal year.

D E F G

Delta The delta of an option indicates how the option's price responds to changes in the price of the "underlying" (the underlying security or price).

Discount A discount is the amount by which the issue price of a security, such as a stock, falls below its par value. Discount is also the term for an amount deducted from the nominal amount of a loan before it is disbursed.

Dow Jones EURO STOXX Price Index A stock index of the 50 largest, most important stocks in the European Monetary Union. The index has been maintained in Zurich since February 26, 1998.

Expected loss Expected loss refers to the loss expected on a risk position within a given holding time.

Fair value The amount obtainable from the trading of a financial instrument in a bargained transaction between knowledgeable, independent parties.

Future A forward agreement that is standardized in quantity, quality and settlement date, under which a commodity traded on the money market, capital market, precious metals market or foreign exchange market must be delivered or accepted at a fixed price at a specified future date.

Gamma The gamma of an option indicates how the option's delta responds to changes in the price of the "underlying" (the underlying security or price).

General Loan Loss Provision (GLLP) See Risk provisions.

G H

Gross Domestic Product (GDP) All economic output of a country within a given period.

Group Equity Incentive Plan (GEI Plan) This Allianz program for share-based compensation applied only until 2010, and was replaced by the new share-based Allianz Equity Incentive program (see p. 164 of this Glossary).

Guarantee Includes suretyships and guaranties.

Hedge accounting OLB uses hedge accounting as part of its risk strategy, to limit exposure to interest rate risks. For this purpose, hedged items (such as loans or securities) are compared to hedging transactions (such as interest rate swaps).

Under international accounting standards, the hedged item and the hedging transaction are to be measured using different approaches. To reflect these valuation differences in an economically more accurate way in the income statement, OLB uses the separately applicable rules of IAS 39 for hedge accounting. These require the hedged item and the hedging transaction to be combined into a single measurement unit, which is measured at fair value through profit or loss in such a way that changes in value compensate for one another.

OLB uses only the fair-value hedge accounting method.

H I

Hedging Safeguarding asset items against exposure to the risk of fluctuations in stock prices, interest rates, and foreign exchange rates. By taking a contrary position in the forward market (using futures and options), hedging attempts to compensate for losses of value in a cash position (purchase of securities, currencies, merchandise). Hedging strategies using futures or options are subject to a wide variety of imponderables; the efficiency of the entire position must be monitored constantly.

IAS / IFRS In 1973, the International Accounting Standards Committee (IASC) was founded as a private association of national associations of accountants and auditors to advance the international comparability of accounting. In 2000, the EU decided to cooperate with the IASC in further developing accounting regulations. After the IASC was restructured in 2001, it was renamed the IASB (International Accounting Standards Board). All International Accounting Standards (IASs) adopted to that date by the IASC remained in effect for the time being, and are being gradually amended or replaced with new standards by the IASB. These new accounting standards developed by the IASB are the International Financial Reporting Standards (IFRSs). In order for these standards to take effect, the European Union adopts them in what is known as an "endorsement" process. Ratification by the various national legislatures is not necessary, since the EU Directives apply directly to all accession countries of the European Union.

Impairment An unscheduled reduction in the recognized value of assets, such as goodwill, loan receivables, securities, or property, plant and equipment, due to a presumably permanent loss of value of the associated items.

N

Non-trading portfolio Sometimes called the “bank book” or “non-trading book”; the portfolio of all banking transactions not attributable to the trading portfolio – in other words, transactions that cannot be traded.

Non-trading-portfolio institution A banking institution can qualify as a non-trading-portfolio institution if it does not exceed extremely low regulatory limits in connection with its own trading transactions.

No-par share A share of company stock without a par value. Dividing the nominal share capital by the total number of no-par shares issued yields a notional par value, which must come to at least one euro according to the No-Par Shares Act.

O P

Option The right to buy (in a call option) or sell (in a put option) a commodity such as securities or currency to or from another party, at a fixed price, within a certain period or at a certain date.

Over The Counter (OTC) Pertaining to financial instruments (derivatives): not traded in a standardized manner, on a stock exchange, but directly between market participants (over the counter).

Premium A markup, in percent or units of currency, for example on securities or loans. For newly issued securities, this is the amount by which the issue price exceeds the par value, or the amount by which the trading price exceeds the intrinsic value of the investment. For many funds, this is the compensation paid for advisory services at the time of acquisition, or also a sales fee paid, as a percentage, to a bank, financial advisor, or fund company. For loans, the premium is the markup to be paid by the debtor in addition to the interest. The opposite is called a discount.

Portfolio Loan Loss Provision (PLLP) See Risk provisions.

Projected unit credit method An actuarial method of determining the present value of expectancies in order to determine the value of pension provisions.

R

Rating A standardized method for independent agencies to evaluate the creditworthiness of companies (issuer rating) and the bonds and money-market paper they issue (issue rating). The procedures used by banks to determine borrowers’ creditworthiness are also called rating methods.

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

Restricted Stock Units (RSUs) Virtual shares that are issued, for example under a Group Equity Incentive Plan, as share-based payments from the company to its employees. As a rule, RSUs are exercised after certain goals set by the company are met, or after the expiration of a vesting period. They may also be exercised in the form of an equivalent amount in cash, or other equivalents.

R

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

Risk controlling Ongoing measurement and monitoring of risk, including the development of methods and the associated system for risk analysis and reporting, by a neutral, independent unit.

Risk management Operating management of business in specific portfolios from the viewpoint of risk and return.

Risk provisions Recognizable risks of default are taken into account by forming Specific Loan Loss Provisions and other provisions. Specific Loan Loss Provisions (SLLPs) are determined taking all expected discounted future cash flows into account. For counterparty risks on lending transactions that may have already arisen at the reporting date, but that have not been identified yet, Portfolio Loan Loss Provisions are formed, whose amount depends on the empirical calculation of historical probabilities of default and loss ratios on loan portfolios that are not otherwise covered by provisions. Particular Loan Loss Provisions (PLLPs) are formed for the homogeneous credit portfolio. General Loan Loss Provisions (GLLPs) are formed for the nonhomogeneous portfolio.

S

Specific Loan Loss Provision (SLLP) See Risk provisions.

Stock Appreciation Rights (SARs) Virtual options that are granted, for example under a Group Equity Incentive Plan, as share-based payments from the company to its employees. The exercise of the options is directly linked to the company's results, usually the price of its stock. Options may be exercised in the form of cash payments, stock or other equivalents.

Swap The general term for an exchange of property, rights, etc., especially for exchanges of cash flows in the same currency (interest rate swap) or in different currencies (currency swap).

T V

Trading portfolio A banking regulatory term for positions in financial instruments, bonds and negotiable receivables that are held by banking institutions for the purpose of short-term resale, taking advantage of fluctuations in prices and interest rates.

"True and fair view" principle Under Sec. 264 (2) of the German Commercial Code (HGB), accounting information, such as in an annual report, must provide a "true and fair view" of the actual condition of the company's net assets, financial position and results of operations.

Value at Risk (VaR) Value at risk is defined as the potential loss on a risk position that will not be exceeded with a defined probability (confidence level) under normal market conditions, for a given holding period.

Vega The vega of an option indicates how the option price responds to changes in volatility (the range of fluctuation in the value of the "underlying").

Volatility A measure of the past (historical) or expected (implicit) range of fluctuation of the value of stocks, currencies and interest rates. If a stock's price fluctuates widely, the stock has a high volatility. For investors, this means an opportunity for fast, large trading gains – but also a risk of losses that can be just as fast.

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