Oldenburgische Landesbank AG

Oldenburgische Landesbank Group
Financial Report 2014

The Oldenburgische Landesbank Group at a Glance

EUR m	12 / 31 / 2014	12 / 31 / 2013	Change (%)
Total assets	**14,135.7**	**14,207.8**	**– 0.5**
Loans and advances to banks[1]	435.1	628.5	– 30.8
Total lendings[1]	10,300.4	10,303.4	—
Financial assets	2,865.4	2,722.4	5.3
Amounts due to banks	4,231.5	4,498.5	– 5.9
Customer deposits	7,957.9	7,806.3	1.9
Securitized liabilities	512.5	579.6	– 11.6
Subordinated debt	220.9	253.6	– 12.9
Equity	**614.7**	**602.9**	**2.0**
Issued capital	60.5	60.5	—
Additional paid-in capital	202.9	202.9	—
Retained earnings	369.7	347.1	6.5
Other comprehensive income	– 18.4	– 7.6	> 100

EUR m	1 / 1 / 2014 – 12 / 31 / 2014	1 / 1 / 2013 – 12 / 31 / 2013	Change (%)
Net interest income	237.2	237.7	– 0.2
Net commission income	70.9	81.0	– 12.5
Net operating trading income / expense	4.2	3.5	20.0
Other operating income	0.4	17.6	– 97.7
Operating personnel expense	153.5	167.0	– 8.1
Office expense	84.4	97.1	– 13.1
Risk provisions	39.0	81.5	– 52.1
Profit before taxes	34.7	9.1	> 100
Profit after taxes	**24.9**	**8.7**	**> 100**
Cost – income ratio (%)	**78.2**	**78.3**	**n / a**

	12 / 31 / 2014	12 / 31 / 2013	
Core capital ratio per Sec. 10a of the German Banking Act (%)[2]	9.8	9.5	
Aggregate capital ratio per Sec. 10a of the German Banking Act (%)[2]	12.8	13.3	
Employees (number)	2,314	2,445	
Full-time equivalents	1,897	1,946	
Branches of Oldenburgische Landesbank AG Regional Bank	176	177	

1 Net of risk provisions

2 Calculated under the terms of the Capital Requirements Regulation (CRR)

FINANCIAL REPORT 2014

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TO OUR SHAREHOLDERS

Letter to Our Shareholders

Dear shareholders, dear friends of OLB,

The developments that shaped our market environment in previous years continued in 2014. Growth in the euro zone remained only modest, while interest rates decreased again substantially. After growing vigorously at the beginning of the year, the German economy entered a phase of weakness in the summer, but stabilized again by year's end. The mainstay of the economy once again was private consumption, which for years now has been supported by a steady rise in employment. In 2015, because of the low price of oil and the low value of the euro relative to other currencies, we expect growth in Germany and the Northwest to be robust. None of the key influencing factors – neither inflation nor key lending rates, the performance of the economy nor market expectations – currently suggest any recovery in interest rates. The present trend has been reinforced further by the bond buyback program that the European Central Bank launched in March 2015. Consequently, along with more stringent regulatory requirements and changing customer habits involving a broader use of digital services, the banking industry will be much concerned again in 2015, as it was in 2014, with the low-interest environment.

Amid this strenuous environment, your OLB was able to achieve a substantial recovery in profit before taxes, from the prior year's EUR 9.1 million to EUR 34.7 million. On that basis, your Bank's Board of Managing Directors and Supervisory Board will recommend at the Shareholders' Meeting on May 13, 2015, that the Bank's resources should be reinforced still further with an allocation of EUR 14.2 million to other retained earnings. In parallel, we also want you, our shareholders, to benefit from our strong business performance, and will recommend paying a dividend of EUR 0.25 per share (prior year: EUR 0.10).

Our Regional Bank's business with customers was once again a success. Business volume rose to some EUR 21 billion. Clients have been setting a high priority on security for their investments. The depth of trust they have in OLB was evident from the further growth of total customer deposits to some EUR 7.8 billion. Thus, we were able once again to refinance our lending business from a very robust base. We supported corporate and retail customers in our region with lendings of EUR 10.1 billion.

Earnings turned in a solid performance. Net interest income remained stable. The reduction in net commission income is explained by the cessation of operations at Allianz Bank in mid-2013. There were no major fluctuations in the Regional Bank's commission business. In our strategic segments of Retail and Business Customers, Private Banking & Independent Professionals, and Corporate Customers, our total segment

profits grew by about EUR 20 million. Here our approach to our clients, focused and consistent with their needs, paid off.

In terms of costs, more stringent regulatory requirements for the banking business necessitated further expenditures, as did increases in the collectively bargained wages in the banking industry. Nevertheless, because of the termination of operations at Allianz Bank, administrative expenses were down 10 percent from the prior year, to EUR 237.9 million.

While risk provisions continued to reduce profits in 2013, developments in fiscal 2014 favored the Bank, especially in our portfolio of corporate customers, which are predominantly small to medium businesses. The crisis in the shipping industry continued to affect the picture for the year. There was no broad-based market recovery. Nevertheless, changes in risk provisions for our shipping portfolio were more moderate than in 2013. The need for risk provisions declined overall from EUR 81.5 million to EUR 39.0 million.

Total assets remained high, at EUR 14.1 billion. We raised our core capital ratio still further: At 9.8 percent for the year, it was already well above the regulatory target of 8.5 percent set for 2019.

Allowing for an allocation of EUR 14.2 million to other retained earnings, the core capital ratio as at December 31, 2014, came to 10.1 percent. Rising capital ratios are important if we are to comply sustainably with regulatory requirements, and continue to assist our clients' growth in our region and back it with the necessary equity. For that reason, reinvesting profits will continue to be an important factor for us.

To strengthen our position for the future still further, we are continuing our project of modernizing our retail business. As in the banking industry as a whole, increasing digitization is an important topic for us. Being available to our customers both regionally and digitally is our chosen OLB course for the future. We intend to keep growing and to offer our customers up-to-date products and services as a multi-channel bank. It is important to us that our customers are able to reach us in whichever way they want: at an office, on the Internet, or by phone. To this purpose, we will be reinforcing our employees' capabilities at our branch offices still further, so that our clients can remain certain of our reliability, especially in areas that call for intensive advice and consultation.

For fiscal 2015, we plan to increase our earnings amid a challenging environment, while keeping our costs well in hand. We intend to continue our sound business performance from 2014.

If we are able to achieve our ambitious goals in full, we can expect profits in 2015 to improve, while keeping risks well hedged.

Ladies and gentlemen, in closing, permit me to add a personal word or two. This is my first letter to our shareholders since succeeding Dr. Achim Kassow as Chairman of the Board of Managing Directors of your Bank on January 1, 2015. As a native of Northern Germany, I am delighted to be working here with a strong, solid management team and highly skilled, dedicated employees – and to be living in this area with my family. It is exciting to be heading a Bank that is so well networked within the region, enjoys such a good reputation and can take an entrepreneurial business approach. My fellow Managing Directors and I look forward to having you with us as we continue along this path at OLB.

Patrick Tessmann
Chairman of the Board of Managing Directors

The Share

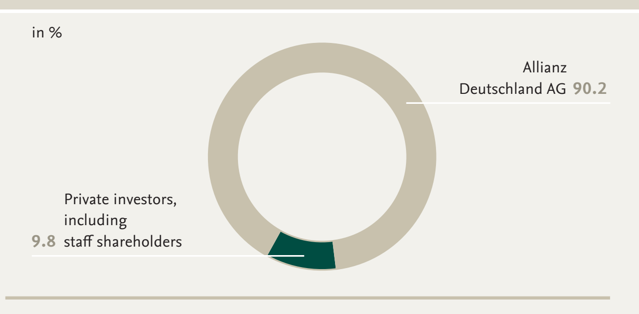
Performance of OLB stock

The events of 2014 made for volatile prices on the stock markets. The Ukraine crisis in particular left investors uneasy. The leading German index, the DAX, dropped at times below 8,600. But improving economic forecasts encouraged prices to rise again toward year's end, so that the DAX closed out the year above 9,800 – about 2.7 percent higher than at the beginning of the year. With support from the ECB's easing of monetary policy, an exchange rate for the euro that favored exporters, and low oil prices, the markets continued to rise in the first months of 2015. By mid-March, the DAX was rising above 12,000 for the first time.

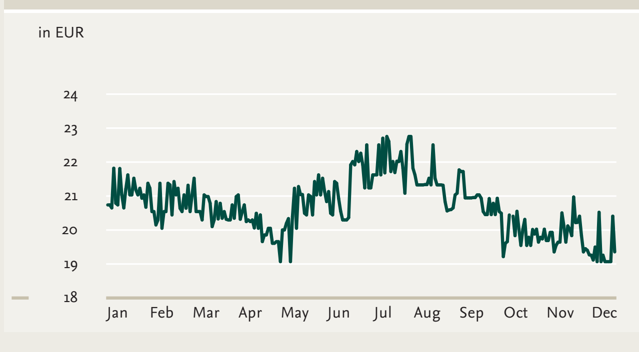
See Glossary, p. 170

For bank and financial stocks, reports of substantial declines in interest margins and increases in costs as a result of regulatory requirements caused a downturn in prices. As trading closed at the end of 2014, the CDAX Banken industry index was nearly 17 below where it had begun the year. OLB stock varied in 2014 between EUR 18.90 and EUR 22.75, and closed out the year at EUR 19.30, 6.5 percent below where it began the year. At the time of preparation of this report (March 17, 2015), the stock was trading in Frankfurt at EUR 18.80.

Ownership structure



Performance of OLB stock in 2014



Ownership structure

Allianz Deutschland AG, of Munich, holds approximately 90.2 percent of the stock of Oldenburgische Landesbank AG (as of December 31, 2014). The remainder is held by private investors, including staff shareholders.

Oldenburgische Landesbank AG stock is traded on the regulated market of the Berlin, Hamburg and Hanover exchanges, and over the counter in Düsseldorf, Frankfurt and on the Xetra electronic trading system, under German securities identification number (WKN) 808 600. At 133.2 thousand shares, trading volume in OLB stock for 2014 was above the prior-year figure of 97.3 thousand shares. The principal trading floor, with the comparatively highest trading volumes, was the Hamburg exchange, followed by the exchange in Frankfurt. The number of shares outstanding is just under 23.3 million. Multiplied by the trading price per share, this yields a market capitalization of more than EUR 437 million (as of March 17, 2015).

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

2015	
Financial press conference for fiscal 2014	**March 12, 2015**
Release of 2014 financial reports for AG and Group on Internet	**March 30, 2015**
Interim report as of March 31, 2015	**May 13, 2015**
Shareholders' Meeting in Oldenburg	**May 13, 2015**
Interim report as of June 30, 2015	**August 13, 2015**
Interim report as of September 30, 2015	**November 12, 2015**

Key information

2015	
German securities ID no. (WKN)	**808 600**
ISIN	**DE0008086000**
Type of stock	**Bearer shares**
Denomination	**No-par common stock**
Markets where quoted	**Berlin, Hamburg and Hanover (regulated market) Düsseldorf, Frankfurt, Xetra (over the counter)**
Number of shares	**23,257,143**
Market capitalization as of March 17, 2015	**EUR 437.2 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 June 24, 2014. 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 2014 can be found in the Management Declaration in this Annual Report.

See p. 016

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. 173

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. As of January 1, 2015, the Board of Managing Directors has four members. They are jointly responsible for managing Oldenburgische Landesbank AG. The members of the Board of Managing Directors inform and consult one another on all of the Company's concerns.

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

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

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

See p. 018

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, reviewing the compensation system for the Board of Managing Directors, and for determining the total compensation paid to those individual members. The Supervisory Board audits 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 (GCCC) and in fulfillment of Sec. 25d (11) Sentence 2 No. 2 of the German Banking Act (KWG), 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 Sec. 100 (5) of the German Stock Corporation Act
- At least one member with substantial experience in the banking business
- No more than two former members of the Board of Managing Directors of OLB
- Appropriate participation of women – i. e., at least one female Supervisory Board member each to represent the shareholders and the employees
- Balanced composition, so that desirable professional knowledge is as widespread as possible within the Supervisory Board

The members of the Supervisory Board are shown in the Compensation Report. The present composition of the Supervisory Board already complies with the above requirements. In particular, one woman was elected to the Supervisory Board to represent shareholders and three women to represent employees in the 2013 elections for 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.

See p. 026

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 and Compensation Committee* has six members. It includes the Chairman and Vice-Chairman of the Supervisory Board, together with four other members elected by the Supervisory Board, two of them elected by nomination of the employee representatives and two by nomination of the shareholder representatives. 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' own 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, 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.

The Risk Committee 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, including loans made to members of governing bodies under Sec. 15 of the German Banking Act. 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 Sec. 100 (5) and Sec. 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 are therefore as follows:

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

See pp. 028 ff.

The Report of the Supervisory Board includes details of the meetings held by the Supervisory Board and its committees in fiscal 2014, 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).

See Glossary, p. 173

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 2014, 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, 2014, 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 2014, 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 2014 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 June 24, 2014, 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 2013, Oldenburgische Landesbank AG has complied with all recommendations of the Commission on the German Corporate Governance Code in the version of May 13, 2013.

Oldenburg, December 2014
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 2014.

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 for 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 under Investor Relations.

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

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

See pp. 008 ff.

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

See pp. 018 ff.

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

See pp. 011 ff.

Compensation Report 2014

The 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 combined 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 2014.

Because of changes in the law as a result of the CRD IV Implementation Act, as well as new recommendations in the German Corporate Governance Kodex, the Supervisory Board revised the compensation system as of 2014. As was already described in advance in last year's report, the variable component of compensation of the individual members of the Board of Managing Directors may not 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 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 now uniformly receive two variable components of compensation: the annual bonus, and share-based compensation in the form of virtual stock, known as Restricted Stock Units (RSUs). The medium-term bonus, which was still paid to the Chairman of the Board of Managing Directors until 2013, was eliminated. 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. 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.

See Glossary, p. 172

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 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 for the Board of Managing Directors consists of the following components:

Non-performance-based compensation

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

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

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

Performance-based compensation

The performance-based component of compensation has two elements, and ensures an appropriate balance between short-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 150 percent of the variable target compensation. However, it may not exceed 100 percent of the fixed component.

See Glossary, p. 170

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

See Glossary, p. 170

Fifty percent of the RSUs are subject to additional sustainability criteria. If certain events of an especially serious nature occur, the Supervisory Board can cancel up to 50 percent of awarded RSUs before they are exercised.

Under the Allianz share-based compensation plan that was in effect until 2010 (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 exercising 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.

See Glossary, pp. 171

See Glossary, p. 170

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 current Allianz Equity Incentive program.

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 2014 compensation of the Board of Managing Directors

Individualized details of the compensation paid to the Board of Managing Directors in fiscal 2014 can be found in the tables below.

Compensation paid to members of the Board of Managing Directors

Compensation paid to the Board of Managing Directors is reported below in the form to be used from now on, in compliance with national and international accounting standards:

EUR k		Non-performance-based components		Performance-based components			Total
		Fixed component	Other components of compensation	Annual bonus (short term)	Three-year bonus (medium term) [1]	Share-based payments (long term)	
Dr. Achim Kassow (to 12/31/2014)	**2014**	**625.0**	**33.9**	**249.2**	—	**249.2**	**1,157.3**
	2013	440.0	42.8	175.3	175.3 [1]	175.3	1,008.7
Dr. Thomas Bretzger	**2014**	**360.0**	**43.6**	**135.5**	—	**135.5**	**674.6**
	2013	220.0	27.1	156.2	—	156.2	559.5
Jörg Höhling (to 12/31/2014)	**2014**	**360.0**	**11.7**	**141.4**	—	**141.4**	**654.5**
	2013	220.0	15.4	110.7	—	110.7	456.8
Karin Katerbau	**2014**	**360.0**	**15.2**	**136.0**	—	**136.0**	**647.2**
	2013	220.0	19.2	204.6	—	204.6	648.4
Hilger Koenig (since 01/01/2014)	**2014**	**360.0**	**11.5**	**134.5**	—	**134.5**	**640.5**
	2013	—	—	—	—	—	—
Patrick Tessmann (since 11/01/2014)	**2014**	**77.5**	**1.2**	**25.9**	—	**25.9**	**130.5**
	2013	—	—	—	—	—	—
Total compensation	**2014**	**2,142.5**	**117.1**	**822.5**	—	**822.5**	**3,904.6**
	2013	1,100.0	104.5	646.8	175.3	646.8	2,673.4

1 Because of the revision of the compensation system for the Board of Managing Directors, this amount was settled in 2014.

Additionally, the compensation tables are presented below in the form recommended under the German Corporate Governance Code.

Compensation table as recommended under the German Corporate Governance Code – presentation of benefits granted:

Benefits granted	**Dr. Achim Kassow Chairman of the Board of Managing Directors (to 12/31/2014)**				**Dr. Thomas Bretzger Member of the Board of Managing Directors**				**Jörg Höhling Member of the Board of Managing Directors (to 12/31/2014)**			
EUR k	**2013**	**2014**	**2014** (min)	**2014** (max)	**2013**	**2014**	**2014** (min)	**2014** (max)	**2013**	**2014**	**2014** (min)	**2014** (max)
Fixed component	440.0	625.0	625.0	625.0	220.0	360.0	360.0	360.0	220.0	360.0	360.0	360.0
Fringe benefits	42.8	33.9	33.9	33.9	27.1	43.6	43.6	43.6	15.4	11.7	11.7	11.7
Total	**482.8**	**658.9**	**658.9**	**658.9**	**247.1**	**403.6**	**403.6**	**403.6**	**235.4**	**371.7**	**371.7**	**371.7**
One-year variable compensation	220.0	208.0	—	312.0	210.0	119.0	—	178.5	210.0	119.0	—	178.5
Multi-year variable compensation	395.3	249.2	—	312.0	156.2	135.5	—	178.5	110.7	141.4	—	178.5
RSU 2014 (period 4 years)	175.3	—	—	—	156.2	—	—	—	110.7	—	—	—
Three-year bonus 2013–2015 [1]	220.0	—	—	—	—	—	—	—	—	—	—	—
RSU 2015 (period 4 years)	—	249.2	—	312.0	—	135.5	—	178.5	—	141.4	—	178.5
Total	**615.3**	**457.2**	**—**	**624.0**	**366.2**	**254.5**	**—**	**357.0**	**320.7**	**260.4**	**—**	**357.0**
Pension-related expense	163.7	233.9	233.9	233.9	81.6	133.3	133.3	133.3	85.2	133.1	133.1	133.1
Total compensation	**1,261.8**	**1,350.0**	**892.8**	**1,516.8**	**694.9**	**791.4**	**536.9**	**893.9**	**641.3**	**765.2**	**504.8**	**861.8**

1 Because of the revision of the compensation system for the Board of Managing Directors, this amount was settled in 2014.

Benefits granted	**Karin Katerbau Member of the Board of Managing Directors**				**Hilger Koenig Member of the Board of Managing Directors (since 01/01/2014)**				**Patrick Tessmann Member of the Board of Managing Directors (since 11/01/2014)**			
EUR k	**2013**	**2014**	**2014** (min)	**2014** (max)	**2013**	**2014**	**2014** (min)	**2014** (max)	**2013**	**2014**	**2014** (min)	**2014** (max)
Fixed component	220.0	360.0	360.0	360.0	—	360.0	360.0	360.0	—	77.5	77.5	77.5
Fringe benefits	19.2	15.2	15.2	15.2	—	11.5	11.5	11.5	—	1.2	1.2	1.2
Total	**239.2**	**375.2**	**375.2**	**375.2**	**—**	**371.5**	**371.5**	**371.5**	**—**	**78.7**	**78.7**	**78.7**
One-year variable compensation	210.0	119.0	—	178.5	—	119.0	—	178.5	—	25.8	—	38.8
Multi-year variable compensation	204.6	136.0	—	178.5	—	134.5	—	178.5	—	25.9	—	38.8
RSU 2014 (period 4 years)	204.6	—	—	—	—	—	—	—	—	—	—	—
Three-year bonus 2013–2015 [1]	—	—	—	—	—	—	—	—	—	—	—	—
RSU 2015 (period 4 years)	—	136.0	—	178.5	—	134.5	—	178.5	—	25.9	—	38.8
Total	**414.6**	**255.0**	**—**	**357.0**	**—**	**253.5**	**—**	**357.0**	**—**	**51.7**	**—**	**77.6**
Pension-related expense	79.9	130.5	130.5	130.5	—	141.2	141.2	141.2	—	37.0	37.0	37.0
Total compensation	**733.7**	**760.7**	**505.7**	**862.7**	**—**	**766.2**	**512.7**	**869.7**	**—**	**167.4**	**115.7**	**193.3**

1 Because of the revision of the compensation system for the Board of Managing Directors, this amount was settled in 2014.

Compensation table as recommended under the German Corporate Governance Code – presentation according to allocation:

Allocation	Dr. Achim Kassow Chairman of the Board of Managing Directors (to 12/31/2014)		Dr. Thomas Bretzger Member of the Board of Managing Directors		Jörg Höhling Member of the Board of Managing Directors (to 12/31/2014)	
EUR k	2014	2013	2014	2013	2014	2013
Fixed component	625.0	440.0	360.0	220.0	360.0	220.0
Fringe benefits	33.9	42.8	43.6	27.1	11.7	15.4
Total	**658.9**	**482.8**	**403.6**	**247.1**	**371.7**	**235.4**
One-year variable compensation	249.2	175.3	135.5	156.2	141.4	110.7
Multi-year variable compensation	—	175.3	—	—	—	—
Three-year bonus 2013–2015 [1]	—	175.3	—	—	—	—
Total	**249.2**	**350.6**	**135.5**	**156.2**	**141.4**	**110.7**
Pension-related expense	233.9	163.7	133.3	81.6	133.1	85.2
Total compensation	**1,142.0**	**997.1**	**672.4**	**484.9**	**646.2**	**431.3**

1 Because of the revision of the compensation system for the Board of Managing Directors, this amount was settled in 2014.

Allocation	Karin Katerbau Member of the Board of Managing Directors		Hilger Koenig Member of the Board of Managing Directors (from 01/01/2014)		Patrick Tessmann Member of the Board of Managing Directors (from 11/01/2014)	
EUR k	2014	2013	2014	2013	2014	2013
Fixed component	360.0	220.0	360.0	—	77.5	—
Fringe benefits	15.2	19.2	11.5	—	1.2	—
Total	**375.2**	**239.2**	**371.5**	**—**	**78.7**	**—**
One-year variable compensation	136.0	204.6	134.5	—	25.9	—
Multi-year variable compensation	—	—	—	—	—	—
Three-year bonus 2013–2015 [1]	—	—	—	—	—	—
Total	**136.0**	**204.6**	**134.5**	**—**	**25.9**	**—**
Pension-related expense	130.5	79.9	141.2	—	37.0	—
Total compensation	**641.7**	**523.7**	**647.2**	**—**	**141.6**	**—**

1 Because of the revision of the compensation system for the Board of Managing Directors, this amount was settled in 2014.

As of December 31, 2014, the number of share-based rights held by the active members of the Board of Managing Directors totaled 2,074 SARs and 37,501 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.

The total compensation paid to the Board of Managing Directors in fiscal 2014 came to EUR 3.9 million (prior year: EUR 2.7 million).

Credit granted to members of the Board of Managing Directors was as follows as of December 31, 2014: Approved credit lines totaled EUR 140.4 thousand (prior year: EUR 425 thousand), EUR 8.1 thousand of which (prior year: EUR 24.2 thousand) had been used as of December 31, 2014.

The interest rate for each line was 4.94 percent p. a. The interest rates and terms are those commonly applied in the market.

At the reporting date, EUR 0.9 thousand (prior year: EUR 0.4 thousand) in credit card lines had been utilized, out of total limits of EUR 90.2 thousand (prior year: EUR 60 thousand).

There were furthermore loan commitments of EUR 486.6 thousand (prior year: EUR 0.00), of which EUR 486.6 thousand (prior year: EUR 0.00) had been drawn as of December 31, 2014. The interest rates are between 1.36 percent and 1.67 percent p. a. The interest rates and terms were those commonly applied in the market.

On December 31, 2014, 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 2014 came to EUR 3,004.8 thousand (prior year: EUR 1,220.3 thousand). Of this amount, EUR 782.9 thousand was for Dr. Kassow, EUR 296.0 thousand for Dr. Bretzger, EUR 892.6 thousand for Mr. Höhling, EUR 317.6 thousand for Ms. Katerbau, EUR 678.7 thousand for Mr. Koenig, and EUR 37.0 thousand for Mr. Tessmann.

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 20.5 million (prior year: EUR 19.3 million). The probable settlement amount for this group of individuals as defined under the German Commercial Code came to EUR 15.6 million (prior year: EUR 16.8 million).

The table below shows expenses for pension payments and pension provisions or obligations, as defined under the German Commercial Code and IFRSs, for the members of the Board of Managing Directors:

		HGB		IFRS	
EUR k		Pension-related expense	Pension provisions	Current service cost	Pension obligations
Dr. Achim Kassow (to 12/31/2014)	**2014**	**224.0**	**637.1**	**233.9**	**782.9**
	2013	166.7	397.3	163.7	397.3
Dr. Thomas Bretzger	**2014**	**127.7**	**251.9**	**133.3**	**296.0**
	2013	77.2	119.4	81.6	119.4
Jörg Höhling (to 12/31/2014)	**2014**	**130.5**	**676.1**	**133.1**	**892.6**
	2013	104.0	525.0	85.2	567.2
Karin Katerbau	**2014**	**124.5**	**266.3**	**130.5**	**317.6**
	2013	74.6	136.4	79.9	136.4
Hilger Koenig (from 01/01/2014)	**2014**	**114.4**	**185.8**	**141.2**	**678.7**
	2013	—	—	—	—
Patrick Tessmann (from 11/01/2014)	**2014**	**31.6**	**31.6**	**37.0**	**37.0**
	2013	—	—	—	—
Total	**2014**	**752.7**	**2,048.8**	**809.0**	**3,004.8**
	2013	422.5	1,178.1	410.4	1,220.3

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 insurance, real estate, home loan and savings agreements)

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 were also able to earn commissions on brokerage of home loan and savings agreements, insurance, and real estate through July 31, 2014.

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 terms listed in the "Trainees" section.

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 under goal agreements 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 businesses:

	2014 total compensation			
EUR	Fixed[1]	Variable[2]	Employees[3]	Total
Oldenburgische Landesbank AG	99,898,487	8,570,243	2,660	108,468,730
Münsterländische Bank Thie & Co. KG	1,562,603	260,100	34	1,822,703
Bankhaus W. Fortmann & Söhne KG	1,309,674	125,577	24	1,435,251
Total Oldenburgische Landesbank Group	**102,770,764**	**8,955,920**	**2,718**	**111,726,684**

1 Total monthly salaries plus extras: 1 salary under the collective bargaining agreement, 1.5 times a salary for employees not covered by collective bargaining agreements and authorized company representatives, and 60 % goal achievement bonus for second-level management

2 Including commissions

3 Number of beneficiaries of variable components of compensation under Sec. 7 (2) No. 2 of the Bank Compensation Regulation (InstitutsVergV)

The table has been revised to comply with changes in legal requirements. For that reason, one-to-one comparison with prior-year figures is not possible.

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

Each member of the Executive and Compensation Committee, the Risk Committee, and the Audit Committee receives an additional annual compensation of EUR 15,000, each member of the Nominating Committee such compensation of EUR 7,500. The committee chairs each receive twice the amount of regular members. No additional compensation is provided for members of the Mediation Committee.

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 Chair Andree Moschner held a position on the managing board of Allianz Deutschland AG and therefore waived compensation for his work on the Supervisory Board.

EUR		Fixed component	Committee work	Meeting honorarium	Total compensation
Andree Moschner[1], Chair	**2014**	**—**	**—**	**—**	**—**
	2013	—	—	—	—
Uwe Schröder, Vice-Chair	**2014**	**75,000**	**30,000**	**3,000**	**108,000**
	2013	64,583	28,750	3,000	96,333
Dr. Werner Brinker	**2014**	**50,000**	**7,500**	**2,500**	**60,000**
	2013	50,000	—	2,500	52,500
Prof. Dr. Andreas Georgi	**2014**	**50,000**	**75,000**	**2,500**	**127,500**
	2013	50,000	72,500	3,000	125,500
Svenja-Marie Gnida	**2014**	**50,000**	**15,000**	**3,000**	**68,000**
	2013	29,167	8,750	1,500	39,417
Stefan Lübbe	**2014**	**50,000**	**45,000**	**3,000**	**98,000**
	2013	50,000	36,250	2,500	88,750
Prof. Dr. Petra Pohlmann	**2014**	**50,000**	**—**	**2,000**	**52,000**
	2013	29,167	—	1,500	30,667
Horst Reglin	**2014**	**50,000**	**—**	**2,000**	**52,000**
	2013	50,000	—	2,500	52,500
Rainer Schwarz	**2014**	**50,000**	**52,500**	**3,000**	**105,500**
	2013	50,000	42,500	3,000	95,500
Carl-Ulfert Stegmann	**2014**	**50,000**	**—**	**2,500**	**52,500**
	2013	29,167	—	1,500	30,667
Gabriele Timpe	**2014**	**50,000**	**—**	**2,500**	**52,500**
	2013	29,167	—	1,500	30,667
Christine de Vries	**2014**	**50,000**	**30,000**	**2,500**	**82,500**
	2013	29,167	16,042	1,500	46,709
Total	**2014**	**575,000**	**255,000**	**28,500**	**858,500**
	2013	572,918	226,042	30,000	828,960

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

Total compensation paid to the Supervisory Board for fiscal 2014, including meeting honoraria, came to EUR 858,500 (prior year: EUR 828,960).

The statutory value-added tax applicable to total compensation and meeting honoraria came to EUR 162,070 and was reimbursed.

In addition, Carl-Ulfert Stegmann received EUR 2,000 in 2014 as compensation for his membership on the Advisory Board of Oldenburgische Landesbank AG.

Dr. Petra Pohlmann received compensation in the amount of EUR 40,000 and a meeting fee in the amount of EUR 300 (in each case, plus VAT) from Allianz Versicherungs-AG for her activity on the Supervisory Board of this company.

Loans to members of the Supervisory Board

Credit granted to members of the Supervisory Board was as follows as of December 31, 2014: Approved credit lines totaled EUR 315.3 thousand (prior year: EUR 309.1 thousand), EUR 26.8 thousand of which (prior year: EUR 128.6 thousand) had been used as of December 31, 2014. The interest rates were between 3.74 percent and 8.49 percent.

In addition, there was a guarantee line of credit of EUR 5.7 thousand (prior year: EUR 5.7 thousand), for which a commission of 3.25 percent was paid. The interest rates and terms are those commonly applied in the market.

There were furthermore loan commitments of EUR 3,771.7 thousand (prior year: EUR 3,927 thousand), of which EUR 3,715 thousand (prior year: EUR 3,863 thousand) had been drawn as of December 31, 2014. The interest rates were between 1.51 percent and 5.00 percent. The interest rates and terms are those commonly applied in the market.

At the reporting date, EUR 7.0 thousand (prior year: EUR 2.9 thousand) in credit card lines had been utilized, out of total limits of EUR 125.5 thousand (prior year: EUR 125.2 thousand).

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 2015. We additionally 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 independent auditors.

The Supervisory Board met six times in 2014, including one meeting by way of teleconferencing. The meetings were held in March, May, July, twice in September, and December. The Chairman of the Supervisory Board also maintained contact with the Board of Managing Directors between meetings, and with them regularly discussed the Bank's strategy, business performance, risk management and other matters of importance.

The reports by the Board of Managing Directors on business performance and other reports on special issues were accompanied by written presentations and documentation that were made available as preparation to every member of the Supervisory Board in good time before each meeting. The same applied for all documentation for the financial statements, and the audit reports of the independent auditors. Where acts of management were subject to the consent of the Supervisory Board or one of its committees, the matters were duly resolved upon.

Matters addressed by the full board

The Supervisory Board's regular deliberations concerned the economic condition of Oldenburgische Landesbank AG and the Group. The Supervisory Board obtained information about earnings performance at every 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.

We addressed matters concerning the Board of Managing Directors and compensation on several occasions. For example, we decided the level of goal achievement for each member of the Board of Managing Directors for fiscal 2013, and set the goals for the variable component of compensation in 2015. We also satisfied ourselves that the system of compensation for the Board of Managing Directors complies with the relevant terms of law and the recommendations of the German Corporate Governance Code. We found that the amount of the compensation of the Board of Managing Directors is fair and reasonable. We also resolved to make adjustments to the pension system for the Board of Managing Directors so as to keep retirement pensions calculable and to take due account of current conditions, such as low interest rates and increasing life expectancies. Finally, the Supervisory Board conducted an evaluation of the Board of Managing Directors on the basis of criteria prescribed by the German Banking Act (Kreditwesengesetz).

Further information about the compensation of the Board of Managing Directors is provided in the Compensation Report.

See pp. 018 ff.

The Supervisory Board gave detailed attention to the arrangements for a successor to Dr. Achim Kassow, who resigned his position as Chairman of the Board of Managing Directors as of December 31, 2014. The Supervisory Board consented to his resignation at a special meeting. As his successor, it appointed Mr. Patrick Tessmann, who was appointed to the Board of Managing Directors as of November 1, 2014, and appointed its Chairman as of January 1, 2015.

We obtained a thorough explanation of the new sales management structure, which focuses on adjusting the sales regions to existing county boundaries, approaching target groups in ways that are better suited to their needs and potential, and reinforcing the Bank's local presence. The Board of Managing Directors also submitted its plans to us for a program to modernize the retail customer business, based on two main principles: optimized customer advice and consultation, and an expanded automation of everyday banking transactions. The Supervisory Board welcomed this project.

Once again in fiscal 2014, we regularly examined the Bank's credit and risk management as well as its compliance with the relevant regulatory requirements, and were kept informed on these matters by the Board of Managing Directors on an ongoing basis. Finally, we revised the rules of procedure for the Board of Managing Directors and the Supervisory Board to reflect current developments.

Work in the committees of the Supervisory Board

The Supervisory Board has established five committees to assist it in performing its duties efficiently: the Executive and Compensation Committee, the Audit Committee, the Risk Committee, the Nominating Committee, and the Mediation Committee.

The committees prepare the decisions of the Supervisory Board and the work of the full meetings of the board. In addition, where appropriate and permitted by law, the Supervisory Board transferred some of its decision-making authority to committees. The committee chairs regularly 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 2014, the *Executive and Compensation Committee* held a total of five meetings, one of them by way of teleconferencing. It dealt primarily with matters concerning the Board of Managing Directors. The committee prepared the review and revision of the compensation system for the Board of Managing Directors, discussed necessary revisions of the pension system for that board, 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 2013, and presented a corresponding recommendation to the full Supervisory Board. Finally, the committee dealt with the implementation of a new requirement under the Banking Act that concerns the evaluation of the Board of Managing Directors on the basis of certain specified criteria. The committee also deliberated in depth on Dr. Kassow's request to be released from his position as Chairman of the Board of Managing Directors as of December 31, 2014, and recommended to the full Supervisory Board that Mr. Patrick Tessmann should be appointed as his successor. The committee also reviewed the principles of the Board of Managing Directors for selecting and appointing members of upper management, and monitored the appropriate organization of the compensation system for OLB 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 five times in fiscal 2014, 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. At all meetings held in person, the committee obtained reports about the activities of the Internal Auditing department. It also dealt on several occasions with new regulatory requirements, and discussed how to implement them with the Board of Managing Directors. The Audit Committee again gave special attention to the Bank's internal controlling systems. In this connection, it examined the system of controls for financial reporting, as well as the systems at the Internal Auditing and Compliance departments. It reviewed the efficacy of the risk management system, and evaluated that system's suitability in the light of expected future regulatory requirements. The Audit Committee obtained a report on the principal activities of the Compliance department (including regulatory compliance), and sought detailed information on the results of external audits. Finally, it addressed the audit reports from KPMG on requirements under the laws on deposits and the capital markets, on the prevention of money laundering, regulatory compliance, and the efficacy of internal auditing. It discussed the semi-annual financial report with the Board of Managing Directors before publication. Finally, the Audit Committee submitted a suggestion to the full Supervisory Board for the Declaration of Compliance with the German Corporate Governance Code.

The *Risk Committee* held a total four meetings last year in person. It also met seven times by way of teleconferencing in order to deliberate on individual credit exposures and on the sale of the subsidiary Münsterländische Bank. The Risk Committee 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. The committee also examined in further detail the subportfolios for private construction finance, wind energy, and biogas. It obtained information about whether the reduction in subsidies for energy-intensive enterprises under the Renewable Energy Act would affect OLB's loan portfolio. As in previous reporting periods, it also regularly concerned itself with loans for ship financing, and discussed further risk mitigation measures in this regard 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. Because of a new requirement under the CRD IV Implementation Act, in 2014 the Risk Committee conducted its first review of the incentives established under the compensation structure, and found that the provided incentives take due account of OLB's risk, capital and liquidity structure and of the probability and maturities of revenues. Likewise on the basis of the CRD IV Implementation Act, it examined whether terms in the customer business are consistent with OLB's business model and risk structure. The Risk Committee satisfied itself that this was the case. A further matter for its deliberations was approving the investment plan for fiscal 2015, the strategy in dealing with market price risk during a persistent phase of low interest rates, and individual credit applications.

The *Nominating Committee* met once during the year. It prepared the self-evaluation of the Supervisory Board in compliance with the criteria of the Banking Act, and analyzed the independence of the members of the Supervisory Board.

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

Self-evaluation of the Supervisory Board

The Supervisory Board reviewed the efficiency of its activities again in the past year. We particularly discussed implementing the efficacy enhancement measures adopted in the prior year. Additionally, on the basis of new requirements under the CRD IV Implementation Act, the Supervisory Board conducted a self-evaluation as to its structure, size, composition and performance, as well as its members' knowledge, skills and experience. We furthermore satisfied ourselves that the Supervisory Board has an appropriate number of independent members.

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. In December 2014, 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 2014 was published on OLB's Web site, and is also reproduced in the Management Declaration per Sec. 289a of the German Commercial Code. Both the Management Declaration and the Corporate Governance Report provide further information about corporate governance at Oldenburgische Landesbank AG.

See pp. 016–017

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, 2014, together with the combined management report 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 2014 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, 2015, 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 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 combined management report for OLB AG and the Group, 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 Board of Managing Directors and Supervisory Board

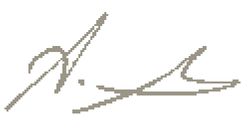
Dr. Achim Kassow resigned his position as Chairman of the Board of Managing Directors, at his own request and with the consent of the Supervisory Board, effective December 31, 2014. At the same time, Mr. Jörg Höhling also left the Board of Managing Directors, after requesting that his term of office not be extended. Both gentlemen have gone to Allianz Deutschland, where they will be taking up new responsibilities. We have thanked Dr. Kassow and Mr. Höhling for their successful work on the Board of Managing Directors of OLB and for their dedication to our region, and we wish them every success in their new professional challenges.

Effective November 1, 2014, the Supervisory Board appointed Mr. Patrick Tessmann to the Board of Managing Directors. After a familiarization phase, he assumed the chair of that board on January 1, 2015. We wish him every success in his new position.

There were no changes in the membership of the Supervisory Board.

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, 2015
For the Supervisory Board



Andree Moschner
Chairman

035

COMBINED MANAGEMENT REPORT

For greater transparency and clarity, the Group management report of the OLB Group and the management report of Oldenburgische Landesbank AG (OLB), the Group's parent company, have been combined for the first time for the 2014 reporting year, in compliance with Sec. 315 (3) in conjunction with Sec. 298 (3) of the German Commercial Code (HGB) and German Accounting Standard (DRS) 20 Sec. 22.

About the Group

Oldenburgische Landesbank AG is an exchange-listed regional bank that conducts banking business for corporate and retail customers. Its core business is the commercial banking business in Northwest Germany. The Bank maintains a sustainable business model focused on its clientele. Its business territory, with its more than 170 branch offices, is roughly bounded by the Weser and Ems Rivers and the North Sea. This region has been OLB's home since 1869. 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 2014 reporting year was the last time the consolidated Group included Bankhaus W. Fortmann & Söhne KG, of Oldenburg, and Münsterländische Bank Thie & Co. KG, of Münster, two banking subsidiaries in which OLB holds the prevailing majority of voting rights and all shares of the capital. In the course of the year, OLB and the personally liable partners made the business decision that as of January 1, 2015, Bankhaus W. Fortmann & Söhne would cease to be a legally independent limited partnership, and would become W. Fortmann & Söhne, an affiliate of Oldenburgische Landesbank AG. By a contract signed in December 2014, OLB's limited partner's interest in Münsterländische Bank Thie & Co. KG, of Münster, was sold to VR-Bank Westmünsterland eG, of Borken, effective January 1, 2015. Completion of the transfer of ownership is still pending, subject to the consent of the German Federal Financial Supervisory Authority, BaFin. Both steps were intended to reduce organizational and regulatory complexity within OLB. In addition to the two banking subsidiaries just mentioned, OLB held a number of smaller equity interests, which have served, for example, for networking in the financial industry and in the region's economy.

OLB's intent to provide comprehensive, individualized advice for its retail and business customers, private banking and independent professional customers, as well as corporate customers, requires a systematic orientation to target groups in its front-office units. For that reason, the Bank's monitoring and reporting are based on three strategic lines of business: Retail and Business Customers, Private Banking & Independent Professionals, and Corporate Customers.

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

The Private Banking & Independent Professionals business offers all-around customized support for its clients, 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, securities advisory services to assist orders, and real estate brokering and financing.

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 commission business.

OLB's financial policy pursues the goal of generating a fair return for its shareholders. It defines "fair" in this connection as a return on capital employed that is greater than the average cost of capital for a business cycle. The boundaries for achieving this structural profitability potential are set by ensuring that incurred risks remain manageable at all times. OLB's management system is derived from these principles of business and risk policy.

The Bank is managed on the basis of the business policy goals established in its Business and Risk Strategy, and of the resources and measures planned for achieving those goals, including the allocation of capital to cover risk. Both strategic documents are adopted by OLB's Board of Managing Directors after discussion with the Supervisory Board, and are reviewed at least once a year to take timely account of changing conditions.

As part of the annual planning process, profit targets are set for the Bank's business units on the basis of these strategic expectations. The targets take due account of the resources allocated to the units, such as capital and risk limits, together with the associated profit expectations.

Success in implementing strategic objectives is assessed using key performance indicators (KPIs) on the basis of a comparison of the planned and actual figures. The principal control parameters are reported monthly, and the reports include detailed comments to point up important current developments and areas of action for the Board of Managing Directors. Early identification of deviations from projected figures for the Bank as a whole and within the strategic lines of business ensures that when such discrepancies from the targets are discovered, management can decide on the most direct possible measures for a correction.

The choice of KPIs for the Whole Bank is based on the overriding financial objective of achieving a fair return while controlling incurred risks at all times. For that reason, the principal financial performance indicators applied are return on equity,[1] the core capital ratio,[2] the risk coverage ratio,[3] and the liquidity coverage ratio[4] as key figures for the Bank's ability to meet payments. The cost–income ratio[5] is used to assess cost efficiency at the Whole Bank level.

The sales organization, oriented to customer groups, is managed on the basis of the three strategic business lines. It is especially managed by way of operating results and their principal components: operating income and operating expenses. In addition to these key figures from the income statement, cost efficiency is also assessed at this level by determining the business lines' cost–income ratio in the segment report.

See Glossary, p. 170

The above key figures are embedded in a system of additional financial and non-financial key performance indicators that are used to manage specific aspects, but that are of secondary importance for the Company as a whole.

1 Profit before taxes / average equity per IFRS, excluding revaluation reserve

2 Ratio of core capital to risk-weighted assets

3 Ratio of available risk coverage to risk capital needed

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

5 Ratio of operating expenses to total operating income

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

Composition of issued capital

See Glossary, p. 172

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

Restrictions on voting rights or on the transfer of shares

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

Capital holdings in excess of 10 percent of voting rights

Allianz Deutschland AG, of Munich, holds approximately 90.2 percent of the stock of Oldenburgische Landesbank AG (as of December 31, 2014). 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.
- Oldenburgische Landesbank still maintains various business relationships from the former Allianz Bank, which ceased operations in 2013. It also engages in a certain amount of new business with Allianz agents and Allianz employees. OLB serves both groups through its "Direct Banking Services" (DBS) unit. In a declaration dated December 3 and 16, 2014, Allianz Deutschland has assumed the obligation to cover all potential losses incurred in connection with this business. This obligation to cover losses, which maintains the same content as the loss coverage obligation that formerly was in effect for Allianz Bank, remains in effect until December 31, 2019. It can be terminated by Allianz Deutschland on six months' notice as of the end of any year.

Indemnification agreements in the event of a change of control following a takeover bid

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

Report on Economic Conditions

Economic conditions

Global economic performance, based on a preliminary growth estimate of 3.3 percent by the International Monetary Fund (IMF), lagged behind general expectations in 2014. The reasons included slower growth in major economies like China, Russia and Japan, less activity by petroleum exporting countries, and risks increasing worldwide because of military conflicts. The European economy in particular produced only a modest performance. According to preliminary IMF figures, gross domestic product in the euro zone grew 0.8 percent in 2014.

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The foreign trade conditions for the German economy were therefore less advantageous in 2014 than they had been at the end of 2013. Indicators of sentiment became less optimistic across a broad front over the course of the year, and the German economy experienced a phase of weakness during the summer, following strong growth at the beginning of the year. New orders, revenues and production in the manufacturing sector in particular performed less well than expected on average during the second half. On the other hand, the economy continued to draw support from consumer spending. Private consumption was encouraged by relatively low nationwide unemployment averaging 6.7 percent for the year, together with a steady rise in employment, although growth tapered off perceptibly from the vigorous levels of previous years. In sum, according to preliminary figures from the Federal Statistical Office, the German economy grew a moderate 1.5 percent in 2014.

Interest rates remain very low in Germany. In 2014, the European Central Bank adopted a number of expansive monetary policy measures. In two steps, in June and September, it lowered the refinancing rate to 0.05 percent. Interest rates on government bonds, after rising slightly at the beginning of the year, have dropped sharply. At the same time, the differences in interest rates between the highest-rated government bonds and bonds from the countries in crisis have narrowed. Interest rates for corporate bonds of all ratings have also declined to new lows. Finally, the ECB announced that in March 2015 it would initiate a historic program to buy back EUR 60 billion in bonds each month until at least September 2016. It is thus reinforcing its easing of monetary policy.

For 2015, the Bank assumes that business in the euro zone as a whole will remain rather slow, although the outlooks for individual countries vary considerably. The outlook for the German economy in particular has improved. Because the euro is significantly lower against other currencies, exporters can be more competitive on price, so that foreign trade can be expected to deliver some momentum for the economy. Consumer business in particular is likely to benefit from the sharp decline in oil prices; rising wage and transfer income should also stimulate consumer demand. Increased costs due to collectively bargained wage adjustments and rising import prices might in turn lead to sharper rises in consumer prices. Somewhat higher utilization of capacity, low interest rates and a good earnings picture indicate that investing activity should pick up moderately, despite the persisting uncertainties. All in all, economic growth in 2015 is expected to be at or slightly above the 2014 level. But unforeseeable shocks from outside, for example from a further escalation of geopolitical conflicts, could still cloud the outlook.

Looking at the further evolution of interest rates, none of the four main influencing factors – inflation, key lending rate, performance of the economy and market expectations – gives any sign of a recovery in the short to medium term. The inflation rate in the euro zone is currently well below the target of 2 percent aimed for by the European Central Bank (ECB). Given the sluggish performance of the European economy and the ECB's extensive bond buying program, it appears that monetary policy conditions will remain relaxed, so that in general, low interest rates are likely to persist.

The economy in Northwest Germany

As in previous years, the performance of the Northwestern German economy in 2014 was consistent with the German economy as a whole. Like the rest of the country, the economy in the Northwest saw a temporary but substantial slowdown in the summer. But by year's end both the business situation and companies' business expectations improved again significantly.

OLB expects regional and national business conditions to remain generally in parallel this year as well. However, the foreign trade momentum triggered by the devaluation of the euro is likely to be somewhat less vigorous here, because the Weser-Ems region has substantially lower export levels than the country as a whole. The low price of oil, by reducing operating costs, will have a positive influence in virtually ever sector. The transport and logistics sector in particular, especially the shipping industry, may benefit from this situation. The return of stable conditions in the key sectors – agriculture and energy – is also likely to have a positive influence on the region, now that the new Lower Saxony state government, elected in 2013, has formulated its agricultural policy goals and the Renewable Energy Act has been amended.

The banking environment

The financial industry continues to undergo a phase of radical change and renewal. Especially relevant effects derive from the accelerated change in the regulatory environment, increasingly intense competition for retail and corporate customers, and notable 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 Requirements Directive (CRD) IV and the Capital Requirements Regulation (CRR); these have been mandatory since 2014. The 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 habits, 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 industry are taking effect at the same time as a structurally induced slackening of earnings momentum, which is being amplified even further in the present and probable future environment of low interest rates.

Business Performance

Results of operations

EUR m	2014	2013	Change	Change (%)
Interest and similar income	454.8	483.9	– 29.1	– 6.0
Interest expense and similar charges	217.6	246.2	– 28.6	– 11.6
Net interest income	237.2	237.7	– 0.5	– 0.2
Commission income	94.1	115.2	– 21.1	– 18.3
Commission expense	23.2	34.2	– 11.0	– 32.2
Net commission income	70.9	81.0	– 10.1	– 12.5
Net operating trading income / expense	4.2	3.5	0.7	20.0
Other income	0.4	17.6	– 17.2	– 97.7
Operating income	**312.7**	**339.8**	**– 27.1**	**– 8.0**
Operating personnel expense	153.5	167.0	– 13.5	– 8.1
Office expense	84.4	97.1	– 12.7	– 13.1
Other expenses	6.7	1.9	4.8	> 100
Administrative expenses	**244.6**	**266.0**	**– 21.4**	**– 8.0**
Risk provisions for credit business	39.0	81.5	– 42.5	– 52.1
Restructuring income / expense	3.0	– 90.3	93.3	n / a
Reimbursement of restructuring expense	—	90.3	– 90.3	– 100.0
Realized net income / loss from financial assets	3.2	16.9	– 13.7	– 81.1
Net nonoperating trading income / expense	– 0.6	– 0.1	– 0.5	> 100
Net income / loss from financial assets	2.6	16.8	– 14.2	– 84.5
Profit before taxes	**34.7**	**9.1**	**25.6**	**> 100**
Taxes	9.8	0.4	9.4	> 100
Profit after taxes	**24.9**	**8.7**	**16.2**	**> 100**
Basic and diluted earnings per share (EUR)	**1.07**	**0.37**	**0.70**	**> 100**

The developments that had shaped our market environment in past years continued once again in 2014. Interest rates declined again substantially; customers continued to rely on highly liquid deposits in their private asset investment; regulatory requirements grew and have tied up increasing amounts of resources. Amid this challenging environment, OLB nevertheless achieved a solid business performance during the year. Profit before taxes, at EUR 34.7 million, improved considerably from the prior year (EUR 9.1 million). This development was especially assisted in 2014 by lower risk provisions and stable net interest income combined with lower expenses. To reinforce its forward-looking positioning, last fiscal year OLB pressed ahead with modernizing its retail customer business. The modernization efforts take particular account of the changing habits of our customers, who now want both personal access to advisors and increasing technical options that will let them bank quickly and conveniently for themselves, via mobile phone and online.

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Details of the individual components of profits:

Net interest income

EUR m	2014	2013	Change	Change (%)
Interest (and similar income)	454.8	483.9	– 29.1	– 6.0
Interest expense (and similar charges)	217.6	246.2	– 28.6	– 11.6
Net interest income	**237.2**	**237.7**	**– 0.5**	**– 0.2**
Customer lending volume at end of period (before risk provisions)	10,516.3	10,527.7	– 11.4	– 0.1

In terms of the evolution of interest rates, 2014 saw no change in trend in the ECB's policies. Rates decreased further from the year before. In June 2014, negative interest rates on credit balances maintained with the ECB were introduced for the first time. Thus, actual market developments were well below the stable interest rates that were still being projected at the end of 2013. Nevertheless, even under these difficult conditions, OLB kept its net interest income stable at EUR 237.2 million, on a par with the 2013 figure of EUR 237.7 million. Repayments due in the lending business were compensated with new business. Total customer deposits remained high, gaining another 1.9 percent from 2013. Much of the pressure on margins that resulted from changing interest rates could be passed on to customers in the form of interest rate adjustments. Consequently, the customer business developed essentially as expected. Stable high customer deposits enabled the Bank to refinance its lending business largely independently from the capital markets, thus helping to stabilize net interest income.

Net commission income

EUR m	2014	2013	Change	Change (%)
Securities business	13.6	35.4	– 21.8	– 61.6
Asset management	11.7	11.0	0.7	6.4
Payment traffic	25.1	26.4	– 1.3	– 4.9
Foreign business	2.2	2.2	—	—
Insurance, home loan and savings, real estate business	12.8	14.0	– 1.2	– 8.6
Credit card business	1.6	1.5	0.1	6.7
Other	3.9	– 9.5	13.4	n / a
Net commission income	**70.9**	**81.0**	**– 10.1**	**– 12.5**

The evolution of net commission income is essentially determined by payment traffic and services that OLB provides for its customers' private investments. Business with the Regional Bank's customers in the Northwest saw no major fluctuations. In allocating their assets, customers continue unchanged to set a high priority on security and availability of funds on short notice. Net commission income from the securities business performed less well than expected. At the Group level, year on year, the cessation of operations at Allianz Bank as of June 30, 2013, had an effect, causing a decrease in net commission income, as expected, to EUR 70.9 million (prior year: EUR 81.0 million).

Net operating trading income / expense

This item includes the results from customer transactions in foreign currencies and interest rate hedges. These transactions again provided a stable contribution to earnings in 2014, at EUR 1.7 million (prior year: EUR 2.2 million). The item also reflects the measurement of the Bank's hedging transactions. In particular, OLB used swap transactions to hedge against changes in interest rates. Measurement of the underlying and hedge transactions for the year yielded net income of EUR 2.8 million (prior year: EUR 0.9 million).

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Administrative expenses

EUR m	2014	2013	Change	Change (%)
Operating personnel expense	153.5	167.0	– 13.5	– 8.1
Office expense	84.4	97.1	– 12.7	– 13.1
Administrative expenses	**237.9**	**264.1**	**– 26.2**	**– 9.9**
Employees at 12 / 31	2,314	2,445	– 131	– 5.4
Full-time equivalents at 12 / 31	1,897	1,946	– 49	– 2.5
Cost–income ratio (%)	78.2	78.3	n / a	n / a

In comparison to 2013, administrative expenses were affected by the cessation of operations at Allianz Bank. In spite of the absence of economies of scale from the shared use of centralized functions, personnel and office expenses decreased substantially overall, from EUR 264.1 million to EUR 237.9 million. Costs at the Regional Bank were shaped by collectively bargained wage increases, in terms of personnel expenses, and by recurring price increases on certain office expense items as a result of investments to keep OLB viable for the future. Increasing regulatory requirements for the banking business made it necessary to set up an extensive reporting system and to expand the Bank's risk management system. As customers increasingly favored technical options to conduct their banking business directly, quickly and conveniently, it was necessary to invest in business processes and expand the Bank's range of online and mobile banking capabilities.

All in all, the cost–income ratio, at 78.2 percent, remained on the same level as in 2013, although business plans had expected a slight decrease.

Risk provisions for credit business

All in all, as the Bank had projected previously, the net expense of EUR 39.0 million for risk provisions for the credit business in 2014 represented considerably less of a burden on profits than in 2013 (EUR 81.5 million). In the corporate customer portfolio especially, which is dominated by small and medium enterprises, OLB can look back on an advantageous development of risk. The crisis in the shipping industry continued in 2014. The market recovery that had underlain the assessment in 2013 still did not materialize to the expected extent. However, there was also no further exacerbation of the situation, so that it became possible to reduce the necessary allocations to risk provisions substantially from the 2013 levels.

Net income from financial assets

Reclassifications carried out as a part of managing the liquidity reserve yielded a gain of EUR 2.6 million. The substantially higher figure for 2013 was a nonrecurring effect of trading gains realized from the adjustment of financial assets as part of the termination of operations at Allianz Bank.

Restructuring income / expense

A restructuring expense of EUR 90.3 million was incurred in 2013 to terminate operations at Allianz Bank. This amount was reimbursed in full by Allianz Deutschland AG. A portion of the provisions that had been recognized in that connection was not needed in 2014 and was reversed. OLB took advantage of the resulting latitude to initiate necessary steps to reorganize and modernize its retail banking business. Provisions of EUR 4.1 million were recognized in this connection. All in all, restructuring yielded a net income of EUR 3.0 million.

Segment results

Since the beginning of 2014, OLB's management and reporting have been based on three strategic lines of business that cover all its core target groups: Retail and Business Customers, Private Banking & Independent Professionals, and Corporate Customers. These lines of business represent the basis for the Bank's present segment reporting.

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

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 real estate brokering and financing.

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 commission business.

The "Operations and management" column refers to personnel and office expenses for centralized corporate operating, management and staff functions. The operating units provide centralized back-office and processing services for the three strategic business lines. The management and staff units are responsible for running the Bank. "Non-reportable segments" summarizes such items as the contributions to earnings, as well as assets and liabilities, of two special funds, the wind-down portfolio for ships, and the continuing customers, under the DBS segment, from the former Allianz Bank. Additionally, this item includes assets, liabilities and contributions to earnings from the centralized management of asset and liability items by the Treasury.

The segmentation into OLB Regional Bank and Allianz Bank that still applied in 2013 has therefore been discontinued. The prior-year figures have been adjusted to conform to the new management logic.

OLB assesses the financial results of its reportable segments and other units on the basis of their operating profit or loss. The operating profit or loss is obtained by netting income and expenses from current core business operations that can be attributed directly to a particular segment or unit. Further explanations of operating profits at the segment level can be found in the Notes.

EUR m	Retail and Business Customers	Private Banking & Independent Professionals	Corporate Customers	Corporate and other: Operations and management	Corporate and other: Non-reportable segments	OLB Group total
	1/1–12/31/2014					
Net interest income	85.9	26.8	115.7	—	8.8	237.2
Net commission income and other income	32.6	19.0	15.9	—	8.0	75.5
Operating income	**118.5**	**45.8**	**131.6**	**—**	**16.8**	**312.7**
Operating personnel expense	46.0	12.8	15.9	63.5	15.3	153.5
Office expense and other expenses	18.8	3.3	2.8	53.7	12.5	91.1
Administrative expenses	**64.8**	**16.1**	**18.7**	**117.2**	**27.8**	**244.6**
Risk provisions for credit business	2.4	–0.1	14.5	—	22.2	39.0
Net restructuring income/expense[1]	—	—	—	—	3.0	3.0
Reimbursement of restructuring expense	—	—	—	—	—	—
Operating profit/loss	**51.3**	**29.8**	**98.4**	**–117.2**	**–30.2**	**32.1**
Net income/loss from financial assets	—	—	—	—	2.6	2.6
Segment profit	**51.3**	**29.8**	**98.4**	**–117.2**	**–27.6**	**34.7**
Segment assets (EUR bn)	3.8	0.8	5.4	—	4.1	14.1
Segment liabilities (EUR bn)	2.3	1.1	2.3	—	7.8	13.5
Cost–income ratio (%)	54.7	35.2	14.2	n/a	165.5	78.2
Risk capital (average)[2]	45.9	19.5	251.9	—	210.9	496.8
Risk assets (average)	812.8	236.6	3,018.2	—	1,829.5	5,897.1

1 Net reversal of restructuring provisions in 2014

2 The aggregate total the Group is smaller than the total of the segments because the risk capital is not additive due to diversification effects.

EUR m	1/1–12/31/2013					
				Corporate and other		
	Retail and Business Customers	Private Banking & Independent Professionals	Corporate Customers	Operations and management	Non-reportable segments	OLB Group total
Net interest income	84.0	25.6	113.8	—	14.3	237.7
Net commission income and other income	34.4	19.0	15.5	—	33.2	102.1
Operating income	**118.4**	**44.6**	**129.3**	—	**47.5**	**339.8**
Operating personnel expense	47.9	12.5	15.9	60.6	30.1	167.0
Office expense and other expenses	18.9	3.7	2.9	50.4	23.1	99.0
Administrative expenses	**66.8**	**16.2**	**18.8**	**111.0**	**53.2**	**266.0**
Risk provisions for credit business	4.2	1.4	24.6	—	51.3	81.5
Restructuring income/expense	—	—	—	—	–90.3	–90.3
Reimbursement of restructuring expense[1]	—	—	—	—	90.3	90.3
Operating profit/loss	**47.4**	**27.0**	**85.9**	**–111.0**	**–57.0**	**–7.7**
Net income/loss from financial assets	—	—	—	—	16.8	16.8
Segment profit	**47.4**	**27.0**	**85.9**	**–111.0**	**–40.2**	**9.1**
Segment assets (EUR bn)	3.7	0.7	5.4	—	4.4	14.2
Segment liabilities (EUR bn)	2.2	1.0	1.8	—	8.6	13.6
Cost–income ratio (%)	56.4	36.3	14.5	n/a	112.0	78.3
Risk capital[2]	42.7	16.8	247.3	—	182.9	456.5
Risk assets (average)	914.5	236.2	3,370.7	—	1,796.9	6,318.3

1 Reimbursement from Allianz Deutschland for restructuring expenses of Allianz Bank
2 The aggregate total the Group is smaller than the total of the segments because the risk capital is not additive due to diversification effects.
The value refers to December 2013 after the introduction of the economic risk model for the segments, and therefore is not an average for the year.

The strategic lines of business developed essentially in parallel over the year. Net interest income rose slightly in all three segments. Total lendings remained at the high level from the previous year.

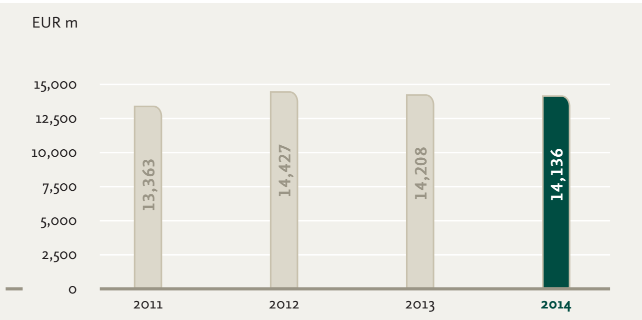
At the same time, margins in new business expanded, especially in business with corporate customers. In the deposit business, gains in customer deposits were able to compensate for the pressure on margins. The commission business was down slightly from 2013. Business in securities, insurance and home loan and savings was modest, especially in the Retail and Business Customers segment. This situation was countered by the first savings on costs that derived from the efficiency enhancement and modernization efforts in the branch office business. Consequently, the operating profit before risk expenses improved from the prior year in all three lines of business. The cost–income ratio also improved slightly from 2013 in all three segments. In the Retail and Corporate Customers business as a whole, risk provisioning took a salutary turn. Business with corporate customers derived particular benefit from this change in comparison with the prior year. All in all, operating income in the Private Banking & Independent Professionals segment increased more than had been projected a year earlier. In the other business segments, earnings were less dynamic than expected. In operating expenses, savings in the Retail and Business Customers segment outperformed the targets for 2014. Costs in the other segments developed as planned. In part thanks to the evolution of risk provisions, the segments' operating profit was higher than projected for the year.

Changes in operating expenses and income from non-reportable segments resulted primarily from the cessation of operations at Allianz Bank. The risk provisions shown here are primarily attributable to the shipping portfolio.

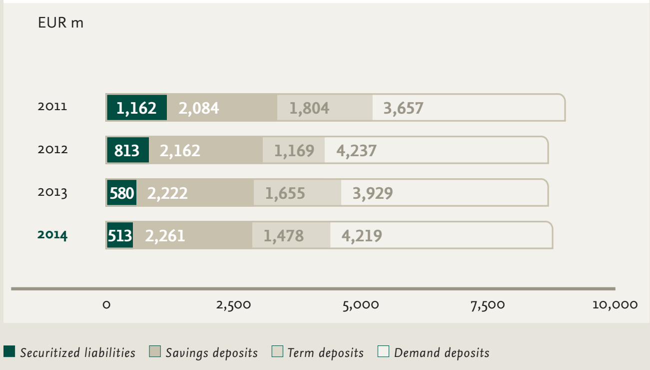
Profit / taxes

The profit before taxes for 2014 was EUR 34.7 million, and therefore, in keeping with the projection from the prior year's report, was well above the 2013 figure of EUR 9.1 million. Allowing for a tax charge of EUR 9.8 million, the after-tax profit came to EUR 24.9 million (prior year: EUR 8.7 million).

Changes in total assets



Customer deposits and OLB bonds



Net assets and financial position

Total lendings

OLB maintained its total lendings at a stable, high level by comparison to the prior year. In this regard, the Bank continues to manage its business with a strong focus on meeting its margin requirements, and on improving the risk structure of its portfolio. The greatest increase was in the retail business. Many customers continued to take advantage of persistently low interest rates to finance private construction and other purchases. The lending business to corporate customers remained stable during the year.

EUR m	2014	2013	Change	Change (%)
Customer lending in Germany	10,448.7	10,460.2	– 11.5	– 0.1
Customer lending outside Germany	67.6	67.5	0.1	0.1
Total lending volume (gross)	**10,516.3**	**10,527.7**	**– 11.4**	**– 0.1**
less: risk provisions	215.9	224.3	– 8.4	– 3.7
Total lendings (net)	**10,300.4**	**10,303.4**	**– 3.0**	**—**

Liquidity

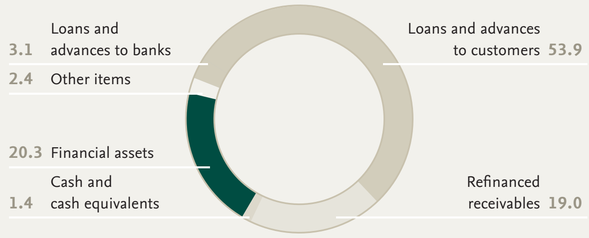
The Bank has an appropriate level of liquidity. Thanks to its high level of customer deposits, OLB has sufficient liquidity to maintain a conservative safety margin and at the same time ensure that it will be able to meet payments even in the event of a suddenly exacerbated crisis in the financial markets. Customer deposits are the primary foundation for the Bank's refinancing of its own lending business. OLB did not make use of the ECB's offer of long-term tenders. The regulatory liquidity ratio at the reporting date was 1.74 (prior year: 1.62), and thus remains well above the minimum of 1.0. The Liquidity Coverage Ratio (LCR), likewise significant from the regulatory viewpoint, was determined in parallel. This figure represents the ratio of highly liquid assets to expected cash outflow over the next 30 days, and has been determined regularly for OLB since mid-2014. At December 31, 2014, OLB's LCR was 284 percent, likewise well above the regulatory minimum of 100 percent.

Financial assets

OLB's financial assets serve primarily as a liquidity reserve. The portfolio very largely comprises Pfandbrief bonds and government bonds with very good ratings. This portfolio remained stable, closing out the year at EUR 2.9 billion, slightly higher than the prior year's EUR 2.7 billion.

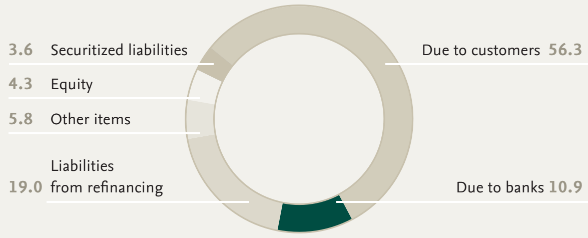
Balance sheet ratios for assets

in %



Balance sheet ratios for equity and liabilities

in %



Deposits and borrowed funds

EUR m	2014	2013	Change	Change (%)
Customer deposits	**7,957.9**	**7,806.3**	**151.6**	**1.9**
Demand deposits	4,219.2	3,929.4	289.8	7.4
Term deposits	1,478.2	1,654.7	–176.5	–10.7
Savings deposits	2,260.5	2,222.2	38.3	1.7
Interbank money	**4,231.5**	**4,498.5**	**–267.0**	**–5.9**
Demand deposits	60.7	338.7	–278.0	–82.1
Term deposits	4,170.8	4,159.8	11.0	0.3
Securitized liabilities	**512.5**	**579.6**	**–67.1**	**–11.6**
Subordinated debt	**220.9**	**253.6**	**–32.7**	**–12.9**
Total deposits and borrowed funds	**12,922.8**	**13,138.0**	**–215.2**	**–1.6**

Equity

The OLB Group's equity at the end of the year came to EUR 614.7 million, slightly above the prior-year figure of EUR 602.9 million. Most of the change is attributable to the increase in profit after taxes. Results from the measurement of financial assets and pension provisions are recognized in other comprehensive income. The reduction of the interest rate for discounting pension liabilities resulted in a charge of EUR 39.0 million. This was countered by a gain of EUR 28.2 million from the measurement of fixed-income securities in the liquidity reserve, recognized under financial assets.

OLB's return on equity before taxes was therefore 5.7 percent in 2014 – as projected, a substantial increase of 4.2 percentage points from the prior year.

Regulatory capital (Sec. 10a of the German Banking Act – KWG – in conjunction with Arts. 25 through 88 of the CRR)

EUR m	2014	2013	Change	Change (%)
Tier 1 capital	**572.6**	**581.0**	**–8.4**	**–1.4**
Tier 2 capital[1]	171.9	234.0	–62.1	–26.5
Share capital and reserves	**744.5**	**815.0**	**–70.5**	**–8.7**
Risk assets for counterparty risks	5,235.7	5,513.0	–277.3	–5.0
Risk assets for market risks	26.0	25.0	1.0	4.0
Risk assets for operational risks	562.5	575.0	–12.5	–2.2
Risk assets	**5,824.2**	**6,113.0**	**–288.8**	**–4.7**

1 Not more than 100 percent of tier 1 capital

in %	2014	2013
Core capital ratio	9.8	9.5
Aggregate capital ratio	12.8	13.3

The regulatory capital of the OLB Group consists of tier 1 and tier 2 capital. Tier 1 capital is calculated on the basis of equity as defined under the German Commercial Code, after regulatory additions and deductions. It primarily comprises issued capital, reserves, and other comprehensive income, which primarily consist of the results from the measurement of financial assets and pension provisions. Regulatory capital was calculated for the first time in 2014 under the terms of the European Capital Requirements Regulation (CRR).

On the basis of the adopted annual financial statements, OLB's tier 1 capital at year's end came to EUR 572.6 million (prior year: EUR 581.0 million). The tier 2 capital, composed mainly of subordinated debt, came to EUR 171.9 million (–26.5 percent from the prior year). This reduction is primarily the consequence of changes in regulations for allowances as a function of the remaining term of the subordinated debt. Consequently, total equity and reserves came to EUR 744.5 million (prior year: EUR 815.0 million).

Risk assets were lowered once again from the prior year. At EUR 5.6 billion, they were down about 5 percent from the 2013 figure (EUR 6.1 billion). This considerable decrease related to counterparty risks. The change can be attributed to a variety of actions and developments. Besides an adjustment of relevant measurement parameters to reflect current trends and an improvement in backing with security, movements in the portfolio structure toward lower-risk credit ratings also helped reduce risk-weighted assets.

All in all, the core capital ratio improved to 9.8 percent (prior year: 9.5 percent). It is therefore already well above the target of 8.5 percent set by Basel III for 2019. The aggregate capital ratio at December 31, 2014, was 12.8 percent (prior year: 13.3 percent). A strong capital base is of key importance so that OLB can continue to provide close support for the growth of its retail and corporate customers in the region.

For that reason, OLB will propose to its shareholders at the Shareholders' Meeting on May 13, 2015, to allocate a substantial share of the distributable profit, EUR 14.2 million, to further strengthen retained earnings.

Executive summary

OLB achieved solid business performance under challenging conditions in 2014. Business with customers remained steady. Earnings improved substantially, in part because of substantially lower risk provisions. The Bank strengthened its capital base, and mitigated risks or established provisions for them. Liquidity remains stable. Business in the year under review did well on the whole, and attained the projected substantial recovery in profits over 2013. On that basis, it will be important in 2015 to strengthen the Bank on a sustainable basis even further.

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 combined management report, and can be found in the Corporate Governance Report. For simplicity's sake, they are not reproduced here.

Report on Anticipated Developments, Opportunities and Risk

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 Risk Report section of the Combined Management Report.

Business performance in fiscal 2015 will be affected primarily by the following factors and the resulting opportunities and risks:

Business in Northwest Germany continues to expect that conditions will parallel the German economy as a whole during the new year. The growth rate is expected to be at or slightly above last year's level. Unemployment and employment are expected to remain roughly unchanged. Last year's uncertainty about political conditions at the state and federal level for the region's key industries, agriculture and renewable energy, has largely given way to clear expectations. OLB assumes that the resulting environment for the development of the lending business and risk provisions will be stable. Opportunities are particularly offered by continuing the Bank's support for the development and financing of projects in renewable energy, especially wind power.

Concerning developments in the shipping sector, OLB has based its planning on an expectation that once again in 2015, only gradual progress will be made toward solutions to the structural causes for the tense situation in the shipping industry. The process of reducing the existing surplus capacity in the shipping industry will take several years, so that charter rates are not likely to return to normal levels until the medium term. A protracted delay in the recovery of charter rates, with a resulting persistence of the crisis in the sector, would again impose burdens on OLB's risk provisioning. By contrast, a rapid consolidation of the sector, in conjunction with an upswing in business conditions and consistently reduced operating costs because of low oil prices, would bring the possibility of a reduction in the planned needs for risk provisions.

In spite of the expected steady performance of the German economy, none of the key influencing factors at the European level – inflation, key lending rate, development of the economy and market expectations – suggests that interest rates will recover during fiscal 2015. This expectation has been further reinforced by the ECB's announcement of a buyback program for bonds that will continue until September 2016. OLB has based its plans on persistently low interest rates, together with a normal evolution of the yield curve. This assumption directly affects the measurement of financial assets and long-term provisions (such as those for pensions). Net interest income for fiscal 2015 will be determined only partially by current interest rate developments, by way of the interest rates on new business and existing variable-interest business. A further substantial decline in interest rates, especially in combination with a flattening of the yield curve, would further intensify pressure on margins in the lending and deposits business, and would place a considerable burden on the Bank's earnings situation, especially in the medium term. Correspondingly, given its current balance sheet structure, OLB has the opportunity to benefit substantially from any rise in interest rates.

Thanks to its stable deposits business, OLB is largely able to finance its lending business itself. This gives the Bank minimal vulnerability to disturbances in the money and capital markets that would make raising liquidity difficult or subject it to excessive interest markups. OLB maintains a liquidity reserve with adequately dimensioned liquidity buffers, enabling it to ride out transient potential market bottlenecks. Looking to 2015, therefore, the Bank expects no material risks from unforeseen exacerbations of conditions in the money and capital markets. OLB foresees opportunities to improve its overall earnings position in the potential for unexpectedly high income from the Bank's investment portfolio.

Legislators and regulatory authorities have initiated extensive measures to improve banks' liquidity and equity, as well as regulations for consumer protection and expanded reporting and auditing obligations. For fiscal 2015, the costs of implementation will constitute a substantial burden. For the medium term, this trend indicates a risk that the earning potential of the Bank's current products and services may be sharply limited, for example because of a lack of economies of scale and increased requirements for equity backing. On the other hand, new services and the improved monitoring and control of business risks offer opportunities for future business through the avoidance of credit defaults and other operating risks. Looking at court decisions, there is a risk that judgments that impose unilateral burdens on the banking sector may be issued in the interest of consumer protection.

OLB assumes that competition for customers' business will remain intense in fiscal 2015. In addition to local competitors, competition from direct banks will persist. New options that take advantage of modern technologies to permit or provide financial services (such as mobile payments or crowdfunding) will continue to evolve, and will increasingly come to compete with the products banks have to offer. In addition to persistent pressure on margins and prices, in the medium to long term this development poses the risk that customers' usage habits may lastingly change, and that banking services that now exist may come in for only limited use, for example in payment traffic. On the other hand, the increasing digitization of business processes offers an opportunity to organize processes more efficiently and carry them out more cost-effectively.

Amid this challenging environment, the Bank intends to continue the course it has already initiated in modernizing its retail business, expanding its range of services with a broader use of automated tellers for both deposits and withdrawals within its network of locations, and in parallel also to expand its diversity of services in online and mobile banking. In conjunction with the dedication of its very well-trained staff and a high-performance range of products, the Bank expects to continue its solid performance from 2014 again in 2015. The most significant parameters that may affect the expected evolution of business in 2015 particularly include the following:

Assuming solid performance from the economy in Northwest Germany, OLB expects a moderate increase in total lendings in comparison to 2014. In addition to a stable demand for credit in both building financing and commercial projects, simpler and faster credit processes should make this growth possible. The reinforcement of reserves that will be proposed to the shareholders at the Shareholders' Meeting on May 13, 2015, is intended to back the expected increase in total lendings, and to keep the Bank's capital ratio stable. In the deposits business, OLB expects that the increase in the lending business can be largely refinanced out of further growth in customer deposits. Based on rising contributions to earnings from the customer business, as well as a further optimization of the Bank's balance sheet structure and the benefits of refinancing from customer deposits, the Bank expects a substantial expansion of net interest income in 2015.

Reviving the securities business with customers, especially in the form of asset management, will be one of the focal points of OLB's sales activities in 2015. The Bank will rely on its skilled advice to attract new customers and funds and strengthen existing customer relationships. This line of business is consequently the primary driving force behind the expected substantial increase in net commission income in 2015.

Administrative expenses in fiscal 2015 will be increased by an expected substantial rise in the bank levy, in addition to a further increase in collectively bargained wages and general cost increases. OLB will counter these increased costs by optimizing its procedures, as it has already begun to do as part of modernizing its retail business, as well as by using up-to-date self-service equipment and by systematically automating and digitizing its operations. Additionally, the Bank expects that implementing regulatory requirements will involve less expense in comparison to the especially heavy burdens of fiscal 2014. All in all, therefore, OLB expects a significant decrease in operating expenses in 2015, and thus a substantial improvement in the cost–income ratio.

Based on the conditions described above, especially with an eye to the performance of the economy and developments in the shipping sector, OLB has developed a variety of scenarios for its projections, with different charges for risk provisions. For the sake of sound modeling, with the goal of reliable planning, the Bank has adopted a deliberatively conservative approach in its projections for 2015. This approach assumes that the favorable developments of 2014 in risk provisions across the portfolio will not be repeated in 2015, and that provisions will instead rise to the statistically expected level. On the other hand, for the shipping portfolio, an additional buffer has been applied to allow for a delayed recovery in charter rates. Based on this conservative scenario, risk provisions are expected to rise substantially in 2015 in comparison to last year.

In terms of segment performance, the Bank expects its three strategic lines of business to be subject to the same principal influencing factors, and to develop largely in parallel. The projected increase in income from securities is expected primarily in the Private Banking & Independent Professionals segment, while modernization efforts will help save costs principally in the Retail and Business Customers segment.

All in all, OLB expects its solid earnings performance from 2014 to continue in fiscal 2015. Assuming a full achievement of its ambitious goals for earnings and costs, and despite robust projected risk provisions, the Bank expects its profit before taxes and its equity ratio to increase substantially in 2015 from the year before, although it does not expect to return yet to the same level as 2012.

Additional Explanations to the Annual Financial Statements of Oldenburgische Landesbank AG (German Commercial Code)

In addition to the reporting on the OLB Group, the performance of Oldenburgische Landesbank AG is discussed below.

The annual financial statements of Oldenburgische Landesbank AG were prepared in accordance with the German Commercial Code (HGB). This results in differences in measurement from the consolidated financial statements prepared under International Financial Reporting Standards (IFRSs). The differences pertained primarily to financial instruments, provisions and deferred taxes.

The following table provides an overview of the income statement of Oldenburgische Landesbank AG for the year under review in comparison to the prior year:

Euro m	2014	2013	Change	Change %
Net interest income	236.0	236.6	– 0.6	– 0.3
Net commission income	68.7	79.0	– 10.3	– 13.0
Net interest and commission income	**304.7**	**315.6**	**– 10.9**	**– 3.5**
Net result from trading portfolio	– 0.8	– 0.7	– 0.1	14.3
Personnel expense	135.3	152.8	– 17.5	– 11.5
Other administrative expenses[1]	85.1	98.8	– 13.7	– 13.9
Administrative expenses	**220.4**	**251.6**	**– 31.2**	**– 12.4**
Net other operating income and expenses	– 17.3	100.8	– 118.1	n / a
Operating result before risk provisions	**66.2**	**164.1**	**– 97.9**	**– 59.7**
Risk provisions	33.5	60.3	– 26.8	– 44.4
Operating result	**32.7**	**103.8**	**– 71.1**	**– 68.5**
Extraordinary result	0.2	– 95.7	95.9	n / a
Net result from financial assets	0.6	0.6	—	—
Profit before taxes	**33.5**	**8.7**	**24.8**	**n / a**
Taxes	13.5	4.0	9.5	n / a
Net income for the financial year	**20.0**	**4.7**	**15.3**	**n / a**

1 Including depreciation of tangible fixed assets

Oldenburgische Landesbank AG represents more than 99 percent of the Group's consolidated balance sheet, and therefore plays a defining role in determining the Group's net assets, financial position and results of operations. Therefore, the evolution of the net assets, financial position and results of operations of Oldenburgische Landesbank AG conforms to the development described for the Group as a whole.

Net interest income remained stable at Oldenburgische Landesbank AG as well, because of the Bank's successful business in lending and deposits. While net interest income performed steadily over the course of the year, the cessation of operations at Allianz Bank was reflected in a substantial decrease in net commission income in comparison to the prior year. The Allianz Bank closure also resulted in a substantial decrease in administrative expenses, and in the net balance of other operating income and expenses, since the prior-year figure for this item still included a reimbursement of EUR 107.5 million for the net total expenses of Allianz Bank. Risk provisions decreased considerably from the prior year, largely because of favorable developments in the Bank's portfolio of corporate customers, which mainly are small to medium enterprises.

All in all, the profit before taxes for the year rose substantially higher, to EUR 33.5 million, compared to EUR 8.7 million for the prior year. After allowing for a tax expense of EUR 13.5 million, the net income for the financial year was EUR 20.0 million (prior year: EUR 4.7 million). As there were no profits carried forward from the prior year, this figure also corresponds to the unappropriated surplus for the financial year.

At the Shareholders' Meeting on May 13, 2015, a proposal will be submitted to the shareholders to allocate EUR 5.8 million to the payment of a cash dividend of EUR 0.25 per no-par bearer share, and a further EUR 14.2 million to retained earnings.

Changes in the balance sheet

Euro m	2014	2013	Change	Change %
Cash reserve	188	301	– 113	– 37.5
Receivables from banks	445	633	– 188	– 29.7
Receivables from customers	10,193	10,158	35	0.3
Securities	2,872	2,764	108	3.9
Tangible fixed assets	82	82	—	—
Trust assets	4	7	– 3	– 42.9
Other assets	261	228	33	14.5
Total assets	**14,045**	**14,173**	**– 128**	**– 0.9**
Liabilities to banks	4,341	4,607	– 266	– 5.8
Liabilities to customers	7,845	7,641	204	2.7
Securitized liabilities	761	760	1	0.1
Subordinated debt	228	262	– 34	– 13.0
Profit participation rights outstanding	—	—	—	—
Trust liabilities	4	7	– 3	– 42.9
Equity	—			
Subscribed capital and reserves	599	597	2	0.3
Unappropriated surplus	20	5	15	n / a
Other liabilities	247	294	– 47	– 16.0
Total equity and liabilities	**14,045**	**14,173**	**– 128**	**– 0.9**

Please see the parallel discussion of the Group's situation for an explanation of the changes in the balance sheet and in the net assets and financial situation.

Risk report

Because of the extensive overlap between Oldenburgische Landesbank AG as the parent company and the OLB Group, business performance is subject to the same risks and follows the same risk management processes. For that reason, please see the Risk Report below for further information.

Report on anticipated developments, opportunities and risk

Because of the extensive overlap between Oldenburgische Landesbank AG as the parent company and the OLB Group, the future business development of Oldenburgische Landesbank AG is subject to the same relevant influencing factors. OLB expects that the AG and the Group will develop in parallel. Further information about the expected development of the economy as a whole and of the Company, together with the assumptions underlying anticipated developments, is contained in the Report on Anticipated Developments, Opportunities and Risk of the OLB Group, above.

Other mandatory disclosures

Branch offices

As part of the termination of operations at Allianz Bank, the existing agency branches of Allianz Bank were closed. OLB Regional Bank is represented by 176 branch offices throughout Northwest Germany.

Relations with affiliated companies

In accordance with Sec. 271 (2) of the German Commercial Code, the Bank is an affiliate of Allianz SE and is included in Allianz's consolidated financial statements.

Allianz Deutschland AG (AZ D) holds the majority of the capital of Oldenburgische Landesbank AG (OLB). In the report on the Bank's relationship with Allianz Deutschland AG and the affiliated entities of Allianz Deutschland AG, and with Allianz SE and the affiliated entities of Allianz SE, the Board of Managing Directors has declared, in accordance with Sec. 312 of the German Stock Corporation Act:

Under the circumstances known to the Bank at the time when legal transactions were carried out or measures were taken or not taken, the Bank received fair and reasonable consideration in each individual transaction. The Bank did not suffer any disadvantage as a result of measures taken or not taken.

Events after the reporting date

The legal independence of the Bank's subsidiary Bankhaus W. Fortmann & Söhne KG was terminated as of January 1, 2015. OLB will continue doing business as the firm's legal successor under the name W. Fortmann & Söhne, an affiliate of Oldenburgische Landesbank AG.

OLB's limited partner's interest in Münsterländische Bank Thie & Co. KG, of Münster, was sold to VR-Bank Westmünsterland eG, of Borken, at the end of December 2014. The sale is still pending consent from the Federal Financial Supervisory Authority (BaFin).

Risk Report

Principles of Whole Bank risk management

Risk strategy

The risk strategy is adopted by the Board of Managing Directors of OLB and is reviewed at least once a year; the measures for its implementation and OLB's risk management activities that derive from those measures draw on the general principles in effect for the Allianz Group.

The risk strategy is based on the Bank's business strategy, and takes account of the results of the Bank's risk assessment, risk-bearing capacity, profitability goals and organizational environment. The risk strategy is developed in a structured strategy process that ensures

- that OLB's Business and Risk Strategy is consistent with its business plans,
- that OLB undertakes only risks that are subject to a control process, and in amounts that pose no threat to the Company's continuing existence,
- that OLB's risk-carrying capacity is assured at all times through a risk-sensitive limitation of the principal types of risks and the risks at the level of the Bank's lines of business,
- that the Bank's ability to meet payments is assured at all times and monitored by way of limits, and
- that the Bank has appropriate risk reporting and monitoring capabilities in place.

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

From the viewpoint of business and risk strategy, an appropriate employee compensation system plays an especially important role, because in addition to other goals of human resource policy, it also ensures that employees counteract risk adequately. The structure of the system is therefore regularly reviewed by the Supervisory Board.

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

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

Definition of types of risk

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

Credit risk

Credit risk is subdivided into default risk, migration risk, spread risk and country risk.

- *Default risk*

  Default risk is defined as the potential loss inherent in the default of a business partner – 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.

Migration risk
Migration risk is defined as the potential change in the present value of a claim as a result of a deterioration in the creditworthiness of the counterparty or debtor.

- *Spread risk*
  Spread risk is defined as the potential change in present value as a consequence of changes in liquidity spreads and / or credit spreads in the market.

See Glossary, p. 170

- *Country risk*
  Country risk, as a subcategory of credit risk, is defined as the incurrence of a cross-border risk, particularly a transfer and conversion risk – i. e., the risk that moratoriums and / or restrictions on payment traffic may make it impossible to repatriate payments of interest and / or principal in the local and / or foreign currency.

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
By liquidity risk, OLB first of all means the risk that it might be unable to meet its payment obligations at all times (risk of inability to meet payments). The Bank also includes under liquidity risk the risk of increases in the price of raising funds to cover refinancing gaps as a result of market conditions that increase liquidity and loan markups on interest rates (liquidity cost risk).

Operational risk
For the Bank, operational risk means the risk of a direct or indirect loss as a result of shortcomings or failures of employees, systems or internal procedures, or because of external events. It also includes the risk of changes in the law, model risk, the risk of miscellaneous criminal acts, reputation risk, and project risk.

- *Risk of changes in the law*
  For OLB, the risk of changes in the law means the risk of a loss as a result of new laws or regulations or an adverse change in existing laws or regulations. It also includes the risk that contractual agreements may no longer be legally enforceable.
- *Model risk*
  Model risk derives from the application of unsuitable risk assessment models, or the improper application of such models.
- *Risk of miscellaneous criminal acts*
  By risk of miscellaneous criminal acts, OLB understands the risks of criminal conduct and of corruption:
  - *Risk of criminal conduct*
    For OLB, the risk of criminal conduct is the risk of losses due to criminal activity by employees and / or external third parties.
  - *Corruption risk*
    In terms of law, corruption means the abuse of a position of trust in order to obtain a tangible or intangible advantage to which one is not legally entitled. Consequently, OLB defines corruption risk as the economic loss that the Bank may incur as a consequence of corruption.

- *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.
- *Project risk*
  OLB understands project risk as the harm that may potentially be caused by delays, cost increases, or losses of quality in projects, or the failure of a project.

Risk-carrying capacity

OLB applies two approaches in determining its risk-carrying capacity: a value-based approach and a period-based approach, the latter strictly as an incidental condition.

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. Risk coverage potential is derived from balance sheet figures from the financial statements under IFRSs. 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. 170

Whole Bank risk is determined by adding up the individual amounts for the types of risk that are relevant in this regard. Under this approach, diversification effects among risk types are left out of consideration. In calculating risk, the Bank 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 is expected in only 0.07 percent of all cases.

Period-based risk-carrying capacity

To examine its period-based risk-carrying capacity, OLB applies an extrapolation approach to examine how a loss scenario based on a severe economic downturn would impact regulatory capital requirements. The examination is based on the income statement for the current year and the projections for the coming fiscal year. This approach is supplemented with risk-relevant aspects that derive from the scenario for principal risk types: credit risk, market risk, liquidity risk and operational risk. The objective is to generate suggestions for risk management actions that will safeguard the Bank's risk-carrying capacity and ensure compliance with the regulatory capitalization requirements.

Organization of risk management and controlling

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

The risk policy – as an embodiment of the requirements under the risk strategy – describes the principal aspects for organizing risk management. As part of that policy, below the Board of Managing Directors, the Risk Committee is established as the central body that monitors and manages the Bank's risk-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 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 Committee assesses proposed changes in the portfolio and their impact on the 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 full Board of Managing Directors are made in consultation with the Supervisory Board.

Risk management
The following bodies and organizational units are responsible for managing the principal types of risk:

Type of risk	Body / organizational unit
Credit risk	Risk Committee (Credit Portfolio Committee)
Market and liquidity risk	Treasury
Operational risk	Risk Committee (Operational Risk Committee)

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 task also includes adequately designing organizational structures, processes and goal agreements; however, decisions on individual credit risks are the responsibility of various levels of the organization as defined in the current allocation of authority.

Risk monitoring
Risk monitoring is performed by the Risk Controlling and Compliance departments, which are organizationally independent components of OLB's risk management system. The two departments are kept strictly separate both from each other and from the units in charge of initiating, entering into, assessing and approving transactions. The task of 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. The Compliance department 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 (the full Board of Managing Directors, Risk Committee, pertinent department managers) and the Supervisory Board, as well as the Risk Committee appointed by the Supervisory Board. The frequency of reporting depends on the significance of the risk and on regulatory requirements. Information that is significant for risk is immediately conveyed to management, the officers in charge, and to the Internal Auditing and Compliance departments, if applicable.

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

OLB's subsidiary banks have implemented organizational procedures appropriate to their size.

Management and controlling of specific risks

Credit risk

Risk management in the customer lending business

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

The loan decision process is structured consistently with this concept. An 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. Exposures that are part of business that OLB defines as not relevant to risk are subject to simplified approval, decision-making and monitoring processes. Exposures in the portfolio that the Bank categorizes as risk-relevant are approved and decided 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 non-risk-relevant business 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, either with the participation of the back office or by external appraisers, depending on the scope and complexity of the transaction. The loan volume, credit rating and collateral together provide an absolute measurement of the customer's credit risk.

During the life of the credit, all exposures are monitored at all times. For total exposures of more than EUR 250 thousand (not including private construction financing), and for exposures of more than EUR 50 thousand to single customers, credit ratings are updated individually every year. Exposures with corporate customers and independent professionals up to a total volume of EUR 250 thousand, or above EUR 50 thousand for individual customers, are subject to an individual rating process triggered by early detection factors for risk. Special rating rules apply to special financing and banks. All other exposures are subjected to an automated monthly portfolio rating.

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

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

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

Appropriate systems of requirements have been established to keep the risk of the credit portfolio as a whole within reasonable bounds. For example, there are guidelines for the acceptance and appraisal of collateral. Limits at the level of the individual borrower or for particular types of financing mean that when needed, for example, appropriate consortium partners may be included. 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 full Board of Managing Directors, and the Supervisory Board.

See Glossary, pp. 170 and 172

Trading business

Risk measurement

OLB has the status of a non-trading-portfolio institution.

To limit credit risk from trading transactions, it applies the market valuation method supplemented with regulatory add-ons. Regulatory risk weighting uses the advanced IRB approach under the CRR.

Additionally, the Bank has integrated credit risks from trading transactions into its internal credit portfolio model, making it possible to model all credit risks in the form of a value-at-risk approach. Here value at risk is defined as the potential loss that will not be exceeded with a defined probability (confidence level) 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.

See Glossary, p. 173

Risk management

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 tools used for this purpose 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 primarily in bonds and stocks, which diversify risk.

The Bank 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 come primarily from among national and international banking institutions that are important to the system (on the basis of the criteria of the pertinent regulatory institutions), national and international development banks with a government background, national and international real estate credit institutions, and national credit institutions that are members of an insurance entity that ensures their continuance. Further counterparties are the Federal Republic of Germany, the German states, countries and international communities of nations, as well as state-owned and supranational entities and corporations. Additionally, a firmly established system of limits and a well-diversified portfolio also serve to counteract default risks.

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

Market risks

Risk measurement

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,
- as well as fluctuations (volatility) in these parameters.

See Glossary, p. 173

The Bank has discontinued own-account trading for the purpose of generating short-term trading gains, and has closed its proprietary trading portfolio. The remaining positions have been transferred to the non-trading portfolio, and now 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.

See Glossary, p. 173

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

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.

Foreign exchange risk is calculated on the basis of the standard method under the CRR. OLB incurs foreign exchange risks only in connection with customer transactions. As far as possible, it closes these out daily. A limit of EUR 0.5 million is monitored for positions left open.

For risks from holdings in foreign cash and precious metals, the limit is EUR 2 million.

Risk management
The Treasury Group is responsible for controlling market risk. Positioning in the non-trading portfolio is deliberated and decided by the Bank Management Committee. Credit risk is monitored and limited by the Credit Committee, and market risk by the Risk Committee.

Value at risk for market risks (99.93 percent / 1 year) serves to limit risk, and is further allocated between stocks and the interest rate book, taking diversification into account.

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

Liquidity risks

Risk measurement
Short-term liquidity risks are measured and controlled on the basis of liquidity development summaries, made available daily, with a forward horizon of the next 30 days (with an eye to the risk of inability to meet payments). In addition to deterministic cash inflows and outflows, the method also applies assumptions on the further development of variable business. Assessments of future liquidity cash flow are performed using both normal market conditions and stress scenarios. The content of the scenarios is essentially the same as that for the medium- and long-term views.

Medium- and long-term liquidity risks are measured and controlled on the basis of monthly assessments that analyze future liquidity cash flow with a forward horizon of the next ten years. The liquidity cash flow here is the net figure for all future incoming and outgoing payments up to the given date. The analysis takes account of business performance both under normal market conditions and 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 the Bank's credit rating. It posits a short-term cash outflow for time deposits, demand deposits and savings deposits, as well as OLB bonds. This scenario thus incorporates elements of a bank run.

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

Additionally, the examination of liquidity risk also includes risk concentration analyses. These additionally incorporate imponderable factors from the cash outflows for the top 10 deposit customers.

Compliance with the regulatory liquidity figure is an integral part of risk measurement. In addition to monitoring the current liquidity coefficient under the Liquidity Regulation, OLB also reviews the Liquidity Coverage Ratio (LCR) under the CRR. The LCR calls for maintaining a liquidity buffer that will at least cover net outpayments for 30 days under market-wide and idiosyncratic stress conditions. The items constituting the LCR under the CRR must be reported monthly as of March 31, 2014, and the coefficient itself will join them as a requirement as of October 1, 2015. This approach is supplemented with a liquidity buffer for a one-week period. All of these steps are intended to safeguard short-term ability to meet payments, especially by maintaining an adequate liquidity reserve.

The liquidity cost risk is considered immaterial since the risk of inability to meet payments is limited in the scenario analysis and therefore it is impossible for material liquidity cost risks to arise. If liquidity cash flows show a refinancing gap, the effects are analyzed as part of risk-carrying capacity.

Risk management

Short-term liquidity risks are limited on the basis of the regulatory key ratio under the Liquidity Regulation. In addition, the liquidity coverage ratio is treated as an indicator of liquidity risk. 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. These considerations are supplemented with a liquidity buffer that must be maintained, derived from weekly liquidity outflows from customer transactions. The limits for liquidity risk are based on "cumulative relative liquidity surpluses" as the key indicator.

This represents the liquidity cash flow relative to total liabilities for defined maturity ranges. Limits have been defined for the "Recession," "Downgrade," "Top 10 depositors," and "Combined" stress scenarios. If liquidity falls below the limit, risk-reducing measures are initiated.

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

See Glossary, p. 172

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 2003. The history from those losses forms the basis for a focused, detailed analysis and remediation of causes.

Annual scenario analyses, in the form of a risk assessment, 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 Bank, or which have little potential to do harm individually, but may occur frequently.

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.

The regulatory capital requirements for operational risk are determined by the standard method.

Risk management

Management of operational risks is based on the scenario analyses, on analyses of losses actually incurred, and on the risk indicators for operational risks. Depending on the importance of the recognized risk fields, it may be necessary to take steps to limit risks, taking cost–benefit considerations into account. Such steps include optimizing processes and keeping employees adequately informed (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.

Risk situation

Value-based risk-carrying capacity (breakup approach)

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

EUR m	2014	2013
Credit risk	366.7	361.0
Market risk	92.5	58.9
Operational risk	27.8	27.6
Whole Bank risk	**487.0**	**447.5**

The available risk coverage potential was able to cover 150 percent of Whole Bank risk at December 31, 2014 (prior year: 163 percent). As of the same date, allocated limits were covered 124 percent (prior year: 126 percent) by risk coverage potential. The coverage ratio is expected to remain stable in fiscal 2015.

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.

A revised method for calculating risk-carrying capacity has been applied since January 2014. Because of that change, the historical values at December 31, 2013, were recalculated using the new method so as to establish comparability at December 31, 2014. The liquidity risk at Oldenburgische Landesbank AG is controlled and monitored by a proprietary risk management process that ensures that the Bank has adequate liquid assets to guarantee that it can meet payments at all times, even in adverse market situations that are nevertheless conceivable. For that reason, and because available risk coverage is not suitable to ensure the ability to meet payments in the value-based risk-carrying capacity approach, liquidity risk in the sense of the ability to meet payments is not included here. Because the Bank has discontinued proprietary trading, it also no longer differentiates market risk between non-trading and trading portfolios.

Credit risk

Credit risk is calculated on the basis of a credit value at risk using a credit portfolio model based on CreditMetrics™. The slight increase 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 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. Both the limit for market risks and its utilization were deliberately raised during the year.

Operational risk

The amount for operational risk is calculated on the basis of a value at risk from a customized OLB scenario analysis. The scenario analysis is updated annually, or as circumstances require. The risk assessment for the scenario analysis for 2014 differed only slightly from 2013. No update occasioned by circumstances was needed in 2014.

Whole Bank risk

The Whole Bank risk results from adding together the risk positions for credit risk, market risk and operational risk. This approach to calculating risk makes no allowance for risk-mitigating effects of diversification between risk types. Under this assumption, the Whole Bank risk as of December 31, 2014, came to EUR 487.0 million.

Period-based risk-carrying capacity (going-concern approach)

The Bank maintained the regulatory minimum capitalization at all times in 2014 in the "Severe economic downswing" scenario.

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	2014	2013
Loans and advances to customers	10,300.4	10,303.7
Loans and advances to banks	435.1	628.5
Financial assets	2,865.4	2,722.4
Trading business	14.9	13.7
Contingent liabilities	303.3	306.4
Open credit commitments	600.1	520.4
Total	**14,519.2**	**14,495.1**

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

Credit portfolio by quality of receivable

EUR m	Loans and advances to customers	Contingent liabilities	Open credit commitments	Other categories	Total	Prior-year total
Not overdue, no specific loan loss provision	9,761.4	290.2	577.6	3,314.5	13,943.7	13,857.2
Overdue, but no specific loan loss provision	211.9	10.3	20.8	0.4	243.4	273.0
Overdue with specific loan loss provision	327.1	2.8	1.7	0.5	332.1	364.9
Total	**10,300.4**	**303.3**	**600.1**	**3,315.4**	**14,519.2**	**14,495.1**

Customers are categorized as "overdue" when they have a significant overdraft under the CRR. 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 significant, irrespective of the customer's credit volume.

If a significant overdraft persists for more than 90 days, the customer is considered in default (troubled). 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 business	Contingent liabilities	Open credit commit-ments	Total	Prior-year total
1–2	518.3	203.3	2,337.3	—	5.4	20.2	3,084.5	2,996.1
3–4	1,190.4	229.7	435.0	3.5	44.3	86.1	1,989.0	1,798.5
5–6	2,255.9	—	—	0.8	107.7	187.0	2,551.4	2,537.4
7–8	3,513.2	0.9	—	1.0	77.2	180.4	3,772.7	3,878.9
9–10	1,592.8	—	—	1.3	44.5	81.2	1,719.8	1,814.8
11–12	521.6	—	—	0.3	10.1	21.0	553.0	596.7
13–14	142.6	0.5	—	—	1.0	1.4	145.5	121.7
n/a	26.6	0.7	93.1	7.1	—	0.3	127.8	113.1
Total	**9,761.4**	**435.1**	**2,865.4**	**14.0**	**290.2**	**577.6**	**13,943.7**	**13,857.2**

Credit rating[1]	Explanation
1–2	Undoubted ability to meet payment obligation
3–4	Extensive ability to meet payment obligation
5–6	Ability to meet payment obligation even in difficult economic phases
7–8	Ability to meet payment obligation with minor limitations
9–10	Ability to meet payment obligation with limitations
11–12	Impaired ability to meet payment obligation
13–14	Increased or severe vulnerability to delinquency

1 Credit ratings 15 and 16 cover borrowers who are deemed delinquent or in default under the CRR.

About 94 percent (prior year: 94 percent) of the volume in the category of receivables not overdue and with no specific loan loss provision is viewed as able to meet payment obligations (credit ratings 1–10). An impaired ability to pay under adverse circumstances (credit ratings 11–12) must be assumed for 4 percent (prior year: 4.3 percent). Inability to pay is considered probable (credit rating 13–14) for only 1 percent (prior year: 0.9 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	10,300.4	435.1	303.3	600.1	**11,638.9**	11,759.0
Allocated collateral	6,203.6	50.0	66.0	—	**6,319.6**	6,361.0

About 60 percent (prior year: 59 percent) of the receivables in the customer lending business are secured with collateral. Most of this collateral, at 76 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 10 percent (prior year: 11 percent). About 14 percent is other collateral, primarily assignments as security (prior year: 12 percent). Loans and advances to banks are 11 percent secured with collateral.

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

						2014
	Gross amounts	Amounts set off per IAS 32	Net amounts shown in balance sheet	Other offsetting items		Net risk
EUR m				a) Financial instruments that do not meet IAS 32 criteria	b) Financial collateral (incl. cash collateral) at fair value	
Genuine compensation agreements per German Bank Reporting Regulation (RechKredV)						
Loans and advances to customers	157.1	– 133.3	23.8	—	—	23.8
Secured market values of derivatives						
Positive market values of derivatives	31.9	—	31.9	– 31.9	—	—
Secured money market transactions with central counterparty						
Loans and advances to banks	50.0	—	—	—	– 50.0	—
Secured money market transactions OTC						
Loans and advances to banks	—	—	—	—	—	—
Total						
Financial assets	**239.0**	**– 133.3**	**55.7**	**– 31.9**	**– 50.0**	**23.8**

						2013
	Gross amounts	Amounts set off per IAS 32	Net amounts shown in balance sheet	Other offsetting items		Net risk
EUR m				a) Financial instruments that do not meet IAS 32 criteria	b) Financial collateral (incl. 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	—	—	—	—	—	—
Total						
Financial assets	**360.1**	**– 87.2**	**27.9**	**– 3.7**	**– 245.0**	**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 that do not meet IAS 32 criteria	Other offsetting items b) Financial collateral (incl. cash collateral) at fair value	Net risk
2014						
Genuine compensation agreements per German Bank Reporting Regulation (RechKredV)						
Amounts due to customers	–166.6	133.3	–33.3	—	—	–33.3
Secured market values of derivatives						
Recognized cash funds received in this context	—	—	—	—	—	—
Negative market values of derivatives	–122.3	—	–122.3	31.9	90.4	—
Secured money market transactions with central counterparty						
Amounts due to banks	—	—	—	—	—	—
Secured money market transactions OTC						
Amounts due to banks	–1,117.6	—	–1,117.6	—	1,068.6	–49.0
Total						
Financial liabilities	**–1,406.5**	**133.3**	**–1,273.2**	**31.9**	**1,159.0**	**–82.3**

EUR m	Gross amounts	Net amount per IAS 32	Net amounts shown in balance sheet	Other offsetting items a) Financial instruments 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
Total						
Financial liabilities	**–1,179.1**	**87.2**	**–1,091.9**	**3.7**	**1,038.2**	**–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	209.7	10.3	20.8	0.4	241.2	265.7
31–60 days	1.1	—	—	—	1.1	6.6
61–90 days	1.1	—	—	—	1.1	0.7
Total	**211.9**	**10.3**	**20.8**	**0.4**	**243.4**	**273.0**

Most receivables in the category of "Overdue with no specific loan loss provisions" (99.1 percent; prior year: 97.3 percent) are less than 30 days in arrears. The remaining 0.9 percent have been in arrears for longer (prior year: 2.7 percent).

Risk concentrations

Risk concentrations 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.

The granularity of the customer credit portfolio was increased further during the year.

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 risks from sector concentration in the credit portfolio, partial-portfolio limits have been defined for the renewable energy sector.

Financing for oceangoing vessels

The crisis that has persisted in the shipping industry since 2008 continued to affect assessments during the year. Given the evolution of charter rates observed in 2014, steps were taken that included adopting more conservative expectations for a future recovery in charter rates, since no market recovery of the expected scope occurred. Additionally, some ships were reduced from their income producing value to real value.

Collateral

Apart from concentration on individual borrowers, risk concentration may also arise from a focus on individual providers of security. However, since collateral and security derives from the broadly diversified customer lending portfolio, at present the Bank does not foresee any relevant risk concentrations 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

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 (1–6), 99.9 percent of the receivables are in the 1–4 range, and the remainder, in the amount of EUR 1.4 million, is distributed among rating classes 7–14.

Volume was reduced further during the year. OLB continues to pursue a conservative risk policy in this segment.

See chart, below left

Country risk

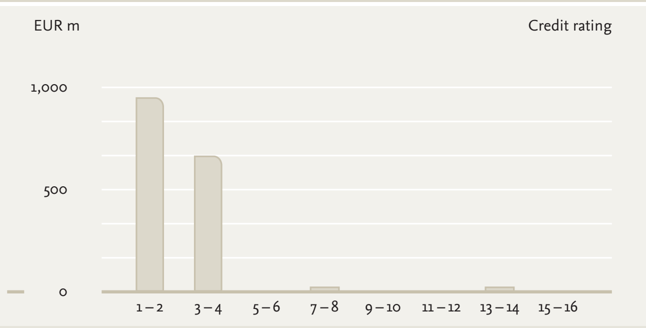
Country risks, as a specific type of counterparty risk, do not play a material role for the OLB Group.

Market risk

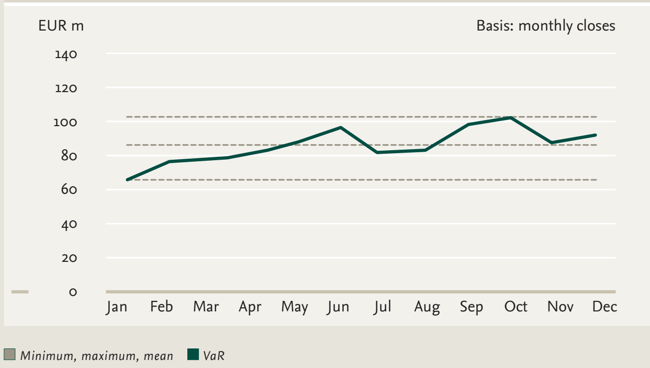
Trading business

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

Credit rating categories of receivables from banks and bank bonds as of December 31, 2014



VaR for non-trading portfolio, 2014 (99.93 percent / 1 year)



Non-trading portfolio

Value at risk for the non-trading portfolio (99.93 percent / 1 year) in 2014

EUR m	VaR
Mean	86.5
Minimum	66.1
Maximum	102.9

See chart, p. 077 right

On average, the market price risks for the non-trading portfolio (VaR model 99.93 percent / 1 year) for 2014 stayed above the prior-year level. The average value at risk, at EUR 86.5 million, was above the 2013 figure of EUR 81.8 million. The limit of EUR 100 million was exceeded only slightly for a brief time in October.

Because of the ongoing acceleration of the loan business and acquisitions in the liquidity reserve, value at risk rose steadily during the year. Accordingly, payer swaps were entered into in July and November to reduce risk.

The reporting limit for the Basel II coefficient was not exceeded at any time during 2014.

Operational risk

As part of the annual risk assessment, risk scenarios are developed and updated by the Organization and Risk Controlling departments. After consultation, the relevant scenarios are discussed at workshops with experts from the specialized departments, who assess them for the potential level and frequency 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. The 2014 scenario analysis yielded a risk assessment of EUR 27.8 million, only slightly different from the prior year (EUR 27.6 million).

Examples of relevant scenarios:

Scenario	Specialized department in charge
Fraudulent transactions	Organization and Compliance
Advisor liability	Product Management
Failure of business-critical IT	Information Technology
Inaccurate model risk in determining market price risk	Risk Controlling
Pandemic	Organization

Liquidity risk
Changes in key regulatory ratio

	2014	2013
Mean	1.52	1.55
Minimum	1.41	1.42
Maximum	1.74	1.71

The minimum value of 1 for the key regulatory ratio was maintained throughout the year. On average, the key ratio was 52 percent above the required minimum. At December 31, 2014, the key ratio was 1.74.

The key liquidity ratio during the year remained within the same range as in 2013, because deposits remained high.

In addition to monitoring the current liquidity coefficient under the Liquidity Regulation, OLB also reviews the Liquidity Coverage Ratio (LCR) under the CRR. The items constituting the LCR under the CRR must be reported monthly as of March 31, 2014, and the coefficient itself will join them as a requirement as of October 1, 2015. At December 31, 2014, OLB's LCR was 284 percent, likewise well above the regulatory minimum of 100 percent.

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 of 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.

2014 receivables

EUR m	3 months or less[1]	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total 2014
Term loans and advances to banks	160.4	56.0	—	—	216.4
Loans and advances to customers	1,449.0	669.0	2,597.3	5,801.0	10,516.3
Receivables at 12/31/2014	**1,609.4**	**725.0**	**2,597.3**	**5,801.0**	**10,732.7**

1 The receivables from customers with remaining terms of three months or less include receivables of EUR 850,2 million with indeterminate terms.

2014 liabilities

EUR m	3 months or less	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total 2014
Bank demand deposits	60.7	—	—	—	60.7
Term liabilities to banks	954.3	573.3	1,177.7	1,465.5	4,170.8
Customer demand deposits	4,219.2	—	—	—	4,219.2
Savings deposits	2,073.9	163.1	23.5	—	2,260.5
Other term liabilities to customers	368.8	342.6	265.0	501.8	1,478.2
Securitized liabilities	19.6	43.7	122.5	326.7	512.5
Provisions and other liabilities	102.2	33.7	114.1	236.8	486.8
Tax liabilities	—	—	1.8	—	1.8
Subordinated debt	—	—	117.9	103.0	220.9
Liabilities at 12/31/2014	**7,798.7**	**1,156.4**	**1,822.5**	**2,633.8**	**13,411.4**

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.

2014 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 2014
Interest rate swaps	—	—	54.4	79.4	133.8
Currency forwards/currency swaps	—	—	2.4	—	2.4
Currency options	—	—	—	—	—
Stock index options	—	—	—	—	—
Futures options	—	—	—	—	—
Stock options	—	—	—	—	—
Caps	—	—	—	—	—
Total at 12/31/2014	**—**	**—**	**56.8**	**79.4**	**136.2**

2013 receivables

EUR m	3 months or less[1]	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**

1 The receivables from customers with remaining terms of three months or less include receivables of EUR 854,0 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	117.8	87.8	253.6
Liabilities at 12/31/2013	**8,069.9**	**924.0**	**1,791.7**	**2,812.5**	**13,598.1**

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**

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. 170

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.

Liquidity cash flows at December 31, 2014

See chart, below left

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.

Internal controlling of financial reporting (Disclosures under Sec. 289 (5) of the Commercial Code (HGB) and explanations)

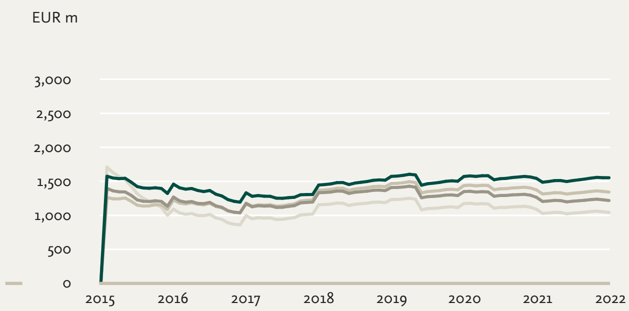
Governing principles

The Bank's financial reporting is subject to the requirements of the Allianz Group's standardized "Internal Controls over Financial Reporting" (ICOFR) principles.

In this connection, approaches were developed to identify and mitigate the risk of material errors in the annual financial statements. The ICOFR internal controlling system is founded on the rules of the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and is regularly reviewed and updated by the Bank. Additionally, this approach includes the following five interrelated components: the controlling environment, risk assessment, controlling measures, information and communication, and monitoring.

These five components are covered by an "Entity Level Control Assessment Process" (ELCA), the "IT General Controls" (ITGC), and controls at the process level. The ELCA rules prescribe such controls as a compliance program and a committee governance structure, while the ITGC rules define controls for such aspects as access authorizations management and project and change management.

Seven-year liquidity cash flows



Normal case · Recession · Downgrade · Combined

Approach by the internal controlling system

Determine scope	Determining material processes to be covered by the internal controlling system
Identify risks	Identifying risk scenarios that can result in a material misstatement
Implement controls	Implementing suitable key controls to detect or prevent errors or fraud that may result from the risk scenarios
Check efficacy	Reviewing design and operative efficacy of key controls

Reporting processes

In addition to the consolidated subsidiaries, the accounting process essentially includes the Finance / Controlling department, with its Financial Reporting, Financial Accounting, Controlling and Reporting / Regulatory Affairs groups, as well as the 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 Risk Controlling department particularly provides data for the measurement of transactions that are recognized at present value in the accounting process. The 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.

See chart, p. 082 right

The approach can be summarized as follows:

The bank adopts a risk-based approach. At the beginning of each ICOFR year, it reviews the ICOFR-relevant processes for completeness. For this purpose, the specialized departments are analyzed for potential ICOFR-relevant risks. In addition to this annual process, during the year the ICOFR coordination organization reviews the results of audits by Internal Auditing and other outside auditors for ICOFR-relevant topics and findings.

The risks that can lead to material financial misstatements are then identified. All possible relevant causes are taken into account, especially human processing errors, fraud, system weaknesses, external factors, etc. After the risks have been identified and analyzed, their potential effects and probabilities are assessed.

In the financial reporting process, preventive and detective key controls are performed to reduce the probability and effects of financial misstatements. If a potential risk does indeed materialize, steps are taken to reduce the impact of the misstatements. Because financial reporting depends heavily on information technology systems, IT controls are also performed.

Controls must be both designed appropriately and implemented effectively. For that reason, components of the internal controlling system – such as processes, associated key controls and their execution – are required to be thoroughly documented. Additionally, the controlling system undergoes an annual assessment to ensure that it remains effective and to continuously improve its efficacy. Internal Auditing makes sure that the quality of the Bank's internal controlling system is regularly reviewed to ensure that it remains appropriate and effective.

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, 2015
Oldenburgische Landesbank AG

The Board of Managing Directors

Patrick Tessmann
Chairman

Dr. Thomas Bretzger

Karin Katerbau

Hilger Koenig

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CONSOLIDATED FINANCIAL STATEMENTS

Statement of Comprehensive Income of the Oldenburgische Landesbank Group for the period January 1 – December 31, 2014

Income statement

EUR m	2014	2013	Change	Change (%)	Note / Page
Interest (and similar income)	454.8	483.9	– 29.1	– 6.0	
Interest expense (and similar charges)	217.6	246.2	– 28.6	– 11.6	
Net interest income	237.2	237.7	– 0.5	– 0.2	02 / 110
Commission income	94.1	115.2	– 21.1	– 18.3	
Commission expense	23.2	34.2	– 11.0	– 32.2	
Net commission income	70.9	81.0	– 10.1	– 12.5	03 / 111
Net operating trading income / expense	4.2	3.5	0.7	20.0	04 / 112
Other income	0.4	17.6	– 17.2	– 97.7	05 / 112
Operating income	**312.7**	**339.8**	**– 27.1**	**– 8.0**	
Operating personnel expense	153.5	167.0	– 13.5	– 8.1	
Office expense	84.4	97.1	– 12.7	– 13.1	
Other expenses	6.7	1.9	4.8	> 100	
Administrative expenses	**244.6**	**266.0**	**– 21.4**	**– 8.0**	06 / 113
Risk provisions for credit business	39.0	81.5	– 42.5	– 52.1	07 / 114
Restructuring income / expense	3.0	– 90.3	93.3	n/a	08 / 114
Reimbursement of restructuring expense	—	90.3	– 90.3	– 100.0	
Realized net income / loss from financial assets	3.2	16.9	– 13.7	– 81.1	
Net nonoperating trading income / expense	– 0.6	– 0.1	– 0.5	> 100	
Net income / loss from financial assets	2.6	16.8	– 14.2	– 84.5	09 / 114
Profit before taxes	**34.7**	**9.1**	**25.6**	**> 100**	
Taxes	9.8	0.4	9.4	> 100	10 / 115
Profit after taxes	**24.9**	**8.7**	**16.2**	**> 100**	

Basic and diluted earnings per share (EUR)	**1.07**	**0.37**	**0.70**	**> 100**	11 / 115

Other comprehensive income

EUR m	2014	2013	Change	Change (%)
Profit after taxes	**24.9**	**8.7**	**16.2**	**> 100**
Other income from available-for-sale financial instruments (realizable or realized in profit or loss)				
Unrealized changes in market value (gross)	43.7	– 3.8	47.5	n / a
Reclassification to income statement because of realization (gross)				
because of realized gains (–) and losses (+)	– 3.9	– 17.4	13.5	– 77.6
because of impairment	0.2	0.1	0.1	100.0
Taxes on unrealized changes in fair value	– 12.3	3.5	– 15.8	n / a
Reclassification to income statement because of realization	0.5	4.1	– 3.6	– 87.8
Other income / expense from net pension obligations (not realizable in profit or loss)				
Gross change in scope of obligations	– 56.5	9.2	– 65.7	n / a
Tax on changes in scope of obligations	17.5	– 2.8	20.3	n / a
Other comprehensive income	**– 10.8**	**– 7.1**	**– 3.7**	**52.1**
Total income and expenses	**14.1**	**1.6**	**12.5**	**> 100**

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

Statement of Financial Position (Balance Sheet) of the Oldenburgische Landesbank Group at December 31, 2014

Assets EUR m	12/31/2014	12/31/2013	Change	Change (%)	Note / Page
Cash and cash equivalents	192.9	312.3	– 119.4	– 38.2	13 / 119
Trading assets	14.9	13.7	1.2	8.8	14 / 119
Loans and advances to banks (net after risk provisions of EUR 0.1 million; prior year: EUR 0.05 million)	435.1	628.5	– 193.4	– 30.8	15 / 119
Loans and advances to customers (net after risk provisions of EUR 215.9 million; prior year: EUR 224.3 million)	10,300.4	10,303.7	– 3.3	—	16 / 120
Financial assets	2,865.4	2,722.4	143.0	5.3	19 / 121
Property, plant and equipment	82.2	82.9	– 0.7	– 0.8	20 / 124
Intangible assets	10.0	10.9	– 0.9	– 8.3	21 / 125
Other assets	87.1	75.9	11.2	14.8	22 / 125
Tax refund entitlements	21.8	22.4	– 0.6	– 2.7	23 / 126
Deferred tax assets	43.1	35.1	8.0	22.8	
Assets of a group held for sale (net after risk provisions of EUR 1 million)	82.8	—	82.8	n / a	1 / 94
Total assets	**14,135.7**	**14,207.8**	**– 72.1**	**– 0.5**	

Liabilities EUR m	**12/31/2014**	**12/31/2013**	Change	Change (%)	Note / Page
Trading liabilities	7.8	6.8	1.0	14.7	25 / 127
Due to banks	4,231.5	4,498.5	– 267.0	– 5.9	26 / 127
Due to customers	7,957.9	7,806.3	151.6	1.9	27 / 127
Securitized liabilities	512.5	579.6	– 67.1	– 11.6	28 / 128
Provisions and other liabilities	486.8	450.9	35.9	8.0	29 / 128
Tax liabilities	1.8	9.2	– 7.4	– 80.4	32 / 132
Subordinated debt	220.9	253.6	– 32.7	– 12.9	34 / 135
Liabilities of a group held for sale	101.8	—	101.8	n / a	1 / 94
Equity	**614.7**	**602.9**	**11.8**	**2.0**	35 / 135
Issued capital	60.5	60.5	—	—	
Additional paid-in capital	202.9	202.9	—	—	
Retained earnings	369.7	347.1	22.6	6.5	
Other comprehensive income	– 18.0	– 7.6	– 10.4	> 100	
Other comprehensive income of a group held for sale	– 0.4	—	– 0.4	n / a	1 / 94
Total equity and liabilities	**14,135.7**	**14,207.8**	**– 72.1**	**– 0.5**	

Statement of Changes in Equity of the Oldenburgische Landesbank Group for the period January 1 – December 31, 2014

EUR m	Issued capital	Additional paid-in capital	Retained earnings	Other comprehensive income	OCI of a group held for sale	Total equity
December 31, 2012	**60.5**	**202.9**	**344.2**	**– 0.5**	**—**	**607.1**
Profit for period	—	—	8.7	—	—	8.7
Other comprehensive income from available-for-sale financial instruments	—	—	—	– 13.4	—	– 13.4
Other comprehensive income from net pension obligations	—	—	—	6.3	—	6.3
Total net income	**—**	**—**	**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**
Profit for period	—	—	24.9	—	—	24.9
Other comprehensive income from available-for-sale financial instruments	—	—	—	28.2	—	28.2
Other comprehensive income from net pension obligations	—	—	—	– 38.6	– 0.4	– 39.0
Total net income / expense	**—**	**—**	**24.9**	**– 10.4**	**– 0.4**	**14.1**
Dividend distribution from profit carried forward	—	—	– 2.3	—	—	– 2.3
December 31, 2014	**60.5**	**202.9**	**369.7**	**– 18.0**	**– 0.4**	**614.7**

A dividend of EUR 0.10 per share was distributed during the year (prior year: EUR 0.25 per share).

Further information on other comprehensive income of a group held for sale is provided under Note (01) below.

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

Cash Flow Statement of the Oldenburgische Landesbank Group for the period January 1 – December 31, 2014

EUR m	2014	2013	Note / Page
Operating activities			
Profit for the year	24.9	8.7	
Write-downs of investments	0.2	0.1	
Write-ups of investments	—	—	
Write-downs and write-ups of property, plant and equipment and intangible assets	14.4	14.2	20, 21 / 124, 125
Change in provisions and risk provisions for credit business	146.7	182.9	7, 29 / 114, 128
Changes in other noncash items	– 83.8	– 53.9	
Proceeds from sale of property, plant and equipment and of financial assets	– 4.2	– 17.7	
Other adjustments	– 229.6	– 218.6	
Subtotal	– 131.4	– 84.3	
Change in loans and advances to banks	193.2	– 213.9	15 / 119
Change in loans and advances to customers	– 160.8	– 4.5	16 / 120
Change in trading assets	– 0.3	– 2.8	14, 25 / 119, 127
Change in other assets	– 21.3	– 10.2	
Change in amounts due to banks	– 237.6	476.9	26 / 127
Change in amounts due to customers	219.6	– 415.2	27 / 127
Change in securitized liabilities	– 67.1	– 233.3	28 / 128
Change in other liabilities	15.0	– 37.7	29 / 128
Interest received	460.7	488.4	
Dividends received	1.1	0.8	
Interest paid	– 215.6	– 253.5	
Income tax paid	– 16.6	– 17.1	
Cash flow from operating activities	**38.9**	**– 306.4**	
Investing activities			
Proceeds from disposal of financial assets	681.9	895.7	
Proceeds from disposal of property, plant and equipment	0.4	0.7	
Payments for the acquisition of financial assets	– 726.1	– 287.5	
Payments for the acquisition of property, plant and equipment and intangible assets	– 12.9	– 9.7	20, 21 / 124, 125
Cash flow from investing activities	**– 56.7**	**599.2**	
Financing activities			
Proceeds from changes in capital	– 48.8	– 39.2	
Dividends paid	– 2.3	– 5.8	
Change in subordinated debt	– 32.7	– 20.6	34 / 135
Net issue of profit participation rights	—	—	
Interest expense for profit participation rights	—	—	
Changes in cash from other financing activities	—	1.0	
Cash flow from financing activities	**– 83.8**	**– 64.6**	
Cash and cash equivalents			
Cash and cash equivalents as of 1/1	312.3	84.1	13 / 119
Cash and cash equivalents as of 12/31	210.7	312.3	13 / 119
Change in cash and cash equivalents	**– 101.6**	**228.2**	

Notes to the Consolidated Financial Statements of the Oldenburgische Landesbank Group for Fiscal 2014

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 new standards, amendments or additions to existing standards was mandatory for the first time for fiscal 2014, insofar as they were relevant to the OLB Group, and they do not significantly affect the consolidated financial statements:

- IFRS 11 – Joint Arrangements, including 2012 amendments
- IFRS 12 – Disclosure of Interests in Other Entities, including 2012 amendments
- Amendments to IAS 27 – Separate Financial Statements
- Amendments to IAS 28 – Investments in Associates and Joint Ventures
- Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities
- Amendments to IAS 36 – Impairment of Assets
- Amendments to IAS 39 – Financial Instruments: Recognition and Measurement

In addition, accounting standard “IFRS 10 – Consolidated Financial Statements” was applied for the first time in 2014.

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.

Under the transitional provisions to IFRS 10, OLB reassessed as of January 1, 2014, its control of investees and potential control of entities in which it does not have an investment. This review did not have any impact on the composition of the consolidated entities.

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:

Amendments under Annual Improvements to IFRSs 2010–2012
(EU endorsement still pending)
- IFRS 2 – Share-based Payment
- IFRS 3 – Business Combinations
- IFRS 8 – Operating Segments
- IFRS 13 – Fair Value Measurement
- IAS 16 – Property, Plant and Equipment
- IAS 24 – Related Party Disclosures
- IAS 38 – Intangible Assets

Amendments under Annual Improvements to IFRSs 2011–2013
(EU endorsement adopted)
- IFRS 1 – First-time Adoption of IFRSs
- IFRS 3 – Business Combinations
- IFRS 13 – Fair Value Measurement
- IAS 40 – Investment Property
- IFRIC 21 – Levies

Those amendments already endorsed by the EU will take effect for fiscal years beginning on or after July 1, 2014, and therefore as of January 1, 2015, for the OLB Group.

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

In accordance with IFRS 10, 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 IFRS 10, because the Bank can exercise decision-making powers over them and has rights to their variable returns. These funds are:
- AGI-Fonds Ammerland,
- AGI-Fonds Weser-Ems.

They are managed by Allianz Global Investors (AGI).

Because the Company's two general partners terminated limited partners' interests in W. Fortmann & Söhne KG, these interests accrued to Oldenburgische Landesbank AG, as the sole remaining limited partner, as of January 1, 2015. From the viewpoint of OLB AG, this represents a vertical merger with a subordinated entity under the joint control of the parent company Allianz SE. As of the reporting date, the entity is still consolidated in these consolidated financial statements.

The sale of the limited partners' interests in Münsterländische Bank Thie & Co. KG to VR-Bank Westmünsterland eG, of Borken, was still pending approval by the Federal Financial Supervisory Authority at the reporting date. As of that date, the entity is still consolidated in these consolidated financial statements, and classified as a group held for sale.

Reporting under IFRS 5

Groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

The measurement rules under IFRS 5.5 are not to be applied to the following assets, which are covered by the IFRSs indicated together with them:

(a) deferred tax assets (IAS 12 – Income Taxes); (b) assets resulting from employee benefits (IAS 19 – Employee Benefits); and (c) financial assets that fall under the scope of application of IAS 39 – Financial Instruments: Recognition and Measurement.

The assets of the group held for sale – other than its business and office equipment – all fall under the exceptions pursuant to IFRS 5.5. Nonrecurring depreciation of EUR 0.1 million was recognized for business and office equipment.

Assets of a group classified as held for sale have been presented separately from other assets in the balance sheet. The liabilities of a group classified as held for sale are shown separately from other liabilities in the balance sheet:

EUR m	2014	EUR m	2014
Cash and cash equivalents	17.8	Amounts due to banks	29.3
Loans and advances to banks	0.1	Amounts due to customers	68.0
Loans and advances to customers	64.3	Provisions and other liabilities	4.5
Other assets	0.1		
Deferred tax assets	0.5		
Assets of a group held for sale	**82.8**	**Liabilities of a group held for sale**	**101.8**

The total cumulative income or expenses recognized in other comprehensive income and associated with groups classified as held for sale are measured separately at EUR –0.4 million.

With the above nonrecurring depreciation of EUR 0.1 million, the statement of comprehensive income includes the after-tax income that was recognized in the measurement process.

Because the group held for sale is not a "major" line of business, in accordance with IFRS 5.32 it does not constitute a "discontinued" operation. For that reason, it is not shown separately in the statement of comprehensive income, and there has been no adjustment of prior-year figures.

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 an 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' commission 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 fair value of recognized assets and liabilities 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 individual deposit transactions, 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, and borrower's note loans on the liabilities side.

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.

Since the beginning of 2014, OLB's internal management and reporting have been based on three strategic lines of business that cover all its core target groups: Retail and Business Customers, Private Banking & Independent Professionals, and Corporate Customers. These lines of business represent the basis for the Bank's present segment reporting.

The Retail and Business Customers business represents the classic bank-branch business with individuals and small businesses. It is the most important source for OLB's stable deposit base, and thus for its liquidity and refinancing base as well. 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 real estate brokering. The Private Banking & Independent Professionals segment additionally includes the contributions to earnings from OLB's subsidiary bank W. Fortmann & Söhne KG.

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 "Operations and management" column refers to personnel and office expenses for centralized corporate operating, management and staff functions. The operating units provide centralized back-office and processing services for the three business lines. The management and staff units are responsible for running the Bank. There is no internal offsetting of costs with the front-office business segments.

"Non-reportable segments" summarizes the contributions to earnings from
- the special funds,
- the wind-down portfolio for ships,
- the customer relationships from the former Allianz Bank affiliate, continued under the Direct Banking Services segment, and
- the Münsterländische Bank Thie & Co. KG group, which is being held for sale.

OLB assesses the financial results of its reportable segments and other units on the basis of their operating profit or loss. The operating profit or loss is obtained by netting income and expenses from current core business operations that can be attributed directly to a particular segment or unit.

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 direct costs that are allocated to the segments. To obtain the reconciliation to the consolidated profit, all overheads are combined under "Operations and management," because they cannot be allocated directly to the segments.

Risk capital is allocated on the basis of the allocation of risk-weighted assets to the segments. Market price risks and operational risks, as well as current available shares of capital, are allocated to the "Corporate and other" unit.

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.

Assets and liabilities designated for measurement under the fair-value option

The Bank does not apply this category at present.

Financial assets

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

The *investments in associates* pertain to 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 a change 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 for debt instruments 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. Written-down loans are measured individually no later than the expiration of defined terms, and are covered by a Specific Loan Loss Provision (SLLP). The length of the terms depends in particular on the collateral and the Bank's experience.

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. The model for the expected recovery of charter rates has generally 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. Because the recovery did not materialize as expected in 2014, the expected recovery period was again extended by one year, so that a recovery period of five calendar years was also assumed for the 2014 financial statements. The change in this accounting estimate resulted in an additional risk provision of EUR 2.2 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.

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. A receivable is derecognized if it has been terminated and is uncollectible, and

- 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 (submission of a list of assets) 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, and
- 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, for example, 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. The additional risk provision expense for material changes in the credit agreement ("fair value hit") results from an adjustment of the discount rate to the risk-adjusted interest rate as the original effective interest rate. This follows the logic that the original financial instrument has been derecognized and the new financial instrument has been recognized at fair value. The fair value requires the application of the risk-adjusted interest rate for discounting. If the cash flow estimate remains unchanged, the amount of time lapsed and the associated change in present value will result in a reversal of the fair value hit, which corresponds to the substance of the required amortization. Any further change in the risk-adjusted interest rate is applied only if the new financing structure leads to the determination of a new material change in the credit agreement. There was a material change in the original credit agreement in one case.

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 3–10 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.

Intangible assets

Under this item, OLB reports acquired software and an acquired domain name. The software is amortized on a straight-line basis under other administrative expenses over its expected useful life. The value of the domain name is not amortized.

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.

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.

Change in accounting policies

The consolidated financial report for 2013 recognized balance sheet impairments as part of risk provisioning for the first time. In fiscal 2014, the process of recognizing balance sheet impairments was eliminated, and the risk provisions that had previously been recognized for that purpose, in the amount of EUR 107.3 million, were reclassified to the SLLPs. This change did not affect the process of derecognizing receivables, if uncollectible, at the customer account level.

As loans and advances to customers and banks are shown net of risk provisions in the balance sheet, there was no change to items in the financial statements. Nor was there any change in the basic or diluted earnings per share.

Following the model of the rules under US GAAP, until the changeover, OLB recognized balance sheet impairments in 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 was primarily secured by real property, or
- after half a year, if the exposure was not primarily secured by real property.

Eliminating this timing rule and coming into conformity with comparable common practice within the European banking region constitutes a change in accounting policy that must be applied retrospectively under IAS 8.14(b) in conjunction with IAS 8.19(b) and IAS 8.20. Because the only effect of the retrospective changes is reallocations within the risk provisions and within the results of risk provisions, they have no impact on the items shown for the prior year in the balance sheet and income statement, or on the statement of changes in equity, the cash flow statement, or the segment reporting. Therefore, the only changes are in the Notes to the financial statements on the risk provisions and the results of risk provisions. Following this change in accounting policy, the balance sheet treatment of uncollectible receivables conforms to the treatment that OLB was already applying at the customer account level.

The changes in the recognized risk provisions are as follows:

EUR m	SLLP	PLLP	GLLP	Provisions	Balance sheet impairments	Total provisions including balance sheet impairments
At 1/1/2013	**46.5**	**13.0**	**18.1**	**3.9**	**104.3**	**185.8**
Used	37.4	15.9	—	0.2	31.7	85.2
Written back	10.3	—	1.8	1.7	14.7	28.5
Written back through unwinding	3.6	—	—	—	0.3	3.9
Additions	94.4	13.3	0.7	4.6	49.7	162.7
Reclassifications	—	—	—	—	—	—
At 12/31/2013	**89.6**	**10.4**	**17.0**	**6.6**	**107.3**	**230.9**
Adjustment per IAS 8	107.3	—	—	—	– 107.3	—
At 1/1/2014	**196.9**	**10.4**	**17.0**	**6.6**	**—**	**230.9**
Used	44.0	3.7	—	—	—	47.7
Written back	27.3	—	0.2	3.2	—	30.7
Written back through unwinding	3.8	—	—	—	—	3.8
Additions	70.4	1.0	0.3	1.0	—	72.7
Reclassifications [1]	– 0.9	—	– 0.1	—	—	– 1.0
At 12/31/2014	**191.3**	**7.7**	**17.0**	**4.4**	**—**	**220.4**

1 The reclassifications for the year pertain to a reclassification of risk provisions as part of the application of IFRS 5 to the assets of a group held for sale.

02 Net interest income

Notes to the Income Statement and Segment Reporting

EUR m	2014	2013
Interest income from		
Lending and money market transactions	400.5	425.3
Written-down financial assets[1]	1.5	3.6
Written-off financial assets[1]	2.3	0.3
Fixed-income securities and book-entry securities	32.8	39.7
Interest rate swaps	16.1	13.6
Current income from		
Stocks and other non-fixed-income securities, equity interests of 50 % or less, and investments in associates	1.1	0.8
Other	0.5	0.6
Total interest income	**454.8**	**483.9**
Interest expenses for		
Deposits	158.4	175.7
Securitized liabilities	5.3	7.8
Subordinated debt	11.1	12.4
Interest rate swaps	39.3	47.0
Other	3.5	3.3
Total interest expenses	**217.6**	**246.2**
Net interest income	**237.2**	**237.7**

1 Accrued per IAS 39 (unwinding)

The total interest income from financial assets not measured at fair value through profit or loss was EUR 438.7 million (prior year: EUR 470.3 million). The total interest expense for financial liabilities not measured at fair value through profit or loss was EUR 178.3 million (prior year: EUR 199.2 million).

03 Net commission income

EUR m	2014	2013
Securities business	**13.6**	**35.4**
Income	16.0	38.7
Expenses	2.4	3.3
Asset management	**11.7**	**11.0**
Income	12.0	12.0
Expenses	0.3	1.0
Payment traffic	**25.1**	**26.4**
Income	27.6	28.5
Expenses	2.5	2.1
Foreign business	**2.2**	**2.2**
Income	2.2	2.2
Expenses	—	—
Insurance, home loan and savings, real estate business	**12.8**	**14.0**
Income	18.2	18.5
Expenses	5.4	4.5
Credit card business	**1.6**	**1.5**
Income	4.1	4.5
Expenses	2.5	3.0
Trustee and other fiduciary activities	**—**	**—**
Income	—	—
Expenses	—	—
Other	**3.9**	**– 9.5**
Income	14.0	10.8
Expenses	10.1	20.3
Net commission income	**70.9**	**81.0**
Income	94.1	115.2
Expenses	23.2	34.2

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 1.0 million (prior year: EUR 0.5 million for six months). 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 8.0 million (prior year: EUR 3.2 million for six months). 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 3.9 million (prior year: EUR 3.8 million). These were primarily 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 income or expense in trading results from current expenses and income for interest-rate 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 "Effect of hedged transactions and derivatives for management of the interest rate book" item 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	2014	2013
Trading in interest rate products	–0.4	0.1
Foreign-currency and precious-metals business	2.1	2.1
Effect of hedged transactions and derivatives for management of the interest rate book	2.8	0.9
Other	–0.3	0.4
Net operating trading income / expense	**4.2**	**3.5**

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

EUR m	2014	2013
Realized income (net)	–0.4	0.3
Measurement income (net)[1]	2.8	1.0
Write-ups	4.6	4.0
Write-downs	1.8	3.0
Net interest income from trading	0.1	0.7
Trading-related commissions	1.8	1.6
Changes in exchange rates from foreign currency translation	–0.1	–0.1
Net operating trading income / expense	**4.2**	**3.5**

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	2014	2013
Other income	0.4	17.6

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

06 Administrative expenses

EUR m	2014	2013
Wages and salaries	104.4	111.5
Social security	19.8	22.1
Bonuses	14.3	17.5
Pensions and other post-retirement benefits	15.0	15.9
Total operating personnel expenses	**153.5**	**167.0**
IT expenses	15.2	18.6
Expenses for sales support and services within the Allianz Group	—	8.1
Occupancy expenses	12.2	15.0
Advertising and representation expense	4.3	5.3
Business and office equipment expense	3.0	3.5
Other administrative expenses	35.4	32.7
Office expense before current depreciation and amortization	**70.1**	**83.2**
Current depreciation and amortization	**14.3**	**13.9**
Other expenses	**6.7**	**1.9**
Administrative expense	**244.6**	**266.0**

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

The “Other expenses” are primarily expenses for provisioning for process costs and risks. The increase in 2014 to EUR 6.7 million (prior year: EUR 1.9 million) is primarily the result of expenses expected under current court decisions on consumer protection.

On average for the year, OLB had 2,347 employees (prior year: 2,619), not including apprentices and trainees. This corresponds to a capacity of 1,915 full-time equivalents (prior year: 2,125).

07 Risk provisions for credit business

EUR m	2014	2013[1]	2013
Net result of impairment provisions	44.2	81.6	96.3
Additions to impairment provisions	71.7	108.4	108.4
Write-backs of impairment provisions	27.5	26.8	12.1
Net results from provisions	– 2.2	2.9	2.9
Additions to provisions	1.0	4.6	4.6
Write-backs of provisions	3.2	1.7	1.7
Direct write-downs	0.1	0.1	0.1
Receipts on written-off receivables	3.1	3.1	17.8
Risk provisions for credit business	**39.0**	**81.5**	**81.5**

1 After adjustment per IAS 8 – see also Note (01), "Basis of preparation"

08 Restructuring income / expense

EUR m	2014	2013
Restructuring income / expense	3.0	– 90.3
Reimbursement of restructuring expense	—	90.3

The restructuring income reported for the year resulted as a net figure from allocations of EUR 4.1 million to provisions for the "Branch 2.0" program to modernize retail customer business, and reversals of provisions of EUR 6.9 million for measures that had been planned but were not needed in connection with the cessation of operations at Allianz Bank, further reversals of EUR 0.8 million from old restructuring programs, and current restructuring expenses of EUR 0.6 million that were not open to provisioning.

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	2014	2013
Realized income (net)	3.4	17.0
Measurement loss (net)	– 0.2	– 0.1
Write-ups	—	—
Write-downs	0.2	0.1
Realized net income / loss from financial assets	**3.2**	**16.9**
Realized income (net)	– 0.2	– 0.1
Measurement gain / loss (net)	– 0.4	—
Write-ups	—	—
Write-downs	0.4	—
Net nonoperating trading income / expense	**– 0.6**	**– 0.1**
Net income / loss from financial assets	**2.6**	**16.8**

The net realized income of EUR 3.4 million from financial assets (prior year: EUR 17.0 million) comes from realizations of securities in the "Available for sale" category (AfS). The measurement loss is EUR – 0.2 million (prior year: EUR – 0.1 million).

The realized nonoperating trading expense of EUR – 0.2 million (prior year: EUR – 0.1 million) resulted from the sale or maturity of derivatives in the special funds. The measurement loss is EUR – 0.4 million (prior year: EUR 0.0 million).

EUR m	2014	2013
Net income / loss on available-for-sale securities	3.2	16.9
Net income / loss on disposals and measurements at associates	—	—
Net income / loss from other financial assets	—	—
Net nonoperating trading income / expense	– 0.6	– 0.1
Net income / loss from financial assets	**2.6**	**16.8**

10 Taxes

EUR m	2014	2013
Current taxes (current year)	10.9	3.5
Current taxes (previous years)	1.7	– 0.5
Deferred taxes (current year)	0.2	– 2.5
Deferred taxes (previous years)	– 3.0	– 0.1
Taxes	**9.8**	**0.4**

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.

	2014	2013
Profit (EUR m)	24.9	8.7
Average number of shares outstanding (million)	23.3	23.3
Basic and diluted earnings per share (EUR)	**1.07**	**0.37**

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	1/1–12/31/2014					
				Corporate and other		
	Retail and Business Customers	Private Banking & Independent Professionals	Corporate Customers	Operations and management	Non-reportable segments	OLB Group total
Net interest income	85.9	26.8	115.7	—	8.8	237.2
Net commission income and other income	32.6	19.0	15.9	—	8.0	75.5
Operating income	**118.5**	**45.8**	**131.6**	**—**	**16.8**	**312.7**
Operating personnel expense	46.0	12.8	15.9	63.5	15.3	153.5
Office expense and other expenses	18.8	3.3	2.8	53.7	12.5	91.1
Administrative expenses	**64.8**	**16.1**	**18.7**	**117.2**	**27.8**	**244.6**
Risk provisions for credit business	2.4	– 0.1	14.5	—	22.2	39.0
Net restructuring income/expense[1]	—	—	—	—	3.0	3.0
Reimbursement of restructuring expense	—	—	—	—	—	—
Operating profit/loss	**51.3**	**29.8**	**98.4**	**– 117.2**	**– 30.2**	**32.1**
Net income/loss from financial assets	—	—	—	—	2.6	2.6
Segment profit	**51.3**	**29.8**	**98.4**	**– 117.2**	**– 27.6**	**34.7**
Segment assets (EUR bn)	3.8	0.8	5.4	—	4.1	14.1
Segment liabilities (EUR bn)	2.3	1.1	2.3	—	7.8	13.5
Cost–income ratio (%)	54.7	35.2	14.2	n/a	165.5	78.2
Risk capital (average)[2]	45.9	19.5	251.9	—	210.9	496.8
Risk assets (average)	812.8	236.6	3,018.2	—	1,829.5	5,897.1

1 Net reversal of restructuring provisions in 2014

2 The aggregate total the Group is smaller than the total of the segments because the risk capital is not additive due to diversification effects.

EUR m	1/1 – 12/31/2013					
				Corporate and other		
	Retail and Business Customers	Private Banking & Independent Professionals	Corporate Customers	Operations and management	Non-reportable segments	OLB Group total
Net interest income	84.0	25.6	113.8	—	14.3	237.7
Net commission income and other income	34.4	19.0	15.5	—	33.2	102.1
Operating income	**118.4**	**44.6**	**129.3**	**—**	**47.5**	**339.8**
Operating personnel expense	47.9	12.5	15.9	60.6	30.1	167.0
Office expense and other expenses	18.9	3.7	2.9	50.4	23.1	99.0
Administrative expenses	**66.8**	**16.2**	**18.8**	**111.0**	**53.2**	**266.0**
Risk provisions for credit business	4.2	1.4	24.6	—	51.3	81.5
Restructuring income / expense	—	—	—	—	– 90.3	– 90.3
Reimbursement of restructuring expense[1]	—	—	—	—	90.3	90.3
Operating profit / loss	**47.4**	**27.0**	**85.9**	**– 111.0**	**– 57.0**	**– 7.7**
Net income / loss from financial assets	—	—	—	—	16.8	16.8
Segment profit	**47.4**	**27.0**	**85.9**	**– 111.0**	**– 40.2**	**9.1**
Segment assets (EUR bn)	3.7	0.7	5.4	—	4.4	14.2
Segment liabilities (EUR bn)	2.2	1.0	1.8	—	8.6	13.6
Cost–income ratio (%)	56.4	36.3	14.5	n / a	112.0	78.3
Risk capital[2]	42.7	16.8	247.3	—	182.9	456.5
Risk assets (average)	914.5	236.2	3,370.7	—	1,796.9	6,318.3

1 Reimbursement from Allianz Deutschland for restructuring expenses of Allianz Bank
2 The aggregate total the Group is smaller than the total of the segments because the risk capital is not additive due to diversification effects.
The value refers to December 2013 after the introduction of the economic risk model for the segments, and therefore is not an average for the year.

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

EUR m	1/1–12/31/2014					
				Corporate and other		
	Retail and Business Customers	Private Banking & Independent Professionals	Corporate Customers	Operations and management	Non-reportable segments	OLB Group total
Allocations to asset-side risk provisions	6.3	0.6	26.4	—	38.4	71.7
Reversals of asset-side risk provisions	0.4	0.3	3.3	—	6.7	10.7
Allocations to provisions	1.9	0.4	0.6	37.4	—	40.3
Reversals of provisions	—	—	—	24.2	—	24.2
Net write-ups and write-downs on trading instruments	—	—	—	—	2.8	2.8
Net write-ups and write-downs on financial assets	—	—	—	—	–0.6	–0.6
Interest income from accrued interest	0.4	0.1	0.6	—	30.2	31.3
Interest expense from accrued interest	0.3	0.1	0.2	—	46.3	46.9

EUR m	1/1–12/31/2013					
				Corporate and other		
	Retail and Business Customers	Private Banking & Independent Professionals	Corporate Customers	Operations and management	Non-reportable segments	OLB Group total
Allocations to asset-side risk provisions	8.9	2.0	31.3	—	66.2	108.4
Reversals of asset-side risk provisions	0.5	—	2.4	—	9.2	12.1
Allocations to provisions	1.5	0.3	0.4	112.2	—	114.4
Reversals of provisions	—	—	—	10.0	—	10.0
Net write-ups and write-downs on trading instruments	—	—	—	—	1.0	1.0
Net write-ups and write-downs on financial assets	—	—	—	—	–0.1	–0.1
Interest income from accrued interest	0.6	0.1	0.8	—	36.2	37.7
Interest expense from accrued interest	0.4	0.2	0.4	—	56.0	57.0

Unscheduled write-downs of EUR 0.1 million (prior year: EUR 0.3 million) pertained to the “Corporate and Other” segment.

The principal components of earnings for the segments are explained in the management report.

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

13 Cash and cash equivalents

EUR m	2014	2013
Cash on hand	103.9	87.1
Balances with central banks	89.0	225.2
including: eligible for Deutsche Bundesbank refinancing	89.0	225.2
Cash and cash equivalents	**192.9**	**312.3**

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	2014	2013
Positive market values from derivative financial instruments	7.6	6.6
Positive market values from hedging of share-based payments	7.3	7.1
Trading assets	**14.9**	**13.7**

15 Loans and advances to banks

	2014			2013		
EUR m	Germany	Outside Germany	Total	Germany	Outside Germany	Total
Market and payment transactions in course of settlement	16.1	3.2	19.3	6.1	6.2	12.3
Receivable from reverse repo transactions	50.0	—	50.0	245.0	—	245.0
Cash collateral paid	92.2	—	92.2	101.8	—	101.8
Other receivables	217.3	56.4	273.7	144.4	125.0	269.4
Loans	—	—	—	—	—	—
Loans and advances to banks	**375.6**	**59.6**	**435.2**	**497.3**	**131.2**	**628.5**
less: risk provisions	0.1	—	0.1	—	—	—
Loans and advances to banks (after risk provisions)	**375.5**	**59.6**	**435.1**	**497.3**	**131.2**	**628.5**

16 Loans and advances to customers

EUR m	2014 Germany	2014 Outside Germany	2014 Total	2013 Germany	2013 Outside Germany	2013 Total
Corporate customers	4,154.0	23.5	4,177.5	4,199.7	26.9	4,226.6
Public-sector entities	12.2	—	12.2	10.9	—	10.9
Retail customers	6,282.5	44.1	6,326.6	6,249.9	40.6	6,290.5
Loans and advances to customers	**10,448.7**	**67.6**	**10,516.3**	**10,460.5**	**67.5**	**10,528.0**
less: risk provisions	215.9	—	215.9	224.3	—	224.3
Loans and advances to customers (after risk provisions)	**10,232.8**	**67.6**	**10,300.4**	**10,236.2**	**67.5**	**10,303.7**

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.

In connection with hedge accounting, positive adjusted changes in market value of EUR 76.0 million (prior year: EUR 54.7 million) since the hedge relationships began were allocated to amortized cost.

16 a Breakdown by industry (before risk provisions)

EUR m	2014 Germany	2014 Outside Germany	2014 Total	2013 Germany	2013 Outside Germany	2013 Total
Manufacturing	496.8	4.9	501.7	539.5	4.6	544.1
Construction	115.2	—	115.2	108.4	—	108.4
Retail	362.5	4.5	367.0	378.0	6.1	384.1
Financial institutions and insurance companies	6.9	—	6.9	6.2	—	6.2
Transportation	417.0	9.7	426.7	421.9	10.1	432.0
Services	1,056.6	4.4	1,061.0	1,075.6	6.2	1,081.8
Utilities	1,366.9	—	1,366.9	1,402.1	—	1,402.1
Other	332.1	—	332.1	267.9	—	267.9
Corporate customers	4,154.0	23.5	4,177.5	4,199.6	27.0	4,226.6
Public-sector entities	12.2	—	12.2	10.9	—	10.9
Private individuals	6,282.5	44.1	6,326.6	6,250.0	40.5	6,290.5
Loans and advances to customers	**10,448.7**	**67.6**	**10,516.3**	**10,460.5**	**67.5**	**10,528.0**

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

EUR m	2014 Germany	2014 Outside Germany	2014 Total	2013 Germany	2013 Outside Germany	2013 Total
Loans	10,423.7	67.6	10,491.3	10,438.8	67.5	10,506.3
including: mortgages	—	—	—	—	—	—
including: public-sector loans	86.0	1.0	87.0	106.9	1.3	108.2
including: other loans secured with real-estate liens	5,220.5	28.9	5,249.4	5,118.1	29.9	5,148.0
Other receivables	25.0	—	25.0	21.7	—	21.7
Loans and advances to customers	**10,448.7**	**67.6**	**10,516.3**	**10,460.5**	**67.5**	**10,528.0**

Loans and advances to customers in the amount of EUR 2,743.9 million (prior year: EUR 2,841.5 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	2014 Germany	2014 Outside Germany	2014 Total	2013 Germany	2013 Outside Germany	2013 Total
Corporate customers	4,154.0	23.5	4,177.5	4,199.7	26.9	4,226.6
Public-sector entities	12.2	—	12.2	10.9	—	10.9
Retail customers	6,282.5	44.1	6,326.6	6,249.6	40.6	6,290.2
Loans to customers	10,448.7	67.6	10,516.3	10,460.2	67.5	10,527.7
Loans to banks	—	—	—	—	—	—
Total lendings	**10,448.7**	**67.6**	**10,516.3**	**10,460.2**	**67.5**	**10,527.7**
less: risk provisions	215.9	—	215.9	224.3	—	224.3
Total lendings (after risk provisions)	**10,232.8**	**67.6**	**10,300.4**	**10,235.9**	**67.5**	**10,303.4**

18 Changes in risk provisioning

In addition to the risk provisions of EUR 216.0 million recognized as deductions from assets (prior year: EUR 117.0 million; after adjustment per IAS 8: EUR 224.3 million), the risk provisions also include the provisions of EUR 4.4 million (prior year: EUR 6.6 million) for contingent liabilities, which are included on the liabilities side.

EUR m	SLLP	PLLP	GLLP[3]	Provisions	Balance sheet impairments[4]	Total including balance sheet impairments
At 12/31/2013	**89.6**	**10.4**	**17.0**	**6.6**	**107.3**	**230.9**
Adjustments per IAS 8	107.3	—	—	—	– 107.3	—
At 1/1/2014	196.9	10.4	17.0	6.6	—	230.9
Used	44.0	3.7	—	—	—	47.7
Written back[1]	27.3	—	0.2	3.2	—	30.7
Written back through unwinding[2]	3.8	—	—	—	—	3.8
Additions	70.4	1.0	0.3	1.0	—	72.7
Reclassifications[5]	– 0.9	—	– 0.1	—	—	– 1.0
At 12/31/2014	**191.3**	**7.7**	**17.0**	**4.4**	**—**	**220.4**

1 Not including unwinding
2 In favor of interest income from impaired financial assets, accrued under IAS 39 (unwinding)
3 This item includes EUR 0.05 million in allocations to provisions for loans and advances to banks, and EUR 0.05 million for the preexisting amount of this item.
4 In fiscal 2014, the process of recognizing balance sheet impairments was eliminated, and the risk provisions that had previously been recognized for that purpose were reclassified to the SLLPs. See also Note (01), “Basis of preparation”
5 The reclassifications of risk provisions in application of IFRS 5 resulted in a reclassification of EUR 1.0 million to the assets of a group held for sale. See also Note (01), “Basis of preparation”

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	2014	2013
Bonds and other fixed-income securities	2,811.2	2,672.9
Stocks	—	—
Stocks (at cost)	0.1	0.1
Investment funds	53.0	48.4
Total securities	2,864.3	2,721.4
Equity interests (at cost)	1.0	0.9
Investments in unconsolidated subsidiaries (at cost)	0.1	0.1
Financial assets	**2,865.4**	**2,722.4**

The carrying amounts of equity interests measured at cost came to EUR 1.0 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	2014	2013
Bonds and other debt instruments from government issuers	1,408.0	1,077.2
Bonds and other debt instruments covered by government entities	732.7	788.3
Bonds and other debt instruments from other issuers	670.5	807.4
Bonds and other fixed-income securities	**2,811.2**	**2,672.9**
including: marketable securities	2,784.0	2,639.7
including: quoted in a market	2,784.0	2,639.7

Bonds and other fixed-income securities with a nominal total value of EUR 462.3 million will mature in 2015 (prior year: EUR 530.0 million).

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

EUR m	2014	2013
Stocks	0.1	0.1
Other	54.1	49.3
Stocks and other non-fixed-income securities	**54.2**	**49.4**
including: marketable securities	19.6	13.0
including: quoted in a market	19.6	13.0

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

19 c Changes in portfolio

EUR m	2014 Investments	2014 Investments in unconsolidated associates	2013 Investments	2013 Investments in unconsolidated associates
Historical acquisition costs	0.9	0.1	0.9	0.1
Historical write-ups	—	—	—	—
Historical write-downs	—	—	—	—
Carrying amount at 1/1	**0.9**	**0.1**	**0.9**	**0.1**
Additions measured at cost	0.2	—	—	—
Disposals measured at cost	—	—	—	—
Historical write-ups included in disposals for the year	—	—	—	—
Historical write-downs included in disposals for the year	—	—	—	—
Additions through reclassification	—	—	—	—
Disposals through reclassification	—	—	—	—
Changes in portfolio during the year	**0.2**	**—**	**—**	**—**
Write-ups during the year	—	—	—	—
Write-downs during the year	0.1	—	—	—
Changes in measurement during the year	**–0.1**	**—**	**—**	**—**
Carrying amount at 12/31	**1.0**	**0.1**	**0.9**	**0.1**

Shares in unconsolidated associates at December 31, 2014, included the carrying amount of the unconsolidated 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	2014			2013		
	Land and buildings	Business and office equipment	Total	Land and buildings	Business and office equipment	Total
Historical acquisition costs	146.1	124.2	270.3	146.0	127.0	273.0
Historical write-ups	—	—	—	—	—	—
Historical write-downs	91.1	96.3	187.4	87.8	94.2	182.0
Carrying amount at 1/1	**55.0**	**27.9**	**82.9**	**58.2**	**32.8**	**91.0**
Additions measured at cost	—	11.0	11.0	—	6.1	6.1
Disposals measured at cost	—	9.5	9.5	—	8.9	8.9
Historical write-ups included in disposals for the year	—	—	—	—	—	—
Historical write-downs included in disposals for the year	—	9.4	9.4	—	8.4	8.4
Additions through reclassification	—	—	—	—	—	—
Disposals through reclassification	—	—	—	—	—	—
Changes in portfolio during the year	**—**	**10.9**	**10.9**	**—**	**5.6**	**5.6**
Write-ups during the year	—	—	—	—	—	—
Write-downs during the year (scheduled)	3.2	8.3	11.5	3.3	10.1	13.4
Write-downs during the year (unscheduled)	—	0.1	0.1	—	0.3	0.3
Changes in measurement during the year	**– 3.2**	**– 8.4**	**– 11.6**	**– 3.3**	**– 10.4**	**– 13.7**
Carrying amount at 12/31	**51.8**	**30.4**	**82.2**	**54.9**	**28.0**	**82.9**

The Group used land and buildings with a carrying amount of EUR 51.8 million (prior year: EUR 54.9 million).

No write-ups (recoveries of value) were recognized in fiscal 2014 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	2014	2013
Historical acquisition costs	33.4	33.6
Historical write-ups	—	—
Historical write-downs	22.5	23.7
Carrying amount at 1/1	**10.9**	**9.9**
Additions measured at cost	1.9	3.5
Disposals measured at cost	—	3.8
Historical write-ups included in disposals for the year	—	—
Historical write-downs included in disposals for the year	—	3.8
Additions through reclassification	—	—
Disposals through reclassification	—	—
Changes in portfolio during the year	**1.9**	**3.5**
Write-ups during the year	—	—
Write-downs during the year (scheduled)	2.8	2.5
Write-downs during the year (unscheduled)	—	—
Changes in measurement during the year	**– 2.8**	**– 2.5**
Carrying amount at 12/31	**10.0**	**10.9**

The intangible assets are software.

Unscheduled write-downs – if any – are recognized in the office expense for the year in which the write-down was taken.

22 Other assets

EUR m	2014	2013
Deferred interest	28.4	35.5
Positive market values of hedge derivatives under hedge accounting	32.6	3.6
Miscellaneous other assets	26.1	36.8
Other assets	**87.1**	**75.9**

In 2014, there were EUR 4.4 million (prior year: EUR 4.5 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.

The item for other assets also includes various commission receivables and paper received for collection.

23 Tax refund entitlements

EUR m	2014	2013
Tax refund entitlements	**21.8**	**22.4**

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

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 1,226.9 million (prior year: EUR 1,125.9 million). The associated liabilities come to EUR 1,192.6 million (prior year: EUR 1,054.9 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 2,743.9 million (prior year: EUR 2,841.5 million), receivables were transferred to the refinancing entities, while the risk exposure for interest rate changes and counterparty defaults was retained by the Bank. The fair value of loans and advances to customers in the refinancing business was EUR 2,908.0 million (prior year: EUR 2,943.7 million). The associated liabilities for refinanced funds came to EUR 2,755.1 million (prior year: EUR 2,841.9 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	2014	2013
Negative market values from derivative financial instruments	7.8	6.8
Negative market values from hedging of share-based payments	—	—
Trading liabilities	**7.8**	**6.8**

26 Amounts due to banks

EUR m	2014	2013
Demand deposits	13.0	83.0
Liabilities from repurchase agreements	1,103.4	954.1
Cash collateral received	14.1	—
Borrower's note loans and registered mortgage bonds	40.0	40.0
Market and payment transactions in course of settlement	33.6	255.7
Term deposits	285.1	343.9
Other term liabilities	2,742.3	2,821.8
Due to banks	**4,231.5**	**4,498.5**
including: banks in Germany	4,228.6	4,498.4
including: banks outside Germany	2.9	0.1

Amounts due to banks include fixed-interest liabilities of EUR 4,184.9 million (prior year: EUR 4,159.8 million) and variable-interest liabilities of EUR 46.6 million (prior year: EUR 338.7 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 1,117.5 million (prior year: EUR 954.1 million).

27 Amounts due to customers

EUR m	2014	2013
Demand deposits	4,190.9	3,895.2
Liabilities from repurchase agreements	—	—
Savings deposits	2,260.5	2,222.2
Borrower's note loans and registered mortgage bonds	793.1	780.0
Market and payment transactions in course of settlement	28.3	34.2
Term deposits	680.7	865.8
Other term liabilities	4.4	8.9
Due to customers	**7,957.9**	**7,806.3**

In connection with hedge accounting, negative adjusted changes in market value of EUR –31.4 million (prior year: EUR +2.2 million) since the hedge relationships began were allocated to amortized cost.

27 a Breakdown by customer group

EUR m	2014			2013		
	Germany	Outside Germany	Total	Germany	Outside Germany	Total
Corporate customers	2,758.2	127.2	2,885.4	2,775.5	33.7	2,809.2
Public-sector entities	207.1	—	207.1	256.2	—	256.2
Retail customers	4,824.3	41.1	4,865.4	4,688.0	52.9	4,740.9
Due to customers	**7,789.6**	**168.3**	**7,957.9**	**7,719.7**	**86.6**	**7,806.3**

Amounts due to customers include fixed-interest liabilities of EUR 2,922.8 million (prior year: EUR 3,227.8 million) and variable-interest liabilities of EUR 5,035.1 million (prior year: EUR 4,578.5 million).

28 Securitized liabilities

EUR m	2014	2013
Bonds issued	512.5	579.6
Securitized liabilities	**512.5**	**579.6**

Securitized liabilities consist solely of the Bank's own bond issues. Of the outstanding bonds, tranches with a nominal value of EUR 64.1 million (prior year: EUR 67.8 million) will mature in 2015. The securitized liabilities include variable-rate bonds for an amount of EUR 326.7 million (prior year: EUR 387.3 million).

29 Provisions and other liabilities

EUR m	2014	2013
Provisions for pensions and similar obligations	238.0	184.7
Other provisions	63.6	92.7
Deferred interest	33.9	38.8
Negative market values of hedge derivatives under hedge accounting	129.0	102.9
Other liabilities	22.3	31.8
Provisions and other liabilities	**486.8**	**450.9**

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

The other provisions pertain primarily to provisions for severance payments, early retirement obligations, restructuring measures, interest bonuses on savings deposits, the lending business, and litigation.

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 9.0 million, of which EUR 6.7 million is payable investment income tax (prior year: EUR 6.9 million), and EUR 2.3 million is payable value-added tax.

30 Provisions for pensions and similar obligations

EUR m	2014	2013	2012	2011	2010
Pension obligations at 1/1	**184.7**	**191.9**	**163.1**	**155.3**	**131.7**
Less actuarial loss at 1/1	—	—	27.6	26.7	9.6
Pension provisions recognized at 1/1	**184.7**	**191.9**	**135.5**	**128.6**	**122.1**
Current service cost	5.5	6.0	4.6	5.1	3.4
Imputed interest expense	7.4	7.0	7.8	7.5	6.9
Imputed interest income	– 1.1	– 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	—
Net pension expense	**11.8**	**12.1**	**12.5**	**13.1**	**11.8**
Amortization and transfer	– 4.2	– 0.2	– 0.1	– 0.1	0.4
Pension commitments through deferred compensation	– 0.6	– 0.8	– 0.7	– 0.8	– 0.7
Allocation under defined-contribution pension agreement	– 4.3	– 3.4	– 14.2	—	—
Pension benefits paid during year	– 5.9	– 5.6	– 5.4	– 5.3	– 5.0
Taxes paid out of assets	—	0.1	—	—	—
Gains (–)/losses (+) from demographic assumptions	—	1.7	—	—	—
Gains (–)/losses (+) from financial assumptions	58.7	– 8.2	—	—	—
Gains (–)/losses (+) from experience-based adjustment	– 2.2	– 2.9	—	—	—
Change in actuarial gains (–)/losses (+)	**56.5**	**– 9.4**	—	—	—
Pension provisions recognized at 12/31	**238.0**	**184.7**	**127.6**	**135.5**	**128.6**
Actuarial loss at 12/31	—	—	64.3	27.6	26.7
Total pension obligations at 12/31	**238.0**	**184.7**	**191.9**	**163.1**	**155.3**

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	2014	2013
Change in scope of obligations		
Present value of earned pension entitlements at 1/1	214.7	216.2
Current service cost	5.4	6.0
Theoretical interest expense	7.4	6.9
Employee contributions	2.4	1.5
Cost of plan changes	—	—
Gains (–)/losses (+) from demographic assumptions	—	1.7
Gains (–)/losses (+) from financial assumptions	58.7	–8.2
Gains (–)/losses (+) from experience-based adjustment	–1.8	–3.6
Actuarial gains (–)/losses (+)	**56.9**	**–10.1**
Pension payments	–5.9	–5.6
Acquisitions	—	—
Additions (+)/Disposals (–)	–5.0	–0.2
Present value of earned pension entitlements at 12/31[1]	**275.9**	**214.7**
Change in fair value of fund assets		
Fair value of fund assets at 1/1	30.0	24.3
Theoretical interest income	1.1	0.9
Income from plan assets less theoretical interest income	0.4	–0.8
Employer contributions	4.9	4.2
Employee contributions	2.4	1.5
Pensions paid out of fund assets	–0.1	—
Taxes paid out of fund assets	—	–0.1
Transfers	–0.8	—
Fair value of fund assets at 12/31	37.9	30.0
Funding status (balance sheet value) at 12/31	**238.0**	**184.7**

1 This includes EUR 219.0 million (prior year: EUR 173.5 million) directly committed by Group companies as of December 31, 2014, 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, 2014, was EUR 37.9 million (prior year: EUR 30.0 million).

Fund assets

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

in %	2014	2013
Stocks	3.6	3.3
Bonds	9.9	9.4
Real estate	0.4	0.4
Other	86.1	86.9
Total	**100.0**	**100.0**

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

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

EUR m	2014	2013	2012	2011	2010
Present value of earned pension entitlements	275.9	214.7	216.2	170.6	160.8
Fair value of fund assets	37.9	30.0	24.3	7.5	5.5
Funding status	238.0	184.7	191.9	163.1	155.3

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 %	2014	2013	2012	2011	2010
Interest rate for discounting	2.00	3.50	3.25	4.75	4.75
Expected return on assets[1]	n / a	n / a	4.58	4.70	4.70
Expected salary increases	2.50	2.50	2.50	2.50	2.50
Expected pension increases	1.70	1.90	1.90	1.90	1.90

1 As of the entry into effect of IAS 19 (2011), the expected return on assets is no longer an assumption to be taken into account in determining the net pension expense.

The net pension expense is based in each case on the assumptions as of the end of the previous reporting period.

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 26.9 million (prior year: 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 31.4 million (prior year: EUR 19.3 million).

Largely because of the change of 150 basis points in the assumed interest rate, the actuarial loss increased by EUR 56.5 million. Of this amount, EUR 0.6 million (EUR 0.4 million after tax) applies to actuarial losses at Münsterländische Bank, which as of the reporting date were recognized in other comprehensive income of a group held for sale.

As one of the principal actuarial assumptions, the range of changes in the discount rate that would be possible under a reasonable approach would have influenced defined-benefit obligations by the amounts indicated above, provided the other assumptions and parameters remained constant. Although the analysis does not take account of the full distribution of the cash flows expected under the plan, it provides an approximate value for the sensitivity of the described assumptions.

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.

At the reporting date, the weighted average duration of defined-benefit obligations was 17.4 years (prior year: 15.8 years).

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 2015, the Group expects to pay employer contributions of EUR 4.0 million into the fund assets for defined-benefit pension plans (prior year: EUR 2.7 million), and EUR 6.1 million in direct pension payments to beneficiaries (prior year: EUR 5.6 million).

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 2014, expenses for contribution commitments of EUR 2.9 million (prior year: EUR 3.3 million) were paid into the Versicherungsverein des Bankgewerbes a. G., of Berlin, as contributions for employees. Contributions of EUR 10.5 million (prior year: EUR 11.6 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 1/1/2014	**33.8**	**6.6**	**35.7**	**16.6**	**92.7**
Used	21.9	—	14.2	3.2	39.3
Write-backs	7.7	3.2	6.1	7.2	24.2
Additions	4.1	1.0	21.2	8.5	34.8
Reclassification	– 0.7	—	0.4	– 0.1	– 0.4
At 12/31/2014	**7.6**	**4.4**	**37.0**	**14.6**	**63.6**

The "Other provisions" include provisions of EUR 22.2 million (prior year: EUR 25.9 million) with a term of more than one year; these were discounted. Otherwise no discounting was applied. The interest expense for these other provisions nets out to EUR 2.9 million (prior year: EUR 0.0 million), and comprises EUR –1.5 million in expenses from time effects (prior year: income of EUR 0.6 million) and EUR –1.4 million in expenses from the change in interest rates (prior year: EUR –0.6 million).

In 2014, there were outsourced plan assets of EUR 4.4 million (prior year: EUR 4.5 million) under a Contractual Trust Agreement (CTA) for phased retirement obligations of EUR 6.0 million (prior year: EUR 6.3 million); these assets were netted against other assets under the item for other provisions.

32 Tax liabilities

EUR m	2014	2013
At 1/1	**9.2**	**7.1**
Used	6.8	—
Write-backs	0.8	—
Additions	0.2	2.1
At 12/31	**1.8**	**9.2**

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	2014 Income tax receivables	2014 Income tax liabilities	2014 Net	2013 Net
Loans and advances to customers		1.8	– 23.6	– 21.8	– 15.2
including: hedge accounting	Net interest income / net trading income	—	– 23.6	– 23.6	– 17.0
including: risk provisions	Risk provisions	1.8	—	1.8	1.8
Financial assets		21.8	– 41.9	– 20.1	– 4.7
including: AfS financial instruments	Net income / loss from financial assets	17.3	– 13.8	3.5	6.9
including: other comprehensive income from AfS financial instruments	Other comprehensive income	4.5	– 28.1	– 23.6	– 11.6
Trading portfolios		42.3	– 14.3	28.0	30.3
including: hedge accounting	Net interest income / net trading income	40.0	– 10.1	29.9	30.8
including: other trading portfolios	Net trading income	2.3	– 4.2	– 1.9	– 0.5
Amounts due to customers		9.8	—	9.8	—
including: hedge accounting	Net interest income / net trading income	9.8	—	9.8	—
Pension provisions		48.1	– 1.2	46.9	28.8
including: net pension obligations	Administrative expenses	12.2	– 0.1	12.1	11.3
including: other comprehensive income from net pension obligations	Other comprehensive income	35.9	– 1.1	34.8	17.5
Other provisions	Administrative expenses	5.1	– 0.4	4.7	6.3
Other		5.4	– 9.8	– 4.4	– 10.4
including: hedge accounting	Net interest income / net trading income	1.2	– 9.5	– 8.3	– 10.6
including: other	Administrative expenses	4.2	– 0.3	3.9	0.2
Total		**134.3**	**– 91.2**	**43.1**	**35.1**

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 134.3 million (prior year: EUR 91.3 million) and income tax liabilities of EUR 91.2 million (prior year: EUR 56.2 million) yield a deferred tax receivable of EUR 43.1 million (prior year: EUR 35.1 million).

The change of EUR 8.0 million in net deferred taxes (prior year: EUR 7.3 million) results from changes in temporary differences. Of this total, EUR 2.7 million (prior year: EUR 2.2 million) is recognized in profit or loss, and EUR 5.3 million (prior year: EUR 5.1 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	2014	2013
Current taxes (current year)	10.9	3.5
Current taxes (previous years)	1.7	– 0.5
Deferred taxes (current year)	0.2	– 2.5
Deferred taxes (previous years)	– 3.0	– 0.1
Recognized income taxes	**9.8**	**0.4**

The current taxes for 2014 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: 14.1 percent) for local business income tax ("trade tax").

The deferred taxes for 2014 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	2014	2013
Profit before taxes	34.7	9.1
Applicable tax rate in %	31.000	31.000
Imputed income tax	10.8	2.8
Tax effects		
Local business income tax	– 0.3	– 0.1
Nontaxable income	– 0.5	– 2.3
Other tax additions and deductions	1.4	0.8
Corporate income tax credit	– 0.2	– 0.2
Taxes from prior years	– 1.4	– 0.6
Recognized income taxes	**9.8**	**0.4**

34 Subordinated debt

The subordinated debt of EUR 220.9 million (prior year: EUR 253.7 million) consists of EUR 113.1 million in subordinated borrower's note loans from customers (prior year: EUR 146.1 million) and EUR 107.8 million in subordinated OLB bearer notes (prior year: EUR 107.6 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 10.9 million (prior year: EUR 12.2 million). The interest rates for fixed-rate subordinated debt are in the range from 3.2 percent to 6.0 percent. The average interest rate is 4.66 percent.

	Bearer notes 2014	Borrower's note loans 2014
Year issued	2010 – 2013	2004 – 2014
Nominal amount (EUR m)	107.6	113.5
Issuer	OLB	OLB
Interest rate in %	3.2 – 5.1	4.8 – 6.0
Maturity	2017 – 2023	2016 – 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, 2014. Each share represents a notional portion of the share capital, and confers one vote in the Shareholders' Meeting. The shares are fully paid in.

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

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

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

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

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

Allocation of profits in the single-entity financial statements under the German Commercial Code. According to the German Commercial Code (HGB), the pertinent profit for the period for fiscal 2014 was EUR 20.0 million. As there were no carry-forwards or allocations to reserves, this corresponds to the distributable profit. As the allocation of this profit, a proposal will be made to the shareholders at the Shareholders' Meeting on May 13, 2015, to distribute a dividend of EUR 0.25 per no-par share for fiscal 2014, and to allocate EUR 14.2 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	2014	2013
At 1/1	**–7.6**	**–0.5**
Other income from available-for-sale financial instruments (realizable or realized in profit or loss)		
Unrealized changes in market value (gross)	43.7	–3.8
Reclassification to income statement because of realization (gross)		
because of realized gains (–) and losses (+)	–3.9	–17.4
because of impairment	0.2	0.1
Taxes on unrealized changes in fair value	–12.3	3.5
Taxes on reclassification to income statement because of realization	0.5	4.1
Other income/expense from net pension obligations (not realizable in profit or loss)		
Gross change in scope of obligations	–56.5	9.2
Tax on changes in scope of obligations	17.5	–2.8
At 12/31	**–18.4**	**–7.6**

The total cumulative income or expenses recognized in other comprehensive income and associated with groups categorized as held for sale is measured separately in the balance sheet at EUR –0.4 million.

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) and the German Solvency Regulation (SolvV, Sec. 23) in conjunction with the CRR (Art. 25–88), which require at least 8 percent of risk assets to be backed with share capital and reserves. Beginning with 2016, this figure will gradually rise from 8.625 percent to 10.5 percent in 2019. Regulatory capital may consist of two categories: tier 1 capital and tier 2 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. Compliance with minimum capital requirements must always be ensured, both for the Group and the Group's individual companies, when managing capital and equity.

Since 2014, CRD IV and CRR, as the case may be, have constituted 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 5.5 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, tier 1 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	2014	2013
Tier 1 capital	**572.6**	**581.0**
including: deductions[1]	4.4	7.0
Tier 2 capital	171.9	234.0
including: subordinated debt	159.6	225.0
including: securities revaluation reserves (of which 45 %)	—	16.0
including: additions[2]	15.2	—
including: deductions[1]	2.9	7.0
Share capital and reserves (Sec. 10a KWG)	**744.5**	**815.0**
Risk assets for counterparty risks	5,235.7	5,513.0
Risk assets for market risks	26.0	25.0
Risk assets for operational risks	562.5	575.0
Risk assets	**5,824.2**	**6,113.0**

1 Per Art. 159 CRR
2 Per Art. 62d CRR

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

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

in %	2014	2013
Core capital ratio	9.8	9.5
Aggregate capital ratio	**12.8**	**13.3**

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	2014	2013
Amounts due to banks	4,069.1	3,997.6
Amounts due to customers	0.9	0.9
Secured liabilities	**4,070.0**	**3,998.5**

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

EUR m	2014	2013
Loans and advances to customers	2,743.9	2,841.5
Bonds	1,226.9	1,125.9
Furnished collateral[1]	**3,970.8**	**3,967.4**

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, which are state-aided lending institutions. 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 2,908.0 million (prior year: EUR 2,943.7 million).

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

37 Amounts in foreign currency

EUR m	2014	2013
Assets in:		
USD	103.0	89.9
GBP	7.9	4.9
Other	21.6	27.2
Total assets	**132.5**	**122.0**
Liabilities in:		
USD	93.7	84.2
GBP	4.1	2.4
Other	14.1	20.9
Total liabilities	**111.9**	**107.5**

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
					2014
Term loans and advances to banks	160.4	56.0	—	—	216.4
Loans and advances to customers	1,449.0	669.0	2,597.3	5,801.0	10,516.3
Receivables at 12/31/2014	**1,609.4**	**725.0**	**2,597.3**	**5,801.0**	**10,732.7**

The receivables from customers with remaining terms of three months or less include receivables of EUR 850.2 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
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
					2014
Bank demand deposits	60.7	—	—	—	60.7
Term liabilities to banks	954.3	573.3	1,177.7	1,465.5	4,170.8
Customer demand deposits	4,219.2	—	—	—	4,219.2
Savings deposits	2,073.9	163.1	23.5	—	2,260.5
Other term liabilities to customers	368.8	342.6	265.0	501.8	1,478.2
Securitized liabilities	19.6	43.7	122.5	326.7	512.5
Provisions and other liabilities	102.2	33.7	114.1	236.8	486.8
Tax liabilities	—	—	1.8	—	1.8
Subordinated debt	—	—	117.9	103.0	220.9
Liabilities at 12/31/2014	**7,798.7**	**1,156.4**	**1,822.5**	**2,633.8**	**13,411.4**

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**

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	3 months or less	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total
					2014
Bank demand deposits	60.7	—	—	—	60.7
Term liabilities to banks	955.7	574.1	1,179.4	1,467.6	4,176.8
Customer demand deposits	4,219.2	—	—	—	4,219.2
Savings deposits	2,073.9	163.1	23.5	—	2,260.5
Other term liabilities to customers	368.8	342.6	265.0	501.8	1,478.2
Securitized liabilities	19.6	44.5	122.4	326.7	513.2
Provisions and other liabilities	102.2	31.2	44.6	212.4	390.4
Tax liabilities[1]	—	—	1.8	—	1.8
Subordinated debt	—	—	117.6	103.5	221.1
Balance sheet item	**7,800.1**	**1,155.5**	**1,754.3**	**2,612.0**	**13,321.9**
Contingent liabilities and other obligations	903.4	—	—	—	903.4
Total liabilities at 12/31/2014	**8,703.5**	**1,155.5**	**1,754.3**	**2,612.0**	**14,225.3**

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

EUR m	3 months or less	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total 2013
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[1]	—	—	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**

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 the Bank has 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.

			Maturity			Total	
EUR m	Positive fair values	Negative fair values	1 year or less	Over 1 year to 5 years	Over 5 years	2014	2013
Interest-related derivatives	38.1	– 134.4	71.7	777.9	748.8	1,598.4	1,582.9
including: interest rate swaps for management of the interest rate book	32.6	– 129.0	50.0	665.0	701.0	1,416.0	1,346.0
Currency-related derivatives	2.1	– 2.4	128.4	2.0	—	130.4	166.2
including: foreign currency options – calls	—	—	—	—	—	—	6.8
including: foreign currency options – puts	—	—	—	—	—	—	6.8
Derivatives in share-based payments	7.3	—	4.2	4.9	—	9.1	11.4
Total derivatives	**47.5**	**– 136.8**	**204.3**	**784.8**	**748.8**	**1,737.9**	**1,760.5**
including: products in EUR	37.5	– 133.8	71.8	768.3	737.5	1,577.6	1,578.2
including: products in USD	2.6	– 2.4	110.4	11.5	11.3	133.2	137.0
including: products in GBP	—	—	5.2	—	—	5.2	6.5
including: products in JPY	—	—	—	—	—	—	1.6

At year's end, interest rate swaps with a nominal volume of EUR 1,416.0 million were designated for hedge accounting (prior year: EUR 1,346.0 million).

In forming on-balance-sheet hedge relationships under the rules of IAS 39 (Hedge Accounting), interest rate swaps used in managing the interest rate book underwent adjusted negative changes of EUR – 11.8 million in market value (prior year: EUR + 35.4 million). Corresponding receivables from and payables to customers, as well as financial assets, underwent total adjusted positive changes of EUR + 10.7 million in market value (prior year: EUR – 37.0 million). The net effect of EUR – 1.1 million (prior year: EUR – 1.6 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 by the Bank 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. The amount is determined by applying agreed rates to the nominal amount of the suretyships.

The figures presented below 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	2014	2013
Obligations under suretyships and guarantees		
Credit suretyships	11.7	11.0
Other suretyships and guarantees	285.0	291.1
Documentary credits	6.6	4.3
including: credit openings	6.5	3.7
including: credit confirmations	0.1	0.6
Contingent liabilities	**303.3**	**306.4**
Committed credit facilities		
Current account credits	409.6	345.6
Guarantee lines	131.9	103.8
Mortgage loans / public-sector loans	58.6	71.0
Other obligations	**600.1**	**520.4**

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

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

41 Other financial obligations

EUR m	1 year or less	Over 1 year to 5 years	Over 5 years	Total
				2014
Obligations under leases	20.5	67.2	20.9	108.6
Obligations for maintenance of information technology	1.2	4.7	1.1	7.0
Obligations under commenced capital spending projects	0.9	—	—	0.9
Call commitments and joint liability	0.1	—	—	0.1
Other financial obligations	**22.7**	**71.9**	**22.0**	**116.6**

EUR m	1 year or less	Over 1 year to 5 years	Over 5 years	Total
				2013
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**

Obligations under leases pertain to rental and lease agreements for buildings and business equipment. These resulted in expenses of EUR 7.9 million for the year (prior year: EUR 10.1 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); there were no joint liability obligations under Sec. 26 of the German Act on Limited Liability Companies in GmbH Form (GmbH-Gesetz) (prior year: EUR 2.0 million).

Oldenburgische Landesbank AG is a member of a deposit insurance fund that covers liabilities to creditors up to a defined maximum amount. As a member of the deposit insurance fund, which itself is a shareholder in the aforementioned investee, Oldenburgische Landesbank AG and the other fund members are separately liable for additional capital payments up to a maximum of the annual contribution of Oldenburgische Landesbank AG as indicated below.

Under Sec. 5 (10) of the statute of the Deposit Protection 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 Protection Fund. The Deposit Protection 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 2014, Oldenburgische Landesbank AG was charged a contribution of EUR 5.6 million (prior year: EUR 5.4 million) for the Deposit Protection Fund and for the Deposit Guarantee Scheme of German Banks (EdB).

In addition, an amount of EUR 0.6 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 (prior year: EUR 0.1 million) under Sec. 172 (4) of the German Commercial Code.

42 Trust business

EUR m	2014	2013
Trust receivables from customers	3.8	7.2
Trust assets[1]	**3.8**	**7.2**
Trust payables to banks	3.2	5.6
Trust payables to customers	0.6	1.6
Trust liabilities	**3.8**	**7.2**

1 Including EUR 3.8 million (prior year: EUR 7.2 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 "Financial instruments 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										2014
	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	192.9	192.9	—	192.9		192.9	192.9	—	—
Trading assets	HfT	14.9				14.9	14.9	—	14.9	—
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	2.1				2.1	2.1	—	2.1	—
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	7.3				7.3	7.3	—	7.3	—
Loans and advances to banks (net after risk provisions)	LaR	435.1	435.1	1.3	436.4		436.4	—	—	436.4
Loans and advances to customers (net after risk provisions)	LaR	10,300.4	10,300.4	919.0	11,219.4		11,219.4	—	—	11,219.4
Financial assets	AfS	2,865.4				2,865.4	2,865.4	591.4	2,272.8	1.2
Bonds from public issuers	AfS	1,408.0				1,408.0	1,408.0	510.8	897.2	—
Other bonds	AfS	1,403.2				1,403.2	1,403.2	36.3	1,366.9	—
Stocks	AfS	—				—	—	—	—	—
Stocks (at cost)	AfS	0.1				0.1	0.1	—	—	0.1
Investment funds	AfS	53.0				53.0	53.0	44.3	8.7	—
Equity interests (at cost)	AfS	1.0				1.0	1.0	—	—	1.0
Investments in unconsolidated subsidiaries (at cost)	AfS	0.1				0.1	0.1	—	—	0.1
Property, plant and equipment	n / a	82.2								
Intangible assets	n / a	10.0								
Other assets	n / a	87.1								
Deferred interest	LaR	28.4	28.4	—	28.4		28.4	—	—	28.4
Positive market values of hedge derivatives under hedge accounting	FVH	32.6				32.6	32.6	—	32.6	—
Miscellaneous other assets	n / a	26.1								
Tax refund entitlements	n / a	21.8								
Deferred tax assets	n / a	43.1								
Assets of a group held for sale	n / a	82.8								
Total on-balance-sheet assets		**14,135.7**								
including: financial instruments		**13,869.7**	**10,956.8**	**920.3**	**11,877.1**	**2,912.9**	**14,797.1**	**784.3**	**2,320.3**	**11,692.5**
Loans and receivables	LaR	10,956.8	10,956.8	920.3	11,877.1	—	11,877.1	192.9	—	11,684.2
Held for trading	HfT	14.9	—	—	—	14.9	14.9	—	14.9	—
Available for sale	AfS	2,865.4	—	—	—	2,865.4	2,865.4	591.4	2,272.8	1.2
Fair-value hedging instruments	FVH	32.6	—	—	—	32.6	32.6	—	32.6	—

Equity and liabilities	2014									
	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 liabilities	HfT	7.8				7.8	7.8	0.3	7.5	—
Negative market values of interest-related derivatives	HfT	5.4				5.4	5.4	0.3	5.1	—
Negative market values of currency-related derivatives	HfT	2.4				2.4	2.4	—	2.4	—
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	4,231.5	4,231.5	190.9	4,422.4		4,422.4	—	—	4,422.4
Amounts due to customers	oL	7,957.9	7,957.9	187.3	8,145.2		8,145.2	—	—	8,145.2
Securitized liabilities	oL	512.5	512.5	0.3	512.8		512.8	—	—	512.8
Provisions and other liabilities	n/a	486.8								
Provisions for pensions and similar obligations	n/a	238.0								
Other provisions	n/a	63.6								
Deferred interest	oL	33.9	33.9	—	33.9		33.9	—	—	33.9
Negative market values of hedge derivatives in hedge accounting	FVH	129.0				129.0	129.0	—	129.0	—
Other liabilities	n/a	22.3								
Tax liabilities	n/a	1.8								
Subordinated debt	oL	220.9	220.9	63.3	284.2		284.2	—	—	284.2
Liabilities of a group held for sale	n/a	101.8								
Equity	n/a	614.7								
Total on-balance-sheet equity and liabilities		**14,135.7**								
including: financial instruments		**13,093.5**	**12,956.7**	**441.8**	**13,398.5**	**136.8**	**13,535.3**	**0.3**	**136.5**	**13,398.5**
Held for trading	HfT	7.8	—	—	—	7.8	7.8	0.3	7.5	—
Other liabilities	oL	12,956.7	12,956.7	441.8	13,398.5	—	13,398.5	—	—	13,398.5
Fair-value hedging instruments	FVH	129.0	—	—	—	129.0	129.0	—	129.0	—
Off-balance-sheet items (no category)	n/a	—					7.1	—	—	7.1
Contingent liabilities	n/a	—					−3.1	—	—	−3.1
Committed credit facilities	n/a	—					10.2	—	—	10.2

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	1,077.2				1,077.2	1,077.2	135.3	941.9	—
Other bonds	AfS	1,595.7				1,595.7	1,595.7	78.5	1,517.2	—
Stocks	AfS	—				—	—	—	—	—
Stocks (at cost)	AfS	0.1				0.1	0.1	—	—	0.1
Investment funds	AfS	48.4				48.4	48.4	48.4	—	—
Equity interests (at cost)	AfS	0.9				0.9	0.9	—	—	0.9
Investments in unconsolidated subsidiaries (at cost)	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	Category	Balance sheet item	Financial instruments at amortized cost			At fair value	Σ financial instruments	Level 1	Level 2	Level 3
										2013
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	253.7	253.7	27.4	281.1		281.1	—	—	281.1
Equity	n / a	602.8								
Total on-balance-sheet equity and liabilities		**14,207.8**								
including: financial instruments		**13,286.6**	**13,176.9**	**189.8**	**13,366.7**	**109.7**	**13,476.4**	**—**	**109.7**	**13,366.7**
Held for trading	HfT	6.8	—	—	—	6.8	6.8	—	6.8	—
Other liabilities	oL	13,176.9	13,176.9	189.8	13,366.7	—	13,366.7	—	—	13,366.7
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

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, these were 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 – recognized "at cost" – are not traded on active markets. They are of minor importance. They are recognized at cost because their fair value cannot be determined reliably.

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 using 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. No transfers between levels of the fair-value hierarchy occurred in 2014.

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	2014	2013
Loans and advances to customers		
Persons in key positions at OLB AG	1.1	4.0
Subsidiaries	0.2	0.2
Other related parties	10.2	5.8
Other assets		
Parent companies	0.1	10.5
Other related parties	19.4	20.5
Total receivables	**31.0**	**41.0**
Amounts due to customers		
Persons in key positions at OLB AG	1.6	0.6
Subsidiaries	0.2	0.2
Other related parties	53.7	121.3
Provisions and other liabilities		
Parent companies	0.3	1.5
Other related parties	—	4.5
Total liabilities	**55.8**	**128.1**

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 2.8 million (prior year: EUR 2.7 million) has been provided for receivables from other related parties. No collateral was furnished for liabilities. Additionally, there were guarantee lines of EUR 21.7 million to other related parties at December 31, 2014 (prior year: EUR 22.5 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	2014	2013
Net interest income		
Persons in key positions at OLB AG	—	0.1
Parent companies	– 0.2	—
Subsidiaries	0.4	0.2
Other related parties	– 0.6	– 0.8
Net commission income		
Persons in key positions at OLB AG	—	—
Parent companies	—	—
Subsidiaries	2.5	2.4
Other related parties	14.2	18.8
Office expense		
Persons in key positions at OLB AG	—	—
Parent companies	– 0.1	– 5.9
Subsidiaries	—	—
Other related parties	– 1.2	– 7.0
Other income and income from reimbursement of restructuring expense		
Persons in key positions at OLB AG	—	—
Parent companies	0.1	107.5
Subsidiaries	0.1	0.1
Other related parties	—	—
Total profit	**15.2**	**115.4**

Oldenburgische Landesbank still maintains various business relationships from the former Allianz Bank, which ceased operations in 2013. It also engages in a certain amount of new business with Allianz agents and Allianz employees. OLB serves both groups through its "Direct Banking Services" (DBS) unit. In a declaration dated December 3 and 16, 2014, Allianz Deutschland has assumed the obligation to cover all potential losses incurred in connection with this business. This obligation to cover losses, which maintains the same content as the loss coverage obligation that formerly was in effect for Allianz Bank, remains in effect until December 31, 2019. It can be terminated by Allianz Deutschland AG on six months' notice as of the end of any year.

The computation of profits includes EUR 16.5 million in income (prior year: EUR 128.3 million) and EUR 0.5 million in expenses (prior year: EUR 12.9 million) for related party transactions. The income was 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 for 2013 were 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, were 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, 2014: Approved credit lines totaled EUR 140.4 thousand (prior year: EUR 425 thousand), EUR 8.1 thousand of which (prior year: EUR 24.2 thousand) had been used as of December 31, 2014. The interest rate for each line was 4.94 percent. The interest rates and terms were those commonly applied in the market. At the reporting date, EUR 0.9 thousand (prior year: EUR 0.4 thousand) in credit card lines had been utilized, out of total limits of EUR 90.2 thousand (prior year: EUR 60 thousand). There were furthermore loan commitments of EUR 486.6 thousand (prior year: EUR 0.0 thousand), of which EUR 486.6 thousand (prior year: EUR 0.0) had been drawn as of December 31, 2014. The interest rates were between 1.36 percent and 1.67 percent. The interest rates and terms were those commonly applied in the market.

Credit granted to members of the Supervisory Board was as follows as of December 31, 2014: Approved credit lines totaled EUR 315.3 thousand (prior year: EUR 309.1 thousand), EUR 26.8 thousand of which (prior year: EUR 128.6 thousand) had been used as of December 31, 2014. The interest rates were between 3.74 percent and 8.49 percent. In addition, there was a guarantee line of EUR 5.7 thousand (prior year: EUR 5.7 thousand), for which a commission of 3.25 percent was paid. The interest rates and terms were those commonly applied in the market. There were furthermore loan commitments of EUR 3,771.7 thousand (prior year: EUR 3,927 thousand), of which EUR 3,715 thousand (prior year: EUR 3,863 thousand) had been drawn as of December 31, 2014. The interest rates were between 1.51 percent and 5.00 percent. The interest rates and terms were those commonly applied in the market. At the reporting date, EUR 7 thousand (prior year: EUR 2.9 thousand) in credit card lines had been utilized, out of total limits of EUR 125.5 thousand (prior year: EUR 125.2 thousand).

Compensation paid to the Board of Managing Directors in fiscal 2014 came to EUR 3.9 million (prior year: EUR 2.7 million). This figure includes RSUs with a total fair value of EUR 0.8 million (prior year: EUR 0.6 million). As of December 31, 2014, the number of share-based rights held by members of the Board of Managing Directors totaled 2,074 SARs and 37,501 RSUs. On December 31, 2014, the actuarial net present value of pension obligations, on an IFRS basis, for members of the Board of Managing Directors who were active at that date, came to EUR 3.0 million (prior year: EUR 1.2 million). The expense for pension obligations was EUR 0.8 million (prior year: EUR 0.4 million).

The components of compensation of the Board of Managing Directors recognized as an expense for fiscal 2014, broken down by category as defined in IAS 24, are shown in the following table:

EUR m	2014	2013
Benefits due short-term	3.1	1.9
Other benefits due long-term	—	0.2
Share-based payments	0.8	0.6
Benefits for termination of employment	—	—
Benefits after termination of employment	0.8	0.4
Total	**4.7**	**3.1**

OLB paid compensation of EUR 1.1 million to former members of the Board of Managing Directors or their survivors (prior year: EUR 1.1 million). The actuarial net present value of the pension obligations for this group of persons, on an IFRS basis, came to EUR 20.5 million (prior year: EUR 19.3 million).

Compensation paid to the Supervisory Board in fiscal 2014 came to EUR 0.9 million (prior year: EUR 0.8 million). All of these were benefits payable in the short term.

The compensation of the Board of Managing Directors and the Supervisory Board is reported individually in the Compensation 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 issued in the OLB Group under these offerings came to 17,219 shares for the fiscal year (prior year: 20,598 shares); the difference of EUR 0.2 million (prior year: EUR 0.2 million) between the strike price and the market price for 2014 is recognized under the personnel expense.

Group Equity Incentive plans. The OLB Group's Group Equity Incentive (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 (AEI) program 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:

	2014	2013	2012	2011	2010
Expected volatility in %	—	—	—	—	29.0
Risk-free interest rate in %	—	—	—	—	2.7
Expected dividend yield in %	—	—	—	—	5.6
Stock price in EUR	—	—	—	—	88.09
Expected term in years	—	—	—	—	7

No new units were granted in 2011 through 2014.

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, 2014, the total personnel expense associated with unexercised rights came to EUR 3 thousand (prior year: EUR 12 thousand).

As of December 31, 2014, the OLB Group had established a provision of EUR 370 thousand (prior year: EUR 792 thousand) for unexercised SARs. In 2014, 11,107 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 12/31/2012	**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**
Granted	—	—	—	—	—
Exercised	– 11,156	—	129.98	—	—
Expired	– 11,107	—	—	—	—
Reassignment within Group	– 855	—	—	—	—
At 12/31/2014	**12,265**	**—**	**106.77**	**30.13**	**0.9**

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.

No new units were granted in 2011 through 2014.

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, 2014, the total personnel expense associated with unexercised RSUs came to EUR 88 thousand (prior year: EUR 102 thousand).

As of December 31, 2014, the OLB Group had established a provision of EUR 1,019 thousand (prior year: EUR 943 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 current 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:

	2015	2014
Stock price in EUR	137.35	120.65
Average dividend yield in %	5.10	4.50
Average interest rate in %	– 0.04	0.50
Expected volatility in %	n / a	20.00

The 2015 RSUs are treated as compensation granted to the participants for the 2014 year. Consequently, the assumptions for the RSUs issued in March 2015 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, 2014, the total personnel expense associated with the RSU component of the AEI plan came to EUR 830 thousand (prior year: EUR 887 thousand).

As of December 31, 2014, the OLB Group had established a provision of EUR 4,058 thousand (prior year: EUR 2,783 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 12/31/2012	**36,130**	**95.02**	**—**
Granted	19,742	113.94	—
Exercised	– 3,849	—	104.65
Reassignment within Group	—	—	—
At 12/31/2013	**52,023**	**119.77**	**—**
Granted	8,128	116.81	—
Exercised	– 1,260	—	124.72
Reassignment within Group	– 4,933	—	—
At 12/31/2014	**53,958**	**—**	**—**

The total expense for share-based compensation recognized for 2014 was EUR 1,108 thousand (prior year: EUR 1,247 thousand), the total carrying amount of the liabilities as of the reporting date was EUR 5,447 thousand (prior year: EUR 4,518 thousand), and the intrinsic value of the liabilities was EUR 7,313 thousand (prior year: EUR 7,484 thousand).

46 Independent auditors' fees

EUR m	2014	2013
Audit of financial statements	1.0	0.8
Other confirmation and valuation services	2.7	2.1
Total	**3.7**	**2.9**

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 combined management report, particularly the section on market 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 combined management report, particularly the section there on the definition of risk types.

49 List of shareholdings

Name and registered office of the company	Share of capital held %	Equity 12/31/2014 EUR m	Profit for period 1/1–12/31/2014 EUR m	Profit for period 1/1–12/31/2013 EUR m
W. Fortmann & Söhne KG, Oldenburg	100.00	8.22	0.59	–0.16
Münsterländische Bank Thie & Co. KG, Münster	100.00	8.05	0.58	0.65
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	2.87	4.90
AGI-Fonds Weser-Ems[1]	100.00	n / a	0.97	1.24

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 IFRS.

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, Germany – 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 2,347 employees (prior year: 2,619). They comprised the following categories:

Number	2014	2013
Full-time employees (average)		
Women	688	796
Men	999	1,131
Part-time employees (average)		
Women	618	653
Men	42	39
Total employees	**2,347**	**2,619**

The number of employees at December 31, 2014, was 2,314 (prior year: 2,445); the OLB Group also had 221 apprentices and trainees, 120 of them women (prior year: 236 / 124).

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 2014 was EUR 20.0 million. As there were no carry-forwards or allocations to reserves, this corresponds to the distributable profit. As the allocation of this profit, a proposal will be made to the shareholders at the Shareholders' Meeting on May 13, 2015, to distribute a dividend of EUR 0.25 per no-par share for fiscal 2014, and to allocate EUR 14.2 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, 2015. 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, 2015
Oldenburgische Landesbank AG

The Board of Managing Directors

Patrick Tessmann — Chairman
Dr. Thomas Bretzger
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 combined 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, 2015
Oldenburgische Landesbank AG

The Board of Managing Directors

Patrick Tessmann Chairman	Dr. Thomas Bretzger	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 management's report on the situation of the Company and the Group, for the period from January 1 through December 31, 2014. The preparation of the consolidated financial statements and the combined 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 management's report on the situation of the Company and the Group, 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 management's report on the situation of the Company and the Group, 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 management's report on the situation of the Company and the Group 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 management's report on the situation of the Company and the Group. 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. Management's report on the situation of the Company and the Group 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, 2015
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
Positions on other legally required supervisory boards of German companies:
Positions within the corporate group:
- Allianz Managed Operations & Services SE (Vice-Chairman)

Uwe Schröder
Vice-Chair
Banker, Oldenburgische Landesbank AG, Oldenburg; Chairman of the Corporate Employee Council

Dr. Werner Brinker
Chairman of the Board of Management, EWE Aktiengesellschaft, Oldenburg
Positions on other legally required supervisory boards of German companies:
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

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
Branch Manager, Oldenburgische Landesbank AG, Osnabrück

Stefan Lübbe
Director and Member of the Management, Corporate Customers and Private Banking, Oldenburger Münsterland, Oldenburgische Landesbank AG, Vechta

Prof. Dr. Petra Pohlmann
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
Sole Director, AG Reederei Norden-Frisia, Norderney
Memberships in comparable supervisory bodies:
- Wyker Dampfschiffsreederei Föhr-Amrum GmbH, Wyk auf Föhr

Gabriele Timpe
Customer Advisor, Oldenburgische Landesbank AG, Lähden

Christine de Vries
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 (to December 31, 2014)
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

Dr. Thomas Bretzger
Member of the Board of Managing Directors, Oldenburgische Landesbank AG
Memberships in comparable supervisory bodies:
Positions within the corporate group:
- Münsterländische Bank Thie & Co. KG, Münster (Vice-Chairman)
- W. Fortmann & Söhne KG, Oldenburg (Vice-Chairman)

Jörg Höhling (to December 31, 2014)
Member of the Board of Managing Directors, Oldenburgische Landesbank AG

Karin Katerbau
Member of the Board of Managing Directors, Oldenburgische Landesbank AG

Hilger Koenig
Member of the Board of Managing Directors, Oldenburgische Landesbank AG
Memberships in comparable supervisory bodies:
Positions within the corporate group:
- Münsterländische Bank Thie & Co. KG, Münster (Chair)
  W. Fortmann & Söhne KG, Oldenburg (Chair)
  OLB-Immobiliendienst-GmbH, Oldenburg (Chair)

Patrick Tessmann (from November 1, 2014)
Member of the Board of Managing Directors, Oldenburgische Landesbank AG

Effective: December 31, 2014

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 and Chair of the Advisory Board, Pöppelmann GmbH & Co. KG, Lohne

Werner zu Jeddeloh – Vice-Chair
Member of the Advisory Board, BÜFA GmbH & Co. KG, Oldenburg

Manfred Adrian
Publisher, Wilhelmshavener Zeitung, Wilhelmshaven

Prof. Dr. Heinz-W. Appelhoff
Private income, Rastede

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
Farmer, Bad Essen

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

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

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

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

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

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 & Co. KG, Papenburg

Konsul Friedrich A. Meyer
Managing Shareholder, F. A. Meyer Beteiligungs-GmbH, Wilhelmshaven

Harald Müller
Managing Shareholder, Erwin Müller Gruppe Lingen, Lingen

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

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

Carl Ulfert Stegmann
Sole Director, AG 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

Roland Zerhusen
Managing Director, ZERHUSEN Kartonagen GmbH, Damme

Effective: March 16, 2015

We mourn the passing of

The following former Member of the Managing Board

Hermann Conring
November 26, 2014

The following active employees

Stefan Wichert
July 15, 2014

Gesa Collmann
September 2, 2014

Uwe Mithöfer
November 5, 2014

Michael Hoyer
December 31, 2014

Marlene Klinge
February 22, 2015

and the following retirees

Dieter Niggemann
January 16, 2014

Adam Schneider
January 24, 2014

Gotthard Schroeter
February 21, 2014

Friedrich Schierholz
March 31, 2014

Gerhard Schulz
April 11, 2014

Waltraud Schürkens
May 17, 2014

Günter Kraetzig
May 23, 2014

Frieda Nannen
June 7, 2014

Dieter Auffarth
June 15, 2014

Ursula Telscher-von den Benken
June 16, 2014

Hildburg Meyer
June 24, 2014

Leo Kröger
June 30, 2014

Wilhelm Gramberg
July 5, 2014

Maria von Höven
September 18, 2014

Paul Busse
September 25, 2014

Gerhard Arjes
October 9, 2014

Gabriele Kottusch
October 28, 2014

Hans-Gustav Andresen
November 10, 2014

Käthe Zechner
November 19, 2014

Hanna Fromm
November 27, 2014

Eckard Appelhagen
December 15, 2014

Elke Dutschmann
December 24, 2014

Heinz Abel
January 29, 2015

Anneliese Müller
February 5, 2015

Wolfgang Waschow
February 9, 2015

Anni Haffke
March 7, 2015

Christa Schütte
March 8, 2015

Glossary

A B

Allianz Equity Incentive (AEI) An instrument by which an Allianz company establishes a long-term bond with executives by issuing company stock to them and thus strengthening their identification with the company, or bringing their interests into line with its own.

Allianz Sustained Performance Plan All elements of performance-based compensation are governed by a simplified, uniform goal agreement form, and are described in a model that applies throughout the Allianz Group: the Allianz Sustained Performance Plan (ASPP). The goal agreement form establishes both the goals for each year and the three-year medium-term goals.

Available for sale (AfS) Refers to financial assets available for sale.

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: the ratio of operating expenses to operating 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

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.

F G

Fair value The amount obtainable from the trading of a financial instrument in a bargained transaction between knowledgeable, independent parties.

Future A forward agreement that is standardized in quantity, quality and settlement date, under which a commodity traded on the money market, capital market, precious metals market or foreign exchange market must be delivered or accepted at a fixed price at a specified future date.

Gamma The gamma of an option indicates how the option's delta responds to changes in the price of the "underlying" (the underlying security or price).

General loan loss provision (GLLP)
See Risk provisions.

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

Group Equity Incentive (GEI)
This Allianz program for share-based compensation applied only until 2010, and was replaced by the new share-based Allianz Equity Incentive program (see p. 170 of this Glossary).

Guarantee Includes suretyships and guaranties.

H

Hedge accounting OLB uses hedge accounting as part of its risk strategy, to control exposure to interest rate risks. For this purpose, hedged items (such as loans or securities) are compared to hedging transactions (such as interest rate swaps).

Under international accounting standards, the hedged item and the hedging transaction are to be measured using different approaches. To reflect these valuation differences in an economically more accurate way in the income statement, OLB uses the separately applicable rules of IAS 39 for hedge accounting. These require the hedged item and the hedging transaction to be combined into a single measurement unit, which is measured at fair value through profit or loss in such a way that changes in value compensate for one another.

OLB uses only the fair-value hedge accounting method.

Hedging Safeguarding asset items against exposure to the risk of fluctuations in stock prices, interest rates, and foreign exchange rates. By taking a contrary position in the forward market (using futures and options), hedging attempts to compensate for losses of value in a cash position (purchase of securities, currencies, merchandise). Hedging strategies using futures or options are subject to a wide variety of imponderables; the efficiency of the entire position must be monitored constantly.

I

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 non-homogeneous 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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