Oldenburgische Landesbank AG

Oldenburgische Landesbank Group
Financial Report 2015

The Oldenburgische Landesbank Group at a Glance

EUR m	12/31/2015	12/31/2014	Change (%)
Total assets	**13,629.2**	**14,135.7**	**– 3.6**
Loans and advances to banks	151.5	435.1	– 65.2
Total lendings	10,191.8	10,300.4	– 1.1
Financial assets	2,834.3	2,865.4	– 1.1
Amounts due to banks	4,519.8	4,231.5	6.8
Customer deposits	7,375.0	7,957.9	– 7.3
Securitized liabilities	395.4	512.5	– 22.8
Subordinated debt	250.8	220.9	13.5
Equity	**640.8**	**614.7**	**4.2**
Issued capital	60.5	60.5	—
Additional paid-in capital	202.9	202.9	—
Retained earnings	395.3	369.7	6.9
Other comprehensive income	– 17.9	– 18.0	– 0.6
Other comprehensive income of a group held for sale	—	– 0.4	– 100.0

EUR m	1/1/2015 – 12/31/2015	1/1/2014 – 12/31/2014	Change (%)
Net interest income	239.1	237.2	0.8
Net commission income	66.9	70.9	– 5.6
Net operating trading income / expense	7.9	4.2	88.1
Operating personnel expense	143.7	153.5	– 6.4
Office expense	83.5	84.4	– 1.1
Risk provisions	36.3	39.0	– 6.9
Profit before taxes	46.1	34.7	32.9
Profit after taxes	**31.8**	**24.9**	**27.7**
Cost income ratio (%)	**72.9**	**78.2**	**n / a**

	12/31/2015	12/31/2014	
Core capital ratio per Sec. 10 of the German Banking Act (%)	10.8	10.3	
Aggregate capital ratio per Sec. 10 of the German Banking Act (%)	13.9	13.3	
Employees (number)[1]	2,236	2,311	
Full-time equivalents	1,801	1,897	
Branches of Oldenburgische Landesbank AG	203	203	

1 Employee figures do not include apprentices, trainees, temporary employees and interns. The prior-year figure has been adjusted accordingly.

FINANCIAL REPORT 2015

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TO OUR SHAREHOLDERS

Letter to Our Shareholders

Dear shareholders, dear friends of OLB,

The 2015 figures indicated that the German economy was in thoroughly sound condition. In an environment of lower energy costs, very low interest rates, and high employment, gross domestic product grew 1.7 percent. Consumer spending again proved a bulwark of the economy; exports likewise gained ground vigorously, in spite of the moderate pace of expansion of the global economy. In the northwestern part of the country, most companies reported themselves satisfied with the year's developments. Nevertheless, business players were more cautious about the future at the end of 2015 than they had been at the beginning of the year. This skepticism also reflects uncertainties in the region about the world's geopolitical crises, the cooling economy in China, and the management of the refugee crisis. These factors led to substantial declines on the stock markets at the very beginning of 2016.

The banking environment remains heavily influenced by persistently low interest rates and by changing client preferences, digitization, and intense competition. The rising cost of implementing regulatory requirements, as well as investments in modernization and steps to strengthen equity and liquidity, were amplified by a structurally induced slackening of earnings. This situation was intensified even further by the highly expansive monetary policy of the European Central Bank (ECB). It must be assumed that the low-interest phase will persist for some years to come.

Amid this challenging market environment, your OLB achieved the goal it set itself last year of increasing its profits. In comparison to 2014, we increased our profit before taxes under International Financial Reporting Standards (IFRSs) by about one-third, to EUR 46.1 million. Here we also benefited from nonrecurring income from an ownership interest in a financial service provider. This profit performance was positive, especially in light of the fact that for years now, the entire financial industry has been undergoing a structural change, and business conditions were very exacting once again in 2015.

It is still especially important to us to be able to provide close support for our corporate and retail customers' growth in this region, even as regulatory equity requirements continue to rise. To be able to do that, we will have to reinforce our resources further by retaining profits. For that reason, the Board of Managing Directors and Supervisory Board will suggest at the Shareholders' Meeting on May 11, 2016, that most of the unappropriated surplus under the German Commercial Code (HGB), totaling EUR 18.8 million, should be allocated to other retained earnings. In parallel, and just as we did last year, we also want you, our valued shareholders, to share in our positive business performance, with a dividend of EUR 0.25 per share.

We were a reliable financier for small and medium businesses once again in 2015, demonstrating our strong sense of responsibility toward our region's future prosperity and growth. Nevertheless, customer lendings were down slightly from the prior year, to EUR 10.2 billion. The change is largely explained by the sale of Münsterländische Bank Thie & Co. KG, whose earnings were no longer included for fiscal 2015.

Though our business with customers remains as healthy as ever, the challenging environment caused our earnings from operations to decrease from the prior year. Interest rates declined further – and interest from our business with clients reflected that change. Nevertheless, nonrecurring income helped us increase net interest income by EUR 1.9 million overall, to EUR 239.1 million.

Net commission income decreased to EUR 66.9 million (prior year: EUR 70.9 million). The primary reason was the sale of Münsterländische Bank Thie & Co. KG. The commission business at the Regional Bank performed well. We improved our commission earnings in the insurance, home loan and savings, and real estate business (+3.1 percent from 2014). Our successful business in securities made the most decisive contribution to the slight increase of 6.2 percent in net commission income and other income in our strategic growth segment Private Banking & Independent Professionals.

Our customer service specialists also proved their expertise yet again in asset management. The asset management business expanded steadily, and cash inflow was up very substantially, gaining 32.2 percent.

Systematic cost management is crucial for us in light of the pressure on margins and earnings. A higher bank levy, higher premiums for mandatory deposit insurance, and collectively bargained wage increases put upward pressure on expenses, but it was more than compensated by the cost reductions we achieved primarily by enhancing efficiency and deconsolidating Münsterländische Bank Thie & Co. KG. All in all, administrative expenses were down EUR 10.7 million from the prior year. The current personnel expense decreased to EUR 143.7 million (prior year: EUR 153.5 million). Even with investments to modernize our branches and digitize the Bank further, the office expense decreased to EUR 83.5 million (prior year: EUR 84.4 million).

As business conditions remained stable, our customer lending portfolio performed well on the whole. Substantially lower risk provisioning for the shipping portfolio helped reduce risk provisions 7 percent, to EUR 36.3 million.

Total assets came to EUR 13.6 billion (prior year: EUR 14.1 billion). Largely because of the increase in core capital from the retention of the prior year's unappropriated surplus, our core capital ratio rose from 10.3 percent to 10.8 percent. This sound capital base will enable us to maintain our close support for our corporate and retail customers' growth, and to keep meeting regulatory requirements.

Relations between clients and their bank are undergoing rapid changes. Clients have a growing need for advice on complex issues at the branch; yet at the same time, they want more and more to be able to carry out their banking business online and on mobile devices.

Our "OLB 2019" program for the future is our response to the challenging conditions that confront not only us but the entire banking industry. By the time we celebrate our 150th anniversary three years from now, we expect this forward-looking program, together with capital expenditures of EUR 30 million, to increase our earnings and reduce our costs in spite of the low-interest environment. We will help build our customer service staff's advisory skills and specialized expertise still further, and in parallel we will be strengthening our digital capabilities. It will be crucial for us always to ensure high quality in the advice we give, while at the same time getting faster, more understandable, and more digitized in every segment. That's why we're focusing on new online advisory options and products, along with a systematic digitization of procedures, as well as making sure our clients can reach us via every channel – whether at a branch, on the Internet, or by phone. We will further differentiate and update our network of locations as that development proceeds. We will be placing a special emphasis on growth in our business with corporate clients and high-net-worth retail clients. Here we will draw extensively on the Allianz Group's worldwide expertise in dealing with the capital markets.

We will streamline business procedures as part of our forward-looking program, even as we reduce complexity and costs. We will be eliminating 280 jobs over the period to 2019. To ensure that this can be done without hardship to the individuals involved, we recognized a restructuring expense of EUR 7.0 million in fiscal 2015.

We expect the profit before tax for 2016 to be down slightly on the whole from 2015, in part because of last year's income from a nonrecurring distribution. Specifically, we expect operating income to rise slightly, administrative expenses to remain stable, and risk provisions to be conservative.

Through our forward-looking "OLB 2019" program, we are working hard to strengthen our profitability and also to inject upside momentum into the trading price of our stock.

Yours truly,

Patrick Tessmann
Chairman of the Board of Managing Directors

The Share

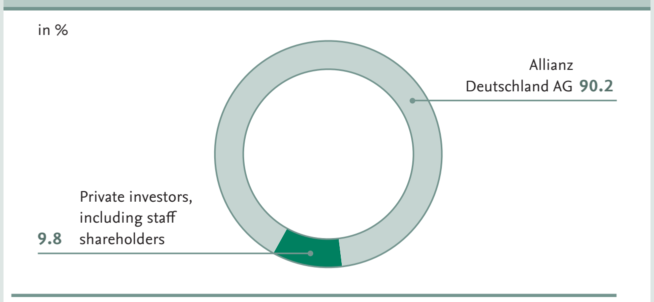
Performance of OLB stock

The DAX German stock index went through a very volatile year in 2015. Starting below 10,000 at the beginning of the year, the index rose steadily in the aftermath of the ECB's announcement of an extensive bond buying program and reached a new record high of 12,374 in April. Yet by September it had given up nearly a quarter of that figure, to reach a low of 9,427 for the year. The DAX then recovered somewhat to close out the year up 10 percent, at 10,743. Uncertainties about the Chinese economy, its potential impact on global business conditions, and the drop in oil prices put new pressure on the stock markets just as the 2016 year began, until the initial signs of calming reappeared in March – particularly as a consequence of a further easing of the European Central Bank's monetary policy.

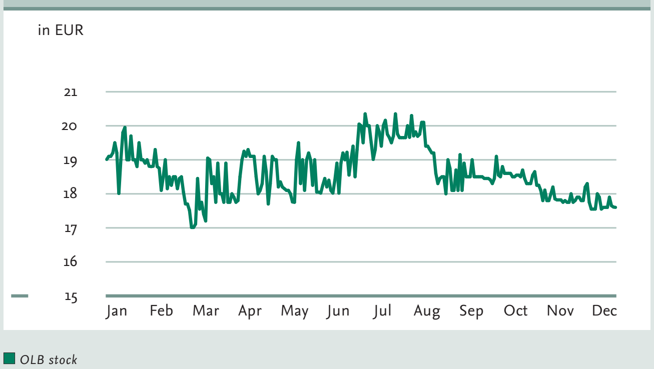
See Glossary, p. 178

In an environment of low interest rates, volatile capital markets and intensifying regulatory requirements, bank stocks were again lower on average for the year. As trading closed at the end of 2015, the Composite DAX (CDAX) Banken industry index was down nearly 8.4 percent from where it had begun the year. On the Hamburg exchange, OLB stock varied in 2015 between EUR 17.01 and EUR 20.35, and closed at EUR 17.60, 7.4 percent below where it had begun the year. At the time of preparation of this report (March 18, 2016), the stock was trading in Hamburg at EUR 14.20.

Ownership structure



Performance of OLB stock in 2015



Ownership structure

Allianz Deutschland AG, of Munich, holds approximately 90.2 percent of the stock of Oldenburgische Landesbank AG (as of December 31, 2015). 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 and Frankfurt, under German securities identification number (WKN) 808 600. At 175.7 thousand shares, trading volume in OLB stock for 2015 was above the prior-year figure of 133.2 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 330 million (as of March 18, 2016).

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

Financial calendar

2016	
Financial press conference for fiscal 2015	**March 18, 2016**
Release of 2015 Financial Report for AG and Group on the Internet	**March 30, 2016**
Shareholders' Meeting in Oldenburg	**May 11, 2016**
Interim report as of June 30, 2016	**August 12, 2016**

Key information

2016	
German securities ID number (WKN)	**808 600**
International Securities Identification Number (ISIN)	**DE0008086000**
Type of stock	**Bearer shares**
Denomination	**No-par common stock**
Markets where quoted	**Berlin, Hamburg and Hanover (regulated market) Düsseldorf and Frankfurt (over the counter)**
Number of shares	**23,257,143**
Market capitalization as of March 18, 2016	**EUR 330.3 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, clients, employees, and the general public; and openness and transparency in corporate communications.

The German Corporate Governance Code (DCGK) currently applies in its amended version as of May 5, 2015. 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 (AktG), 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 2015 can be found in the Management Declaration in this Financial Report.

See p. 019

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. It decides the Company's corporate goals, strategic orientation, and business policies. It must furthermore 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. 181

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 is a target for the percentage of women among the managing directors. The Board of Managing Directors currently has four members, including one woman. 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 structure, size, composition and performance of the Board of Managing Directors are assessed at least once a year by the Supervisory Board. The Supervisory Board also assesses the knowledge, skills and experience of the individual managing directors and of the Board of Managing Directors as a whole, and reviews those board members' specialized expertise and reliability.

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. These rules of procedure particularly include limits and reporting obligations on how credit risks, market risks and liquidity risks, as well as operational risk, have been mitigated. 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, related parties, or employees under Sec. 15 of the Banking Act (KWG), 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. All transactions between Allianz Group companies and members of the Board of Managing Directors or their related parties, whether individuals or enterprises, must be on customary arm's length terms. In transactions between Oldenburgische Landesbank AG and members of the Board of Managing Directors, the Company is represented by the Executive and Compensation Committee of the Supervisory Board. Material transactions between Oldenburgische Landesbank AG and related parties, whether individuals or enterprises, of a member of the Board of Managing Directors are subject to the consent of the Executive and Compensation Committee of the Supervisory Board.

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

See pp. 022 ff.

Supervisory Board

The Supervisory Board of Oldenburgische Landesbank AG has twelve members. As required by the gender quota under Sec. 96 (2) Sentence 1 of the German Stock Corporation Act, the Supervisory Board must include at least 30 percent women and at least 30 percent men. These minimum quotas must be complied with for any elections that become necessary to fill one or more seats on the Supervisory Board on or after January 1, 2016. Under the German Co-Determination Act (MitbestG), the Supervisory Board must consist 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. It is also responsible for appointing and dismissing members of the Board of Managing Directors, for reviewing the compensation system for that board, 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 combined management report, the report on relations with affiliated companies, and the proposed allocation of profits. It adopts the rules of procedure for the Board of Managing Directors, and is responsible for approving certain transactions of particular 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 reviews its own structure, size, composition and performance at least once a year. It also assesses the knowledge, abilities and experience of its individual members and of the board as a whole, and reviews its members' specialized expertise and reliability. The Supervisory Board also regularly reviews the efficiency of its activities. Steps for potential improvements are discussed, and if applicable adopted, by the full board.

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

Goals for composition of the Supervisory Board and status of implementation

In accordance with Item 5.4.1 of the German Corporate Governance Code (GCGC) 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 own 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 regular age limit of 70 and the regular limit of 15 years of membership on the board, as 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 invest the time necessary to act as a member of the Supervisory Board
- 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
- At least 30 percent women and at least 30 percent men (the gender ratio required by law as of January 1, 2016, under Sec. 96 (2) Sentence 1 of the Stock Corporation Act); the Supervisory Board also adopts the statutory gender ratio as a goal for encouraging representation by the underrepresented gender under Sec. 25d (11) Sentence 2 No. 2 of the Banking Act.
- Balanced composition, so that desirable professional knowledge is as widespread as possible within the Supervisory Board

The composition of the Supervisory Board is shown in the table below. Its present composition complies with the requirements outlined above. The gender quota required by law as of January 1, 2016, has already been met because the current membership of the Supervisory Board (December 31, 2015) comprises four women and eight men. Future nominations by the Supervisory Board for the election of its members will take the above goals and legal requirements into account. The Supervisory Board recommends that its members elected by the employees should endeavor, as far as possible, to take the requirements and goals into account for the nominations to be made by the responsible employee committees.

Members of the Supervisory Board (as of December 31, 2015), including year of birth and year when the member took office:

Name	Born	Took office
Rainer Schwarz (Chairman)	1952	5/27/2010
Uwe Schröder (Vice-Chairman)	1955	5/30/2000
Prof. Dr. Werner Brinker	1952	5/25/2004
Prof. Dr. Andreas Georgi	1957	9/26/2000 – 5/25/2004 5/23/2006
Svenja-Marie Gnida	1983	6/5/2013
Dr. Peter Hemeling	1955	10/1/2015
Stefan Lübbe	1963	3/11/2004
Prof. Dr. Petra Pohlmann	1961	6/5/2013
Horst Reglin	1956	5/27/2008
Carl-Ulfert Stegmann	1969	6/5/2013
Gabriele Timpe	1967	6/5/2013
Christine de Vries	1973	6/5/2013

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

To enhance its efficiency, the Supervisory Board has formed five 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 assists the Supervisory Board in evaluating the structure, size, composition and performance of the Board of Managing Directors, and makes recommendations to the Supervisory Board in this regard. Similar considerations apply in assessing the knowledge, abilities and experience both of the individual members of the Board of Managing Directors, and of that board as a whole, as well as reviewing the individual members' specialized expertise and reliability. The committee 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 anticipatory resolutions on the approval of loans made to natural persons who are related parties of the Company, and consenting for members of the Board of Managing Directors 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, the head of the Compliance unit, and 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. It also defines the nature, scope, format and frequency of the information on the basis of which the Board of Managing Directors must report on the topics of strategy and risk.

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 liquidity 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 to related-party entities as defined under Sec. 15 of the Banking Act. Finally, the Bank's 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 the Risk Committee's 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 Supervisory Board cannot chair the Audit Committee as well. The chairman of the committee must have an expert knowledge of accounting or auditing of financial statements. If the chairman cannot be considered independent within the meaning of Secs. 100 (5) and 107 (4) of the German Stock Corporation Act, the Audit Committee must also include at least one independent member with an expert knowledge of accounting or auditing. The Supervisory Board has found that Prof. Dr. Andreas Georgi, as chairman of the Audit Committee, is independent and has the required expertise. The chair of the Audit Committee may obtain information directly from the head of Internal Auditing, the head of Compliance, 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, 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, for auditing the efficiency of the Supervisory Board's activities, and for approving the investment plan.

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 prepares for assessments of the structure, size, composition and performance of the Supervisory Board, and makes recommendations to the Supervisory Board in this regard. Similar considerations apply in assessing the knowledge, abilities and experience both of the individual members of the Supervisory Board, and of that board as a whole, as well as reviewing the individual members' specialized expertise and reliability.

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

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

Executive and Compensation Committee
- Rainer Schwarz, Chairman
- Prof. Dr. Andreas Georgi
- Dr. Peter Hemeling
- Stefan Lübbe
- Uwe Schröder
- Christine de Vries

Risk Committee
- Prof. Dr. Andreas Georgi, Chairman
- Svenja-Marie Gnida
- Stefan Lübbe
- Uwe Schröder
- Rainer Schwarz
- Carl-Ulfert Stegmann

Audit Committee
- Prof. Dr. Andreas Georgi, Chairman
- Stefan Lübbe
- Prof. Dr. Petra Pohlmann
- Rainer Schwarz
- Christine de Vries

Nominating Committee
- Rainer Schwarz, Chairman
- Prof. Dr. Werner Brinker
- Dr. Peter Hemeling

Mediation Committee
(Sec. 27 [3] Co-Determination Act – MitbestG))
- Rainer Schwarz, Chairman
- Prof. Dr. Andreas Georgi
- Uwe Schröder
- Gaby Timpe

The Report of the Supervisory Board includes details of the meetings held by the Supervisory Board and its committees in fiscal 2015, together with the topics addressed at those meetings.

See pp. 032 ff.

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 published on 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 and interim financial statements. The accounting principles prescribed by national law and regulations are followed in preparing the financial statements. 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 p. 009

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

Directors' dealings

Under Sec. 15a of the German Securities Trading Act, concerning disclosure and notification of dealings, persons holding management positions in an issuer of stock must report their own dealings in stock of the issuer, or in financial instruments relating thereto, particularly derivatives, to the issuer and to the Federal Financial Supervisory Authority (BaFin), if the total value of the purchase or sales transactions over the course of a calendar year is equal to or greater than EUR 5,000. This obligation applies to members of the Board of Managing Directors and of the Supervisory Board, 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 2015, 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, 2015, was less than 1 percent of the stock issued by the Company.

Management Declaration per Sec. 289a (1) and (2) 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. Deviations from the recommendations must be disclosed, and their reasons must be given, under the principle of "comply or explain."

In December 2015, 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 that 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 2015 reads as follows:

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

1. Oldenburgische Landesbank AG complies, and will continue to comply, with all recommendations of the Government Commission on the German Corporate Governance Code in the version of May 5, 2015, 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 2014, Oldenburgische Landesbank AG has complied with all recommendations of the Government Commission on the German Corporate Governance Code in the version of June 24, 2014.

Oldenburg, December 2015
Oldenburgische Landesbank AG

For the Board of Managing Directors:
(signed) Patrick Tessmann
(signed) Karin Katerbau

For the Supervisory Board:
(signed) Rainer Schwarz"

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 2015.

Disclosures regarding management practices

Oldenburgische Landesbank AG depends for its survival on the trust of its clients, shareholders, employees and the public in the Company'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, shareholders and the Company itself.

Oldenburgische Landesbank AG is an Allianz Group company. Through its own initiatives, Allianz supports the UN Global Compact program and acknowledges the Guidelines of the Organisation for Economic Co-operation and Development (OECD) for multinational corporations. These initiatives are intended to integrate sustainability and social responsibility into business. 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 Code of Conduct that the Bank has established for all employees, executives and members of the Board of Managing Directors of OLB implements these principles and sets minimum standards for every member of the team. It is intended to provide the employees with guidelines for their daily thoughts and actions. 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 Code of Conduct of Oldenburgische Landesbank AG is available in the Investor Relations section of the Company's Web site, and is founded on the Allianz Group's Code of Conduct for Business Ethics and Compliance.

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. 010 ff.

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

See pp. 022 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. 014 ff.

Targets for women's participation in the Board of Managing Directors and the two levels of management below the Board of Managing Directors

In implementation of the Act on Equal Participation of Women and Men in Leadership Positions in the Private and Public Sectors, OLB has set the following targets for the membership of women in the Board of Managing Directors and in the two levels of management below that board. All have agreed on June 30, 2017, as the date for all targets to be achieved. No target for women's membership in the Supervisory Board had to be set under Sec. 111 (5) Sentence 5 of the German Stock Corporation Act, because the statutory gender ratio under Sec. 96 (2) Sentence 1 of that Act has been applied to the Supervisory Board since January 1, 2016.

- The target for women's participation in the Board of Managing Directors is 25 percent (as of December 31, 2015: 25 percent). Because it was impossible by law to set an implementation deadline beyond June 30, 2017, and no changes can be expected at present, the target is oriented to the status quo.
- The target for women in the first level of management below the Board of Managing Directors is 20 percent (as of December 31, 2015: 14 percent).
- The target for women in the second level of management below the Board of Managing Directors is 20 percent (as of December 31, 2015: 13 percent).

The Bank is not merely concerned with simply meeting the requirements of law; OLB can be successful in business for the long term only if women are advanced with equal rights and are assigned to management positions on the basis of merit. Oldenburgische Landesbank AG committed early to encouraging diversity within the Company. It has already established the appropriate conditions for this purpose, it has focused HR processes on this goal and taken a number of steps. In addition to providing better alternatives for compatibility between work and family, the range of these measures includes personnel development programs, targeted preparation for future duties, and mentoring for upcoming managers, in which participants can benefit from the experience of long-standing executives, including women executives.

Statutory gender quota for the Supervisory Board

In compliance with Sec. 96 (2) Sentence 1 of the German Stock Corporation Act, as of January 1, 2016, the Supervisory Board of Oldenburgische Landesbank AG must include at least 30 percent women and at least 30 percent men. The Company already complied with this statutory quota in fiscal 2015, as since its last constituent meeting in May 2013, the Supervisory Board has included four women and eight men.

2015 Compensation Report

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 2015.

The following compensation principles govern 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. They are designed so as to offer no incentives to incur unreasonable risk.
- Total compensation must be consistent with the individual board members' duties and responsibilities, as well as their achievements.
- The compensation system supports the objectives of risk management, capital management and liquidity management, and aims to encourage a structurally conservative risk policy within the Company.

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 both corporate and personal targets. In assessing the achievement of targets, the Supervisory Board may set the performance-based component within a range of zero percent to 150 percent of the variable target compensation. However, it may not exceed 100 percent of the fixed component.

See Glossary, p. 178

The performance-based compensation for all members of the Board of Managing Directors 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. Fifty percent of the RSUs are subject to additional sustainability criteria. If certain events of an especially serious nature occur, the Supervisory Board may cancel up to 50 percent of awarded RSUs before they are exercised.

See Glossary, pp. 178 and 180

For further information about RSUs, please see the discussion in the Notes to the Consolidated Financial Statements of the OLB Group.

The Supervisory Board has defined maximum limits for the compensation of the Board of Managing Directors, both as a whole and in terms of their variable components. It has also defined the target benefits level for the individual members of that board.

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 2015 compensation of the Board of Managing Directors

Individualized details of the compensation paid to the Board of Managing Directors in fiscal 2015 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 compliance with national and international accounting standards:

		Non-performance-based components		Performance-based components		Total
EUR k		Fixed component	Other components of compensation	Annual bonus (short term)	Share-based payments (long term)	
Patrick Tessmann	**2015**	**465.0**	**99.8**	**164.9**	**164.9**	**894.6**
	2014	77.5	1.2	25.9	25.9	130.5
Dr. Thomas Bretzger	**2015**	**360.0**	**10.9**	**124.6**	**124.6**	**620.1**
	2014	360.0	43.6	135.5	135.5	674.6
Karin Katerbau	**2015**	**360.0**	**17.3**	**126.6**	**126.6**	**630.5**
	2014	360.0	15.2	136.0	136.0	647.2
Hilger Koenig	**2015**	**360.0**	**15.1**	**126.3**	**126.3**	**627.7**
	2014	360.0	11.5	134.5	134.5	640.5
Dr. Achim Kassow (to 12/31/2014)	**2015**	—	—	—	—	—
	2014	625.0	33.9	249.2	249.2	1,157.3
Jörg Höhling (to 12/31/2014)	**2015**	—	—	—	—	—
	2014	360.0	11.7	141.4	141.4	654.5
Total compensation	**2015**	**1,545.0**	**143.1**	**542.4**	**542.4**	**2,772.9**
	2014	2,142.5	117.1	822.5	822.5	3,904.6

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	Patrick Tessmann Chairman of the Board of Managing Directors (since 1/1/2015)				Dr. Thomas Bretzger Member of the Board of Managing Directors				Karin Katerbau Member of the Board of Managing Directors			
EUR k	2014	2015	2015 (min)	2015 (max)	2014	2015	2015 (min)	2015 (max)	2014	2015	2015 (min)	2015 (max)
Fixed component	77.5	465.0	465.0	465.0	360.0	360.0	360.0	360.0	360.0	360.0	360.0	360.0
Fringe benefits	1.2	99.8	99.8	99.8	43.6	10.9	10.9	10.9	15.2	17.3	17.3	17.3
Total	**78.7**	**564.8**	**564.8**	**564.8**	**403.6**	**370.9**	**370.9**	**370.9**	**375.2**	**377.3**	**377.3**	**377.3**
One-year variable compensation	25.8	155.0	—	232.5	119.0	119.0	—	178.5	119.0	119.0	—	178.5
Multi-year variable compensation	25.9	164.9	—	232.5	135.5	124.6	—	178.5	136.0	126.6	—	178.5
RSU 2015 (period 4 years)	25.9	—	—	—	135.5	—	—	—	136.0	—	—	—
RSU 2016 (period 4 years)	—	164.9	—	232.5	—	124.6	—	178.5	—	126.6	—	178.5
Total	**51.7**	**319.9**	**—**	**465.0**	**254.5**	**243.6**	**—**	**357.0**	**255.0**	**245.6**	**—**	**357.0**
Pension-related expense	37.0	161.8	161.8	161.8	133.3	125.3	125.3	125.3	130.5	125.2	125.2	125.2
Total compensation	**167.4**	**1,046.5**	**726.6**	**1,191.6**	**791.4**	**739.8**	**496.2**	**853.2**	**760.7**	**748.1**	**502.5**	**859.5**

Benefits granted	Hilger Koenig Member of the Board of Managing Directors				Dr. Achim Kassow Chairman of the Board of Managing Directors (to 12/31/2014)				Jörg Höhling Member of the Board of Managing Directors (to 12/31/2014)			
EUR k	2014	2015	2015 (min)	2015 (max)	2014	2015	2015 (min)	2015 (max)	2014	2015	2015 (min)	2015 (max)
Fixed component	360.0	360.0	360.0	360.0	625.0	—	—	—	360.0	—	—	—
Fringe benefits	11.5	15.1	15.1	15.1	33.9	—	—	—	11.7	—	—	—
Total	**371.5**	**375.1**	**375.1**	**375.1**	**658.9**	**—**	**—**	**—**	**371.7**	**—**	**—**	**—**
One-year variable compensation	119.0	119.0	—	178.5	208.0	—	—	—	119.0	—	—	—
Multi-year variable compensation	134.5	126.3	—	178.5	249.2	—	—	—	141.4	—	—	—
RSU 2015 (period 4 years)	134.5	—	—	—	249.2	—	—	—	141.4	—	—	—
RSU 2016 (period 4 years)	—	126.3	—	178.5	—	—	—	—	—	—	—	—
Total	**253.5**	**245.3**	**—**	**357.0**	**457.2**	**—**	**—**	**—**	**260.4**	**—**	**—**	**—**
Pension-related expense	141.2	140.6	140.6	140.6	233.9	—	—	—	133.1	—	—	—
Total compensation	**766.2**	**761.0**	**515.7**	**872.7**	**1,350.0**	**—**	**—**	**—**	**765.2**	**—**	**—**	**—**

To Our Shareholders

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

Allocation	Patrick Tessmann Chairman of the Board of Managing Directors (since 1/1/2015)		Dr. Thomas Bretzger Member of the Board of Managing Directors		Karin Katerbau Member of the Board of Managing Directors	
EUR k	2015	2014	2015	2014	2015	2014
Fixed component	465.0	77.5	360.0	360.0	360.0	360.0
Fringe benefits	99.8	1.2	10.9	43.6	17.3	15.2
Total	**564.8**	**78.7**	**370.9**	**403.6**	**377.3**	**375.2**
One-year variable compensation	164.9	25.9	124.6	135.5	126.6	136.0
Multi-year variable compensation	—	—	—	—	—	—
Other	—	—	—	—	—	—
Total	**164.9**	**25.9**	**124.6**	**135.5**	**126.6**	**136.0**
Pension-related expense	161.8	37.0	125.3	133.3	125.2	130.5
Total compensation	**891.5**	**141.6**	**620.8**	**672.4**	**629.1**	**641.7**

Allocation	Hilger Koenig Member of the Board of Managing Directors		Dr. Achim Kassow Chairman of the Board of Managing Directors (to 12/31/2014)		Jörg Höhling Member of the Board of Managing Directors (to 12/31/2014)	
EUR k	2015	2014	2015	2014	2015	2014
Fixed component	360.0	360.0	—	625.0	—	360.0
Fringe benefits	15.1	11.5	—	33.9	—	11.7
Total	**375.1**	**371.5**	**—**	**658.9**	**—**	**371.7**
One-year variable compensation	126.3	134.5	—	249.2	—	141.4
Multi-year variable compensation	—	—	—	—	—	—
Other	—	—	—	—	—	—
Total	**126.3**	**134.5**	**—**	**249.2**	**—**	**141.4**
Pension-related expense	140.6	141.2	—	233.9	—	133.1
Total compensation	**642.0**	**647.2**	**—**	**1,142.0**	**—**	**646.2**

As of December 31, 2015, the number of share-based rights held by the active members of the Board of Managing Directors totaled 20,992 RSUs. Please see Note (45) in the Notes to the Consolidated Financial Statements, regarding share-based payments, for further information on the evolution of the value of RSUs.

The total compensation paid to the Board of Managing Directors in fiscal 2015 came to EUR 2.8 million (prior year: EUR 3.9 million).

Credit granted to members of the Board of Managing Directors was as follows as of December 31, 2015: Approved credit lines totaled EUR 90.4 thousand (prior year: EUR 140.4 thousand), EUR 18.3 thousand of which (prior year: EUR 8.1 thousand) had been used as of December 31, 2015.

The interest rate for each line was 4.68 percent p.a. The interest rates and terms are those commonly applied in the market.

At the reporting date, EUR 7.7 thousand (prior year: EUR 0.9 thousand) in credit card lines had been utilized, out of total limits of EUR 60.2 thousand (prior year: EUR 90.2 thousand).

There were furthermore loan commitments of EUR 446.1 thousand (prior year: EUR 486.6 thousand), of which EUR 366.1 thousand (prior year: EUR 486.6) had been drawn as of December 31, 2015. The interest rates are between 1.43 percent and 1.67 percent. The interest rates and terms are those commonly applied in the market.

On December 31, 2015, 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 2015, came to EUR 1,801.8 thousand (prior year: EUR 3,004.8 thousand). Of this amount, EUR 189.1 thousand was for Mr. Tessmann, EUR 408.7 thousand for Dr. Bretzger, EUR 428.0 thousand for Ms. Katerbau, and EUR 776.0 thousand for Mr. Koenig.

See Glossary, p. 179

A total of EUR 0.9 million was paid to former members of the Board of Managing Directors or their survivors. The actuarial net present value of pension obligations for this group, on an IFRS basis, came to EUR 19.6 million (prior year: EUR 20.5 million). The probable settlement amount for this group of individuals, as defined under the German Commercial Code, came to EUR 16.4 million (prior year: EUR 15.6 million).

The table below shows expenses for pension payments and pension provisions or obligations, as defined under the German Commercial Code (HGB) and IFRSs, for the members of the Board of Managing Directors active in fiscal 2014 and 2015:

		HGB		IFRS	
EUR k		Pension-related expense	Pension provisions	Current service cost	Pension obligations
Patrick Tessmann	**2015**	**155.7**	**185.8**	**161.8**	**189.1**
	2014	31.6	31.6	37.0	37.0
Dr. Thomas Bretzger	**2015**	**121.5**	**380.7**	**125.3**	**408.7**
	2014	127.7	251.9	133.3	296.0
Karin Katerbau	**2015**	**121.0**	**395.2**	**125.2**	**428.0**
	2014	124.5	266.3	130.5	317.6
Hilger Koenig	**2015**	**158.5**	**583.5**	**140.6**	**776.0**
	2014	114.4	185.8	141.2	678.7
Dr. Achim Kassow (to 12/31/2014))	**2015**	**—**	**—**	**—**	**—**
	2014	224.0	637.1	233.9	782.9
Jörg Höhling (to 12/31/2014)	**2015**	**—**	**—**	**—**	**—**
	2014	130.5	676.1	133.1	892.6
Total	**2015**	**556.7**	**1,545.2**	**552.9**	**1,801.8**
	2014	752.7	2,048.8	809.0	3,004.8

Compensation systems for employees of Oldenburgische Landesbank AG

Compensation system

Fixed component

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, the gross monthly salary is based on the pay groups under the current agreement. Employees under that collective bargaining agreement are also generally 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.

Employees not covered by collectively bargained agreements receive a monthly base salary that is agreed upon consistently with their duties and responsibilities.

Other components of salaries as a rule include:

- Asset-building benefits
- Components of the company retirement plan

Variable component

To enable employees to share appropriately in the Company's success, to acknowledge individual and collective accomplishments appropriately, and to support achievement of the corporate goals laid down in Oldenburgische Landesbank AG's Business and Risk Strategy, employees are also granted variable components of compensation.

To make sure compensation does not depend significantly on the variable component, and thus to avoid incentivizing any conduct that would be inappropriate from the viewpoint of business and risk strategy, the compensation system is structured so that the variable component is well below the statutory limit of 100 percent of the fixed component.

Allowing for the Bank's business situation, the Board of Managing Directors decides each year about whether to pay a voluntary bonus (special allowance) for employees covered by the collective bargaining agreement, in addition to the thirteen months' salaries guaranteed by that agreement. The board also decides the amount of that bonus.

In addition, employees under the collective bargaining agreement – other than apprentices and trainees – can earn commissions by successfully brokering insurance policies, real estate, and home loan and savings agreements. No variable components of compensation under goal agreements are provided for this group of employees.

For employees not covered by collective bargaining agreements, the Bank makes an individual goal agreement, on the basis of which the employee can earn a results-dependent voluntary profit-sharing bonus. The goal achievement ranges run from 70 percent to 120 percent, equivalent to a range of 1.5 to 3.5 times a gross monthly salary, or for employees in second-level management, 60 percent to 140 percent of an individually defined target bonus. Except for second-level management employees, employees not covered by collective bargaining agreements can also earn commissions by successfully brokering insurance policies, real estate and home loan and savings contracts.

Total compensation

The total compensation paid within the Oldenburgische Landesbank Group is shown below:

EUR	2015 total compensation Fixed	Variable[1]	Employees[2, 3]	Total
Oldenburgische Landesbank AG	100,555,865	10,788,353	2,590	111,344,218
Total Oldenburgische Landesbank Group	**100,555,865**	**10,788,353**	**2,590**	**111,344,218**

1 Including commissions

2 The number of beneficiaries of variable components of compensation under Sec. 7 (2) No. 2 of the Bank Compensation Regulation (InstitutsVergV) comprises all recipients of benefits, including apprentices and trainees, temporary employees and interns.

3 The 2015 figure includes employees of Bankhaus W. Fortmann & Söhne KG, which was merged by accretion.

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 receives 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.

Compensation for those who join or leave the board during the year

Members of the Supervisory Board who serve for only part of a fiscal year receive one-twelfth of the full compensation for each full or partial month in which they serve. The equivalent applies to memberships on board committees.

Individualized compensation of members of the Supervisory Board at a glance

EUR		Fixed component	Committee work	Meeting honorarium	Total compensation
Rainer Schwarz, Chairman (since 10/1/2015)	**2015**	**62,500**	**58,125**	**3,500**	**124,125**
	2014	50,000	52,500	3,000	105,500
Andree Moschner [1], Chairman (to 9/30/2015)	**2015**	**—**	**—**	**—**	**—**
	2014	—	—	—	—
Uwe Schröder, Vice-Chairman	**2015**	**75,000**	**30,000**	**3,500**	**108,500**
	2014	75,000	30,000	3,000	108,000
Prof. Dr. Werner Brinker	**2015**	**50,000**	**7,500**	**2,000**	**59,500**
	2014	50,000	7,500	2,500	60,000
Prof. Dr. Andreas Georgi	**2015**	**50,000**	**75,000**	**3,500**	**128,500**
	2014	50,000	75,000	2,500	127,500
Svenja-Marie Gnida	**2015**	**50,000**	**15,000**	**3,500**	**68,500**
	2014	50,000	15,000	3,000	68,000
Stefan Lübbe	**2015**	**50,000**	**45,000**	**3,500**	**98,500**
	2014	50,000	45,000	3,000	98,000
Prof. Dr. Petra Pohlmann	**2015**	**50,000**	**3,750**	**2,500**	**56,250**
	2014	50,000	—	2,000	52,000
Horst Reglin	**2015**	**50,000**	**—**	**2,500**	**52,500**
	2014	50,000	—	2,000	52,000
Dr. Peter Hemeling [1] (since 10/1/2015)	**2015**	**—**	**—**	**—**	**—**
	2014	—	—	—	—
Carl-Ulfert Stegmann	**2015**	**50,000**	**3,750**	**2,500**	**56,250**
	2014	50,000	—	2,500	52,500
Gabriele Timpe	**2015**	**50,000**	**—**	**2,500**	**52,500**
	2014	50,000	—	2,500	52,500
Christine de Vries	**2015**	**50,000**	**30,000**	**3,500**	**83,500**
	2014	50,000	30,000	2,500	82,500
Total	**2015**	**587,500**	**268,125**	**33,000**	**888,625**
	2014	575,000	255,000	28,500	858,500

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

Total compensation paid to the Supervisory Board for fiscal 2015, including meeting honoraria, came to EUR 888.6 thousand (prior year: EUR 858.5 thousand).

The statutory value-added tax (VAT) applicable to total compensation and meeting honoraria came to EUR 197,220 and was reimbursed.

In addition, in 2015 Carl-Ulfert Stegmann received EUR 1 thousand plus VAT as compensation for his membership on the Advisory Board of Oldenburgische Landesbank AG.

Dr. Petra Pohlmann received compensation in the amount of EUR 40 thousand and meeting honoraria of EUR 0.6 thousand (each plus VAT) from Allianz Versicherungs-AG for her activity on this company's Supervisory Board.

Loans to members of the Supervisory Board

Credit granted to members of the Supervisory Board was as follows as of December 31, 2015: Approved credit lines totaled EUR 290.3 thousand (prior year: EUR 315.3 thousand), EUR 18.1 thousand of which (prior year: EUR 26.8 thousand) had been used as of December 31, 2015.

The interest rates were between 3.48 percent and 8.18 percent. The interest rates and terms are those commonly applied in the market. At the reporting date, EUR 5.5 thousand (prior year: EUR 7.0 thousand) in credit card lines had been utilized, out of total limits of EUR 109.3 thousand (prior year: EUR 125.2 thousand).

There were furthermore loan commitments of EUR 3,372.3 thousand (prior year: EUR 3,771.7 thousand), of which EUR 3,372.3 thousand (prior year: EUR 3,715.0) had been drawn as of December 31, 2015. The interest rates were between 0.81 percent and 4.98 percent. The interest rates and terms are those commonly applied in the market.

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 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 2016. 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 five times in fiscal 2015. The meetings were held in March, May, 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 business performance and the current risk situation at every regular meeting, and discussed full details of the course of business development with the Board of Managing Directors. 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 2014, and set both the goals and the total amount for the variable component of compensation in 2016. 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 furthermore adopted an organizational guideline specifying the principles of the compensation system for the Board of Managing Directors; we sought and obtained information about a corresponding guideline for the employee compensation systems. Finally, the Supervisory Board assessed the Board of Managing Directors, both as a whole and its individual members, on the basis of criteria prescribed by the German Banking Act (Kreditwesengesetz), and furthermore reviewed the expertise and reliability of the individual members of that board. After due preliminary deliberations in the Executive and Compensation Committee, we extended the term of office of Dr. Thomas Bretzger, which expired on December 31, 2015, for a further five years.

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

See pp. 022 ff.

We obtained a detailed description of the plans the Board of Managing Directors have made to maintain and enhance the Company's competitiveness. The Board of Managing Directors presented a convincing concept for confronting the challenges ahead, particularly changes in client preferences, increasing digitization and regulation, and the persistent environment of low interest rates. After detailed discussion, we encouraged the Board of Managing Directors to carry out their plans expeditiously.

The Supervisory Board dealt in detail with implementing the German act for the advancement of women, which took effect in 2015. The Supervisory Board set a target for women's participation in the Board of Managing Directors, and discussed with that board the targets it would set for women's participation in the two levels of management below the managing directors.

Once again in fiscal 2015, 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. 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. Where permitted by law, the Supervisory Board also transferred its decision-making authority on numerous topics to committees. The committee chairs regularly informed the Supervisory Board of the committees' work. The membership and scope of duties of the individual committees are described in the Corporate Governance Report.

See pp. 014 ff.

The *Executive and Compensation Committee* met a total of four times in fiscal 2015. It dealt primarily with matters concerning the Board of Managing Directors. The committee prepared the review of the compensation system for the Board of Managing Directors, and the adoption of an organizational guideline on the principles of the compensation system for that board. It also 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 2014, and presented a corresponding recommendation to the full Supervisory Board. The Executive and Compensation Committee also prepared the assessment of the structure, size, composition and performance of the Board of Managing Directors, and supported the Supervisory Board in assessing the knowledge, abilities and experience of the individual managing directors, as well as the Board of Managing Directors as a whole. The committee also dealt with implementing the new act for the advancement of women, 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 anticipatory resolutions on granting loans to individuals who are related parties of the Company, 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 2015, including once via teleconferencing. Between meetings, the committee chairman also maintained contact with the Board of Managing Directors, the independent auditors, and the heads of the Internal Auditing and Compliance units. The committee reviewed the annual financial statements of Oldenburgische Landesbank AG and the Group, the combined management report and the 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 and Compliance departments. It also sought and obtained information about the results of regulatory audits, and discussed the implementation of new regulatory requirements 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, and reviewed the efficacy of the risk management system and of the systems at the Internal Auditing and Compliance departments. It also addressed audit reports that KPMG had prepared on various topics (requirements under the laws on depository institutions and the capital markets; prevention of money laundering, financing of terrorism and other criminal acts; organization of the Compliance function; legal, economic and organizational bases; risk management; the lending business; fulfillment of regulatory requirements). It also discussed the semiannual financial report with the Board of Managing Directors before publication. Finally, the Audit Committee submitted a suggestion to the full Supervisory Board for the Declaration of Compliance with the German Corporate Governance Code.

The *Risk Committee* held a total of four meetings last year in person. It met eleven times by way of teleconferencing, to deliberate and decide primarily on individual credit exposures. Between meetings, the chairman of the Risk Committee maintained regular contact with the Board of Managing Directors. The Risk Committee discussed the Risk Strategy with the Board of Managing Directors on several occasions, 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 dealt in particular detail with the plans of the Board of Managing Directors for developing business strategy further in an era of persistent low interest rates. It also dealt with the Company's strategic focus in regard to financing wind farms, and obtained regular reports on the evolution of the sub-portfolio for shipping loans. At each of the meetings held in person, the Risk Committee obtained status reports on two strategic products involving processes of structural change in the lending back office and optimizing processes in the lending business with retail clients. The committee noted with great interest the results of various stress tests that explored the impact of selected scenarios on the Bank's current risk profile. It also discussed compliance with the relevant regulatory requirements, and the results of regulatory audits. The Risk Committee reviewed 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. It also 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. Further topics were the approval of the investment plan for fiscal 2016, consent to loans to related entities of the Company, and individual loan applications.

The *Nominating Committee* met once during the year. At that meeting, it prepared the Supervisory Board's self-evaluation in compliance with the criteria of the Banking Act. Additionally, it addressed a new recommendation under the German Corporate Governance Code that the Supervisory Board should set a standard time limit for membership in the Supervisory Board. It also addressed personnel planning for 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. On the basis of the preparations made by the Audit Committee, we discussed potential areas of improvement and adopted appropriate steps to be taken in the future. Additionally, with the support of the Nominating Committee, the Supervisory Board performed a self-assessment of its structure, size, composition and performance. Likewise based on preparations by the Nominating Committee, it also assessed the knowledge, abilities and experience of the Supervisory Board as a whole and its members as individuals, and in that connection also reviewed the expertise and reliability of its 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 implementation of a new recommendation under that Code, the Supervisory Board set a normal limit of 15 years for maximum membership in the Supervisory Board. In December 2015, 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 2015 was published on OLB's Web site, and is also reproduced in the Management Declaration per Sec. 289a (1) and (2) 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 p. 019

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, 2015, 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 (3) of the German Commercial Code.

The documents for the financial statements and KPMG's associated audit reports for fiscal 2015 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 meetings of December 7, 2015, and March 9, 2016, and by the full Supervisory Board at its meeting of March 17, 2016. The auditors participated in all of these meetings. 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 Supervisory Board and Board of Managing Directors

By amicable mutual agreement, effective September 30, 2015, Mr. Andree Moschner resigned his position on the Board of Management of Allianz Deutschland AG, and left the Allianz Group as of that date. As of the same date, he resigned his positions as a member and Chairman of the Supervisory Board of Oldenburgische Landesbank AG. Dr. Peter Hemeling, General Counsel of Allianz SE, joined the Supervisory Board as of October 1, 2015, as a substitute member elected by the 2013 Shareholders' Meeting. The Supervisory Board elected Mr. Rainer Schwarz as its new Chairman; he has been a member of the board since May 2010.

There were no changes in the Board of Managing Directors.

The Supervisory Board wishes to thank every employee of Oldenburgische Landesbank AG for their dedication and for their successful hard work.

Oldenburg, March 17, 2016
For the Supervisory Board

Rainer Schwarz
Chairman

COMBINED MANAGEMENT REPORT

About the Group

Oldenburgische Landesbank AG (OLB) is an exchange-listed regional bank that has conducted commercial banking business for corporate and retail customers since 1869. Its core business territory covers the region between the Weser and Ems Rivers and the North Sea. With experienced staff for corporate customers, retail customers and independent professionals, specialized advisors particularly for the region's strong agricultural and renewable energy sectors and in private banking, and an ingrained sense of social responsibility, OLB has made itself a partner for the region and its people.

Now that OLB AG has absorbed Bankhaus W. Fortmann & Söhne KG and the sale of Münsterländische Bank Thie & Co. KG has taken legal effect, OLB is no longer under a legal obligation to prepare consolidated financial statements, although it still holds two special funds, AGI-Fonds Ammerland and AGI-Fonds Weser-Ems, as financial investments.

The Bank's management has decided to prepare consolidated financial statements for the past fiscal year on a voluntary basis.[1] These statements include the above special funds in addition to OLB AG, and have been prepared on the basis of IFRSs. In addition to the special funds, OLB holds a number of smaller equity interests, which serve, for example, to maintain its network within the financial industry and in the region's economy.

Beginning with fiscal 2016, management has decided to forgo preparing voluntary consolidated financial statements, but will still prepare single-entity annual financial statements.[2]

The Bank is also no longer under any obligation to release interim management reports for the first and third quarters of each fiscal year.[3] The Bank has also decided to exercise this simplification option, and in the future, by resolution of the Board of Managing Directors, will prepare and release single-entity annual financial statements and interim reports for the first half under German GAAP, i.e., the reporting rules under the German Commercial Code.

OLB's intent to provide comprehensive, individualized advice for its retail and business customers, its 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 banking business with individuals and small businesses. Above and beyond private construction financing and the deposits business, its principal product groups are account management, payment traffic, consumer loans, smaller business loans, risk cushioning and 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 segment offers all-around customized support for its clients, from investment counseling to the lending business. This line of business 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. It also offers classic banking products in payment traffic, deposits and lending, as well as customized solutions for private risk cushioning and retirement planning. Bankhaus W. Fortmann & Söhne, which was integrated into OLB as an affiliate as of January 1, 2015, has been entirely allocated to this segment. That has created opportunities for synergy in serving this private bank's high-net-worth private banking clients.

1 Per Sec. 315a (3) of the German Commercial Code

2 Under Sec. 264 of the Commercial Code

3 Since the effective date of the Act on the Implementation of the Transparency Directive Amendment Directive (promulgated in the Federal Gazette on November 26, 2015)

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, here OLB primarily offers payment traffic, foreign business, interest rate hedges and insurance.

OLB aligns its profitability goals with the risk structure of its business activities, the returns that the capital market expects from companies with a comparable risk structure, and the structural need for profits to safeguard adequate capitalization by way of retained earnings. As part of its strategic "OLB 2019" program for the future, the Bank is aiming to steadily raise its return on equity in coming years. The bounds within which the requisite profitability potential will be achieved 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,[4] the core capital ratio,[5] the risk coverage ratio,[6] and the liquidity coverage ratio (LCR)[7] as key figures for the Bank's ability to meet payments. The cost–income ratio[8] is used to assess cost efficiency at the Whole Bank level.

See Glossary, p. 178

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.

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

4 Ratio of profit before taxes to average equity per IFRSs, excluding other comprehensive income

5 Ratio of core capital to risk-weighted assets

6 Ratio of available risk coverage to risk capital needed

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

8 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. 180

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

Restrictions on voting rights or on the transfer of shares

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

Capital holdings in excess of 10 percent of voting rights

Allianz Deutschland AG, of Munich, holds approximately 90.2 percent of the stock of Oldenburgische Landesbank AG (as of December 31, 2015). 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 (cf. Sec. 25c 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 Art. 6 of the Articles of Incorporation, 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. 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, Restricted Stock Units (RSUs) – in other words, shares of 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.

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- Oldenburgische Landesbank AG 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 declarations 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 previously 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

According to estimates by the International Monetary Fund (IMF), the global economy expanded 3.1 percent in 2015 (prior year: +3.4 percent). While the economic picture proved rather robust in most advanced economies, it deteriorated during the year in a number of emerging economies. China in particular showed clear signs of a cooling economy. Moreover, many emerging economies that depend on exports of raw materials suffered from the slump in the prices of crude petroleum and other major industrial commodities.

In the euro area, production rose more vigorously in 2015 than it had the year before, amid an environment of lower energy costs, very low interest rates, and a weak euro. The situation particularly improved in the European countries that had been beset with crises. Preliminary calculations by the leading economic research institutes indicate that real gross domestic product grew 1.5 percent in the euro area (prior year: +0.9 percent). Expansion was driven to a significant degree by consumer spending, which rose 1.7 percent (prior year: +0.9 percent). Capital expenditures increased 1.9 percent from the year before (+1.3 percent). But more vigorous investment was countered by uncertainty about whether the recovery was sustainable, and by declining demand from important emerging economies.

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According to calculations by the Federal Statistical Office, the German economy grew 1.7 percent in 2015 (prior year: +1.6 percent). Consumer spending buoyed the economy in Germany as well; it rose 1.9 percent (prior year: +0.9 percent), benefiting from a considerable expansion in employment and rising real wages (especially because of greater buying power owing to considerably lower oil prices). Government consumption increased 2.8 percent (prior year: +1.7 percent), likewise making a significant contribution to economic growth. This figure particularly represents expenditures on assistance and integration for refugees. By contrast, capital expenditures, at 1.7 percent, grew more moderately than in the prior year (+3.5 percent). Irrespective of the moderate pace of expansion in the global economy, exports rose a vigorous 5.4 percent (prior year: +4.0 percent). An important role was played here by the economic recovery in the euro area and the improvement in the price competitiveness of German products because of the lower euro.

Interest rates in Germany remained extremely low in 2015. The prime lending rate set by the European Central Bank (ECB) remained unchanged at 0.05 percent throughout the year. In March 2015, moreover, the ECB began a bond buying program for about EUR 60 billion a month. The volume of this program placed considerable pressure on interest rates. In December 2015, the ECB decided to extend its bond purchases until March 2017, and lowered the interest rate for deposits held at the ECB still further, from minus 0.2 percent to minus 0.3 percent. Amid this environment, the EONIA (Euro OverNight Index Average) interbank rate for demand deposits declined steadily from minus 0.08 percent at the beginning of the year to minus 0.24 percent in December 2015. Finally, at the beginning of 2016, the ECB raised the prospect of a further easing of monetary policy. In terms of projecting interest rates, given these conditions and the low inflation existing and expected within the euro area, it must be assumed that lending and capital market interest rates will remain low, and will fluctuate more or less at their current levels for the foreseeable future.

For 2016, the Bank expects the German economy to continue growing at its present rate. The further decline in oil prices at the beginning of the year is having a positive impact on real income. Real income will also profit this year from rising employment, collectively bargained wage agreements well above the inflation rate, a declining tax burden, and rising transfer payments by the state. Accordingly, economic development is still likely to be driven primarily by private consumer spending. Investments in equipment and construction in 2016 are likely to accelerate slightly from last year because borrowing conditions still remain supportive. The outlook is especially positive for housing construction. Immigration is also likely to encourage construction activity. There are also signs that public capital expenditures may expand. Defense spending, on the other hand, will pick up only slightly. Foreign trade is likely to contribute less to growth in 2016 than in 2015 because the effects of the lower euro are likely to diminish gradually.

The economy in Northwest Germany

The economic picture in Northwest Germany remained robust at a vigorous level in 2015. Most companies were satisfied with the current economic situation. The construction industry, retailers, wholesalers, and the transportation and service sectors especially reported that business had improved. Unemployment in Lower Saxony reached 5.8 percent at the end of 2015, the lowest level since Reunification. Staff buildups and companies' propensity to hire also remained high in the Northwest. Nevertheless, business players were more cautious about the future at the end of 2015 than they had been at the beginning of the year. This skepticism also reflects uncertainties in the region about the world's geopolitical crises, the cooling economy in China, and the management of the refugee crisis. Nevertheless, according to surveys by the Chamber of Industry and Commerce (IHK), capital spending plans continue to point upward. In the Chamber's district of Osnabrück, Emsland and the county of Bentheim, for example, one in every five businesses anticipates higher total investments for this year. In the Oldenburg district, the figure is even one in every four businesses. The emphasis here is primarily on replacement investment and rationalization measures. At the same time, consumer spending is being supported by the good situation in the job market.

For the coming year, OLB expects regional and national business conditions to remain essentially the same, a development that has also been observed in past years. Because of the region's structurally broad-based mix of industries, with many small and medium-sized businesses, sector-specific differences in business conditions tend to even themselves out here. Foreign trade also has less of an impact here because the Weser-Ems region has a lower export rate than the country's business as a whole. Low oil prices, with the resulting low operating costs, continue to exert a positive effect in the transportation and logistics industry, and especially the shipping industry. In agriculture, however, the sharp decline in producer prices for milk and pork has put businesses under pressure.

The banking environment

The financial industry has been in a phase of radical change and renewal for years now. Banks are under pressure to adjust to the aftereffects of the financial crisis, the low-interest environment, changes in client expectations, the digitization of business models and processes, and intense competition, including new entrants into the market from the financial technology sector.

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 Capital Requirements Regulation (CRR). The 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, implementing new regulatory requirements involves tying up more resources and expending more effort on procedures both in sales and in central staff, management and back-office units.

Thus, numerous cost drivers in the financial business are taking effect at the same time as a structurally induced slackening of earnings momentum, which is being amplified even further in the present environment of low interest rates. In a stress test study, the Bundesbank and BaFin project that if the low-interest phase persists in coming years, there will be substantial declines in banks' earnings. They believe systematic responses are needed. As potential areas for action they mentioned expanding non-interest-bearing business, sustained cost reductions for both structures and processes, branch closures, and mergers or exits from the market. However, a current research paper from Jade University foresees a robust picture for regional banking institutions in the Weser-Ems region, and finds that these banks are strong enough to withstand the future risks in their business.

Group Business Performance

Results of operations

EUR m	2015	2014	Change	Change (%)
Interest (and similar income)	421.2	454.8	– 33.6	– 7.4
Interest expense (and similar charges)	182.1	217.6	– 35.5	– 16.3
Net interest income	239.1	237.2	1.9	0.8
Commission income	93.8	94.1	– 0.3	– 0.3
Commission expense	26.9	23.2	3.7	15.9
Net commission income	66.9	70.9	– 4.0	– 5.6
Net operating trading income / expense	7.9	4.2	3.7	88.1
Other income	0.8	0.4	0.4	100.0
Operating income	**314.7**	**312.7**	**2.0**	**0.6**
Operating personnel expense	143.7	153.5	– 9.8	– 6.4
Office expense	83.5	84.4	– 0.9	– 1.1
Other expenses	2.1	6.7	– 4.6	– 68.7
Administrative expenses	**229.3**	**244.6**	**– 15.3**	**– 6.3**
Risk provisions for credit business	36.3	39.0	– 2.7	– 6.9
Restructuring income / expense	– 7.0	3.0	– 10.0	n / a
Realized net income from financial assets	4.1	3.2	0.9	28.1
Net nonoperating trading income / expense	– 0.1	– 0.6	0.5	– 83.3
Net income / loss from financial assets	4.0	2.6	1.4	53.8
Profit before taxes	**46.1**	**34.7**	**11.4**	**32.9**
Taxes	14.3	9.8	4.5	45.9
Profit after taxes	**31.8**	**24.9**	**6.9**	**27.7**

Basic and diluted earnings per share (EUR)	**1.36**	**1.07**	**0.29**	**27.1**

The developments that had shaped our market environment in past years continued once again in 2015. Short-term interest rates declined again; customers continued to rely on highly liquid deposits in their private asset investment; regulatory requirements grew further and have tied up increasing amounts of resources. Amid this demanding environment, OLB put in a distinctly positive earnings performance in 2015. The foundation was the solid evolution of operations. Systematic cost management more than compensated for charges against income, especially resulting from the challenging environment in light of low interest rates. Risk provisions were down 6.9 percent from the year before. A nonrecurring distribution of EUR 10.3 million from an equity investment provided OLB with additional earnings leeway. This more than compensated for charges for allocations to provisions for the measures planned under the strategic "OLB 2019" program for the future. All in all, the pretax profit rose a substantial EUR 11.4 million from the previous year, to EUR 46.1 million.

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Details of the individual components of profits:

Net interest income

EUR m	2015	2014	Change	Change (%)
Interest (and similar income)	421.2	454.8	– 33.6	– 7.4
Interest expense (and similar charges)	182.1	217.6	– 35.5	– 16.3
Net interest income	**239.1**	**237.2**	**1.9**	**0.8**
Customer lending volume at end of period (before risk provisions)	10,401.4	10,516.3	– 114.9	– 1.1

The ECB's expansive monetary policy also continued during the past year. In December 2015, the ECB lowered its interest rate on deposits from –0.2 percent to –0.3 percent. All in all, interest rates over the course of the year were considerably lower even than the year before, and therefore below the assumptions on which the Bank had based its 2015 planning. In the lending business, the market environment enlivened demand for loans, especially in construction lending. Maturing loans were largely compensated with new business, so that the high level of total lendings was essentially maintained. However, contrary to the Bank's plans, it did not increase. In the deposit business, low interest rates increased the decline in margins. Overall, customer deposits maintained their important role as a stable source of refinancing for the Bank's lending business. On the whole, income from interest in the customer business lagged behind the prior year's expectations, primarily because of the evolution of interest rates and the slight decline in total lendings (–1.1 percent). The net interest income item also includes operating income from equity investments, so that a nonrecurring distribution of EUR 10.3 million from an equity investment nevertheless yielded an increase of EUR 1.9 million in net interest income for the year, to EUR 239.1 million.

Net commission income

EUR m	2015	2014	Change	Change (%)
Securities business	11.6	13.6	– 2.0	– 14.7
Asset management	11.5	11.7	– 0.2	– 1.7
Payment traffic	23.0	25.1	– 2.1	– 8.4
Foreign business	2.1	2.2	– 0.1	– 4.5
Insurance, home loan and savings, real estate business	13.2	12.8	0.4	3.1
Credit card business	2.2	1.6	0.6	37.5
Trustee and other fiduciary activities	—	—	—	n / a
Other	3.3	3.9	– 0.6	– 15.4
Net commission income	**66.9**	**70.9**	**– 4.0**	**– 5.6**

In 2015, Münsterländische Bank Thie & Co. KG (MLB) was sold with effect retroactive to January 1, 2015. This bank's business had emphasized the securities business and asset management. The resulting decrease was largely compensated by the Regional Bank's successful business emphasizing asset management – especially in the Private Banking & Independent Professionals segment. A further decrease in the securities business from the previous year resulted from the loss of EUR 1.4 million in portfolio commissions because a real estate fund began winding up. While other commission lines remained largely stable, income from payment traffic and in the lending business came under pressure in 2015. Here there were substantial decreases during the year. All in all, net commission income was down from EUR 70.9 million in 2014 to EUR 66.9 million in 2015. This result fell short of expectations.

Net operating trading income / expense

EUR m	2015	2014	Change	Change (%)
Trading in interest rate products	1.3	– 0.4	1.7	n / a
Foreign-currency and precious-metals business	2.2	2.1	0.1	4.8
Effect of hedged transactions and derivatives for management of the interest rate book	4.5	2.8	1.7	60.7
Other	– 0.1	– 0.3	0.2	– 66.7
Net operating trading income / expense	**7.9**	**4.2**	**3.7**	**88.1**

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This item largely reflects income from customer transactions in foreign currencies and interest rate hedges, and the result from the measurement of swaps for managing the Bank's proprietary interest rate book. The substantial increase of EUR 3.7 million, to EUR 7.9 million, was in part driven by the derivatives business with corporate customers, which grew substantially through the year thanks to selective approaches to customers and customized advisory services.

An additional EUR 4.5 million of the net profit for the period (prior year: EUR 2.8 million) came from the measurement of interest rate swaps in hedge accounting. This income was countered by charges of EUR –5.3 million (prior year: EUR –3.2 million) from the amortization of fair-value adjustments on underlying transactions; in compliance with IFRSs, these are recognized as an interest expense. On balance, therefore, hedge accounting had a net effect of EUR –0.8 million on profits in 2015 (prior year: EUR –0.4 million).

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Administrative expenses

EUR m	2015	2014	Change	Change (%)
Operating personnel expense	143.7	153.5	– 9.8	– 6.4
Office expense	83.5	84.4	– 0.9	– 1.1
Administrative expenses	**227.2**	**237.9**	**– 10.7**	**– 4.5**
Employees at 12/31 [1]	2,236	2,311	– 75	– 3.2
Full-time equivalents at 12/31	1,801	1,897	– 96	– 5.1
Cost–income ratio (%)	72.9	78.2	n / a	n / a

1 The employee count does not include apprentices and trainees, and as of 2015 has also not included temporary employees and interns. To maintain comparability, the prior-year figures have been adjusted to the definition used for the year under report.

OLB systematically managed costs over the course of the year. It reduced administrative expenses a substantial EUR 10.7 million during the year, from the prior year's EUR 237.9 million to EUR 227.2 million. Thus, the cost reductions were better than planned. In addition to the costs of EUR 3.6 eliminated in comparison to the prior year by the sale of MLB, efficiency enhancements from the modernization program launched in the retail customer business in 2014 also helped with personnel expenses, as did a review and revision of the amount of variable components of compensation. The number of employees decreased by 75 during the year, to 2,236. Overall, the Bank more than made up for the increase in expenses from factors like a substantial increase in the bank levy, higher deposit insurance expenses, and increases in collectively bargained wages for personnel. Consequently, the cost–income ratio improved substantially, as expected, from the prior year's 78.2 percent to 72.9 percent in the year under review.

Risk provisions for credit business

Consistent stability in the economy provided for good performance throughout the customer lending portfolio again in 2015. The ultimate net charge of EUR 36.3 million (prior year: EUR 39.0 million) is attributable primarily to the corporate customer portfolio, to exceptional developments in individual markets, and also, once again, to the shipping industry. Overall, risk provisioning was down 6.9 percent from the prior year – substantially better than had been estimated in the deliberately conservative planning for the year.

Net income from financial assets

Reclassifications carried out as part of managing the liquidity reserve yielded a net gain of EUR 4.0 million, a substantial improvement from the prior year's EUR 2.6 million.

Restructuring income / expense

To enhance its customer orientation and improve profitability, the Bank is planning as part of its strategic “OLB 2019” program for the future to intensify digitization across the board, and to gradually introduce products and advisory service components online. The branch network will be revised further in the course of this development. All in all, our aim is to make the Bank’s procedures less complex, so as to please present customers and impress future ones with simple, understandable products and fast processes that meet their needs. Less complexity will result in less need for staff. The staff cutbacks are to be implemented with means suitable to avert personal hardships. The necessary funding is the principal reason for the net restructuring expense of EUR 7.0 million already recognized for fiscal 2015.

Segment results

OLB’s management and reporting are 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 segment reporting.

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 and administering the Bank. The Bank expanded its internal cost transfers during the year. Corporate units’ costs that are incurred for providing services in business operations are reclassified to the strategic business areas that occasioned them, and recognized as “Cost transfers – operations.” The prior-year figures have been adjusted accordingly.

The “Non-reportable segments” column summarizes the contributions to earnings from the special funds held by the Bank, the wind-down portfolio for ships, and continuing business from the former Allianz Bank.

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
	1/1–12/31/2015					
Net interest income	84.1	26.6	111.9	—	16.5	239.1
Net commission income and other income	31.7	20.4	16.4	—	7.1	75.6
Operating income	**115.8**	**47.0**	**128.3**	**—**	**23.6**	**314.7**
Operating personnel expense	43.5	13.0	17.4	61.9	7.9	143.7
Office expense and other expenses	18.1	2.5	2.8	54.4	7.8	85.6
Cost transfers – operations	36.8	10.6	23.1	–71.2	0.7	—
Administrative expenses	**98.4**	**26.1**	**43.3**	**45.1**	**16.4**	**229.3**
Risk provisions for credit business	1.8	0.1	20.4	—	14.0	36.3
Net restructuring income/expense	—	—	—	—	–7.0	–7.0
Operating profit/loss	**15.6**	**20.8**	**64.6**	**–45.1**	**–13.8**	**42.1**
Net income/loss from financial assets	—	—	—	—	4.0	4.0
Segment profit	**15.6**	**20.8**	**64.6**	**–45.1**	**–9.8**	**46.1**
Segment assets (EUR bn)	3.8	0.9	5.0	—	3.9	13.6
Segment liabilities (EUR bn)	2.5	1.6	1.9	—	7.0	13.0
Cost–income ratio (%)	85.0	55.5	33.7	—	69.5	72.9
Risk capital (average)[1]	41.1	14.8	203.5	—	221.2	471.6
Risk assets (average)	743.9	285.2	3,052.0	—	1,555.9	5,637.0

1 The aggregate total for the Group is less than the total of the segments because the risk capital is not additive, due to diversification effects.

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	85.3	26.8	116.1	—	9.0	237.2
Net commission income and other income	32.3	19.2	16.0	—	8.0	75.5
Operating income	**117.6**	**46.0**	**132.1**	—	**17.0**	**312.7**
Operating personnel expense	46.4	12.8	16.2	62.3	15.8	153.5
Office expense and other expenses	18.8	3.3	2.8	52.0	14.2	91.1
Cost transfers – operations	35.3	10.6	23.3	– 69.8	0.6	—
Administrative expenses	**100.5**	**26.7**	**42.3**	**44.5**	**30.6**	**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
Operating profit / loss	**14.7**	**19.4**	**75.3**	**– 44.5**	**– 32.8**	**32.1**
Net income / loss from financial assets	—	—	—	—	2.6	2.6
Segment profit	**14.7**	**19.4**	**75.3**	**– 44.5**	**– 30.2**	**34.7**
Segment assets (EUR bn)	3.8	0.8	5.1	—	4.4	14.1
Segment liabilities (EUR bn)	2.3	1.1	2.3	—	7.8	13.5
Cost–income ratio (%)	85.5	58.0	32.0	—	180.0	78.2
Risk capital (average) [2]	45.9	13.5	251.9	—	204.9	484.8
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 for the Group is less than the total of the segments because the risk capital is not additive, due to diversification effects.

The ongoing phase of low interest rates continued to impact earnings in all three strategic lines of business. Net interest income was down from the prior year in all segments. The Corporate Customers segment came under particular pressure in the deposits business because of declining margins, especially for high-volume term deposits. The nonrecurring distribution from an equity investment is recognized under non-reportable segments, where it led to a substantial increase in net interest income. Net commission income and other income, which come largely from client trading in foreign currencies and derivatives, increased slightly in the strategic segments in comparison to the year before. One driver behind this development proved to be the successful securities business in the Private Banking & Independent Professionals segment. The figures here reflect the ongoing expansion of the asset management business, among other factors. In the Corporate Customers business, other income was increased by selectively approaching customers and providing them with customized advice, especially regarding the use of interest-rate hedging instruments. In summary, operating income was below the prior year's projections, particularly because of the decline in interest rates and because lending volume did not increase as expected.

On the cost side of the ledger, the reorganization and modernization of the retail business began showing its first successes during the year. In the Retail and Business Customers segment, the segment's direct personnel and office expenses were cut substantially from the year before, as expected, by EUR 2.1 million, to EUR 98.4 million. The operating expenses recognized under "Non-reportable segments" decreased sharply, thanks to further cost reductions resulting from the sale of Münsterländische Bank Thie & Co. KG, from a review and adjustment of the amount of variable components of compensation, and from the elimination of a nonrecurring charge for provisions recognized in 2014 in connection with new case law on consumer protection. Thus, operating expenses developed slightly better overall than had originally been expected. The cost–income ratio was down in the Retail and Business Customers and Private Banking & Independent Professionals segments, but rose to 33.7 percent in the Corporate Customers business, largely because of the decrease in operating income.

While risk provisions decreased overall at the Whole Bank level, the changes varied in the individual segments. The risk situation in the strategic Retail and Business Customers and Private Banking & Independent Professionals segments benefited substantially from the low interest levels and the growth of the job market, so that these segments saw a consistently low net charges for risk provisions during the year. In 2014, the Corporate Customers segment had profited from exceptionally strong performance in the loan portfolio for small and medium enterprises; that result was not reproducible in 2015. The net profit for the Corporate Customers segment reflected the change. By contrast, risk provisions for the wind-down portfolio for ships in the "Non-reportable segments" column made a significantly better showing than in the prior year.

All in all, the Retail and Business Customers segment expanded its profits by 6 percent over the prior year, to EUR 15.6 million, while the Private Banking & Independent Professionals segment's profits were up 7 percent to EUR 20.8 million. Because of the pressure on margins in the deposit business and a more adverse turn in risk provisions than for the prior year, the profit from the Corporate Customers segment decreased by EUR 10.7 million, to EUR 64.6 million.

Profit / taxes

The profit before taxes for 2015 was EUR 46.1 million, and therefore, in keeping with the projection from the prior year's report, was well above the 2014 figure of EUR 34.7 million. Allowing for a tax charge of EUR 14.3 million, this yields an after-tax profit of EUR 31.8 million (prior year: EUR 24.9 million).

Group's net assets and financial position

Total lendings

At EUR 10.2 billion, OLB maintained its total customer lendings almost stable at the high level from the beginning of the year (EUR 10.3 billion). In this regard, the Bank continued to manage its business with a strong focus on meeting its margin requirements, and on improving the risk structure of its portfolio. With offerings specially directed to retail customers in the areas of real estate financing and consumer loans, OLB enjoyed a success in new business. Demand was consistently high in private construction financing especially. In the business with corporate customers, new business picked up considerably in the second half, after a rather more slack first half.

EUR m	2015	2014	Change	Change (%)
Customer lending in Germany	10,325.3	10,448.7	– 123.4	– 1.2
Customer lending outside Germany	76.1	67.6	8.5	12.6
Total lending volume (gross)	**10,401.4**	**10,516.3**	**– 114.9**	**– 1.1**
less: risk provisions	209.6	215.9	– 6.3	– 2.9
Total lendings (net)	**10,191.8**	**10,300.4**	**– 108.6**	**– 1.1**

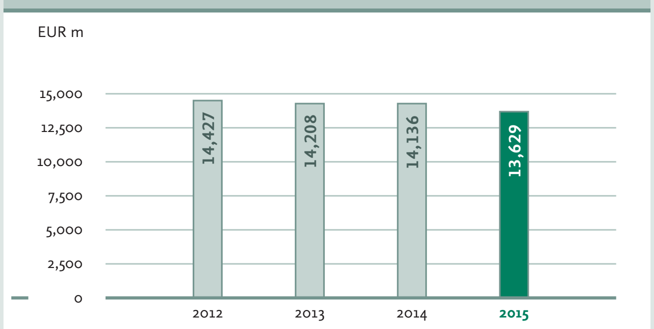
Liquidity

The Bank has an appropriate level of liquidity. It is oriented to the objective of ensuring that OLB is able to meet payments even in the event of a suddenly exacerbated crisis in the financial markets. For this purpose, the Bank maintains conservative safety buffers and refinances its lending business primarily through its deposits business. The result was that the regulatory liquidity ratio at the reporting date was 1.25 (prior year: 1.74), and was thus once again well above the regulatory minimum of 1.0. The second liquidity that is relevant from the regulatory point of view, the liquidity coverage ratio (LCR), was likewise well above the regulatory threshold (60 percent), at 138 percent (prior year: 244 percent; both figures at the level of OLB AG).

Financial assets

OLB maintains a portfolio of financial assets of approximately EUR 2.8 billion, which serves primarily as a liquidity reserve and consists largely of Pfandbrief bonds and government bonds with very good ratings (prior year: EUR 2.9 billion).

Changes in total assets



Deposits and borrowed funds

EUR m	2015	2014	Change	Change (%)
Customer deposits	**7,375.0**	**7,957.9**	**– 582.9**	**– 7.3**
Demand deposits	4,615.7	4,219.2	396.5	9.4
Term deposits	890.7	1,478.2	– 587.5	– 39.7
Savings deposits	1,868.6	2,260.5	– 391.9	– 17.3
Interbank money	**4,519.8**	**4,231.5**	**288.3**	**6.8**
Demand deposits	52.4	60.7	– 8.3	– 13.7
Term deposits	4,467.4	4,170.8	296.6	7.1
Securitized liabilities	**395.4**	**512.5**	**– 117.1**	**– 22.8**
Subordinated debt	**250.8**	**220.9**	**29.9**	**13.5**
Total deposits and borrowed funds	**12,541.0**	**12,922.8**	**– 381.8**	**– 3.0**

Contrary to the prior year's expectations, the deposits business saw a decrease, primarily as a consequence of high-volume individual withdrawals of deposits in the business with corporate customers. In comparison to the prior year, there was further growth in deposits by retail customers in the Regional Bank business. This made it possible largely to compensate for the outflow of deposits as savings agreements with clients of the former Allianz Bank matured.

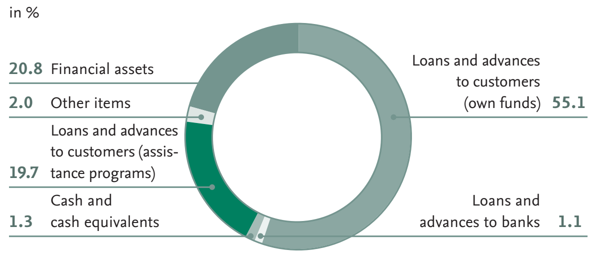
See chart, p. 058

On-balance-sheet equity

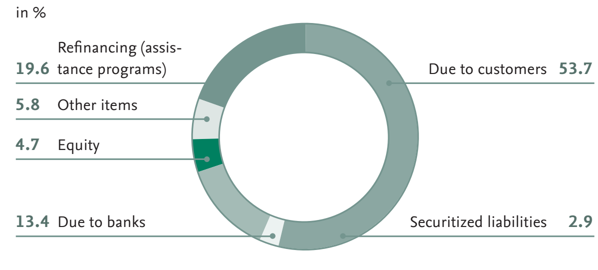
The Bank reinforced its capital base during the year. By year's end, total equity had increased to EUR 640.8 million, compared to EUR 614.7 million the year before. This improvement was due primarily to the substantial improvement in profits and the Bank's decision to retain a portion of the prior year's profit in light of rising capital requirements. Results from the measurement of financial assets and pension provisions, recognized in other comprehensive income, canceled each other out almost entirely in 2015.

The return on equity before taxes rose substantially, as projected; it reached 7.3 percent, 1.6 percentage points above the prior year's figure (5.7 percent).

Balance sheet ratios for assets



Balance sheet ratios for equity and liabilities



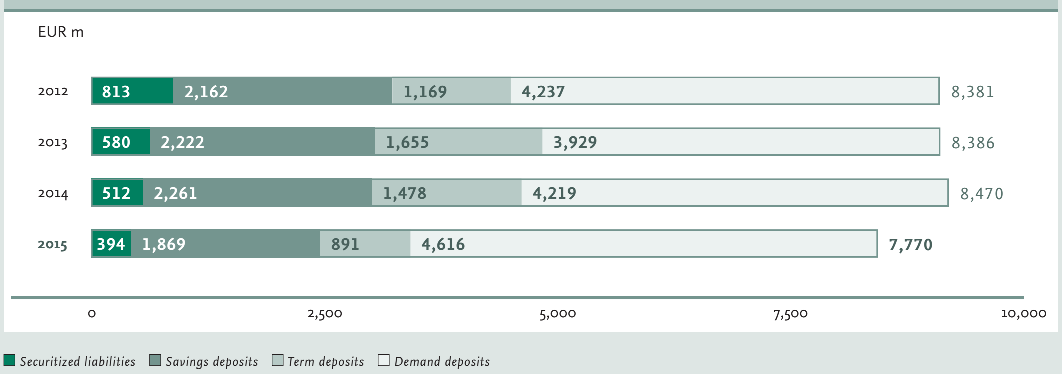
Regulatory capital (Sec. 10 of the German Banking Act – KWG – in conjunction with Arts. 25 through 88 of the CRR)

The regulatory capital is derived primarily from on-balance-sheet equity, allowing for the write-ups and write-downs required by regulations. Because W. Fortmann & Söhne KG has been merged into Oldenburgische Landesbank AG, and Münsterländische Bank Thie & Co. was sold with legal effect retroactive to January 1, 2015, regulatory capital reporting at the Group level under IFRSs is no longer required. At the reporting date, the capital ratios under Sec. 10 of the German Banking Act were calculated for regulatory purposes at the individual bank level of OLB AG in the statements under the German Commercial Code. The employed figures for the prior year were the comparable capital ratios at December 31, 2014, which were each 0.5 percentage points (absolute) above the figures per Sec. 10 KWG shown in the annual financial statements for 2014.

EUR m	2015	2014	Change	Change (%)
Tier 1 capital	**596.2**	**584.4**	**11.8**	**2.0**
Tier 2 capital	174.9	169.4	5.5	3.2
Share capital and reserves	**771.1**	**753.8**	**17.3**	**2.3**
Risk assets for counterparty risks	4,989.7	5,076.5	– 86.8	– 1.7
Risk assets for market risks	23.4	26.0	– 2.6	– 10.0
Risk assets for operational risks	530.8	548.6	– 17.8	– 3.2
Risk assets	**5,543.9**	**5,651.1**	**– 107.2**	**– 1.9**

in %	2015	2014
Core capital ratio	10.8	10.3
Aggregate capital ratio	13.9	13.3

Customer deposits and OLB bonds



On the basis of the adopted annual financial statements, OLB's tier 1 capital at year's end came to EUR 596.2 million (prior year: EUR 584.4 million). Most of this increase resulted from the retention of EUR 14.2 million from the prior year's unallocated profit. The increased application of a regulatory write-down item had the contrary effect. Tier 2 capital, composed mainly of subordinated debt, came to EUR 174.9 million at year's end, slightly higher than the prior-year level (EUR 169.4 million). Risk assets decreased slightly from the prior year's figure (EUR 5.7 billion), to EUR 5.5 billion.

All in all, the core capital ratio improved substantially to 10.8 percent (prior year: 10.3 percent). The minimum core capital ratio of 8.5 percent set by Basel III for 2019 has already been met. OLB is thus well prepared even in the event that regulatory capital requirements are tightened. The aggregate capital ratio was 13.9 percent, likewise up from the prior year's figure of 13.3 percent. By strengthening its equity, the Bank laid a sound foundation to be able to provide close support for growth investment by our retail and corporate customers in the region in the future. For that reason, OLB will propose to its shareholders at the Shareholders' Meeting on May 11, 2016, to strengthen the Bank's capital base further by allocating EUR 13.0 million to retained earnings. On this basis, the Bank expects the core capital ratio to remain stable even with the planned increase in total lendings.

See Glossary, p. 178

Executive summary

In 2015, under demanding conditions, OLB's business performed well overall. Although customer business remained solid, earnings at the operating level were down because of a further deterioration in interest rate levels from the prior year. Yet the Bank countered the trend with systematic adjustments on the costs side of the ledger. The positive impact on earnings from a nonrecurring distribution from an equity interest, together with a lower need for risk provisions than the year before, more than compensated for the charges for provisions for the strategic "OLB 2019" program for the future. The Bank's capitalization was reinforced further; it continues to have sufficient liquidity, as ever. In an overall view, business performance in the 2015 year went well. OLB increased its after-tax profit by 27.7 percent over the prior year, to EUR 31.8 million. The cost–income ratio improved significantly, to 72.9 percent, and the return on equity rose to 7.3 percent. Thus, the overall result did achieve the projected substantial improvement over the prior year.

Report on Anticipated Developments, Opportunities and Risk

The report on the principal opportunities and risks for OLB'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 2016 will be affected primarily by the following factors and the resulting opportunities and risks:

On the basis of projections from German economic research institutes, OLB assumes that real gross domestic product will grow 1.7 percent in Germany in 2016. The Bank fundamentally expects regional economic performance in the Northwest to remain steady. In light of the job market, it expects favorable conditions to continue, with low unemployment and high employment. Thus, the projections are based on a fundamental expectation of a stable environment for the development of the lending business. Risks from economic developments arise from the evolution of relevant individual markets, which are affected by specific structural or sectorial problems in addition to general economic developments. In addition to the shipping industry, this also pertains to specific areas of agriculture, where businesses face challenges because of such factors as low prices to producers of milk and pork. In renewable energy, because of the special geographical advantages in the Northwest, the Bank foresees further potential for expansion, and therefore opportunities to further assist in the development and financing of wind power projects.

Because of the ECB's massive interventions in the financial markets, further developments in interest rates will depend largely on that institution's policies. By further reducing the interest rate for money on deposit with it to –0.3 percent, and by extending its bond buying program until March 2017, the ECB has set up conditions for the present low-interest phase to continue. For that reason, OLB expects that net interest income will remain under pressure in 2016, because of the expiration of higher-interest loans. Maturing refinancing on the liabilities side of the balance sheet, which can be replaced with low-interest funds, will partially compensate for these charges. Given the Bank's current balance sheet ratios, a further substantial decrease in interest rates would intensify the pressure on profits. This risk would additionally be reflected directly in equity by way of the measurement of long-term pension obligations in the consolidated financial statements under IFRSs. Correspondingly, in the event that interest rates rise, the Bank would have the opportunity to profit from positions in variable-interest loans and securities, as well as from lower charges for pension provisions.

Thanks to its sound deposit business, OLB largely refinances its own lending business itself, endowing it with low vulnerability to disturbances in the money and capital markets that would make liquidity hard to obtain, or available only at high interest markups. Potential market bottlenecks can be bridged because the liquidity reserve is equipped with adequate security buffers. Looking to 2016, therefore, the Bank expects no material risks from an unforeseen exacerbation of conditions in the money and capital markets. OLB expects to remain above the required legal minimum for LCR again in the coming year. Structurally, banks will find it harder to attract liquid funds that remain available for the long term, particularly because of changes in the regulations for offsetting among insurers as an investor group. This could make it more difficult for banks to replace expiring subordinated funds, and could have an impact on the aggregate capital ratio and long-term liquidity ratios.

The regulatory framework for banks' business operations has steadily tightened in recent years. That trend is expected to continue in the coming fiscal year. For example, the EU Mortgage Credit Directive tightens requirements for mortgage loan agreements and for construction loan advice. Early warning systems and advice obligations will also become mandatory for credit lines. In this connection, there is a risk that in the interest of consumer protection, courts may issue judgments that impose unilateral burdens on the banking sector. With regard to proceedings currently in progress, the Bank foresees no increase of risks beyond the provisions already made for the specific cases. The Bank expects a further impact from the regulatory sphere as a result of the European standardization of the bank regulatory process (SREP – Supervisory Review and Evaluation Process), which will start in 2016. The industry expects that this process will result in additional capital requirements for the supervised banks. In addition to the cost of implementation, there is a risk that the profitability of products and services that the Bank offers might be significantly restricted, for example because of the requirement for higher equity backing.

In the Weser-Ems region, the Bank's traditional business territory, some 130 banking institutions have an area-wide network of about 1,000 sales offices. OLB's main competitors are the savings banks, the credit unions, and in the business with corporate customers, private large banks and regional banks. In addition to branch-oriented regional competition, multichannel and online banking is gaining in importance. This development also favors competitors who operate interregionally, especially direct banks. They challenge the traditional branch-banking business by way of their high levels of automation and aggressively structured terms. All in all, competition is characterized by high intensity, an incipient streamlining of branch networks, ongoing pressure on margins, and only limited pricing leeway. On the other hand, the increasing digitization of business processes enables banks to organize processes more efficiently, carry them out more economically, and attract and keep customers with simple, intuitively structured services.

Customer preferences in the banking business are undergoing a profound paradigm change that is also becoming evident in other branches of business. Both private consumers and corporate decision-makers are making wider use of the Internet to compare business terms. Customers' price sensitivity is on the rise, while customer loyalty is trending downward. Simple, intuitively designed customer processes and quick handling – shaped by customers' experiences from retail and the service industry – will increasingly become something to be taken for granted. However, as the supply of information from the Internet becomes less and less manageable, and because broad segments of the population will still have only limited familiarity with financial contexts, personal advice will continue to be very important, especially for complex products, and will offer an opportunity to stand apart from competitors in a positive way.

OLB is actively addressing these challenging conditions with its strategic "OLB 2019" program for the future. The Bank is evolving along with its clients, so as to remain the Northwest's customer-oriented, capable, up-to-date, profitable regional bank for the long term. In its growth initiative, the Bank has a particular eye on corporate customers and private banking customers, because advisory services are highly important for these groups. A systematic use of specialists will benefit these clients even more. Multi-layered advisory services will be offered irrespective of locations and business hours, to fit what customers want. OLB will also be accelerating its end-to-end digitization, and will increasingly be making products and various advisory services available online as well. The Bank will continue to adjust its branch network, and will distinguish its various branches' services more clearly. All in all, the Bank's procedures will become less complex, so as to please present customers and impress new ones with simple, understandable products and fast processes.

On this basis, OLB is expecting moderate growth in net interest income and net commission income in its operations for 2016. This forecast is based on an expected substantial increase in total lendings, combined with the ongoing ability to refinance largely out of growing customer deposits. In the commission business, asset management is expected to remain the main driver for the revival of the securities business. Since the distribution from an equity investment in a financial service provider represented a nonrecurring item of income in 2015, generally a slight decrease in operating income is expected on the whole. However, there are still definite opportunities to improve the overall earnings picture with additional income from the Bank's portfolio of equity holdings. All the same, the occurrence and amounts of this income are not under OLB's control, so it is not included in the planning.

Reducing complexity under the "OLB 2019" program will result in less need for staff. Plans call for eliminating about 15 percent of positions by 2019 compared to the figure from mid-2015. By implementing this program, the Bank expects to keep costs stable in the coming fiscal year as well, in spite of the necessary investments in digitizing processes with customers and in other business. All in all, the expected development of income and expenses indicates a slight deterioration in the planned cost–income ratio for 2016.

Plans for risk provisioning are based on the expectation that the favorable developments in risk provisions across the lending portfolio will not be repeated in 2016, and that provisions will instead rise to the statistically expected level. Moreover, plans call for buffers for charges caused by special developments in individual markets. On the basis of this conservative approach, the plans for 2016 expect a substantial increase in risk provisions.

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. OLB foresees especially good growth prospects in the business with corporate customers and in the Private Banking & Independent Professionals segment. The ongoing optimization of the sales organization will save on costs especially in the Retail and Business Customer segment, and will consequently improve the cost–income ratio here. Further savings are expected in the corporate units for running and managing the Bank.

OLB will propose to its shareholders at the Shareholders' Meeting on May 11, 2016, to strengthen the Bank's capital base further by allocating EUR 13.0 million to retained earnings. On this basis, the Bank expects the core capital ratio to remain stable even with the planned increase in total lendings.

For fiscal 2016, OLB is planning on a slight increase in income from business operations, and stable administrative expenses, enabling it to take an important step forward within the strategic "OLB 2019" program for the future. Based on conservatively planned risk provisions and the positive nonrecurring income from equity investments in the fiscal year just past, the Bank expects the profit before taxes and the return on equity to decrease slightly from 2015.

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 resulted 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:

EUR m	2015	2014	Change	Change (%)
Net interest income	245.6	236.0	9.6	4.1
Net commission income	69.1	68.7	0.4	0.6
Net interest and commission income	**314.7**	**304.7**	**10.0**	**3.3**
Net result from trading portfolio	–0.2	–0.8	0.6	–75.0
Personnel expense	135.0	135.3	–0.3	–0.2
Other administrative expenses [1]	89.2	85.1	4.1	4.8
Administrative expenses	**224.2**	**220.4**	**3.8**	**1.7**
Net other operating income (+) and expenses (–)	–14.8	–17.3	2.5	–14.5
Operating result before risk provisions	**75.5**	**66.2**	**9.3**	**14.0**
Risk provisions	31.3	33.5	–2.2	–6.6
Operating result	**44.2**	**32.7**	**11.5**	**35.2**
Extraordinary result	–9.0	0.2	–9.2	n / a
Net result from financial assets	–0.9	0.6	–1.5	n / a
Other items	—	—	—	—
Profit before taxes	**34.3**	**33.5**	**0.8**	**2.4**
Taxes	16.0	13.5	2.5	18.5
Net income for the financial year	**18.3**	**20.0**	**–1.7**	**–8.5**

1 Including depreciation of tangible fixed assets

Oldenburgische Landesbank AG represents more than 98 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.

In addition to a nonrecurring distribution from an equity interest in a financial service provider, net interest income in the single-entity financial statements of OLB also includes a distribution of EUR 4.0 million from the AllianzGI Fund (prior year: EUR 2.2 million), which contributed to the substantial increase in this item to EUR 245.6 million (prior year: EUR 236.0 million). Concerning the development of net commission income, administrative expenses and risk provisions, please see the relevant explanations in the consolidated financial statements. Administrative expenses in the single-entity financial statements increased EUR 3.8 million from the prior year, to EUR 224.2 million. This trend, which runs contrary to developments in the consolidated financial statements, is in part due to the fact that the current fiscal year reflects the expenses for the W. Fortmann & Söhne affiliate for the first time. Additionally, certain income from the reversal of provisions and the refund of consumption taxes from prior years is reflected in the single-entity financial statements under the Commercial Code as an "Other operating expense," and not as a reduction of the office expense. Further differences result from the difference in measurement of various provisions under the Commercial Code and IFRSs. The net figure for other operating income and expenses is largely shaped on the expenses side by the expense for pension provisions, which results from the current interest expense and the measurement result from discounting future cash flows from pension commitments. Because of the persistent phase of low interest rates, this expense rose substantially in the past year. Other income resulted from the reversal of provisions and from tax refunds relating to VAT. All in all, the charge decreased from the prior year's EUR 17.3 million to EUR 14.8 million.

The substantially higher expense for pension obligations is the main reason for the significantly lower increase of EUR 0.8 million in pretax profit, to EUR 34.3 million, in comparison with the IFRS consolidated profit. Because the bank levy cannot be deducted for tax purposes, nor can a large share of the interest charge for pension provisions in 2015, the tax burden increased to EUR 16.0 million (prior year: EUR 13.5 million). Consequently, the net profit for the fiscal year decreased from EUR 20.0 million for the prior year to EUR 18.3 million in 2015. When combined with the balance carried forward, this yields an unappropriated surplus of EUR 18.8 million.

Reinforcing the capital base is the foundation of the Bank's further business growth, especially in the lending business. For that reason, the Bank will propose to shareholders at the Shareholders' Meeting on May 11, 2016, to allocate EUR 5.8 million for payment of a cash dividend of EUR 0.25 per share, and to allocate an additional EUR 13.0 million to retained earnings.

Changes in the balance sheet

EUR m	2015	2014	Change	Change (%)
Cash reserve	182	188	– 6	– 3.2
Receivables from banks	149	445	– 296	– 66.5
Receivables from customers	10,163	10,193	– 30	– 0.3
Securities	2,813	2,872	– 59	– 2.1
Tangible fixed assets	81	82	– 1	– 1.2
Trust assets	3	4	– 1	– 25.0
Other assets	362	261	101	38.7
Total assets	**13,753**	**14,045**	**– 292**	**– 2.1**
Liabilities to banks	4,541	4,341	200	4.6
Liabilities to customers	7,367	7,845	– 478	– 6.1
Securitized liabilities	696	761	– 65	– 8.5
Subordinated debt	259	228	31	13.6
Profit participation rights outstanding	—	—	—	—
Trust liabilities	3	4	– 1	– 25.0
Equity				
Subscribed capital and reserves	614	599	15	2.5
Unappropriated surplus	19	20	– 1	– 5.0
Other liabilities	254	247	7	2.8
Total equity and liabilities	**13,753**	**14,045**	**– 292**	**– 2.1**

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 business operations at the AG and the Group will develop in parallel.

Because of the different measurement systems for pension obligations, if the phase of low interest rates continues, the expense under the German Commercial Code will presumably once again be substantially greater in the coming year than the charge in the consolidated financial statements under IFRSs. An important driving factor here is that the Commercial Code requires provisions to be discounted at the seven-year moving average for a duration of 15 years; if interest levels remain unchanged, this causes declining discount factors and thus an increase in pension obligations. Furthermore, this additional expense cannot be deducted for tax purposes, because here the regulations continue to prescribe measurement at an interest rate of 6.0 percent. The legislature has recognized the resulting problem for all companies reporting under the Commercial Code, and is addressing it. On January 27, 2016, the German Cabinet approved an amendment of Sec. 253 of the Commercial Code on the discounting of pension provisions. According to the amended version, for retirement pension obligations the average market interest rate on other provisions is to be calculated from the average of the last ten years. If a law is enacted in 2016 on the basis of the cabinet resolution, this would very substantially reduce OLB's need for provisions. A possible positive effect on the 2016 annual financial statements, however, would be subject to a block on distributions, according to the draft of the law. The draft bill does not involve a change in the rules for the tax measurement of pension obligations.

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

With 164 branch offices and 39 self-service branches at other locations, OLB offers service for its customers 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 SE'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

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

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

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

Risk Report

Principles of Whole Bank risk management

Basic principles of risk control

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

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

A number of panels support the Board of Managing Directors in preparing for decisions on risk management. The most important entity here is the Risk Committee.

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

Suitable employee qualification measures in the risk management process ensure that the employees have the necessary and appropriate knowledge and experience.

Risk strategy

The risk strategy is adopted by the Bank's Board of Managing Directors and is reviewed at least once a year. The risk management system at Allianz SE (the parent of the financial group) establishes Group-wide standards. Allianz SE has set particular requirements especially for banks, which it provides to its banking subsidiaries as recommendations.

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, 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 claims by OLB's customers and creditors are secured,
- 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.

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

Definition of 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.
- *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.

See Glossary, p. 178

Market risk

Definition of 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

Definition of 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

Definition of operational risk

For OLB, 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 legal risk and the risk of changes in the law, the risk of miscellaneous criminal acts, model risk, reputation risk, and project risk.

- *Legal risk and risk of changes in the law*
  Legal risk refers to the risk that damage might be incurred because of a complete or partial non-compliance with the legal framework prescribed by statute, regulations and case law. Conduct risk, as a subcategory of legal risk, refers to violations of obligations of good conduct, especially towards customers (e. g., product sales practices, conflicts of interest, and incentive processes in sales channels, as well as market manipulation). The risk of changes in the law means the risk of a loss because of new laws or regulations, or adverse interpretations or applications of laws or regulations by the courts.
- *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*
    The Bank defines risk of criminal conduct as 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.
- *Model risk*
  Model risk describes the potential for loss resulting from the incorrect prompting of management acts because of an improper application of a model, its unsuitability for the application, unsuitable or incorrect input parameters, or internal inconsistences in the model (the model is outdated or improperly formed). A (possible) model risk in the sense of an operational risk is inherent in all models that are used for decision-making in evaluating a product or financial figure, and that do not directly affect equity requirements or are used to review those requirements (Pillars 1 and 2 – quantification models).
- *Reputation risk*
  OLB defines reputation risk as the risk of possible damage to the Company's reputation. This concerns how the Company is perceived both by the public at large, and by (potential) clients, employees, business partners, shareholders or authorities.
- *Project risk*
  The Bank 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

The Bank 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 (liquidation approach)

In its business strategy, OLB defines the liquidation approach as the leading approach for managing risk-carrying capacity. Here the key figure for assessing risk-carrying capacity is the surplus coverage ratio. The Bank calculates this as the quotient between the existing risk coverage potential and risk capital needs for the risks incurred. Risk-carrying capacity is ensured as long as the surplus coverage ratio is greater than 100 percent. 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. Risk capital needs are calculated using value-at-risk models, with a confidence level of 99.93 percent and a holding period of one year.

See Glossary, pp. 181, 178

In the liquidation approach, risk coverage potential is derived from balance sheet figures from the subgroup's financial statements under IFRSs. Risk coverage potential makes no allowance for future profits.

Period-based risk-carrying capacity (going-concern approach)
In addition to the liquidation approach, strictly as a secondary condition, OLB monitors period-based risk-carrying capacity, in order to ensure that it can always meet regulatory requirements for capitalization (the going-concern view). In the Bank's going-concern approach, period-based risk-carrying capacity exists as long as appropriately defined risk scenarios do not cause the Bank to fall short within the next year from the core capital ratio and aggregate capital ratio required under the CRR.

To examine risk-carrying capacity, here OLB uses a loss scenario in which the maximum period contribution to losses from an expected shortfall is calculated using a 95 percent confidence level (conditional value-at-risk model) and the stressed risk-weighted assets in a "Severe economic downturn" scenario. For a final assessment of period-based risk-carrying capacity, the stressed, risk-weighted assets are set in relation to the stressed core capital or to stressed liable equity, as the case may be, and the Bank examines whether the core capital ratio and aggregate capital ratio still comply with the regulatory minimums for the risk horizon under that risk scenario. The minimum capital ratio is defined as the capital ratio before the capital conservation buffer (CCB).

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 and Operations Officer, the head of Credit Management, and the managers of the Risk Controlling, Large and Specialized Loans, Finance / Controlling, and Credit Quality Management departments, along with the Group Treasury manager. 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 Operational Risk Committee is the corporate committee for managing operational risks within OLB. 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, by testing the effective functioning of the entire risk process and the other processes associated with it.

Risk reporting

In risk reporting, Risk Controlling 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.

Management and controlling of specific risks

Credit risk

Risk measurement

OLB uses a recognized credit risk model, the CreditMetrics™ simulation model, to measure economic credit risk. This model reflects default risk, migration risk and spread risk.

Based on the loss risks for each individual item, the model calculates a collective loss allocation for all items and thus assigns a value to the portfolio. The changes in value in the entire portfolio are then used to derive the key figures and limit values needed for risk management. A credit value at risk (99.93 percent / 1 year) is used to measure and control risk. This describes the difference between the value at risk (99.93 percent / 1 year) and the expected loss.

Credit risks are limited at both the whole-portfolio and partial-portfolio levels. Stress tests are performed regularly in addition. The scenarios considered there are regularly reviewed for currency and relevance.

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 (equivalent to the homogeneous portfolio) are subject to simplified approval, decision-making and monitoring processes. Exposures that are part of business that the Bank categorizes as risk-relevant (equivalent to the nonhomogeneous portfolio) 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; for new business in construction financing, the construction financing expert decides. 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.

See Glossary, p. 180

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.

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. 180, 178

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

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

Trading business

See Glossary, pp. 180, 181

OLB is a non-trading-portfolio institution with access to all major capital markets. Trading portfolio activities are now conducted only to a minor extent, in compliance with Art. 94 of the CRR. These are prompted by currency transactions initiated by customers, together with the associated hedges. An open foreign-currency position is now possible only for very minor technical amounts.

Risk measurement

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

See Glossary, p. 181

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.

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

See Glossary, p. 180

Interest-rate risks in the non-trading portfolio are managed at OLB by the "passive" method, in which the aim is essentially to fully immunize the portfolio against interest rate changes rather than managing it "actively" as a function of projected changes. The risk position essentially derives from developments in new lending business, the holdings of highly liquid bond securities in necessary liquidity reserves, and the refinancing structure. Investments for the Bank's liquidity reserve may be made only within a specifically defined range of product types.

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

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

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,
- changes in currency exchange rates, and
- fluctuations (volatility) in these parameters.

See Glossary, p. 181

The risk from the non-trading portfolio derives primarily from changes in interest rates. It also includes, to a limited degree, stock risks and foreign currency risks from the special funds.

Risk 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 stocks, 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 for market price risks under the CRR. OLB incurs foreign exchange risks only in connection with customer transactions. As far as possible, it closes these out daily. Compliance with 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 risk

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 furthermore 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 joined 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.

In assessing liquidity cost risk, funding matrices over the next ten years from the liquidity-risk stress scenarios are analyzed. If liquidity falls short of liquidity risk limits during this period under one scenario, the shortfall between the actual liquidity and the needed liquidity is remedied by a simulation of liquid refinancing transactions at current interest rates with possible liquidity spreads and maintaining a uniform credit rating. The liquidity cost risk is calculated with a value orientation as a liquidity value at risk with a 99.93 percent confidence level.

Risk management

Short-term liquidity risks are limited on the basis of the regulatory ratios under the Liquidity Regulation and the LCR. For the regulatory ratio under the Liquidity Regulation, receivables and liabilities are assigned to maturity ranges. 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.

The LCR is a liquidity risk coefficient for a specified stress scenario in 30 days. The LCR has been calculated under the Delegated Regulation since October 2015. It is subject to regulatory limits that are supplemented with internal early warning thresholds.

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 agreements. 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. 180

Operational risk

Risk measurement

OLB uses uniform, coordinated instruments to identify, measure and monitor operational risks.

Since 2003, relevant losses attributable to operational risks have been collected in a structured, systematic way in an internal database. The history from those losses serves as a foundation for a focused, detailed analysis and remediation of causes.

Scenario analyses, in the form of a risk assessment, are performed at the Bank to calculate the risk potential from operational risks. Here experts, product officers and process officers evaluate critical scenarios for their potential loss level and frequency. Based on the results of the scenario analyses, the economic need for capital is determined for the calculation of risk-carrying capacity.

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

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 (liquidation approach)

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

EUR m	2015	2014
Credit risk	327.7	366.7
Market risk	102.0	92.5
Liquidity cost risk	0.0	—
Operational risk	19.7	27.8
Whole Bank risk	**449.4**	**487.0**

The available risk coverage potential was able to cover 174 percent of Whole Bank risk at December 31, 2015 (prior year: 150 percent). As of the same date, allocated limits were covered 127 percent (prior year: 124 percent) by risk coverage potential. The coverage ratio is expected to remain stable in fiscal 2016.

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.

The liquidity risk is controlled and monitored at the Bank 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. However, liquidity cost risk was categorized as a material risk during the fiscal year, and therefore since June 2015 it has been included in the calculation of risk-carrying capacity.

Credit risk

The decline in credit risk is the consequence of an improved credit rating structure amid a stable economic environment, together with a relatively constant portfolio size and granularity. The improved security for certain specialized financing portfolios also helped mitigate credit risk.

Market risk in the non-trading portfolio

Both the limit for market risks and its utilization were raised during the year.

Operational risk

Operational risk is determined on a value-at-risk basis from a scenario analysis. The scenario analysis is updated annually, or as circumstances require. The risk amount for 2015 was substantially lower than for 2014. No update occasioned by circumstances was needed during the year.

Whole Bank risk

The Whole Bank risk results from adding together the risk positions for credit risk, market risk, liquidity cost 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, 2015, came to EUR 449.4 million (prior year: EUR 487.0 million).

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

The Bank maintained the regulatory minimum capitalization at all times in 2015 in the "Severe economic downturn" scenario.

Credit risk

As a result of the ongoing credit approval and monitoring process, the structure of the Bank'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	2015	2014
Loans and advances to customers	10,191.8	10,300.4
Loans and advances to banks	151.5	435.1
Financial assets	2,834.3	2,865.4
Trading business	13.0	14.9
Contingent liabilities	293.7	303.3
Open credit commitments	639.7	600.1
Total	**14,124.0**	**14,519.2**

Most of OLB's credit portfolio (79 percent; prior year: 77 percent) is made up of the customer lending 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	9,740.7	290.1	633.4	2,998.2	13,662.4	13,943.7
Overdue, but no specific loan loss provision	166.9	2.0	1.2	0.3	170.4	243.4
Overdue with specific loan loss provision	284.2	1.6	5.1	0.3	291.2	332.1
Total	**10,191.8**	**293.7**	**639.7**	**2,998.8**	**14,124.0**	**14,519.2**

Customers are categorized as “Overdue” when they have a significant overdraft under the CRR. This has been defined as a cumulative account overdraft or cumulative loan arrears of at least EUR 100 or 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 customer is overdue for more than 90 days, or if there are other indications of impending inability to meet payments (e.g., insolvency proceedings are initiated), the customer is considered “In default” for purposes of both financial reporting and capital backing. The customer is included in the procedures for determining a specific loan loss provision, and is written down if needed (category: “Overdue with specific loan loss provision”).

Credit ratings

The table below shows the Bank’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 commitments	Total	Prior-year total
1–2	525.4	52.0	2,400.1	—	1.6	4.6	2,983.7	3,084.5
3–4	1,457.9	97.2	333.8	4.4	63.7	151.6	2,108.6	1,989.0
5–6	2,365.3	0.1	—	1.6	102.4	201.4	2,670.8	2,551.4
7–8	3,437.2	0.9	—	1.2	77.5	177.3	3,694.1	3,772.7
9–10	1,407.0	—	—	1.4	33.5	80.6	1,522.5	1,719.8
11–12	407.1	—	—	—	10.7	16.4	434.2	553.0
13–14	125.1	—	—	0.2	0.7	1.0	127.0	145.5
n/a	15.7	1.3	100.4	3.6	—	0.5	121.5	127.8
Total	**9,740.7**	**151.5**	**2,834.3**	**12.4**	**290.1**	**633.4**	**13,662.4**	**13,943.7**

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 95 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 3 percent (prior year: 4 percent). Inability to pay is considered probable (credit ratings 13–14) for only 1 percent (prior year: 1 percent).

Collateral

Collateral in the Bank'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	10,191.8	151.5	293.7	639.7	**11,276.7**	11,638.9
Allocated collateral	6,242.4	—	57.2	—	**6,299.6**	6,319.6

About 61 percent (prior year: 60 percent) of the receivables in the customer lending business are secured with collateral. Most of this collateral, at 75 percent (prior year: 76 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: 10 percent). About 15 percent is other collateral, primarily assignments as security (prior year: 14 percent).

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

2015						
EUR m	Gross amounts	Amounts set off 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
Genuine compensation agreements per German Bank Reporting Regulation (RechKredV)						
Loans and advances to customers	177.7	– 154.2	23.5	—	—	23.5
Secured market values of derivatives						
Positive market values of derivatives	27.6	—	27.6	– 27.6	—	—
Secured money market transactions with central counterparty						
Loans and advances to banks	—	—	—	—	—	—
Secured money market transactions OTC						
Loans and advances to banks	—	—	—	—	—	—
Total						
Financial assets	**205.3**	**– 154.2**	**51.1**	**– 27.6**	**—**	**23.5**

2014						
EUR m	Gross amounts	Amounts set off 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
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**

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
2015						
Genuine compensation agreements per German Bank Reporting Regulation (RechKredV)						
Amounts due to customers	–195.8	154.2	–41.6	—	—	–41.6
Secured market values of derivatives						
Recognized cash funds received in this context	—	—	—	—	—	—
Negative market values of derivatives	–101.5	—	–101.5	27.6	73.9	—
Secured money market transactions with central counterparty						
Amounts due to banks	–443.2	—	–443.2	—	438.0	–5.2
Secured money market transactions OTC						
Amounts due to banks	–967.1	—	–967.1	—	956.4	–10.7
Total						
Financial liabilities	**–1,707.6**	**154.2**	**–1,553.4**	**27.6**	**1,468.3**	**–57.5**

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**

Arrears

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

EUR m	Loans and advances to customers	Contingent liabilities	Open credit commitments	Other categories	Total	Prior-year total
Up to 30 days	163.5	2.0	1.2	0.3	167.0	241.2
31–60 days	3.1	—	—	—	3.1	1.1
61–90 days	0.3	—	—	—	0.3	1.1
Total	**166.9**	**2.0**	**1.2**	**0.3**	**170.4**	**243.4**

Most receivables in the category of "Overdue with no specific loan loss provisions" (98.0 percent; prior year: 99.1 percent) are less than 30 days in arrears. The remaining 2.0 percent have been in arrears for longer (prior year: 0.9 percent). In absolute terms, the total of overdrafts decreased substantially from the last reporting date.

Risk concentrations

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 and biogas installations.

Financing for oceangoing vessels

Despite the gradual reduction of the portfolio, ship financing continues to represent a large share of risk provisioning. All in all, however, the charge for the shipping portfolio is waning because most of the risky ship exposures have been restructured. Nevertheless, the crisis that has persisted in the shipping industry since 2008 continues to affect assessments. This is largely the consequence of stagnating charter rates. Over the course of the year, additional 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 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 1.0 million, is distributed among rating classes 5–8.

See chart, below left

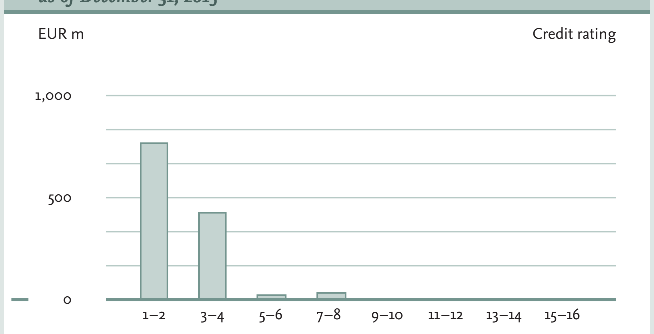
Volume was reduced further during the year. The Bank continues to pursue its conservative risk policy in this segment.

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

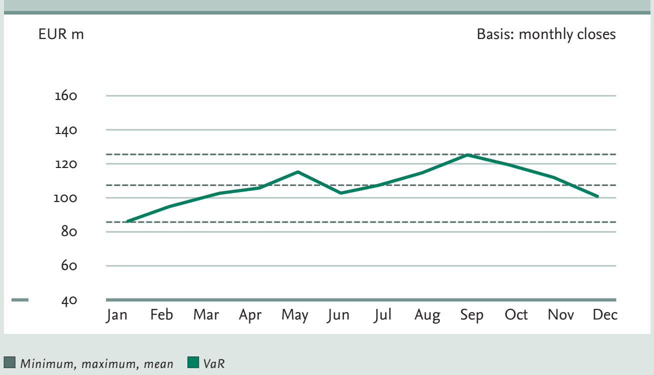
Market risk

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, 2015



VaR for non-trading portfolio, 2015 (99.93 percent / 1 year)



Non-trading portfolio

Value at risk for the non-trading portfolio (99.93 percent / 1 year) in 2015:

EUR m	VaR
Minimum	85.6
Mean	107.7
Maximum	125.6

On average, the market price risks for the non-trading portfolio (VaR model 99.93 percent / 1 year) for 2015 stayed above the prior-year level. The average value at risk, at EUR 107.7 million, was above the 2014 figure of EUR 86.5 million. The limit of EUR 125 million was exceeded slightly for a brief time in September.

Market risk in the non-trading portfolio is assessed and limited on a value basis through historical changes in interest rates and stock prices. Risk increased from the prior year, primarily because of additions to the liquidity reserve and the growing lending business.

See chart, p. 085 right

The reporting limit for the Basel II coefficient was exceeded for a few days in September (20.6 percent, for a reporting limit of 20 percent).

Operational risk

As part of the annual risk assessment, risk scenarios specific to the Bank are developed by the Risk Controlling department. 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 assessment yielded a substantially lower amount at risk for 2015, at EUR 19.7 million, than for the prior year (EUR 27.8 million). This change resulted primarily from the more risk-sensitive configuration of the internal model.

Examples of relevant scenarios:

Scenario	Specialized department in charge
Failure of business-critical IT	Information Technology
Advisor liability	Product Management
Change in legislation and case law	Legal
Model risk in determining market price risk	Risk Controlling
Pandemic	Organization

Liquidity risk
Changes in key regulatory ratio

	2015	2014
Minimum	1.25	1.41
Mean	1.38	1.52
Maximum	1.58	1.74

The minimum value of 1 for the key regulatory ratio was maintained throughout the year. On average, the key ratio was 38 percent above the required minimum. At December 31, 2015, the key ratio was 1.25.

The key liquidity ratio during the year was slightly below the prior year's level.

In addition to monitoring the current liquidity coefficient under the Liquidity Regulation, the Bank 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 under the Delegated Regulation joined them as a requirement as of October 1, 2015. OLB's LCR at December 31, 2015, was 138 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.

2015 receivables

EUR m	2015				
	3 months or less[1]	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total
Term loans and advances to banks	45.7	0.2	—	—	45.9
Loans and advances to customers	1,262.8	659.5	2,718.0	5,761.1	10,401.4
Receivables at 12/31/2015	**1,308.5**	**659.7**	**2,718.0**	**5,761.1**	**10,447.3**

1 The receivables from customers with remaining terms of three months or less include receivables of EUR 747.5 million with indeterminate terms.

2015 liabilities

EUR m	2015				
	3 months or less	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total
Bank demand deposits	52.4	—	—	—	52.4
Term liabilities to banks	1,212.9	896.1	1,017.5	1,340.9	4,467.4
Customer demand deposits	4,615.7	—	—	—	4,615.7
Savings deposits	1,711.6	136.0	21.0	—	1,868.6
Other term liabilities to customers	133.1	43.7	293.8	420.1	890.7
Securitized liabilities	9.6	70.3	41.9	273.6	395.4
Provisions and other liabilities	58.0	25.6	102.6	250.4	436.6
Tax liabilities	—	—	3.5	—	3.5
Subordinated debt	15.0	—	132.7	103.1	250.8
Liabilities at 12/31/2015	**7,808.3**	**1,171.7**	**1,613.0**	**2,388.1**	**12,981.1**

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.

2015 liabilities from derivatives

EUR m	2015				
	3 months or less	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total
Interest rate swaps	0.1	4.2	52.5	54.7	111.5
Currency forwards/currency swaps	1.4	0.9	—	—	2.3
Currency options	0.1	0.1	—	—	0.2
Stock index options	—	—	—	—	—
Futures options	—	—	—	—	—
Stock options	—	—	—	—	—
Caps	—	—	—	—	—
Total at 12/31/2015	**1.6**	**5.2**	**52.5**	**54.7**	**114.0**

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**

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.

Glossary, p. 178

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

See chart, below left

Liquidity cash flows at December 31, 2015

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.

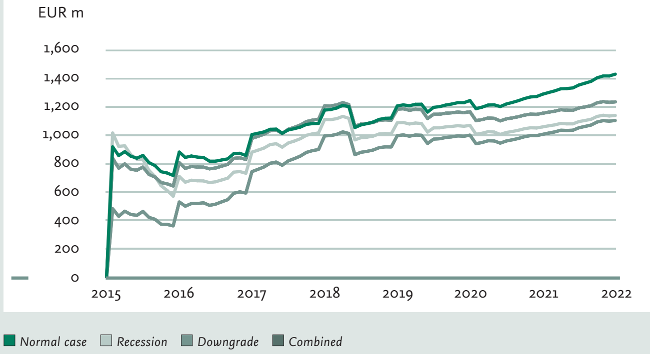
Internal controlling of financial reporting (Disclosures under Sec. 289 (5) of the Commercial Code (HGB) and explanations)

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 those principles, 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



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

The accounting process essentially includes the corporate Finance / Controlling department (with its Financial Reporting, Financial Accounting, Controlling and Reporting / Regulatory Affairs groups) and the corporate Risk Controlling and Information Technology departments. The Financial Accounting group is in charge of organizing and overseeing accounting. The Financial Reporting group is in charge of organizing and overseeing the preparation of financial statements, with the support of the Financial Accounting group. The Controlling and Reporting / Regulatory Affairs groups support the reporting process with quality assurance work, especially at the interfaces between internal and external reporting. The 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. 090 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 with an eye to 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, thus ensuring 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 9, 2016

Oldenburgische Landesbank AG

The Board of Managing Directors

Patrick Tessmann
Chairman

Dr. Thomas Bretzger

Karin Katerbau

Hilger Koenig

CONSOLIDATED FINANCIAL STATEMENTS

Statement of Comprehensive Income of the Oldenburgische Landesbank Group for the period January 1 – December 31, 2015

Income statement

EUR m	2015	2014	Change	Change (%)	Note / Page
Interest (and similar income)	421.2	454.8	–33.6	–7.4	
Interest expense (and similar charges)	182.1	217.6	–35.5	–16.3	
Net interest income	239.1	237.2	1.9	0.8	02 / 114
Commission income	93.8	94.1	–0.3	–0.3	
Commission expense	26.9	23.2	3.7	15.9	
Net commission income	66.9	70.9	–4.0	–5.6	03 / 115
Net operating trading income/expense	7.9	4.2	3.7	88.1	04 / 116
Other income	0.8	0.4	0.4	100.0	05 / 116
Operating income	**314.7**	**312.7**	**2.0**	**0.6**	
Operating personnel expense	143.7	153.5	–9.8	–6.4	
Office expense	83.5	84.4	–0.9	–1.1	
Other expenses	2.1	6.7	–4.6	–68.7	
Administrative expenses	**229.3**	**244.6**	**–15.3**	**–6.3**	06 / 117
Risk provisions for credit business	36.3	39.0	–2.7	–6.9	07 / 118
Restructuring income/expense	–7.0	3.0	–10.0	n/a	08 / 118
Realized net income/loss from financial assets	4.1	3.2	0.9	28.1	
Net nonoperating trading income/expense	–0.1	–0.6	0.5	–83.3	
Net income/loss from financial assets	4.0	2.6	1.4	53.8	09 / 118
Profit before taxes	**46.1**	**34.7**	**11.4**	**32.9**	
Taxes	14.3	9.8	4.5	45.9	10 / 119
Profit after taxes	**31.8**	**24.9**	**6.9**	**27.7**	

Basic and diluted earnings per share (EUR)	**1.36**	**1.07**	**0.29**	**27.1**	11 / 119

Other comprehensive income

EUR m	2015	2014	Change	Change (%)
Profit after taxes	**31.8**	**24.9**	**6.9**	**27.7**
Other income from available-for-sale financial instruments (realizable or realized in profit or loss)				
Unrealized changes in market value (gross)	– 14.8	43.7	– 58.5	n/a
Reclassification to income statement because of realization (gross)				
because of realized gains (–) and losses (+)	– 5.1	– 3.9	– 1.2	30.8
because of impairment	—	0.2	– 0.2	– 100.0
Tax recoveries (+)/expenses (–) on unrealized changes in fair value	7.8	– 12.3	20.1	n/a
Tax recoveries (+)/expenses (–) on reclassification to income statement because of realization	0.6	0.5	0.1	20.0
Other income/expense from net pension obligations (not realizable in profit or loss)				
Gross change in scope of obligations	16.8	– 56.5	73.3	n/a
Tax recoveries (+)/expenses (–) on changes in scope of obligations	– 5.2	17.5	– 22.7	n/a
Other income from other changes in capital (not realizable in profit or loss)	0.4	—	0.4	n/a
Other comprehensive income	**0.5**	**– 10.8**	**11.3**	**n/a**
Total income and expenses	**32.3**	**14.1**	**18.2**	**> 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, 2015

Assets EUR m	**12/31/2015**	**12/31/2014**	Change	Change (%)	Note / Page
Cash and cash equivalents	181.7	192.9	– 11.2	– 5.8	*13 / 123*
Trading assets	13.0	14.9	– 1.9	– 12.8	*14 / 123*
Loans and advances to banks (net after risk provisions of EUR 0.0 million; prior year: EUR 0.1 million)	151.5	435.1	– 283.6	– 65.2	*15 / 123*
Loans and advances to customers (net after risk provisions of EUR 209.6 million; prior year: EUR 215.9 million)	10,191.8	10,300.4	– 108.6	– 1.1	*16 / 124*
Financial assets	2,834.3	2,865.4	– 31.1	– 1.1	*19 / 125*
Property, plant and equipment	80.6	82.2	– 1.6	– 1.9	*20 / 128*
Intangible assets	9.8	10.0	– 0.2	– 2.0	*21 / 129*
Other assets	101.5	87.1	14.4	16.5	*22 / 129*
Tax refund entitlements	17.8	21.8	– 4.0	– 18.3	*23 / 130*
Deferred tax assets	47.2	43.1	4.1	9.5	
Assets of a group held for sale	—	82.8	– 82.8	– 100.0	*1 / 102*
Total assets	**13,629.2**	**14,135.7**	**– 506.5**	**– 3.6**	

Liabilities EUR m	12/31/2015	12/31/2014	Change	Change (%)	Note/Page
Trading liabilities	7.3	7.8	–0.5	–6.4	25 / 131
Due to banks	4,519.8	4,231.5	288.3	6.8	26 / 131
Due to customers	7,375.0	7,957.9	–582.9	–7.3	27 / 131
Securitized liabilities	395.4	512.5	–117.1	–22.8	28 / 132
Provisions and other liabilities	436.6	486.8	–50.2	–10.3	29 / 132
Tax liabilities	3.5	1.8	1.7	94.4	32 / 138
Subordinated debt	250.8	220.9	29.9	13.5	34 / 140
Liabilities of a group held for sale	—	101.8	–101.8	–100.0	1 / 102
Equity	**640.8**	**614.7**	**26.1**	**4.2**	35 / 140
Issued capital	60.5	60.5	—	—	
Additional paid-in capital	202.9	202.9	—	—	
Retained earnings	395.3	369.7	25.6	6.9	
Other comprehensive income	–17.9	–18.0	0.1	–0.6	
Other comprehensive income of a group held for sale	—	–0.4	0.4	–100.0	1 / 102
Total equity and liabilities	**13,629.2**	**14,135.7**	**–506.5**	**–3.6**	

Statement of Changes in Equity of the Oldenburgische Landesbank Group for the period January 1 – December 31, 2015

EUR m	Issued capital	Additional paid-in capital	Retained earnings	Other comprehensive income	OCI of a group held for sale	Total equity
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	**—**	**—**	**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**
Profit for period	—	—	31.8	—	—	31.8
Other comprehensive income from available-for-sale financial instruments	—	—	—	–11.5	—	–11.5
Other comprehensive income from net pension obligations	—	—	–0.4	11.6	0.4	11.6
Total net income/expense	**—**	**—**	**31.4**	**0.1**	**0.4**	**31.9**
Dividend distribution from profit carried forward	—	—	–5.8	—	—	–5.8
December 31, 2015	**60.5**	**202.9**	**395.3**	**–17.9**	**—**	**640.8**

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

The OCI of a group held for sale pertained to the negative revaluation reserve for net pension obligations of Münsterländische Bank Thie & Co. KG (MLB), which was held for sale in the 2014 reporting year. The limited partner's shares of that bank were sold during the year under report and MLB was deconsolidated. The negative revaluation reserve was charged against Group retained earnings.

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, 2015

EUR m	2015	2014	Note / Page
Operating activities			
Profit for the year	31.8	24.9	
Write-downs of investments	—	0.2	
Write-ups of investments	—	—	
Write-downs and write-ups of property, plant and equipment and intangible assets	14.8	14.4	20, 21 / 128, 129
Change in provisions and risk provisions for credit business	12.2	146.7	7, 29 / 118, 132
Changes in other noncash items	– 37.0	– 83.8	
Proceeds from sale of property, plant and equipment and of financial assets	– 5.3	– 4.2	
Other adjustments	– 233.3	– 229.6	
Subtotal	– 216.8	– 131.4	
Change in loans and advances to banks	283.8	193.2	15 / 123
Change in loans and advances to customers	180.1	– 160.8	16 / 124
Change in trading assets	1.5	– 0.3	14, 25 / 123, 131
Change in other assets	– 13.2	– 21.3	
Change in amounts due to banks	259.0	– 237.6	26 / 131
Change in amounts due to customers	– 650.9	219.6	27 / 131
Change in securitized liabilities	– 117.1	– 67.1	28 / 132
Change in other liabilities	– 26.8	15.0	29 / 132
Interest received	411.7	460.7	
Dividends received	12.3	1.1	
Interest paid	– 179.6	– 215.6	
Income tax paid	– 11.1	– 16.6	
Cash flow from operating activities	**– 67.1**	**38.9**	
Investing activities			
Proceeds from disposal of financial assets	806.6	681.9	
Proceeds from disposal of property, plant and equipment	3.8	0.4	
Payments for the acquisition of financial assets	– 792.4	– 726.1	
Payments for the acquisition of property, plant and equipment and intangible assets	– 16.1	– 12.9	20, 21 / 128, 129
Cash flow from investing activities	**1.9**	**– 56.7**	
Financing activities			
Proceeds from changes in capital	12.5	– 48.8	
Dividends paid	– 5.8	– 2.3	
Change in subordinated debt	29.9	– 32.7	34 / 140
Net issue of profit participation rights	—	—	
Interest expense for profit participation rights	—	—	
Changes in cash from other financing activities	– 0.4	—	
Cash flow from financing activities	**36.2**	**– 83.8**	
Cash and cash equivalents			
Cash and cash equivalents as of 1/1	210.7	312.3	13 / 123
Cash and cash equivalents as of 12/31	181.7	210.7	13 / 123
Change in cash and cash equivalents	**– 29.0**	**– 101.6**	
of which: total under IAS 7.42	– 10.4	—	1 / 102

Notes to the Consolidated Financial Statements of the Oldenburgische Landesbank Group for Fiscal 2015

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), banking institutions are required to prepare consolidated financial statements if the institutions have a controlling influence over one or more subsidiaries. Because that condition no longer applied in fiscal 2015, OLB was exempt under the terms of Sec. 290 (5) of the Commercial Code from having to prepare consolidated financial statements under that Code. In accordance with Sec. 315a (3) of the Commercial Code, the Bank has voluntarily prepared consolidated financial statements under IFRSs.

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 2015, insofar as they were relevant to the OLB Group. They do not significantly affect the consolidated financial statements.

Amendments under Annual Improvements to IFRSs 2010 – 2012
- 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
- IFRS 1 – First-time Adoption of IFRSs
- IFRS 3 – Business Combinations
- IFRS 13 – Fair Value Measurement
- IAS 40 – Investment Property

IFRIC 21 – Levies

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 2012 – 2014
- IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations
- IFRS 7 – Financial Instruments: Disclosures
- IAS 19 – Employee Benefits
- IAS 34 – Interim Financial Reporting

- Amendments to IFRS 10, IFRS 12 and IAS 28:
  Investment Entities Applying the Consolidation Exception
- Amendments to IAS 1 – Presentation of Financial Statements: Disclosure Initiative
- Amendments to IAS 27 – Separate Financial Statements:
  Equity Method in Separate Financial Statements
- Amendments to IAS 16 – Property, Plant and Equipment and IAS 38 –
  Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation

IFRS 14 – Regulatory Deferral Accounts was adopted by the IASB, but because of its minor importance it has not been endorsed by the EU and is not applicable.

IFRS 15 – Revenue from Contracts with Customers was adopted, has been endorsed by the EU and will apply for the first time as of January 1, 2018. The Bank does not expect this standard to have any material influence on its consolidated financial statements.

IFRS 9 – Financial Instruments was adopted, has been endorsed by the EU and will apply for the first time as of January 1, 2018. The introduction of the standard will result in a nonrecurring reclassification effect that will lead to a higher level of risk provisions overall. Risk provisioning at the time of first application will be recognized directly in equity outside profit or loss, in accordance with IFRS 9. During the year under report, the Bank initiated a project to ensure that it has the methodological and IT capability to apply IFRS 9 in a timely manner.

The consolidated financial statements are an integral part of the annual financial report within the meaning of Sec. 37v of the German Securities Trading Act (WpHG).

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

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:
- AllianzGI-Fonds Ammerland,
- AllianzGI-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.

The sale of the limited partners' shares of Münsterländische Bank Thie & Co. KG (MLB) to VR-Bank Westmünsterland eG, of Borken, was completed during the year under report, resulting in that bank's deconsolidation.

Disclosures in accordance with IAS 7.39 et seq.

The total cash flow from the loss of control over MLB was equivalent to the selling price from the transaction, and was recognized in the cash flow statement as a cash flow from investing activities. The transaction was paid for entirely in cash. Because MLB was recognized in the prior-year consolidated financial statements as a group held for sale under IFRS 5, the assets and liabilities of the group held for sale at December 31, 2014, corresponded to the amounts over which control was lost under IAS 7.39 et seq.:

EUR m	12/31/2014	EUR m	12/31/2014
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 net total of the selling price of MLB and the outflow of cash and cash equivalents over which control was lost was recognized in the cash flow statement in accordance with IAS 7.42.

The result under IFRS 10.25 was recognized in the net income from financial assets, as a result from the sale and measurement of affiliated companies.

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.

On rare occasions, the application of hedge accounting may result in cases where over the life of the hedge relationship, portions of the hedge may be ineffective beyond the limits permitted under IAS 39. In these cases, the hedge relationship must be closed out and the accumulated adjustment of the present value of the underlying transactions must be amortized, consistently with the effective interest rate, over the remaining term of the hedge relationship as originally planned. Contrary effects over the remaining term from accumulated changes in the value of the corresponding hedge transaction are reflected in net operating trading income or expense (see also the explanations of fair-value hedge accounting).

Interest payments on derivatives used as interest rate hedges to manage the interest rate book are recognized in the net interest income.

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 AllianzGI 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 nonoperating trading income or expense; if applicable, so are the effects over the remaining term from accumulated changes in value of the hedges in hedge relationships that were closed out because their ineffective portions were outside the bounds defined in IAS 39.

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 EURIBOR 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 EONIA reference rate for hedged interest rate swaps, while for unhedged interest rate swaps it is coupled to the EURIBOR reference rate as the index.

The associated EURIBOR yield curve, where applicable, 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 income / loss from financial assets: 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 the AllianzGI-Fonds Weser-Ems and Ammerland special funds’ contributions to net trading income that resulted from entering into derivative transactions. The derivatives are used to manage these funds’ investment positions, and are subject to measurement in full at fair value.

Restructuring income / 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.

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.

OLB's internal management and reporting are 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.

The Private Banking & Independent Professionals business offers all-around customized team support, from investment counseling to the lending business. The W. Fortmann & Söhne KG affiliate, which has been integrated into OLB since January 1, 2015, has been assigned to this segment.

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.

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 and administering the Bank. Corporate units' costs that are incurred for providing services in business operations are reclassified to the strategic business areas that occasioned them, and recognized as "Cost transfers – operations."

"Non-reportable segments" summarizes the contributions to earnings from

- the special funds,
- the wind-down portfolio for ships, and
- the customer relationships from the former Allianz Bank affiliate, continued under the Direct Banking Services segment.

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 to a particular segment or unit.

Net interest income is broken down into its components on the basis of the market interest rate method, and is allocated to the segments where it is generated.

Administrative expenses include direct costs that are allocated to the segments, together with the costs incurred by corporate units in providing services for business operations.

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 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.

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, the Bank likewise analyzes certain triggering criteria:
- 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.

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.

Normally, the method of deciding the amount of provisions 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. Parameter changes that will apply in the next year were examined, and have no material impact on the need for risk provisions. Accordingly, they are not taken into account in the present annual financial statements.

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, 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
- 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 a 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 premiums and 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.

To reflect legal risks in its consolidated financial reporting, the Bank distinguishes matters where an outflow of resources is likely (including in the form of a reduced inflow of resources), which must be recognized in the balance sheet, from contingent liabilities that cannot be recognized but for which certain disclosure obligations in the Notes to the consolidated financial statements apply, if a certain residual risk cannot be ruled out. Cases in which an outflow of resources is entirely unlikely are not reflected in the financial reporting.

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 that 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. Estimation uncertainties may also result from assumptions about the possible course of legal proceedings.

Uncertainties that arise in connection with pending legal cases generally relate to the occurrence, amount and date of outflows. Reflecting legal risks in the financial statements calls for particularly difficult discretionary decisions on the part of the Board of Managing Directors. It cannot be ruled out that the recognition of these risks may have to be revised subsequently. The uncertainties result from differences in legal interpretations between the parties, which often do not come to light until the further course of the dispute, or only develop later and must therefore be assessed continuously. In disputes in court, this context also includes uncertainties about the position taken by the case law in the specific case. In the recent past, this uncertainty has been raised further in the financial sphere in particular because of changes in interpretations of the law that are effective retroactively.

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.

02 Net interest income

Notes to the Income Statement and Segment Reporting

EUR m	2015	2014
Interest income from		
Lending and money market transactions	366.1	400.5
Written-down financial assets[1]	2.8	3.8
Fixed-income securities and book-entry securities	25.6	32.8
Interest rate swaps	13.9	16.1
Current income from		
Stocks and other non-fixed-income securities, equity interests of 50 % or less, and investments in associates	12.3	1.1
Other	0.5	0.5
Total interest income	**421.2**	**454.8**
Interest expenses for		
Deposits	127.8	158.4
Securitized liabilities	3.2	5.3
Subordinated debt	10.6	11.1
Interest rate swaps	37.9	39.3
Other	2.6	3.5
Total interest expenses	**182.1**	**217.6**
Net interest income	**239.1**	**237.2**

1 Accrued per IAS 39 (unwinding)

The total interest income from financial assets not measured at fair value through profit or loss was EUR 407.3 million (prior year: EUR 438.7 million). The total interest expense for financial liabilities not measured at fair value through profit or loss was EUR 144.2 million (prior year: EUR 178.3 million).

Interest income from lending and money market transactions includes negative interest of EUR 0.2 million from lending and money market transactions (prior year: EUR 0.0 million).

Interest income from fixed-income securities and book-entry securities for both the year under report and the prior year includes no negative interest from fixed-income securities and book-entry securities.

Interest expenses for accepted deposits in the banking business include positive interest of EUR 2.0 million on accepted deposits in the banking business (prior year: EUR 0.0 million).

Current income from equity interests of 50 % or less includes a nonrecurring distribution of EUR 10.3 million from an equity interest in a financial service provider that carried out a nonrecurring realization of large hidden reserves from a financial investment during the year. This nonrecurring distribution is recognized in the net interest income item, together with interest income and interest expenses. Consequently, the nonrecurring distribution was also responsible for the increase in net interest income to EUR 239.1 million (prior year: EUR 237.2 million).

03 Net commission income

EUR m	2015	2014
Securities business	**11.6**	**13.6**
Income	14.7	16.0
Expenses	3.1	2.4
Asset management	**11.5**	**11.7**
Income	12.1	12.0
Expenses	0.6	0.3
Payment traffic	**23.0**	**25.1**
Income	25.7	27.6
Expenses	2.7	2.5
Foreign business	**2.1**	**2.2**
Income	2.1	2.2
Expenses	—	—
Insurance, home loan and savings, real estate business	**13.2**	**12.8**
Income	17.9	18.2
Expenses	4.7	5.4
Credit card business	**2.2**	**1.6**
Income	4.6	4.1
Expenses	2.4	2.5
Trustee and other fiduciary activities	—	—
Income	—	—
Expenses	—	—
Other	**3.3**	**3.9**
Income	16.7	14.0
Expenses	13.4	10.1
Net commission income	**66.9**	**70.9**
Income	93.8	94.1
Expenses	26.9	23.2

OLB provides the regulatory liability umbrella for the sale of AllianzGI products by independent Allianz agents. For ensuring compliance with securities law and the associated expense, OLB received other commission income of EUR 1.2 million (prior year: EUR 1.0 million). The agents' commission for these products covered by the liability umbrella is owed by OLB in a legal third-party relationship. For this it incurred other commission expenses of EUR 10.6 million (prior year: EUR 8.0 million). OLB received an identical amount of other commission income from Allianz as compensation.

The total commission income from financial assets not measured at fair value through profit or loss was EUR 3.3 million (prior year: EUR 3.9 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	2015	2014
Trading in interest rate products	1.3	– 0.4
Foreign-currency and precious-metals business	2.2	2.1
Effect of hedged transactions and derivatives for management of the interest rate book	4.5	2.8
Other	– 0.1	– 0.3
Net operating trading income / expense	**7.9**	**4.2**

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

EUR m	2015	2014
Realized income (net)	– 0.4	– 0.4
Measurement income (net)[1]	6.0	2.8
Write-ups	8.0	4.6
Write-downs	2.0	1.8
Net interest income from trading	0.2	0.1
Trading-related commissions	1.9	1.8
Changes in exchange rates from foreign currency translation	0.2	– 0.1
Net operating trading income / expense	**7.9**	**4.2**

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 Note (39) concerning the derivatives business.

05 Other income

EUR m	2015	2014
Other income	0.8	0.4

The other income includes a realization gain on the sale of land and buildings used by the Bank itself, in the amount of EUR 0.3 million (prior year: EUR 0.0 million).

06 Administrative expenses

EUR m	2015	2014
Wages and salaries	97.3	104.4
Social security	19.4	19.8
Bonuses	12.3	14.3
Pensions and other post-retirement benefits	14.7	15.0
Total operating personnel expenses	**143.7**	**153.5**
IT expenses	16.8	15.2
Occupancy expenses	13.0	12.2
Advertising and representation expense	5.5	4.3
Business and office equipment expense	2.8	3.0
Other administrative expenses	30.7	35.4
Office expense before current depreciation and amortization	**68.8**	**70.1**
Current depreciation and amortization	**14.7**	**14.3**
Other expenses	**2.1**	**6.7**
Administrative expense	**229.3**	**244.6**

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 bank levy is a payment into a Restructuring Fund, required by law, that depends on the contributor bank’s business volume, size and networking. The Restructuring Fund’s objective is achieved if the fund’s available funding paid in from 2015 to 2023 has reached 1 percent of the covered deposits in all contributor banks. For the 2015 contribution year, EUR 2.5 million (prior year: EUR 0.6 million) was paid into the Restructuring Fund, and EUR 1.1 million (prior year: EUR 0.0 million) was recognized in equity as an irrevocable payment obligation.

On average for the year, OLB had 2,272 employees (prior year: 2,337). This corresponds to a capacity of 1,841 full-time equivalents (prior year: 1,915). The group of employees recognized here excludes apprentices and trainees, and has also excluded temporary employees and interns as of 2015. To ensure comparability, the prior year’s figures were revised to reflect the same definition as for the year under report.

07 Risk provisions for credit business

EUR m	2015	2014
Net result of impairment provisions	37.4	44.2
Additions to impairment provisions	73.9	71.7
Write-backs of impairment provisions	36.5	27.5
Net results from provisions	2.1	–2.2
Additions to provisions	2.5	1.0
Write-backs of provisions	0.4	3.2
Direct write-downs	0.2	0.1
Receipts on written-off receivables	3.4	3.1
Risk provisions for credit business	**36.3**	**39.0**

08 Restructuring income / expense

EUR m	2015	2014
Additions to restructuring provision	10.4	4.1
Write-backs from the restructuring provision	3.4	7.8
Restructuring expense not eligible for provisions	—	0.7
Restructuring income / expense	**–7.0**	**3.0**

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

EUR m	2015	2014
Realized income (net)	4.1	3.4
Measurement loss (net)	—	–0.2
Write-ups	—	—
Write-downs	—	0.2
Realized net income / loss from financial assets	**4.1**	**3.2**
Realized income / loss (net)	—	–0.2
Measurement gain / loss (net)	–0.1	–0.4
Write-ups	—	—
Write-downs	0.1	0.4
Net nonoperating trading income / expense	**–0.1**	**–0.6**
Net income / loss from financial assets	**4.0**	**2.6**

The net realized income of EUR 4.1 million (prior year: EUR 3.4 million) from financial assets came from realizations of securities in the "Available for sale" category (AfS). The measurement income was EUR 0.0 million (prior year: loss of EUR –0.2 million).

The prior year's realized nonoperating trading expense of EUR –0.2 million resulted from the sale or maturity of derivatives in the special funds. The measurement loss for the year under report was EUR –0.1 million (prior year: EUR –0.4 million).

EUR m	2015	2014
Net income / loss on available-for-sale securities	4.6	3.2
Net income / loss on disposals and measurements at associates	– 0.5	—
Net income / loss from other financial assets	—	—
Net nonoperating trading income / expense	– 0.1	– 0.6
Net income / loss from financial assets	**4.0**	**2.6**

10 Taxes

EUR m	2015	2014
Current taxes (current year)	13.2	10.9
Current taxes (previous years)	2.0	1.7
Deferred taxes (current year; refund [–] / expense [+])	– 0.6	0.2
Deferred taxes (previous years; refund [–] / expense [+])	– 0.3	– 3.0
Taxes	**14.3**	**9.8**

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.

	2015	2014
Profit (EUR m)	31.8	24.9
Average number of shares outstanding (million)	23.3	23.3
Basic and diluted earnings per share (EUR)	**1.36**	**1.07**

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	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 – 12/31/2015					
Net interest income	84.1	26.6	111.9	—	16.5	239.1
Net commission income and other income	31.7	20.4	16.4	—	7.1	75.6
Operating income	**115.8**	**47.0**	**128.3**	**—**	**23.6**	**314.7**
Operating personnel expense	43.5	13.0	17.4	61.9	7.9	143.7
Office expense and other expenses	18.1	2.5	2.8	54.4	7.8	85.6
Cost transfers – operations	36.8	10.6	23.1	–71.2	0.7	—
Administrative expenses	**98.4**	**26.1**	**43.3**	**45.1**	**16.4**	**229.3**
Risk provisions for credit business	1.8	0.1	20.4	—	14.0	36.3
Net restructuring income / expense	—	—	—	—	–7.0	–7.0
Operating profit / loss	**15.6**	**20.8**	**64.6**	**–45.1**	**–13.8**	**42.1**
Net income / loss from financial assets	—	—	—	—	4.0	4.0
Segment profit	**15.6**	**20.8**	**64.6**	**–45.1**	**–9.8**	**46.1**
Segment assets (EUR bn)	3.8	0.9	5.0	—	3.9	13.6
Segment liabilities (EUR bn)	2.5	1.6	1.9	—	7.0	13.0
Cost–income ratio (%)	85.0	55.5	33.7	—	69.5	72.9
Risk capital (average) [1]	41.1	14.8	203.5	—	221.2	471.6
Risk assets (average)	743.9	285.2	3,052.0	—	1,555.9	5,637.0

1 The aggregate total for the Group is less than the total of the segments because the risk capital is not additive due to diversification effects.

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	85.3	26.8	116.1	—	9.0	237.2
Net commission income and other income	32.3	19.2	16.0	—	8.0	75.5
Operating income	**117.6**	**46.0**	**132.1**	—	**17.0**	**312.7**
Operating personnel expense	46.4	12.8	16.2	62.3	15.8	153.5
Office expense and other expenses	18.8	3.3	2.8	52.0	14.2	91.1
Cost transfers – operations	35.3	10.6	23.3	– 69.8	0.6	—
Administrative expenses	**100.5**	**26.7**	**42.3**	**44.5**	**30.6**	**244.6**
Risk provisions for credit business	2.4	– 0.1	14.5	—	22.2	39.0
Restructuring income / expense [1]	—	—	—	—	3.0	3.0
Operating profit / loss	**14.7**	**19.4**	**75.3**	**– 44.5**	**– 32.8**	**32.1**
Net income / loss from financial assets	—	—	—	—	2.6	2.6
Segment profit	**14.7**	**19.4**	**75.3**	**– 44.5**	**– 30.2**	**34.7**
Segment assets (EUR bn)	3.8	0.8	5.1	—	4.4	14.1
Segment liabilities (EUR bn)	2.3	1.1	2.3	—	7.8	13.5
Cost–income ratio (%)	85.5	58.0	32.0	—	180.0	78.2
Risk capital (average) [2]	45.9	13.5	251.9	—	204.9	484.8
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 for the Group is less than the total of the segments because the risk capital is not additive due to diversification effects.

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

EUR m	1/1 – 12/31/2015					
				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	6.4	0.8	34.5	—	32.2	73.9
Reversals of asset-side risk provisions	4.6	0.7	15.1	—	16.1	36.5
Allocations to provisions	2.0	0.5	0.7	34.9	—	38.1
Reversals of provisions	—	—	—	15.9	—	15.9
Net write-ups and write-downs on trading instruments	—	—	—	—	6.0	6.0
Net write-ups and write-downs on financial assets	—	—	—	—	– 0.1	– 0.1
Interest income from accrued interest	0.5	0.1	0.7	—	27.2	28.5
Interest expense from accrued interest	—	—	—	—	42.7	42.7

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	—	23.5	27.5
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	0.2	0.2	—	46.2	46.9

Unscheduled write-downs of EUR 0.1 million (prior year: EUR 0.1 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	2015	2014
Cash on hand	129.3	103.9
Balances with central banks	52.4	89.0
including: eligible for Deutsche Bundesbank refinancing	52.4	89.0
Cash and cash equivalents	**181.7**	**192.9**

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

14 Trading assets

EUR m	2015	2014
Positive market values from derivative financial instruments	9.0	7.6
Positive market values from hedging of share-based payments	4.0	7.3
Trading assets	**13.0**	**14.9**

15 Loans and advances to banks

	2015			2014		
EUR m	Germany	Outside Germany	Total	Germany	Outside Germany	Total
Market and payment transactions in course of settlement	14.5	2.4	16.9	16.1	3.2	19.3
Receivable from reverse repo transactions	—	—	—	50.0	—	50.0
Cash collateral paid	80.6	3.2	83.8	92.2	—	92.2
Other receivables	49.9	0.9	50.8	217.3	56.4	273.7
Loans	—	—	—	—	—	—
Loans and advances to banks	**145.0**	**6.5**	**151.5**	**375.6**	**59.6**	**435.2**
less: risk provisions	—	—	—	0.1	—	0.1
Loans and advances to banks (after risk provisions)	**145.0**	**6.5**	**151.5**	**375.5**	**59.6**	**435.1**

16 Loans and advances to customers

EUR m	2015 Germany	2015 Outside Germany	2015 Total	2014 Germany	2014 Outside Germany	2014 Total
Corporate customers	4,047.1	34.3	4,081.4	4,154.0	23.5	4,177.5
Public-sector entities	24.2	—	24.2	12.2	—	12.2
Retail customers	6,254.0	41.8	6,295.8	6,282.5	44.1	6,326.6
Loans and advances to customers	**10,325.3**	**76.1**	**10,401.4**	**10,448.7**	**67.6**	**10,516.3**
less: risk provisions	209.6	—	209.6	215.9	—	215.9
Loans and advances to customers (after risk provisions)	**10,115.7**	**76.1**	**10,191.8**	**10,232.8**	**67.6**	**10,300.4**

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

16 a Breakdown by industry (before risk provisions)

EUR m	2015 Germany	2015 Outside Germany	2015 Total	2014 Germany	2014 Outside Germany	2014 Total
Manufacturing	502.0	7.6	509.6	496.8	4.9	501.7
Construction	91.4	—	91.4	115.2	—	115.2
Retail	387.8	6.6	394.4	362.5	4.5	367.0
Financial institutions and insurance companies	6.2	—	6.2	6.9	—	6.9
Transportation	441.9	14.0	455.9	417.0	9.7	426.7
Services	1,020.2	6.1	1,026.3	1,056.6	4.4	1,061.0
Utilities	1,283.8	—	1,283.8	1,366.9	—	1,366.9
Other	313.8	—	313.8	332.1	—	332.1
Corporate customers	4,047.1	34.3	4,081.4	4,154.0	23.5	4,177.5
Public-sector entities	24.2	—	24.2	12.2	—	12.2
Private individuals	6,254.0	41.8	6,295.8	6,282.5	44.1	6,326.6
Loans and advances to customers	**10,325.3**	**76.1**	**10,401.4**	**10,448.7**	**67.6**	**10,516.3**

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

EUR m	2015 Germany	2015 Outside Germany	2015 Total	2014 Germany	2014 Outside Germany	2014 Total
Loans	10,264.3	76.1	10,340.4	10,423.7	67.6	10,491.3
including: mortgages	—	—	—	—	—	—
including: public-sector loans	86.5	0.7	87.2	86.0	1.0	87.0
including: other loans secured with real-estate liens	5,280.5	23.5	5,304.0	5,220.5	28.9	5,249.4
Other receivables	61.0	—	61.0	25.0	—	25.0
Loans and advances to customers	**10,325.3**	**76.1**	**10,401.4**	**10,448.7**	**67.6**	**10,516.3**

Loans and advances to customers in the amount of EUR 2,583.0 million (prior year: EUR 2,743.9 million) were assigned as security for the Bank's own liabilities.

17 Total lendings

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

EUR m	2015 Germany	2015 Outside Germany	2015 Total	2014 Germany	2014 Outside Germany	2014 Total
Corporate customers	4,047.1	34.3	4,081.4	4,154.0	23.5	4,177.5
Public-sector entities	24.2	—	24.2	12.2	—	12.2
Retail customers	6,254.0	41.8	6,295.8	6,282.5	44.1	6,326.6
Loans to customers	10,325.3	76.1	10,401.4	10,448.7	67.6	10,516.3
Loans to banks	—	—	—	—	—	—
Total lendings	**10,325.3**	**76.1**	**10,401.4**	**10,448.7**	**67.6**	**10,516.3**
less: risk provisions	209.6	—	209.6	215.9	—	215.9
Total lendings (after risk provisions)	**10,115.7**	**76.1**	**10,191.8**	**10,232.8**	**67.6**	**10,300.4**

18 Changes in risk provisioning

In addition to the risk provisions of EUR 209.6 million recognized as deductions from assets (prior year: EUR 216.0 million), the risk provisions also include the provisions of EUR 5.7 million (prior year: EUR 4.4 million) for contingent liabilities, which are included on the liabilities side.

EUR m	SLLP	PLLP	GLLP[3]	Provisions	Total risk provisions
At 1/1/2015	**191.3**	**7.7**	**17.0**	**4.4**	**220.4**
Used	38.7	2.2	—	0.8	41.7
Written back[1]	34.6	—	1.9	0.4	36.9
Written back through unwinding[2]	2.8	—	—	—	2.8
Additions	73.3	0.5	—	2.5	76.3
At 12/31/2015	**188.5**	**6.0**	**15.1**	**5.7**	**215.3**

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

19 Financial assets

The financial assets, all of which belong 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	2015	2014
Bonds and other fixed-income securities	2,760.9	2,811.2
Stocks	0.1	0.1
Investment funds	66.1	53.0
Total securities	2,827.1	2,864.3
Equity interests	6.7	—
Equity interests (at cost)	0.4	1.0
Investments in unconsolidated subsidiaries	0.1	0.1
Financial assets	**2,834.3**	**2,865.4**

An equity interest in a financial service provider that realized large hidden reserves from a financial investment on a one-time basis yielded a nonrecurring distribution during the year; this was included in net interest income. Depending on the tax valuation of the hidden reserves realized there, this equity interest (reflected in Level 3 of the fair-value hierarchy in Note (43)) is very likely to yield another substantial amount of nonrecurring income. The measurement of this equity interest at the reporting date is based on that expected additional nonrecurring income, after deduction of the tax impact, which is to be recognized at the Bank level.

A further equity interest in another financial service provider (likewise reflected in Level 3 of the fair-value hierarchy in Note (43)) is expected to result in a realization of hidden reserves from that interest in 2016, as part of a swap for cash and stock of the acquiring entity that will be subject to restricted sale. The measurement of this equity interest at the reporting date is based on the expected cash and a substantial mark-down on the parent company's stock subject to restricted sale, after deduction of the tax impact, which is to be recognized at the Bank level.

The measurement of the two equity interests, at EUR 6.7 million, was obtained by the above method for the first time during the fiscal year (prior year: at cost), and was recognized in "Other income" as a gross unrealized change in market value of EUR 6.7 million, with a corresponding tax expense for unrealized changes in market value.

The carrying amounts of equity interests measured at cost came to EUR 0.4 million (prior year: EUR 1.0 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	2015	2014
Bonds and other debt instruments from government issuers	1,489.7	1,408.0
Bonds and other debt instruments covered by government entities	696.2	732.7
Bonds and other debt instruments from other issuers	575.0	670.5
Bonds and other fixed-income securities	**2,760.9**	**2,811.2**
including: marketable securities	2,735.2	2,784.0
including: quoted in a market	2,735.2	2,784.0

Bonds and other fixed-income securities with a nominal total value of EUR 413.0 million will mature in 2016 (prior year: EUR 449.2 million).

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

EUR m	2015	2014
Stocks	0.1	0.1
Other	73.3	54.1
Stocks and other non-fixed-income securities	**73.4**	**54.2**
including: marketable securities	10.6	19.6
including: quoted in a market	10.6	19.6

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

19 c Changes in portfolio

	2015		2014	
EUR m	Investments	Investments in unconsolidated associates	Investments	Investments in unconsolidated associates
Historical acquisition costs	1.1	0.1	0.9	0.1
Historical write-ups	—	—	—	—
Historical write-downs	0.1	—	—	—
Carrying amount at 1/1	**1.0**	**0.1**	**0.9**	**0.1**
Additions measured at cost	—	—	0.2	—
Disposals measured at cost	0.6	—	—	—
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	**– 0.6**	**—**	**0.2**	**—**
Unrealized changes in market value	6.7	—	—	—
Write-ups during the year (realized)	—	—	—	—
Write-downs during the year (realized)	—	—	0.1	—
Changes in measurement during the year	**6.7**	**—**	**– 0.1**	**—**
Carrying amount at 12/31	**7.1**	**0.1**	**1.0**	**0.1**

Shares in unconsolidated associates at December 31, 2015, included the carrying amount of the unconsolidated wholly-owned subsidiaries OMB-Immobiliendienst-GmbH, Oldenburg, and OLB-Service Gesellschaft mbH, Oldenburg, for an amount of EUR 26 thousand each.

20 Property, plant and equipment

EUR m	2015			2014		
	Land and buildings	Business and office equipment	Total	Land and buildings	Business and office equipment	Total
Historical acquisition costs	146.2	125.4	271.6	146.1	124.2	270.3
Historical write-ups	—	—	—	—	—	—
Historical write-downs	94.4	95.0	189.4	91.1	96.3	187.4
Carrying amount at 1/1	**51.8**	**30.4**	**82.2**	**55.0**	**27.9**	**82.9**
Additions measured at cost	—	10.9	10.9	—	11.0	11.0
Disposals measured at cost	2.8	23.8	26.6	—	9.5	9.5
Historical write-ups included in disposals for the year	—	—	—	—	—	—
Historical write-downs included in disposals for the year	2.3	23.6	25.9	—	9.4	9.4
Additions through reclassification	—	—	—	—	—	—
Disposals through reclassification	—	—	—	—	—	—
Changes in portfolio during the year	**– 0.5**	**10.7**	**10.2**	—	**10.9**	**10.9**
Write-ups during the year	—	—	—	—	—	—
Write-downs during the year (scheduled)	3.2	8.5	11.7	3.2	8.3	11.5
Write-downs during the year (unscheduled)	—	0.1	0.1	—	0.1	0.1
Changes in measurement during the year	**– 3.2**	**– 8.6**	**– 11.8**	**– 3.2**	**– 8.4**	**– 11.6**
Carrying amount at 12/31	**48.1**	**32.5**	**80.6**	**51.8**	**30.4**	**82.2**

The Group used land and buildings with a carrying amount of EUR 48.1 million (prior year: EUR 51.8 million).

No write-ups (recoveries of value) were recognized in fiscal 2015 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.

The sale of land and buildings used by the Bank itself yielded a realization gain of EUR 0.3 million (prior year: EUR 0.0 million), which is recognized in “Other income.”

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	2015	2014
Historical acquisition costs	35.3	33.4
Historical write-ups	—	—
Historical write-downs	25.3	22.5
Carrying amount at 1/1	**10.0**	**10.9**
Additions measured at cost	2.8	1.9
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	**2.8**	**1.9**
Write-ups during the year	—	—
Write-downs during the year (scheduled)	3.0	2.8
Write-downs during the year (unscheduled)	—	—
Changes in measurement during the year	**–3.0**	**–2.8**
Carrying amount at 12/31	**9.8**	**10.0**

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	2015	2014
Deferred interest	25.6	28.4
Positive market values of hedge derivatives under hedge accounting	27.6	32.6
Miscellaneous other assets	48.3	26.1
Other assets	**101.5**	**87.1**

Under an agreement with a loan refinancing institution, cash of EUR 16.7 million (prior year: EUR 0.0 million) was transferred to a trustee as security. This trust asset is recognized under "Other assets."

In 2015, there were EUR 3.5 million (prior year: EUR 4.4 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	2015	2014
Tax refund entitlements	**17.8**	**21.8**

The tax refund entitlements pertain to tax items under IAS 12 – in other words, this item of the balance sheet reflects income tax entitlements for corporate income tax and local business income tax (as income tax assets). Other tax credits for other taxes are recognized in the item "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 1,557.6 million (prior year: EUR 1,226.9 million). The associated liabilities come to EUR 1,510.3 million (prior year: EUR 1,192.6 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 2,583.0 million (prior year: EUR 2,743.9 million), receivables were transferred to the refinancing entities, while the risk exposure for interest rate changes and counterparty defaults was retained by the Bank. The fair value of loans and advances to customers in the refinancing business was EUR 2,700.2 million (prior year: EUR 2,908.0 million). The associated liabilities for refinanced funds came to EUR 2,602.4 million (prior year: EUR 2,755.1 million). These are recognized among the amounts due to customers and banks.

Under an additional agreement with a loan refinancing institution, "Other assets" of EUR 16.7 million in the form of cash (prior year: EUR 0.0 million) were transferred to a trustee as security.

Cash of EUR 1.1 million (prior year: EUR 0.0 million) was transferred to the Restructuring Fund ("bank levy") as security for irrevocable payment obligations.

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

25 Trading liabilities

EUR m	2015	2014
Negative market values from derivative financial instruments	7.3	7.8
Negative market values from hedging of share-based payments	—	—
Trading liabilities	**7.3**	**7.8**

26 Amounts due to banks

EUR m	2015	2014
Demand deposits	50.0	13.0
Liabilities from repurchase agreements	1,410.3	1,103.4
Cash collateral received	—	14.1
Borrower's note loans and registered mortgage bonds	30.0	40.0
Market and payment transactions in course of settlement	2.4	33.6
Term deposits	424.7	285.1
Other term liabilities	2,602.4	2,742.3
Due to banks	**4,519.8**	**4,231.5**
including: banks in Germany	4,444.3	4,228.6
including: banks outside Germany	75.5	2.9

Amounts due to banks include fixed-interest liabilities of EUR 4,476.4 million (prior year: EUR 4,184.9 million) and variable-interest liabilities of EUR 52.4 million (prior year: EUR 46.6 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 1,410.3 million (prior year: EUR 1,117.5 million).

27 Amounts due to customers

EUR m	2015	2014
Demand deposits	4,585.2	4,190.9
Savings deposits	1,868.6	2,260.5
Borrower's note loans and registered mortgage bonds	731.1	793.1
Market and payment transactions in course of settlement	30.5	28.3
Term deposits	157.3	680.7
Other term liabilities	2.3	4.4
Amounts due to customers	**7,375.0**	**7,957.9**

In connection with hedge accounting, negative adjusted changes in market value of EUR –25.3 million (prior year: EUR –31.4 million) since the hedge relationships began were allocated to amortized cost.

27 a Breakdown by customer group

EUR m	2015			2014		
	Germany	Outside Germany	Total	Germany	Outside Germany	Total
Corporate customers	2,400.9	48.6	2,449.5	2,758.2	127.2	2,885.4
Public-sector entities	143.0	—	143.0	207.1	—	207.1
Retail customers	4,739.6	42.9	4,782.5	4,824.3	41.1	4,865.4
Due to customers	**7,283.5**	**91.5**	**7,375.0**	**7,789.6**	**168.3**	**7,957.9**

Amounts due to customers include fixed-interest liabilities of EUR 1,860.8 million (prior year: EUR 2,922.8 million) and variable-interest liabilities of EUR 5,514.2 million (prior year: EUR 5,035.1 million).

28 Securitized liabilities

EUR m	2015	2014
Bonds issued	395.4	512.5
Securitized liabilities	**395.4**	**512.5**

Securitized liabilities consist solely of the Bank's own bond issues. Of the outstanding bonds, tranches with a nominal value of EUR 79.8 million (prior year: EUR 64.1 million) will mature in 2016. The securitized liabilities include variable-rate bonds for an amount of EUR 273.6 million (prior year: EUR 326.7 million).

29 Provisions and other liabilities

EUR m	2015	2014
Provisions for pensions and similar obligations	224.1	238.0
Other provisions	57.8	63.6
Deferred interest	30.1	33.9
Negative market values of hedge derivatives under hedge accounting	106.7	129.0
Other liabilities	17.9	22.3
Provisions and other liabilities	**436.6**	**486.8**

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 such items as goods and services not yet billed and payroll withholdings not yet forwarded to the authorities. They also include income tax liabilities of EUR 4.5 million (prior year: EUR 9.0 million), of which EUR 4.0 million is payable investment income tax (prior year: EUR 6.7 million) and EUR 0.5 million (prior year: EUR 2.3 million) is payable value-added tax.

30 Provisions for pensions and similar obligations

EUR m	2015	2014	2013	2012	2011
Pension obligations at 1/1	**238.0**	**184.7**	**191.9**	**163.1**	**155.3**
Less actuarial loss at 1/1	—	—	—	27.6	26.7
Pension provisions recognized at 1/1	**238.0**	**184.7**	**191.9**	**135.5**	**128.6**
Current service cost	6.7	5.5	6.0	4.6	5.1
Imputed interest expense	5.4	7.4	7.0	7.8	7.5
Expected return on assets	– 0.8	– 1.1	– 0.9	– 0.8	– 0.3
Repayment of costs from plan change	—	—	—	—	—
Repayment of actuarial gains (–)/losses (+)	—	—	—	0.9	0.8
Net pension expense	**11.3**	**11.8**	**12.1**	**12.5**	**13.1**
Amortization and transfer	– 0.1	– 4.2	– 0.2	– 0.1	– 0.1
Pension commitments through deferred compensation	– 0.7	– 0.6	– 0.8	– 0.7	– 0.8
Allocation under defined-contribution pension agreement	– 1.8	– 4.3	– 3.4	– 14.2	—
Pension benefits paid during year	– 5.8	– 5.9	– 5.6	– 5.4	– 5.3
Taxes paid out of assets	—	—	0.1	—	—
Gains (–)/losses (+) from demographic assumptions	—	—	1.7	—	—
Gains (–)/losses (+) from financial assumptions	– 13.5	58.7	– 8.2	—	—
Gains (–)/losses (+) from experience-based adjustment	– 3.3	– 2.2	– 2.9	—	—
Change in actuarial gains (–)/losses (+)	**– 16.8**	**56.5**	**– 9.4**	**—**	**—**
Pension provisions recognized at 12/31	**224.1**	**238.0**	**184.7**	**127.6**	**135.5**
Actuarial loss at 12/31	—	—	—	64.3	27.6
Total pension obligations at 12/31	**224.1**	**238.0**	**184.7**	**191.9**	**163.1**

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	2015	2014
Change in scope of obligations		
Present value of earned pension entitlements at 1/1	275.9	214.7
Current service cost	6.7	5.4
Theoretical interest expense	5.4	7.4
Employee contributions	1.4	2.4
Cost of plan changes	—	—
Gains (–)/losses (+) from demographic assumptions	—	—
Gains (–)/losses (+) from financial assumptions	–13.5	58.7
Gains (–)/losses (+) from experience-based adjustment	–3.3	–1.8
Actuarial gains (–)/losses (+)	**–16.8**	**56.9**
Pension payments	–6.0	–5.9
Acquisitions	—	—
Additions (+)/Disposals (–)	–1.8	–5.0
Present value of earned pension entitlements at 12/31[1]	**264.8**	**275.9**
Change in fair value of fund assets		
Fair value of fund assets at 1/1	37.9	30.0
Expected return on assets	0.8	1.1
Actuarial gains (+)/ losses (–)	—	0.4
Employer contributions	2.5	4.9
Employee contributions	1.4	2.4
Pensions paid out of fund assets	–0.2	–0.1
Taxes paid out of fund assets	—	—
Transfers	–1.7	–0.8
Fair value of fund assets at 12/31	40.7	37.9
Funding status (balance-sheet value) at 12/31	**224.1**	**238.0**

1 This includes EUR 209.6 million (prior year: EUR 219.0 million) directly committed by Group companies as of December 31, 2015, and EUR 55.2 million (prior year: EUR 56.9 million) backed with fund assets. The fair value of the associated plan assets as of December 31, 2015, was EUR 40.8 million (prior year: EUR 37.9 million).

Fund assets

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

in %	2015	2014
Stocks	4.3	3.6
Bonds	10.4	9.9
Real estate	0.6	0.4
Other	84.7	86.1
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	2015	2014	2013	2012	2011
Present value of earned pension entitlements	264.8	275.9	214.7	216.2	170.6
Fair value of fund assets	40.7	37.9	30.0	24.3	7.5
Funding status	224.1	238.0	184.7	191.9	163.1

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 %	2015	2014	2013	2012	2011
Interest rate for discounting	2.25	2.00	3.50	3.25	4.75
Expected return on assets[1]	n/a	n/a	n/a	4.58	4.70
Expected salary increases	2.50	2.50	2.50	2.50	2.50
Expected pension increases	1.70	1.70	1.90	1.90	1.90

1 As of the entry into effect of IAS 19 (2011) on January 1, 2013, 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 result in a reduction of the present value of the pension obligation by EUR 22.9 million (prior year: EUR 25.9 million), while a decrease of 0.50 percentage points would increase it by EUR 26.5 million (prior year: EUR 30.3 million).

Largely because of the change of 25 basis points in the assumed interest rate (prior year: –150 basis points), the actuarial loss decreased by EUR 16.8 million (prior year: EUR +56.5 million).

An increase of 0.25 percentage points in pensions would lead to an increase in the present value of the pension obligation by EUR 7.4 million (prior year: EUR 6.9 million), while a decrease of 0.25 percentage points in pensions would reduce the present value of the pension obligation by EUR 6.4 million (prior year: EUR 6.1 million).

An increase of one year in life expectancy would increase the present value of the pension obligation by EUR 8.9 million (prior year: EUR 8.1 million), while a decrease of one year would reduce it by EUR 9.1 million (prior year: EUR 8.3 million).

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 19.0 years (prior year: 20.7 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 2016, the Group expects to pay employer contributions of EUR 4.2 million into the fund assets for defined-benefit pension plans (actual figure for 2015: EUR 2.5 million), and EUR 6.4 million in direct pension payments to beneficiaries (actual figure for 2015: EUR 6.0 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 2015, expenses for contribution commitments of EUR 2.8 million (prior year: EUR 2.9 million) were paid into the Versicherungsverein des Bankgewerbes a. G., of Berlin, as contributions for employees. Contributions of EUR 10.3 million (prior year: EUR 10.5 million) were paid into the public pension insurance system.

31 Other provisions

EUR m	Restructuring provisions	Provisions for credit business	Other provisions for personnel operations	Miscellaneous other provisions	Total
At 1/1/2015	**7.6**	**4.4**	**37.0**	**14.6**	**63.6**
Used	0.5	0.8	16.1	2.4	19.8
Write-backs	3.3	0.4	5.4	6.8	15.9
Additions	10.4	2.5	13.1	5.4	31.4
Reclassification	–1.0	—	–0.5	—	–1.5
At 12/31/2015	**13.2**	**5.7**	**28.1**	**10.8**	**57.8**

The “Other provisions” include provisions of EUR 29.9 million (prior year: EUR 22.2 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 0.3 million (prior year: EUR 2.9 million), and comprises EUR 0.6 million in expenses from time effects (prior year: expense of EUR 1.5 million) and EUR 0.3 million in income from the change in interest rates (prior year: expense of EUR 1.4 million).

The additions to restructuring provisions resulted from the resolution and notification of the strategic “OLB 2019” program for the future, which is explained further in Note (08) concerning the net restructuring expense.

In 2015, there were outsourced plan assets of EUR 3.5 million (prior year: EUR 4.4 million) under a Contractual Trust Agreement (CTA) for phased retirement obligations of EUR 4.7 million (prior year: EUR 6.0 million); these assets were netted against other assets under the item for “Other provisions.”

Under “Miscellaneous other provisions,” OLB has recognized EUR 6.7 million in provisions for legal risks; this refers to claims that have specifically been asserted already or that are very likely to be asserted. The claims result largely from accusations concerning breaches of the duty to provide professional advice and the duty of due care in securities and lending transactions. Provisions have also been recognized for still-unexpired claims that result from changes in case law concerning loan processing fees.

In the course of normal business operations, and in its capacity as an employer, investor and taxpayer, OLB is exposed to the risk of proceedings in the courts and before regulatory bodies. The Bank has taken due account of specific risks presented by such proceedings by forming adequate provisions. In other cases in which the Bank is accused of breaches of its duties for professional advice and due care in securities and credit transactions, the Bank’s legal review has indicated that the validity of a claim can be considered doubtful, or that the claims are time-barred or have otherwise been forfeited. However, the outcome of pending or threatened proceedings cannot be determined or predicted with absolute certainty. The Bank believes that in the event of an unexpected outcome, such proceedings would have no serious consequences for the Bank’s financial position. In compliance with the protection clause under IAS 37.92, the Bank makes no further disclosures about individual or grouped legal cases because at the present stage of the underlying cases, which very predominantly have not yet gone to court, the other side’s position is also not yet known in full. In this situation, the Bank firmly believes that an unjustified charge against the Bank’s assets should not be risked merely because one side may unilaterally disclose its own position further.

32 Tax liabilities

EUR m	2015	2014
At 1/1	**1.8**	**9.2**
Used	—	6.8
Write-backs	—	0.8
Additions	1.7	0.2
At 12/31	**3.5**	**1.8**

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	2015 Income tax receivables	2015 Income tax liabilities	2015 Net	2014 Net
Loans and advances to customers		1.3	–17.7	–16.4	–21.8
including: hedge accounting	Net interest income/net trading income	—	–17.7	–17.7	–23.6
including: risk provisions	Risk provisions	1.3	—	1.3	1.8
Financial assets		20.9	–31.2	–10.3	–20.1
including: AfS financial instruments	Net income/loss from financial assets	17.3	–12.4	4.9	3.5
including: other comprehensive income from AfS financial instruments	Other comprehensive income	3.6	–18.8	–15.2	–23.6
Trading portfolios		35.3	–12.3	23.0	28.0
including: hedge accounting	Net interest income/net trading income	33.1	–8.5	24.6	29.9
including: other trading portfolios	Net trading income	2.2	–3.8	–1.6	–1.9
Amounts due to customers		8.0	—	8.0	9.8
including: hedge accounting	Net interest income/net trading income	8.0	—	8.0	9.8
Pension provisions		43.1	–1.1	42.0	46.9
including: net pension obligations	Administrative expenses	12.4	—	12.4	12.1
including: other comprehensive income from net pension obligations	Other comprehensive income	30.7	–1.1	29.6	34.8
Other provisions	Administrative expenses	4.3	–0.2	4.1	4.7
Other		5.1	–8.3	–3.2	–4.4
including: hedge accounting	Net interest income/net trading income	1.3	–8.3	–7.0	–8.3
including: other	Administrative expenses	3.8	—	3.8	3.9
Total		**118.0**	**–70.8**	**47.2**	**43.1**

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 118.0 million (prior year: EUR 134.3 million) and income tax liabilities of EUR 70.8 million (prior year: EUR 91.2 million) yield a deferred tax receivable of EUR 47.2 million (prior year: EUR 43.1 million).

The change of EUR 4.1 million in net deferred taxes (prior year: EUR 8.0 million) results from changes in temporary differences. Of this total, EUR 0.9 million (prior year: EUR 2.7 million) is recognized in profit or loss, and EUR 3.2 million (prior year: EUR 5.3 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	2015	2014
Current taxes (current year)	13.2	10.9
Current taxes (previous years)	2.0	1.7
Deferred taxes (current year; refund [–] / expense [+])	– 0.6	0.2
Deferred taxes (previous years; refund [–] / expense [+])	– 0.3	– 3.0
Recognized income taxes	**14.3**	**9.8**

The current taxes for 2015 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 14.2 percent (prior year: 14.1 percent) for local business income tax (“trade tax”).

The deferred taxes for 2015 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	2015	2014
Profit before taxes	46.1	34.7
Applicable tax rate in %	31.000	31.000
Imputed income tax	14.3	10.8
Tax effects		
Local business income tax	– 0.4	– 0.3
Nontaxable income	– 0.9	– 0.5
Other tax additions and deductions	– 0.3	1.4
Corporate income tax credit	– 0.1	– 0.2
Taxes from prior years	1.7	– 1.4
Recognized income taxes	**14.3**	**9.8**

34 Subordinated debt

The subordinated debt of EUR 250.8 million (prior year: EUR 220.9 million) consists of EUR 143.1 million in subordinated borrower's note loans from customers (prior year: EUR 113.1 million) and EUR 107.7 million in subordinated OLB bearer notes (prior year: EUR 107.8 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 10.5 million (prior year: EUR 10.9 million). The interest rates for fixed-rate subordinated debt are in the range from 3.0 percent to 6.0 percent. The average interest rate is 4.33 percent.

	Bearer notes 2015	Borrower's note loans 2015
Year issued	2010 – 2013	2004 – 2015
Nominal amount (EUR m)	107.6	143.5
Issuer	OLB	OLB
Interest rate in %	3.20 – 5.10	3.00 – 6.00
Maturity	2017 – 2023	2016 – 2030

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, 2015. 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 in conjunction with IFRS 10, the Bank is a subsidiary 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 2015 was EUR 18.3 million. When combined with the balance carried forward, this yields a distributable profit of EUR 18.8 million. As the allocation of this profit, a proposal will be made to the shareholders at the Shareholders' Meeting on May 11, 2016, to distribute a dividend of EUR 0.25 per no-par share for fiscal 2015, and to allocate EUR 13.0 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	2015	2014
At 1/1	**– 18.4**	**– 7.6**
Other income from available-for-sale financial instruments (realizable or realized in profit or loss)		
Unrealized changes in market value (gross)	– 14.8	43.7
Reclassification to income statement because of realization (gross)		
because of realized gains (–) and losses (+)	– 5.1	– 3.9
because of impairment	—	0.2
Tax recoveries (+) / expenses (–) on unrealized changes in market value	7.8	– 12.3
Taxes on reclassification to income statement because of realization	0.6	0.5
Other income / expense from net pension obligations (not realizable in profit or loss)		
Gross change in scope of obligations	16.8	– 56.5
Tax recoveries (+) / expenses (–) on changes in scope of obligations	– 5.2	17.5
At 12/31	**– 18.3**	**– 18.4**

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

35 b Capital management, equity and risk assets under Sec. 10 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 (Arts. 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 OLB's minimum capital requirements must always be ensured 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 in 2015 for 6.0 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.

Because W. Fortmann & Söhne KG has been merged into Oldenburgische Landesbank AG, and Münsterländische Bank Thie & Co. KG was sold with legal effect in the first half of 2015, regulatory reporting at the Group level under IFRSs is no longer required. At the reporting date, the capital ratios under Sec. 10 of the German Banking Act were calculated for regulatory purposes at the individual bank level of OLB AG in the statements under the German Commercial Code. The comparable capital ratio at December 31, 2014, was used as the prior-year figure.

EUR m	2015	2014
Tier 1 capital	**596.2**	**584.4**
including: deductions[1]	17.8	15.0
Tier 2 capital	174.9	169.4
including: subordinated debt	162.8	159.6
including: additions[2]	15.5	15.3
including: deductions[3]	3.4	5.5
Share capital and reserves (Sec. 10 KWG)	**771.1**	**753.8**
Risk assets for counterparty risks	4,989.7	5,076.5
Risk assets for market risks	23.4	26.0
Risk assets for operational risks	530.8	548.6
Risk assets	**5,543.9**	**5,651.1**

1 Per Arts. 38 and 159 CRR and supplementary rules
2 Per Arts. 62d and 159 CRR
3 Per Arts. 66d and 472 CRR

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

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

in %	2015	2014
Core capital ratio	10.8	10.3
Aggregate capital ratio	**13.9**	**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	2015	2014
Amounts due to banks	4,214.3	4,069.1
Amounts due to customers	—	0.9
Secured liabilities	**4,214.3**	**4,070.0**

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

EUR m	2015	2014
Loans and advances to customers	2,583.0	2,743.9
Bonds	1,557.6	1,226.9
Furnished collateral [1]	**4,140.6**	**3,970.8**

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 2,700.2 million (prior year: EUR 2,908.0 million).

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

37 Amounts in foreign currency

EUR m	2015	2014
Assets in:		
USD	108.5	103.0
GBP	9.2	7.9
Other	18.4	21.6
Total assets	**136.1**	**132.5**
Liabilities in:		
USD	104.4	93.7
GBP	9.1	4.1
Other	13.5	14.1
Total liabilities	**127.0**	**111.9**

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
					2015
Term loans and advances to banks	45.7	0.2	—	—	45.9
Loans and advances to customers	1,262.8	659.5	2,718.0	5,761.1	10,401.4
Receivables at 12/31/2015	**1,308.5**	**659.7**	**2,718.0**	**5,761.1**	**10,447.3**

The receivables from customers at December 31, 2015, with remaining terms of three months or less include receivables of EUR 747.5 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
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 at December 31, 2014, 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
					2015
Bank demand deposits	52.4	—	—	—	52.4
Term liabilities to banks	1,212.9	896.1	1,017.5	1,340.9	4,467.4
Customer demand deposits	4,615.7	—	—	—	4,615.7
Savings deposits	1,711.6	136.0	21.0	—	1,868.6
Other term liabilities to customers	133.1	43.7	293.8	420.1	890.7
Securitized liabilities	9.6	70.3	41.9	273.6	395.4
Provisions and other liabilities	58.0	25.6	102.6	250.4	436.6
Tax liabilities	—	—	3.5	—	3.5
Subordinated debt	15.0	—	132.7	103.1	250.8
Liabilities at 12/31/2015	**7,808.3**	**1,171.7**	**1,613.0**	**2,388.1**	**12,981.1**

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**

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
					2015
Bank demand deposits	52.4	—	—	—	52.4
Term liabilities to banks	1,213.8	896.8	1,018.3	1,341.9	4,470.8
Customer demand deposits	4,615.7	—	—	—	4,615.7
Savings deposits	1,711.6	136.0	21.0	—	1,868.6
Other term liabilities to customers	133.1	43.7	293.8	420.1	890.7
Securitized liabilities	9.6	70.3	41.9	273.6	395.4
Provisions and other liabilities	58.0	21.6	51.6	198.7	329.9
Tax liabilities [1]	—	—	3.5	—	3.5
Subordinated debt	15.0	—	132.6	103.5	251.1
Balance sheet item	**7,809.2**	**1,168.4**	**1,562.7**	**2,337.8**	**12,878.1**
Contingent liabilities and other obligations	933.4	—	—	—	933.4
Total liabilities at 12/31/2015	**8,742.6**	**1,168.4**	**1,562.7**	**2,337.8**	**13,811.5**

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 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.

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.

			Nominal volume / maturity			Nominal volume total	
EUR m	Positive fair values	Negative fair values	1 year or less	Over 1 year to 5 years	Over 5 years	2015	2014
Interest-related derivatives	34.7	– 111.6	170.8	731.0	956.5	1,858.3	1,598.4
including: interest rate swaps for closed positions in the customer business	7.1	– 4.9	46.3	70.0	178.1	294.4	148.2
including: interest rate swaps for management of the interest rate book	27.6	– 106.7	110.0	645.0	776.0	1,531.0	1,416.0
Currency-related derivatives	1.9	– 2.4	220.5	1.8	—	222.3	130.4
including: foreign currency options – calls	0.1	—	6.9	—	—	6.9	—
including: foreign currency options – puts	—	– 0.1	6.9	—	—	6.9	—
Stock related / index-related derivatives	—	—	—	—	—	—	—
Credit derivatives	—	—	—	—	—	—	—
Derivatives in share-based payments	4.0	—	1.0	3.6	—	4.6	9.1
Total derivatives	**40.6**	**– 114.0**	**392.3**	**736.4**	**956.5**	**2,085.2**	**1,737.9**
including: products in EUR	38.0	– 111.5	162.3	734.6	945.6	1,842.5	1,577.6
including: products in USD	2.3	– 2.2	191.0	1.8	10.9	203.7	133.2
including: products in GBP	0.2	– 0.3	22.3	—	—	22.3	5.2

At year's end, interest rate swaps with a nominal volume of EUR 1,531.0 million were designated for hedge accounting (prior year: EUR 1,416.0 million).

In forming on-balance-sheet hedge relationships under the rules of IAS 39 (Hedge Accounting), interest rate swaps used in managing the interest rate book underwent adjusted positive changes of EUR 2.2 million in market value (prior year: EUR –11.8 million). Corresponding receivables from and payables to customers, as well as financial assets, underwent total adjusted negative changes of EUR –3.6 million in market value (prior year: EUR +10.7 million). The net effect of EUR –1.4 million (prior year: EUR –1.1 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	2015	2014
Obligations under suretyships and guarantees		
Credit suretyships	9.6	11.7
Other suretyships and guarantees	276.2	285.0
Documentary credits	7.9	6.6
including: credit openings	6.7	6.5
including: credit confirmations	1.2	0.1
Contingent liabilities	**293.7**	**303.3**
Committed credit facilities		
Current account credits	427.8	409.6
Guarantee lines	117.6	131.9
Mortgage loans / public-sector loans	94.3	58.6
Other obligations	**639.7**	**600.1**

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.

For information on contingent liabilities from legal risks, please see the disclosures on significant accounting policies, on estimation uncertainties, and on other provisions.

41 Other financial obligations

EUR m	2015			
	1 year or less	Over 1 year to 5 years	Over 5 years	Total
Obligations under leases	20.6	65.7	19.2	105.5
Obligations for maintenance of information technology	1.0	3.9	1.0	5.9
Obligations under commenced capital spending projects	1.2	—	—	1.2
Call commitments and joint liability	—	—	—	—
Other financial obligations	**22.8**	**69.6**	**20.2**	**112.6**

EUR m	2014			
	1 year or less	Over 1 year to 5 years	Over 5 years	Total
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**

Obligations under leases pertain to rental and lease agreements for buildings and business equipment. These resulted in expenses of EUR 8.0 million for the year (prior year: EUR 7.9 million). The building leases as a rule have terms of ten years. Leases for business equipment have terms of between three and five years.

There were no call obligations for stocks, bonds, or other shares, and no joint liability obligations under Sec. 26 of the German Act on Limited Liability Companies in GmbH Form (GmbH-Gesetz).

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, Oldenburgische Landesbank AG, like the other fund members, is separately liable for additional capital payments up to a maximum of the annual contribution of Oldenburgische Landesbank AG as indicated below.

In accordance with Sec. 5 (10) of the statute of the Deposit Protection Fund, 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 2015, Oldenburgische Landesbank AG was charged a contribution of EUR 6.0 million (prior year: EUR 5.6 million) for the Deposit Protection Fund and for the Deposit Guarantee Scheme of German Banks (EdB).

In addition, an amount of EUR 2.5 million (prior year: EUR 0.6 million) was paid into the Banking Institution Restructuring Fund (the "bank levy"). If the Restructuring Fund is drawn upon as its terms provide, this may result in further "other financial liabilities" of EUR 1.1 million. There is an irrevocable payment obligation to the Restructuring Fund for this amount.

The redemption of an equity interest eliminated a revived liability under Sec. 172 (4) of the German Commercial Code (prior year: EUR 0.1 million).

42 Trust business

EUR m	2015	2014
Trust receivables from customers	3.2	3.8
Trust assets [1]	**3.2**	**3.8**
Trust payables to banks	2.6	3.2
Trust payables to customers	0.6	0.6
Trust liabilities	**3.2**	**3.8**

1 Including EUR 3.2 million (prior year: EUR 3.8 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										2015
	Cate-gory	Balance sheet item	Financial instruments at amortized cost			At fair value	Σ financial instru-ments	Level 1	Level 2	Level 3
EUR m		Carrying amount	Carrying amount	Δ	Fair value	Fair value	Fair value	Fair value		
Cash and cash equivalents (at face value)	LaR	181.7	181.7	—	181.7		181.7	181.7	—	—
Trading assets	HfT	13.0				13.0	13.0	—	13.0	—
Stocks and other non-fixed-income securities	HfT	—				—	—	—	—	—
Positive market values of interest-related derivatives	HfT	7.1				7.1	7.1	—	7.1	—
Positive market values of currency-related derivatives	HfT	1.9				1.9	1.9	—	1.9	—
Positive market values of stock- / index-related derivatives	HfT	—				—	—	—	—	—
Positive market values of other derivatives	HfT	—				—	—	—	—	—
Positive market values from hedging of share-based payments	HfT	4.0				4.0	4.0	—	4.0	—
Loans and advances to banks (net after risk provisions)	LaR	151.5	151.5	—	151.5		151.5	—	—	151.5
Loans and advances to customers (net after risk provisions)	LaR	10,191.8	10,191.8	760.9	10,952.7		10,952.7	—	—	10,952.7
Financial assets	AfS	2,834.3				2,834.3	2,834.3	917.7	1,909.3	7.3
Bonds from public issuers	AfS	1,489.7				1,489.7	1,489.7	460.5	1,029.2	—
Other bonds	AfS	1,271.2				1,271.2	1,271.2	391.1	880.1	—
Stocks	AfS	0.1				0.1	0.1	—	—	0.1
Investment funds	AfS	66.1				66.1	66.1	66.1	—	—
Equity interests	AfS	6.7				6.7	6.7	—	—	6.7
Equity interests (at cost)	AfS	0.4				0.4	0.4	—	—	0.4
Investments in unconsolidated subsidiaries	AfS	0.1				0.1	0.1	—	—	0.1
Property. plant and equipment	n/a	80.6								
Intangible assets	n/a	9.8								
Other assets	n/a	101.5								
Deferred interest	LaR	25.6	25.6	—	25.6		25.6	—	—	25.6
Positive market values of hedge accounting	FVH	27.6				27.6	27.6	—	27.6	—
Miscellaneous other assets	n/a	48.3								
Tax refund entitlements	n/a	17.8								
Deferred tax assets	n/a	47.2								
Assets of a group held for sale	n/a	—								
Total on-balance-sheet assets		**13,629.2**								
Financial instruments		**13,425.5**	**10,550.6**	**760.9**	**11,311.5**	**2,874.9**	**14,207.4**	**1,099.4**	**1,949.9**	**11,158.1**
Loans and Receivables	LaR	10,550.6	10,550.6	760.9	11,311.5	—	11,311.5	181.7	—	11,129.8
Held for Trading	HfT	13.0	—	—	—	13.0	13.0	—	13.0	—
Available for Sale	AfS	2,834.3	—	—	—	2,834.3	2,834.3	917.7	1,909.3	7.3
Fair-Value Hedging instruments	FVH	27.6	—	—	—	27.6	27.6	—	27.6	—

Equity and liabilities										2015
	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	7.3				7.3	7.3	—	7.3	—
Negative market values of interest-related derivatives	HfT	4.9				4.9	4.9	—	4.9	—
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	4,519.8	4,519.8	105.6	4,625.4		4,625.4	—	—	4,625.4
Amounts due to customers	oL	7,375.0	7,375.0	75.4	7,450.4		7,450.4	—	—	7,450.4
Securitized liabilities	oL	395.4	395.4	4.0	399.4		399.4	—	—	399.4
Provisions and other liabilities	n/a	436.6								
Provisions for pensions and similar obligations	n/a	224.1								
Other provisions	n/a	57.8								
Deferred interest	oL	30.1	30.1	—	30.1		30.1	—	—	30.1
Negative market values of hedge accounting	FVH	106.7				106.7	106.7	—	106.7	—
Other liabilities	n/a	17.9								
Tax liabilities	n/a	3.5								
Subordinated debt	oL	250.8	250.8	20.3	271.1		271.1	—	—	271.1
Liabilities of a group held for sale	n/a	—								
Equity	n/a	640.8								
Total on-balance-sheet equity and liabilities		**13,629.2**								
Financial instruments		**12,685.1**	**12,571.1**	**205.3**	**12,776.4**	**114.0**	**12,890.4**	**—**	**114.0**	**12,776.4**
Held for Trading	HfT	7.3	—	—	—	7.3	7.3	—	7.3	—
Other Liabilities	oL	12,571.1	12,571.1	205.3	12,776.4	—	12,776.4	—	—	12,776.4
Fair-Value Hedging instruments	FVH	106.7	—	—	—	106.7	106.7	—	106.7	—
Off-balance-sheet items (no category)	**n/a**	**—**					**21.0**	**—**	**—**	**21.0**
Contingent liabilities	n/a	—					–0.3	—	—	–0.3
Committed credit facilities	n/a	—					21.3	—	—	21.3

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	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	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 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**								
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	—

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	124.6	8,082.5		8,082.5	—	—	8,082.5
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 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	37.1	258.0		258.0	—	—	258.0
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**								
Financial instruments		**13,093.5**	**12,956.7**	**352.9**	**13,309.6**	**136.8**	**13,446.4**	**0.3**	**136.5**	**13,309.6**
Held for Trading	HfT	7.8	—	—	—	7.8	7.8	0.3	7.5	—
Other Liabilities	oL	12,956.7	12,956.7	352.9	13,309.6	—	13,309.6	—	—	13,309.6
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

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 and recategorization of financial instruments. OLB uses pricing information obtained from third parties, and in accordance with the interpretation of IFRS 13 by the Institute of Public Auditors in Germany, IDW RS HFA 47, this is a mixed price that results in categorization in Level 2 of the fair-value hierarchy. For three securities that no longer came under this price connection at the end of 2015, with a total volume of EUR 80.4 million, a direct price connection from the Frankfurt Exchange was chosen, which led them to be recognized as Level 1 securities.

Two equity interests recognized in Level 3, for an amount of EUR 6.7 million, were measured in the year under report for the first time using the method described in Note (19), Financial assets (prior year: at cost), and the net value was recognized in other comprehensive income as an unrealized change in market value, gross, of EUR 6.7 million, and as a corresponding tax expense on unrealized changes in market value. The change in measurement method was possible for the first time for the year under review because formerly, a valuation of the equity interest's hidden reserves was not available on the basis of reliable information for input parameters.

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.

Following the conclusion of Prof. Dr. Werner Brinker's activities as Chairman of the Board of Management of EWE Aktiengesellschaft and his resignation from other offices within the EWE Group, all as of September 30, 2015, the EWE Group companies no longer counted as "Other related entities" at the reporting date for the present document. They were still included in that category in the prior year's report.

Receivables and liabilities

EUR m	2015	2014
Loans and advances to customers		
Persons in key positions at OLB AG	3.6	1.1
Subsidiaries	0.2	0.2
Other related parties	17.7	10.2
Other assets		
Parent companies	—	0.1
Other related parties	22.7	19.4
Total receivables	**44.2**	**31.0**
Amounts due to customers		
Persons in key positions at OLB AG	2.3	1.6
Subsidiaries	0.2	0.2
Other related parties	39.8	53.7
Provisions and other liabilities		
Parent companies	—	0.3
Other related parties	0.3	—
Total liabilities	**42.6**	**55.8**

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 2.1 million (prior year: EUR 2.8 million) has been provided to the Bank for receivables from other related parties. No collateral was furnished for liabilities. Additionally, there were guarantee lines of less than EUR 0.1 million, in round numbers, to other related parties at December 31, 2015 (prior year: EUR 21.7 million). The Bank also conducted 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	2015	2014
Net interest income		
Persons in key positions at OLB AG	—	—
Parent companies	—	– 0.2
Subsidiaries	0.2	0.4
Other related parties	– 0.1	– 0.6
Net commission income		
Persons in key positions at OLB AG	—	—
Parent companies	—	—
Subsidiaries	2.5	2.5
Other related parties	14.5	14.2
Office expense		
Persons in key positions at OLB AG	—	—
Parent companies	– 0.8	– 0.1
Subsidiaries	—	—
Other related parties	– 1.9	– 1.2
Other income		
Persons in key positions at OLB AG	—	—
Parent companies	—	0.1
Subsidiaries	0.1	0.1
Other related parties	—	—
Total profit	**14.5**	**15.2**

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 once was in effect for the former 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 17.2 million in income (prior year: EUR 16.5 million) and EUR 2.7 million in expenses (prior year: EUR 1.3 million) for related-party transactions. The income in particular was commissions from Allianz Group companies for brokering and managing portfolios of fund and insurance products. 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, 2015: Approved credit lines totaled EUR 90.4 thousand (prior year: EUR 140.4 thousand), EUR 18.3 thousand of which (prior year: EUR 8.1 thousand) had been used as of December 31, 2015. The interest rate for each line was 4.68 percent. The interest rates and terms are those commonly applied in the market. At the reporting date, EUR 7.7 thousand (prior year: EUR 0.9 thousand) in credit card lines had been utilized, out of total limits of EUR 60.2 thousand (prior year: EUR 90.2 thousand). There were furthermore loan commitments of EUR 446.1 thousand (prior year: EUR 486.6 thousand), of which EUR 366.1 thousand (prior year: EUR 486.6 thousand) had been drawn as of December 31, 2015. The interest rates were between 1.43 percent and 1.67 percent. The interest rates and terms are those commonly applied in the market.

Credit granted to members of the Supervisory Board was as follows as of December 31, 2015: Approved credit lines totaled EUR 290.3 thousand (prior year: EUR 315.3 thousand), EUR 18.1 thousand of which (prior year: EUR 26.8 thousand) had been used as of December 31, 2015. The interest rates were between 3.48 percent and 8.18 percent. There were furthermore loan commitments of EUR 3,372.3 thousand (prior year: EUR 3,771.7 thousand), of which EUR 3,372.3 thousand (prior year: EUR 3,715.0 thousand) had been drawn as of December 31, 2015. The interest rates were between 0.81 percent and 4.98 percent. The interest rates and terms are those commonly applied in the market. At the reporting date, EUR 5.5 thousand (prior year: EUR 7.0 thousand) in credit card lines had been utilized, out of total limits of EUR 109.3 thousand (prior year: EUR 125.5 thousand).

Compensation paid to the Board of Managing Directors in fiscal 2015 came to EUR 2.8 million (prior year: EUR 3.9 million). This figure includes RSUs with a total fair value of EUR 0.5 million (prior year: EUR 0.8 million). As of December 31, 2015, the number of share-based rights held by members of the Board of Managing Directors totaled 20,992 RSUs (prior year: 37,501). At December 31, 2015, the actuarial net present value of pension obligations, on an IFRS basis, for members of the Board of Managing Directors who were active at that date, came to EUR 1.8 million (prior year: EUR 3.0 million). The expense for pension obligations was EUR 0.6 million (prior year: EUR 0.8 million).

The components of compensation of the Board of Managing Directors recognized as an expense for fiscal 2015, broken down by category as defined in IAS 24, are shown in the following table:

EUR m	2015	2014
Benefits due short-term	2.2	3.1
Other benefits due long-term	—	—
Share-based payments	0.5	0.8
Benefits for termination of employment	—	—
Benefits after termination of employment	0.6	0.8
Total	**3.3**	**4.7**

OLB paid compensation of EUR 0.9 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 19.6 million (prior year: EUR 20.5 million).

Compensation paid to the Supervisory Board in fiscal 2015 came to EUR 0.9 million (prior year: EUR 0.9 million). All of these are benefits payable in the short term.

The compensation of the Board of Managing Directors and the Supervisory Board is reported individually in the combined management report.

45 Share-based payments

Employee stock purchase plans. Stock of Allianz SE is also offered to entitled employees of the OLB Group on preferred terms, within a specified time period. To be entitled to participate, employees must normally have been in an uninterrupted, unterminated employment or training relationship with the Bank for at least six months before the stock is offered; moreover, the purchase is subject to limitations on the amount that employees may invest in the stock acquisition. The amount of stock issued in the OLB Group under these offerings came to 17,096 shares for the fiscal year (prior year: 17,219 shares); the difference of EUR 0.5 million (prior year: EUR 0.2 million) between the strike price and the market price for 2015 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 both virtual stock options (SARs) and virtual shares (RSUs). As of the time of grant in 2011, the Allianz Equity Incentive (AEI) plan replaced the GEI plans. Under the AEI plan, plan participants receive only virtual shares (Restricted Stock Units – RSUs).

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.

No new units were granted in 2011 through 2015.

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, 2015, the total personnel expense associated with unexercised rights came to EUR 0 thousand (prior year: EUR 3 thousand).

As of December 31, 2015, the OLB Group had established a provision of EUR 330 thousand (prior year: EUR 370 thousand) for unexercised SARs. No SARs expired in 2015 (prior year: 11,107 SARs).

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 12/31/2013	**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**
Granted	—	—	—	—	—
Exercised	– 5,856	—	145.97	—	—
Expired	—	—	—	—	—
Reassignment within Group	– 2,074	—	—	—	—
At 12/31/2015	**4,335**	**—**	**87.36**	**76.19**	**1.2**

Restricted Stock Unit plans. The RSUs granted to a plan participant obligated 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 had a vesting period of five years. The OLB Group exercised the RSUs on the first trading day after their vesting period expired. On the exercise date, the OLB Group could define the method of performance for the individual RSUs.

Additionally, RSUs were exercised by the Company prior to the expiration of the vesting period if a plan participant died, majority ratios changed, or the plan participant left the Company because of a termination for business reasons. RSUs were virtual shares that carried no rights to dividend payments. Their fair value was 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 2015.

The OLB Group recognized RSUs as cash-settled compensation because the OLB Group is planning on cash settlement. For that reason, the Group included 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, 2015, the total personnel expense associated with unexercised RSUs came to EUR 0 thousand (prior year: EUR 88 thousand).

The OLB Group did not recognize a provision at December 31, 2015, for RSUs that could not be exercised, because no RSUs were outstanding (prior year's provision: EUR 1,019 thousand).

Allianz Equity Incentive plan. The AEI plan replaced the GEI plans as of the 2011 grant 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:

	2016	2015
Stock price in EUR	163.55	154.50
Average dividend yield in %	3.40	4.60
Average interest rate in %	– 0.22	0.11
Expected volatility in %	n / a	18.70

The 2016 RSUs are treated as compensation granted to the participants for the 2015 year. Consequently, the assumptions for the RSUs to be issued in March 2016 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, 2015, the total personnel expense associated with the RSU component of the AEI plan came to EUR 568 thousand (prior year: EUR 830 thousand).

As of December 31, 2015, the OLB Group had established a provision of EUR 2,645 thousand (prior year: EUR 4,058 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 12/31/2013	**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**	**128.69**	—
Granted	3,506	140.65	—
Exercised	– 13,421	—	151.39
Reassignment within Group	– 20,015	—	—
At 12/31/2015	**24,028**	**153.10**	—

The total expense for share-based compensation recognized for 2015 was EUR 1,048 thousand (prior year: EUR 1,108 thousand), the total carrying amount of the liabilities as of the reporting date was EUR 2,976 thousand (prior year: EUR 5,447 thousand), and the intrinsic value of the liabilities was EUR 4,008 thousand (prior year: EUR 7,313 thousand).

46 Independent auditors' fees

EUR m	2015	2014
Audit of financial statements	0.8	1.0
Other confirmation and valuation services	0.9	2.7
Total	**1.7**	**3.7**

Fees are stated net of value-added tax.

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 12/31/2015 EUR m	Profit for period 1/1–12/31/2015 EUR m	Profit for period 1/1–12/31/2014 EUR m
OLB-Service Gesellschaft mit beschränkter Haftung, Oldenburg	100.00	0.03	—	—
OLB-Immobiliendienst-GmbH, Oldenburg	100.00	0.03	—	—
AllianzGI-Fonds Ammerland[1]	100.00	n / a	5.28	2.87
AllianzGI-Fonds Weser-Ems[1]	100.00	n / a	0.47	0.97

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 special funds listed in the list of shareholdings, as described under Note (01). OLB-Immobiliendienst-GmbH, of Oldenburg, and OLB-Service Gesellschaft mit beschränkter Haftung, of Oldenburg, are excluded 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 2,272 employees (prior year: 2,337), not including apprentices, trainees, temporary employees and interns. They comprised the following categories:

Number	2015	2014[1]
Full-time employees (average)		
Women	641	683
Men	960	994
Part-time employees (average)		
Women	628	618
Men	43	42
Total employees	**2,272**	**2,337**

1 The group of employees recognized here excludes apprentices and trainees, and has also excluded temporary employees and interns as of 2015. To ensure comparability, the prior year's figures were revised to reflect the same definition as for the year under report.

At December 31, 2015, the number of employees working at OLB came to 2,236 (prior year: 2,311) – excluding apprentices, trainees, temporary employees and interns. OLB also had 204 apprentices, trainees, temporary employees and interns (prior year: 224), of whom 107 were women (prior year: 121).

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 2015 was EUR 18.3 million. When combined with the balance carried forward, this yields a distributable profit of EUR 18.8 million. As the allocation of this profit, a proposal will be made to the shareholders at the Shareholders' Meeting on May 11, 2016, to distribute a dividend of EUR 0.25 per no-par share for fiscal 2015, and to allocate EUR 13.0 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 9, 2016. 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 9, 2016
Oldenburgische Landesbank AG

The Board of Managing Directors

Patrick Tessmann
Chairman

Dr. Thomas Bretzger

Karin Katerbau

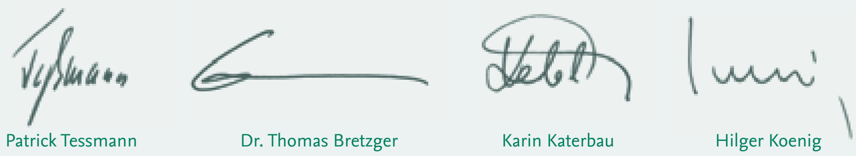
Hilger Koenig

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 9, 2016
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, 2015. 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 legal representatives. 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 17, 2016
KPMG AG
Wirtschaftsprüfungsgesellschaft

König	Patzak
Certified public auditor	Certified public auditor

ADDITIONAL INFORMATION

Other Offices Held by Corporate Officers

Supervisory Board

The members of the Supervisory Board held the positions listed below (effective December 31, 2015):

Andree Moschner (until September 30, 2015)
Chair
Former member of the Board of Management
of Allianz Deutschland AG, Munich

Rainer Schwarz
Chair (since October 1, 2015)
Member of the Supervisory Board
of Oldenburgische Landesbank AG, Munich

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

Prof. Dr. Werner Brinker
Honorary Professor at CvO University Oldenburg and member of the Supervisory Board of Oldenburgische Landesbank AG, Rastede
Memberships in comparable supervisory bodies:
- Enovos International S.A., Luxembourg (from January 1, 2016)
- Enovos Luxembourg S.A., Luxembourg (from January 1, 2016)
- Jacobs University, Bremen
- Werder Bremen GmbH & Co. KG aA, Bremen

Prof. Dr. Andreas Georgi
Honorary Professor at LMU Munich and member of various Supervisory Boards, 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
Supervisor Independent Professions,
Oldenburgische Landesbank AG, Osnabrück

Dr. Peter Hemeling (since October 1, 2015)
General Counsel of Allianz SE, München

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

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 (as of December 31, 2015):

Patrick Tessmann
Member of the Board of Managing Directors,
Oldenburgische Landesbank AG

Dr. Thomas Bretzger
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:

- OLB-Immobiliendienst-GmbH, Oldenburg (Chair)

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

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Publisher, Wilhelmshavener Zeitung, Wilhelmshaven

Robert Allmers
Publisher, Jeversches Wochenblatt, Jever

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

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Managing Partner, SKN Druck und Verlag GmbH & Co. KG, Norden

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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

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Partner, Wirtschaftsprüfer- und Steuerberaterkanzlei Dr. Bönkhoff & Partner, Oldenburg

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Board of Management, Reederei Aktien-Gesellschaft “EMS,” Emden

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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

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Chairman of the Board of Management, Daun & Cie. AG, Rastede

Stefan Delkeskamp
Managing Director, Delkeskamp Verpackungswerke GmbH, Nortrup

Dr. Olaf Holzkämper
Member of the Board of Management of CEWE Stiftung & Co. KGaA, 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

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Reinhard Köser
Publisher, Nordwest-Zeitung, Oldenburg

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Managing Director, Steinhoff Familienholding GmbH, Westerstede

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Managing Director, H. Kemper GmbH & Co. KG, Nortrup

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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

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CEO, Big Dutchman AG, Vechta

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Managing Director, Kunsthalle Emden Stiftung Henri und Eske Nannen und Schenkung Otto van de Loo, Emden

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Managing Shareholder, Nordmann corporate group, Wildeshausen

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Christian Rauffus
Managing Partner, Rügenwalder Wurstfabrik Carl Müller GmbH & Co. KG, Bad Zwischenahn

Klaus Rücker
Managing Shareholder, Rücker Group, Aurich and Wismar

Dr. Heiko Sanders
Wiesmoor

Ralf Schu
Managing Director, Papier- u. Kartonfabrik Varel GmbH & Co. KG, Varel

Dirk Schulte Strathaus
Publisher, Delmenhorster Kreisblatt, Delmenhorst

Carl Ulfert Stegmann
Sole Director, AG Reederei Norden-Frisia, Norderney

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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 17, 2016

We mourn the passing of

Active employees

Marlene Klinge
Deceased February 22, 2015

Markus Abeln
Deceased February 27, 2016

Retirees

Heinz Abel
Deceased January 29, 2015

Anneliese Müller
Deceased February 5, 2015

Wolfgang Waschow
Deceased February 9, 2015

Anni Haffke
Deceased March 7, 2015

Christa Schütte
Deceased March 8, 2015

Ewald Wiemken
Deceased March 26, 2015

Heinz Meinardus
Deceased April 11, 2015

Gerd Twisterling
Deceased April 19, 2015

Johannes Kramer
Deceased April 27, 2015

Ottilde Bartmann
Deceased May 26, 2015

Margret Linnemann
Deceased June 2, 2015

Heinrich Kremer
Deceased June 6, 2015

Heinz Wergin
Deceased June 8, 2015

Ernst Meissner
Deceased June 29, 2015

Rolf Christmann
Deceased July 6, 2015

Ruth Behrens
Deceased August 25, 2015

Heinz Beiderwieden
Deceased October 7, 2015

Peter-Achaz Reimers
Deceased November 17, 2015

Inge Binnewies
Deceased January 12, 2016

Friedrich Geersen
Deceased January 23, 2016

Heino Kuck
Deceased January 26, 2016

August Seghorn
Deceased February 29, 2016

Annelie Jünger
Deceased March 5, 2016

Effective: March 17, 2016

Glossar

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 (Composite DAX) 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 Ratio of current expenses to current 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. 178 of this Glossary).

Guarantee Includes suretyships and guaranties.

H

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

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

OLB uses only the fair-value hedge accounting method.

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

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).

Portfolio loan loss provision (PLLP) See Risk provisions.

Premium A markup, in percent or units of currency, for example on securities or loans. For newly issued securities, this is the amount by which the issue price exceeds the par value, or the amount by which the trading price exceeds the intrinsic value of the investment. For many funds, this is the compensation paid for advisory services at the time of acquisition, or also a sales fee paid, as a percentage, to a bank, financial advisor, or fund company. For loans, the premium is the markup to be paid by the debtor in addition to the interest. The opposite is called a discount.

Projected unit credit method An actuarial method of determining the present value of expectancies in order to determine the value of pension provisions.

R

Rating 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.

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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Both versions may be downloaded on the Internet
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