OLB AG Annual Report

HIGHLIGHTS

12/31/2021 (EUR m)

178.1

2020: 135.5

Net operating result

Our net operating result rose by 31.4 percent thanks to increased income and reduced expenses.

12/31/2021 (in percent)

59.5

2020: 62.8

Cost–income ratio*

Instead of the expected stable trend year-over-year, we reduced our cost–income ratio.

12/31/2021 (EUR bn)

17.0

2020: 15.5

Customer loan book

We achieved significant growth in all of our business segments and increased our total lendings by almost 10 percent.

12/31/2021 (in percent)

13.5

2020: 12.7

Tier 1 capital ratio

Despite our lending growth, we increased our Tier 1 capital ratio by comparison with the end of the previous year.

12/31/2021 (in percent)

1.9

2020: 2.7

NPL ratio

We significantly reduced the proportion of nonperforming receivables within our total portfolio in the year under review.

*Cost-income ratio excl. regulatory expenses

KEY FIGURES

	12/31/2021	06/30/2021	12/31/2020
Income statement EUR m			
Net interest income	360.2	178.6	336.3
Net commission income	119.8	60.3	113.3
Operating income	480.1	238.9	449.7
Personnel expenses	– 166.8	– 84.2	– 173.2
Other administrative expenses	– 118.1	– 64.5	– 108.1
Operating expenses	– 300.3	– 155.3	– 295.1
Operating result before risk provisions	199.5	81.1	158.2
Risk provisions for lending business	– 16.7	– 2.8	– 30.7
Net operating result	178.1	70.8	135.5
Profit before taxes	137	69.1	114.9
Net profit for the fiscal year	86.2	44.9	78.6
Balance sheet EUR m			
Total assets	24,611.0	22,807.0	21,475.2
Tier 1 capital	1,287.8	1,137.8	1,098.2
Ratios in %			
Return on equity posttax	7.3	7.6	6.9
Cost-income ratio excl. regulatory expenses	59.5	n/a	62.8
Cost-income ratio incl. regulatory expenses	62.6	65.0	65.6
Tier 1 capital ratio	13.5	12.8	12.7
NPL ratio	1.9	2.4	2.7
Customer business			
Number of clients	Approx. 625,000	Approx. 660,000	Approx. 700,000
Customer loan book	EUR 17.0 billion	EUR 16.1 billion	EUR 15.5 billion
Total customer deposits	EUR 14.1 billion	EUR 13.1 billion	EUR 13.0 billion

Ratings			
Long-term deposit and issuer rating	Baa2 – outlook stable		
Covered bonds	Aa1		

	01/01/2022	12/31/2020	12/31/2019
Locations			
Regional branches	51	76	127
National branch offices	8	10	9
Self-service locations	56	94	87
Employees			
Capacities	1,388	1,777	1,860
Members of staff	1,577	2,019	2,106

We, Oldenburgische Landesbank AG (OLB), are a modern financial institution which is rooted in northern Germany and which serves its customers throughout Germany in person and via digital channels.

OLB AG

OLB BANK

BANKHAUS NEELMEYER

The OLB Bank brand stands for modern services for private and business clients, tailored solutions for companies as well as particular expertise in the field of Specialized Lending.

The structuring and investment of private wealth is the core focus of the Private Banking and Wealth Management services which we offer under the Bankhaus Neelmeyer brand.

Please see pp. 22 ff. for an overview of our locations, our contact channels for customers as well as a description of our range of services.

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FINANCIAL REPORT 2021

THE CEO'S VIEW OF FISCAL YEAR 2021: YOUR VERDICT?

We can certainly be proud of a successful fiscal year 2021 and of one of the best results in our history: All of our business segments and all of our relevant key figures have developed positively or even better than expected. This goes to show that our measures are paying off – and that we are well placed for the future.

STEFAN BARTH
CHAIRMAN OF THE BOARD OF MANAGING DIRECTORS

21 QUESTIONS – 21 REPLIES

Since 2021 is the reporting year, we have 21 questions to ask.

The following 21 replies provide an overview of our earnings trend, our business model, our strategic focus as well as further aspects of our activities.

A BANK UNDERGOING CHANGE: TRANSFORMATION AS A BASIS FOR LONG-TERM SUCCESS

The goal is to preserve the Bank's long-term independence

Today's OLB is the product of the merger of four different institutions – and we are committed to ambitious goals at our Bank: Above all, we aim to optimize our business model, to ensure our long-term success and thus to safeguard our independence.

Since 2018, OLB, Bremer Kreditbank AG, Bankhaus Neelmeyer AG and Wüstenrot Bank AG Pfandbriefbank have merged to form today's OLB. We are certainly proud of our achievement in successfully integrating four different banks in a core banking system within a short period of time. This also provides us with the necessary confidence to achieve our future objectives, which are certainly ambitious.

Following these mergers, our universal bank setup combines all four of these institutions' strengths and potential. We operate throughout Germany and act on a larger scale than many regional or public-sector financial institutions. At the same time, we are faster and more flexible than a traditional major bank. And for the sake of our customers, every day we are seeking to improve even further.

Our core pillars are a broad customer base, competent and committed employees and stable funding sources, together with a well-honed risk management system. We offer expertise and experience as well as products and services attuned to our customers' needs. With a view to our ongoing development, we are concentrating on five aspects especially: our customer focus, growth, efficiency, risk management and sustainability.

02 OLB IS ESTABLISHING A SOLID FOOTING FOR ITS FUTURE. WHAT ARE THE CORE INGREDIENTS OF THIS?

It is not about changing our values at OLB, our expertise or our structure. But we do need to optimize our business model, and we intend to become even more profitable. We aim to improve even further, above all for the benefit of our customers and for our own benefit.

EFFICIENCY

Amid the intensifying wave of consolidation in the banking market, our goal is to play an active role and to preserve our independence. A high level of profitability is an essential prerequisite for this.

CUSTOMER FOCUS

We offer our private and commercial clients competent advice on financial issues which is tailored to their needs. We are also experts in niche markets. We are there for our clients via the full range of contact channels: in person at branches, via the Internet, and by telephone, video and app.

RISK MANAGEMENT

Our business model is based on sustainable foundations which emphasize soundness and consistency. It is important for us to understand and to maintain control of the risks which apply in our various business segments. Care and discipline are therefore key elements of our risk culture.

GROWTH

Thanks to our diversified business model, we have strong organic and inorganic growth opportunities. We primarily focus on selective growth, on the basis of a cost–benefit ratio which is appropriate and viable for the future.

SUSTAINABILITY

We are holistically committed to sustainability: in our business strategy and our customer relationships especially, but also in our assessment of sustainability risks and our preservation of resources. We see ourselves as responsible for making a contribution to global sustainability goals.

We are committed to ambitious goals at OLB – above all, to maintain our independence.

A BANK AND MARKET IN TRANSITION

There is a clear trend in modern banking: While there is a continuing need for in-depth and in-person advisory meetings at a branch or by telephone or video chat, customer visits to branches to discuss general issues are increasingly rare; at the same time, there is growing demand for digital banking services, and in the area of payment transactions for private customers especially contact-free card- or smartphone-based payment options are more and more common, together with alternative means of withdrawing cash.

While the coronavirus pandemic, which continued in fiscal year 2021, did not cause this trend, it has amplified it. Instead of in-person meetings, which were generally subject to restrictions, the focus switched to communication via digital channels. The popularity of these modern means of communication predates the coronavirus pandemic, and they have long been incorporated in the range of services offered throughout the industry, in the context of digitalization. However, in the current context the need for these means of communication and their level of acceptance have both increased – digital contact channels have proven to be popular, secure and reliable. Their expansion is set to continue, particularly since the level of competitive pressure is increasing at the same time, due to the entry onto the market of new digital service providers.

Moreover, the year 2021 was once again shaped by the central banks' ongoing low interest-rate policy. This affected the earnings trends of financial institutions just as much as the increasingly stringent requirements of the banking supervisory authorities. These requirements are certainly justified in order to strengthen the stability of the financial markets, but their practical implementation does generally entail a significant volume of expenditure.

Changing customer behavior, new competitors, pressure on revenue and exogenous cost factors – and all that on the basis of a relatively weak profitability level by international standards, which is the Achilles' heel of many European banks in general and in Germany especially: The general situation in the banking market has certainly not become any less complex in 2021. While one or two improvements are likely over the coming months, in the context of interest rate rises or as the impact of the pandemic fades the overall outlook is not likely to improve significantly, particularly following the escalation of the Russia-Ukraine crisis. The market environment will remain dynamic and the challenges considerable.

How are we responding to this situation at OLB? As a bank, are we prepared for this trend? Can we continue to meet the needs of our private and commercial clients? Will we succeed in complying with internationally recognized sustainability goals in our daily activities? Can we live up to the expectations of our shareholders? Can we keep up our community involvement?

Yes! We can do so because we have, over the past few years, ourselves undergone a proactive process of transformation which is now largely complete. Our future activities will likewise be based on a robust business model, and we will continue to pursue our ongoing strategic development.

CHANGE ENSURES SUCCESS

Wherever you look, transformation and change are a part of things, and that includes the banking industry. Without the strength to adjust to a changed context or the courage to pursue new paths, our Bank would not have been as successful as it has over its more than 150 fiscal years to date. And nor would we be justifiably optimistic that OLB will remain successful on a long-term basis.

We expect to see a significant consolidation of the banking market, with a greater level of intensity than previously. In this context, our goal is to position OLB so that it is prepared for the future and capable of maintaining its independence. We have implemented

RETURN ON EQUITY POSTTAX

>12 %

strategic goal

COST-INCOME RATIO

< 50 %

strategic goal

significant changes to our business strategy and our business development measures to this end. In particular, we have stepped up the pace of our transformation in order to exploit our Bank's full potential. In brief: We can rely on solid foundations and we are streamlining our structures – this report provides further details of this.

The return on equity posttax is a key figure in the banking market. It provides information regarding an institution's profitability and its capacity to utilize its equity resources in order to generate profits. *According to the European Central Bank*, in the previous year, 2020, the average European return on equity was in the low single-digit percentage range. *Studies* point to a slight improvement in the situation for credit institutions in Germany in 2021, although mean rates of return strongly differ in some cases, depending on the type of bank in question: The rate of return achieved by private banks is in the middling single-digit percentage range.

At the end of fiscal year 2021, our return on equity posttax was 7.3 percent (prior year: 6.9 percent), calculated according to the German Commercial Code (Handelsgesetzbuch – HGB), or 8.3 percent excluding one-off effects – or alternatively 9.2 percent on the basis of our projected IFRS figures, and 10.2 percent excluding one-off effects. We require a strong internal funding capacity in order to maintain and expand our market position and, in the given context, we will in time also need to achieve a further improvement in our return on equity.

Strong sales operations and consistent cost management are key for our long-term profitability. A cost–income ratio serves as a performance indicator here. At the end of fiscal year 2021, our cost–income ratio excluding regulatory expenses was 59.5 percent (prior year: 62.8 percent), or 62.6 percent (prior year: 65.6 percent) including the regulatory expenses reported according to the German Commercial Code – but it was 55.4 percent on the basis of our projected IFRS figures. In due course, we intend to switch over to IFRS reporting.

A higher return on equity and a lower cost–income ratio are key for us, to ensure that we have sufficient capital available in order to invest in the Bank, to achieve growth, to establish reserves and to provide our shareholders with an appropriate dividend. It is not only our shareholders who will benefit from this. Above all, our customers, our employees and the Bank itself will also do so, since we will be able to significantly strengthen OLB's future viability on the basis of an improved level of profitability.

03 DESPITE CONSISTENTLY ACHIEVING A PROFIT IN EVERY FISCAL YEAR, OLB IS CHANGING. WHY?

Over the course of its long history, OLB has always successfully adapted to dynamically evolving market conditions. In 153 fiscal years, OLB has thus consistently realized a profit every year. Our goal now is to ensure the Bank's future viability and to maintain its long-term independence.

www.tinyurl.com/OLB-GB-01

www.tinyurl.com/OLB-GB-02

04 AN ACTIVE ACQ OR ELSE BEING IS THAT THE OUTLOOK F BANKING MARKET?

PROFITABILITY IS KEY

Financial institutions continue to find themselves in a challenging market environment. Besides the economic effects of the coronavirus pandemic, above all their earnings trends are being shaped by the European Central Bank's expansionary monetary policy and its continuing low interest-rate phase, together with their need to comply with regulatory requirements; a further factor are the expenses incurred as a result of investments to safeguard these institutions' future prospects, above all in the digitalization of their offerings and workflows and the modernization of their locations. In these conditions, it is even harder on an ongoing basis to achieve the traditional business objectives of increasing revenue and reducing costs. Profitability is proving to be an Achilles' heel for many European financial institutions, and that includes German financial institutions.

In this context, some European and German banks are working on their own individual "fitness programs." These frequently involve similar objectives: Steeling themselves to face current and future challenges while offering their customers needs-oriented products and modern communication channels – and all that in the context of strong pressure to reduce costs. This means that consolidations are increasingly attractive, particularly thanks to the prospect of generating economies of scale and streamlining structures. Larger banks are eying smaller firms, while private corporations are considering acquiring interests in financial institutions.

Banks which are able to rapidly implement their own process of transformation and which are fit for the future are in an advantageous starting position.

UISITION STRATEGY SWALLOWED UP: OR TODAY'S

In the foreseeable future, the banking market will undergo a significant wave of consolidation, and this will likely unfold even more intensely and rapidly than in the past. At OLB, we are firmly convinced of that. Not least, the European Central Bank is encouraging greater concentration.

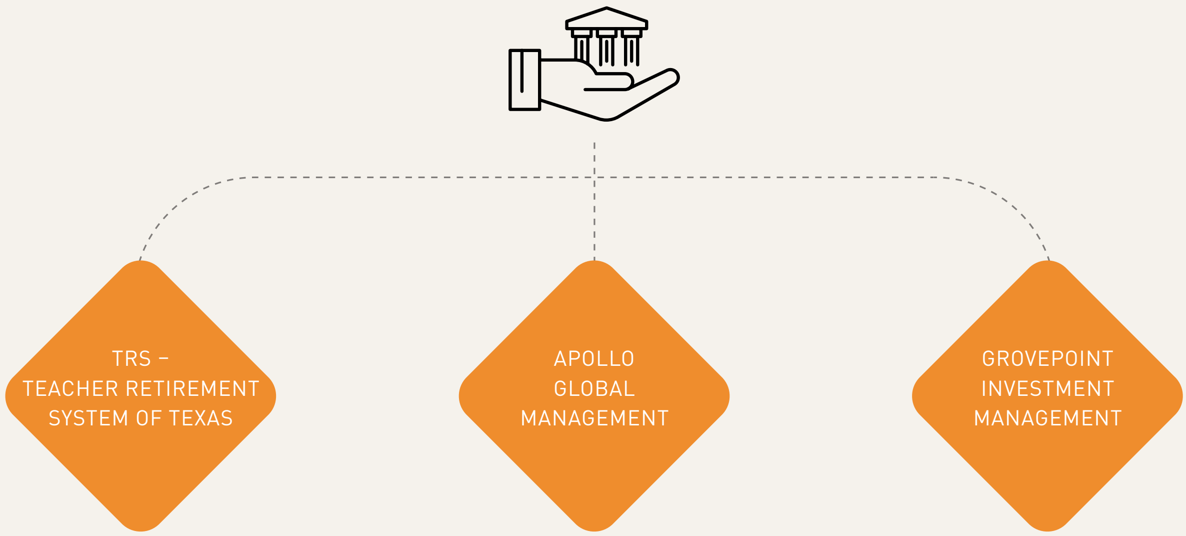
What is true of Europe in general is particularly true of the German market: The number of institutions here remains high; in Germany alone, the Deutsche Bundesbank counted more than 1,600 credit institutions overall at the end of 2020.
Their number is likely to decline over time, in Europe and in Germany. What does that mean for us? We intend to – and indeed we must – position our Bank so as to achieve a significantly improved level of profitability. All of us at OLB are committed to that objective.

www.tinyurl.com/OLB-GB-04

A LONG-TERM FOCUS ON OLB'S DEVELOPMENT

The Bank's shareholders and corporate bodies at a glance

All of the shares in OLB are held by companies that are connected with the Teacher Retirement System of Texas, Apollo Global Management and Grovepoint Investment Management. These shareholders are mutually independent; each indirectly holds a stake of under 40 percent, which means that none of our shareholders controls OLB under corporate law. Our three shareholders are characterized by a strong, long-term focus and an established track record of investing in financial institutions.



U.S. state governmental pension plan that has invested some $1.5 billion across more than 25 private market investments in the financial services sector over the last ten and more years

32.00 % via Texas Bildung Holding GmbH & Co. KG

Apollo Global Management: leading **global asset manager** for equity, loan and real estate investments

35.72 % via Champ Luxembourg Holdings S. à r. l.

Grovepoint Investment Management: a specialist private **investment firm** focused on private equity, credit and special situations regulated by the Financial Conduct Authority

32.28 % via GIM Strategische Investition VI S. à r. l.

MANAGEMENT TEAM

The Board of Managing Directors manages the Company's business in accordance with the requirements stipulated by law, in its Articles of Incorporation and in the rules of procedure issued by the Supervisory Board. Our management team consists of proven experts in their respective areas of specialization, who have spent many years in management roles and have considerable experience, including at an international level.

Chairman of the Board of Managing Directors

Stefan Barth

Born 1977 / married, two children

Joined OLB: January 2021

- Chairman of the Board of Managing Directors since September 2021

Previous career experience (non-exhaustive list):

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

Member of the Board of Managing Directors

Marc Kofi Ampaw

Born 1979 / married, three children

Joined OLB: May 2021

- Member of the Board of Managing Directors since May 2021

Previous career experience (non-exhaustive list):

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

Member of the Board of Managing Directors

Aytac Aydin

Born 1977 / married, two children

Joined OLB: February 2022

- Member of the Board of Managing Directors since February 2022

Previous career experience (non-exhaustive list):

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

Member of the Board of Managing Directors

Dr. Rainer Polster

Born 1970 / married, three children

Joined OLB: October 2018

- Member of the Board of Managing Directors since April 2020

Previous career experience (non-exhaustive list):

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

General Manager

Giacomo Petrobelli

Born 1975 / divorced, three children

Joined OLB: Januar 2020

- General Manager since July 2021

Previous career experience (non-exhaustive list):

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

In addition, over the past few years – including the year under review – **Peter Karst** (Private Clients) and **Karin Katerbau** (most recently without a specific area of responsibility) have also served on OLB's management team. Peter Karst has decided to leave OLB on March 31, 2022. Karin Katerbau left the Board of Managing Directors by mutual consent on January 1, 2022 but remains the chair of the OLB Foundation as well as serving the Bank in various other roles.

SUPERVISORY BOARD

Chairman
Axel Bartsch

Deputy Chairman
Jens Grove*

Honorary Chairman
Dr. Bernd W. Voss

Claus-Jürgen Cohausz	**Brent George Geater**	**Svenja-Marie Gnida***	**Dr. Manfred Puffer**	**Sascha Säuberlich**
Dirk Felstehausen*	**Michael Glade***	**Thomas Kuhlmann***	**Michele Rabà**	**Christine de Vries***

Please see the "Disclosures on Members of Governing Bodies" on p. 136 for further information.

** Employee representative*

WHAT EXACTLY DOES SUSTAINABILITY MEAN FOR OLB: IS IT A DUTY, AN OBLIGATION OR SOMETHING ELSE?

At OLB, above all we see sustainability as a principle that guides all of our activities. We have enshrined in our business strategy a goal of acting sustainably in our business operations – but that includes areas outside of our banking business. Only thus will we succeed as an enterprise.

A SUSTAINABLE APPROACH AS A FINANCE PARTNER – AND AS A BANK

Harmonizing climate protection and banking

Banking is not just about lending and managing deposits. True to the spirit of our age, it is about much more than that – above all, it is about sustainability. We aim to be financing partners for a sustainable economy. And ourselves to operate as a sustainable business.

Acting responsibly is part of our DNA. It shapes our approach to our various activities in the field of sustainable banking. Our many long-established and trusting customer relationships are one aspect of this. Another is one of the core issues of our time: climate protection, for which sustainability is a basic prerequisite. At the United Nations' climate change conference in 2015, almost 200 countries signed up to the "Paris Agreement" which marked the start of a new era, with a legally binding climate protection agreement. At the same time, sustainability has increasingly become a binding objective through further agreements such as the European Union's "Green Deal," through which Europe aims to becomes the world's first climate-neutral continent, and the *United Nations' 17 global Sustainable Development Goals (SDGs)* →.

Enormous efforts are required in order to limit global warming and to achieve a climate-neutral economy. Banks have an important role to play in this context since they are subject to a series of obligations as financial actors: They must ensure a flow of capital for infrastructure projects and manage the flow of finance to support sustainable investments, as required by regulators and by law. This is giving rise to a huge investment market which is currently emerging – over the next few years, "sustainable finance" is likely to be one of the biggest growth areas in banking and to completely transform value-adding activities. Successful climate protection will be impossible without an effective contribution from the banking sector.

Sustainable finance is not a niche product – it is an aspect of any forward-looking business model. We are already financing sustainability, and we will continue to do so. For many years now, as a committed partner

→ *Please see pp. 18/19 for more information on the SDGs.*

we have supported the construction and erection of wind turbines. At the end of 2021, our Wind Farm Finance portfolio already amounted to around EUR 700 million.

Not least, social changes shaped by sustainability issues are influencing the expectations of our customers as well as the Bank's employees. Our responses to the issues of environmental awareness, climate protection and social responsibility influence the level of trust and confidence placed in the Bank. We must therefore make clear and convincing efforts to achieve an environmentally friendly long-term focus. These attributes have already shaped our attractiveness as a financial services provider and as an employer in the past – and they will do so even more strongly in the future.

Sustainability will serve as a defining principle for all our activities. In our business activities we are guided, inter alia, by the "Principles for Responsible Banking." These have been developed as part of the United Nations Environment Programme Finance Initiative in order to provide banks with strategies and practices which are true to the vision of the future which society has defined through the Sustainable Development Goals as well as the Paris Climate Agreement.

RATINGS AND REPORTING

We are vigorously pursuing our first few measures in order to implement the EU taxonomy for sustainable investments which is at the heart of the EU's sustainable finance agenda. In 2021, we launched an extensive ESG ("Environment, Social, Governance") project which supports the minimum requirements of the regulatory authorities while also coordinating additional sustainability efforts on our part. In implementing this project, in particular we aim a) to establish a reliable database for issues such as ESG risk assessment, b) to develop a price and control mechanism in support of sustainability, c) to continue to set down our ESG governance in writing, so as to increase our level of ESG transparency, and d) in due course, for the Bank to undergo an ESG rating assessment.

For many years now, we have been transparently reporting on the impact of our business activities on the environment and society. We do so in a separate report, in line with the requirements of the German Sustainability Code: our *nonfinancial report, also referred to as our sustainability report*.

06 YOUR LOGO IS GREEN. IS OLB ALSO GREEN "ON THE INSIDE"?

We aim to act sustainably, including from an environmental and social point of view. In all of our business activities, we are guided, above all, by the "Principles for Responsible Banking." These ensure that companies are managed in accordance with the objectives and visions encapsulated in the Sustainable Development Goals as well as the 2015 Paris Climate Agreement.

At OLB's campus in Oldenburg, the Bank has its own electric charging station.

www.tinyurl.com/OLB-GB-08

07 THE UNITED NATIONS HAS DRAWN UP AN EXTENSIVE SET OF GLOBAL SUSTAINABLE DEVELOPMENT GOALS. WHAT IS OLB DOING IN ORDER TO REALIZE THESE GOALS?

A sustainable management philosophy is important to us. This means that, even now, we are already having a positive impact on most of the SDGs. While as a financial institution we cannot directly influence all of the SDGs, it is clear that environmental and social issues are a core aspect of our business strategy. And they must remain a permanent feature of our corporate DNA – since sustainability is not only an important concern for the international community. It also has an important role to play in our development as a bank.

OUR CONTRIBUTION TO THE 17 SDGS

We are committed to the 17 SDGs set out in the United Nations' 2030 Agenda for Sustainable Development. These goals have been described as a "sustainable development path" and they are intended to achieve progress through a collective global development effort as well as universally beneficial cooperation between all of the world's countries and every part of the globe.

Our business strategy aims to give consideration to the needs of individuals alongside the goals of society, as expressed in the SDGs and the Paris Climate Agreement. We are seeking to reinforce the positive impacts of our activities, products and services on people and the environment while reducing their negative effects and managing the related risks. We aim to act sustainably in our banking activities, including from an environmental and social point of view.

The following overview shows how we are already making an active contribution to the SDGs:

SDG 1 NO POVERTY
We ensure access to financial services.

SDG 2 ZERO HUNGER
We finance farms, and in our canteen in Oldenburg we insist on a sustainable approach to food and its appropriate disposal.

SDG 3 GOOD HEALTH AND WELL-BEING
It is important for us to ensure all-round health in the workplace. We are also supporting various health projects in schools and community associations.

SDG 5 GENDER EQUALITY
As a signatory to the German business sector's diversity charter ("Charta der Vielfalt"), we are committed to gender equality and to eliminating discrimination more generally.

SDG 7 AFFORDABLE AND CLEAN ENERGY
We have been financing wind turbines for many years, and at our Oldenburg office we generate hot water and heating energy through our own block heating and generating plant.

SDG 8 DECENT WORK AND ECONOMIC GROWTH
Universal respect for human rights is a basic element of our Code of Conduct.

SDG 11 SUSTAINABLE CITIES AND COMMUNITIES
Apart from the high proportion of private construction financing loans in our credit portfolio, we are also a premium partner for public funding of sustainable construction projects.

SDG 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
We pay attention to FSC labels and climate neutrality in our print products, such as this report which you are currently reading, and we also consider environmental standards when purchasing food for our canteen.

SDG 13 CLIMATE ACTION
Energy saving, waste separation (incl. when disposing of worn-out cards) and avoiding unnecessary business travel are urgent priorities for us.

SDG 15 LIFE ON LAND
In partnership with the Swedish fintech start-up "Doconomy," we have developed the "OLB climate score" which enables our customers to calculate their carbon footprint. And we fund a large number of nature and animal welfare projects via our OLB Foundation.

SDG 4 / SDG 6 / SDG 9 / SDG 10 / SDG 14 / SDG 16 / SDG 17
Projects established by institutions in Northwest Germany which we have supported, or continue to support, through funding (via the OLB Foundation especially) over the past few years are making valuable contributions to these SDGs in particular. In addition, we are working on expanding our contribution to these SDGs, as well as all of the other SDGs.

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

08 DOES OLB CREATE ADDED VALUE FOR SOCIETY?

Yes. It is important for us to assume social responsibility above and beyond the scope of our banking activities. For this reason, in 1994 we established our OLB Foundation to mark the Bank's 125th anniversary.

Northwest Germany, our core business region, benefits particularly strongly from our broad-based commitment – every year, through the OLB Foundation, we support major events with a national profile and likewise a large number of smaller initiatives with an innovative and charitable focus. Support for youth work and the fields of sport, social issues, culture and science are core priorities here.

A LONG FUNDING TRADITION

Funding for culture, science and environmental protection projects in Northwest Germany: That is the purpose of the OLB Foundation. We had already supported regional projects over a period of many decades before we established our own foundation in 1994 to mark our 125th anniversary as a bank and to provide a permanent home for our funding tradition. Since that time, our OLB Foundation has been committed to supporting projects which are important to local people and which they pursue with considerable dedication for the greater good.

Most of the projects which we fund focus on charitable causes and are implemented by charitable organizations. In 2021, we supported around 200 projects with a total volume of more than EUR 570,000 via OLB, and through the OLB Foundation in particular.

In terms of the number of projects and the overall volume, we provided less funding in 2021 than in previous years – in the past, 300 or 400 projects and a funding volume around the one-million-euros mark were not unusual. The reduced volume of funding mainly reflects the restrictions associated with the coronavirus pandemic: Many events were unfortunately either canceled or postponed.

In the previous year, 2020, we had launched two different initiatives: “150,000 Good Reasons for Young People” and “Immediate Coronavirus Assistance.” 150 children's and adolescents' programs throughout Northwest Germany each received EUR 1,000 in response to a successful application – this initiative was a final campaign to mark the 150th anniversary of the Bank, which we had celebrated in 2019. Through our “Immediate Coronavirus Assistance” initiative, we supported community associations and institutions active in the fields of culture and social issues which had incurred extraordinary expenses due to the coronavirus pandemic, because they were forced to cancel events or else because they were faced with unfunded preparation costs or hygiene requirements which they had not planned for.

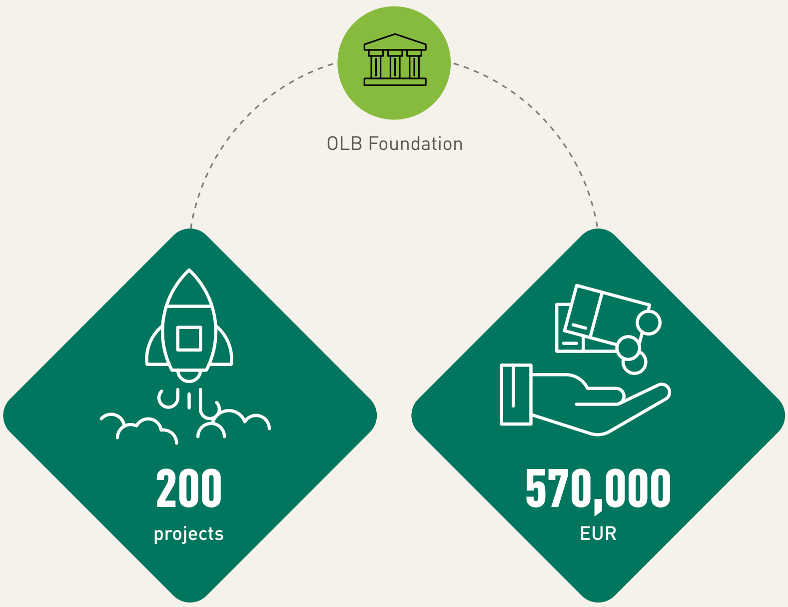
In normal circumstances, the projects which we support have more positive themes. They include a large number of small events. However, some of them have profiles which extend far beyond the limits of our region: These include the Oldenburg International Film Festival, the Garden Park in Bad Zwischenahn, exhibitions at the Kunsthalle Emden art museum as well as the Oldenburg's children's music festival on tour. Support for charitable organizations is primarily funded through the net earnings from our "OLB Glückssparen" prize-linked savings account product, which is managed by our OLB Foundation. "OLB Glückssparen" is our income savings model: Part of the monthly amount invested is entered on a savings account and paid out annually to the participants, while a smaller amount is allocated to our monthly "Lucky Savings" draw, where cash prizes are possible.

PROJECTS INITIATED BY OUR OLB FOUNDATION

Our OLB Foundation not only provides funding. It also initiates and realizes projects that are intended to bring out the strengths of Northwest Germany and to provide new ideas and fresh impetus for our region's development. In 2021, we offered our OLB Science Award in what was now already its eleventh year. With total prize money of EUR 28,000, this is the largest prize of its kind in Northwest Germany. Prizes are awarded for outstanding work by young scholars at the universities of Oldenburg, Wilhelmshaven-Elsfleth, Emden-Leer, Bremen, Bremerhaven, Osnabrück and Vechta. Since the award's launch in 2000, our OLB Foundation has already paid out prize money of around EUR 250,000 to roughly 70 prizewinners. We also support our universities in Northwest Germany through the "Deutschlandstipendium" scholarship program.

In the year under review, the OLB Architecture and Engineering Prize – another project initiated by OLB – was awarded for a seventh time. The jury assesses the quality of construction projects while looking at every stage of a project, from planning to completion, and recognizing aspects such as environmental quality as well as the design and choice of materials. It awards prizes to the best projects.

Do these examples inspire you to set up your own foundation? If so, we will be pleased to assist you through our OLB-Treuhandstiftung Weser-Ems and Peter-Franz-Neelmeyer-Stiftung. With the goal of providing added value for society.

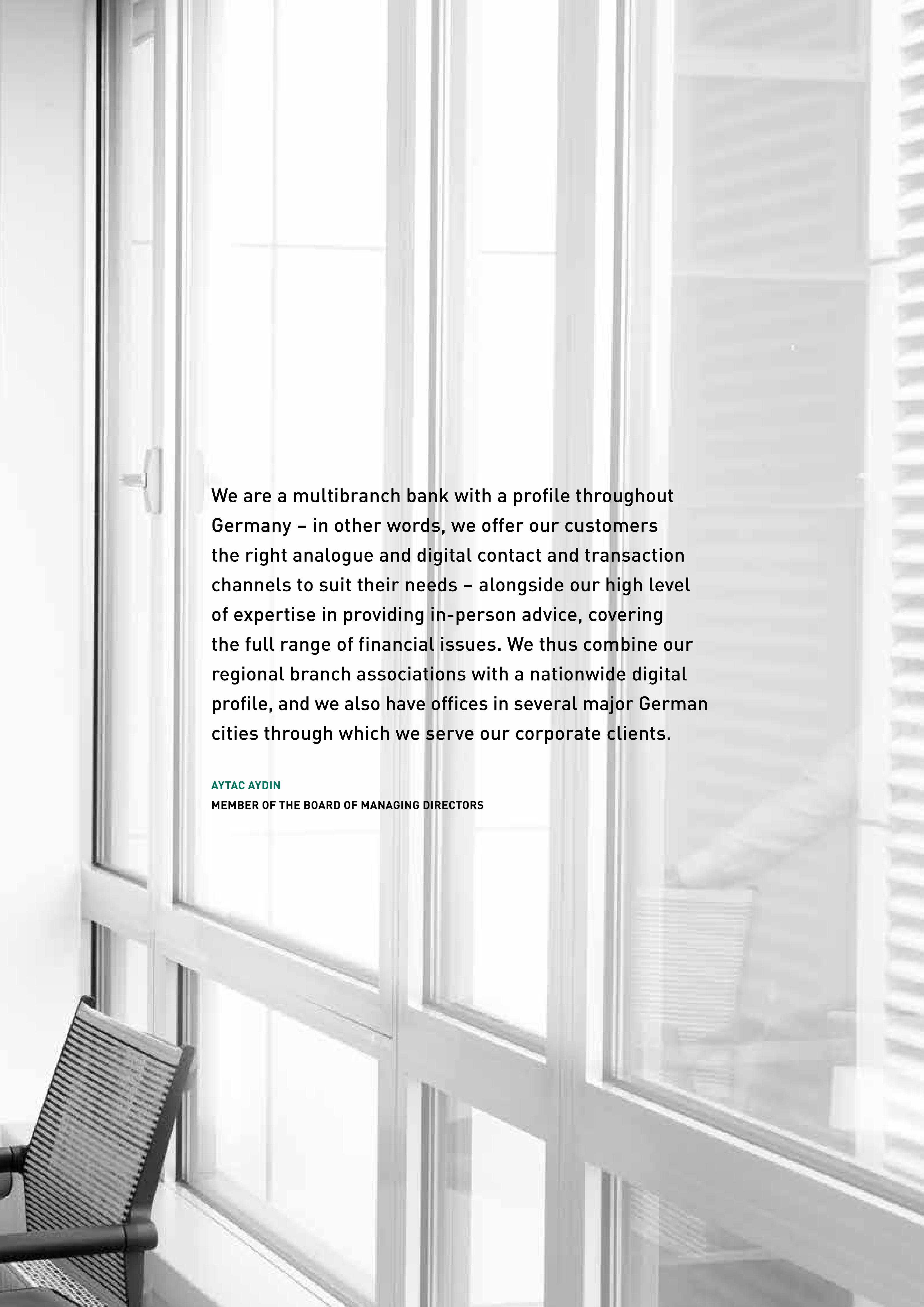


SUPPORT IN THE TIME OF COVID-19

We supported around 200 projects, with a total volume of more than EUR 570,000, in 2021. We have thus once again supported a large number of institutions and helped them to succeed – particularly in times of COVID-19.

Unfortunately, coronavirus has also meant that many events have been postponed, or even canceled entirely. Where necessary, we have already provided assistance here via an OLB initiative. In good times and in bad: We are there for our project partners.

WHAT IS OLB NOWADAYS: IS IT A REGIONAL BANK WITH A DIGITAL OFFERING, OR A DIRECT BANK WITH REGIONAL OFFICES?



We are a multibranch bank with a profile throughout Germany – in other words, we offer our customers the right analogue and digital contact and transaction channels to suit their needs – alongside our high level of expertise in providing in-person advice, covering the full range of financial issues. We thus combine our regional branch associations with a nationwide digital profile, and we also have offices in several major German cities through which we serve our corporate clients.

AYTAC AYDIN
MEMBER OF THE BOARD OF MANAGING DIRECTORS

THE RIGHT CONNECTION FOR EVERY CUSTOMER

As of 12/31/2021

Competence and the trust inspired by individual advice, services which meet our clients' needs, the latest in customer service on the Internet and via our OLB Banking app and rapid, efficient processes: We offer our customers top advice and digital services.

We offer our clients individual, in-person meetings at our branches as well as by telephone and video chat, in order to identify the best solutions for their financial issues.

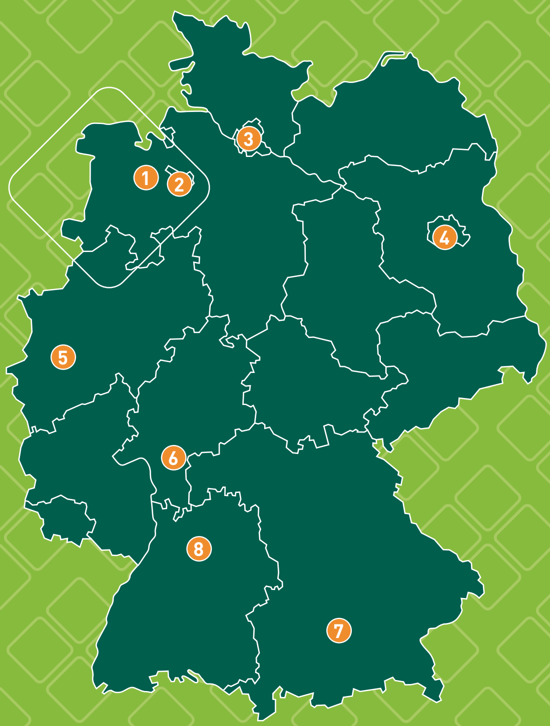
We ensure a supply of cash through our ATM network – and, thanks to our modern portfolio of cards, our clients can withdraw cash, free of charge, not only at our OLB ATMs, but also at most other banks and savings banks as well as supermarkets, discount stores, home improvement warehouses and gas stations.

51 regional branches*

56 self-service branches*

8 national offices*

OUR NATIONAL OFFICES



1 Oldenburg
Advisory Center Oldenburg
Heiligengeiststrasse 4–8
26122 Oldenburg
+49 441 221-2210

2 Bremen
OLB Bremen
Bankhaus Neelmeyer
(Private Banking & Wealth Management)
Wachtstrasse 16
28195 Bremen
+49 421 36030

3 Hamburg
OLB Hamburg
Ferdinandstrasse 12
20095 Hamburg
+49 40 3020020

4 Berlin
OLB Berlin
Lietzenburger Strasse 69
10719 Berlin
+49 30 203070

5 Düsseldorf
OLB Düsseldorf
Königsallee 106
40215 Düsseldorf
+49 211 130750

6 Frankfurt
OLB Frankfurt
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60486 Frankfurt am Main
+49 69 7561930

7 Munich
OLB Munich
Ottostrasse 13
80333 Munich
+49 89 24209780

8 Ludwigsburg
OLB Ludwigsburg
Carl-Benz-Strasse 20
71634 Ludwigsburg
+49 7141 8661-0

OUR MULTICHANNEL OFFERING

At our Bank, our clients decide how they wish to get in touch with us. They can do so via the full range of modern channels to suit their needs: at our branches, by telephone or online. As well as providing our customers with competent and binding advice, it is also important for us to offer them modern services, to be easily accessible for them and to provide them with rapid feedback. Our Advisory Center Oldenburg supports our communication with our clients throughout Germany. →

In person | Cellphone | Telephone | Chat | Online | Email | Video | By post

OUR REGIONAL COMPETENCE CENTERS

CONTACT

+49 441 221-2210, Mon. – Fri., 8 a. m. – 8 p. m.

Email: olb@olb.de

www.olb.de, www.neelmeyer.de

http://www.facebook.com/olb.bank

http://www.instagram.com/OLB.bank/

http://www.youtube.com/c/OldenburgischeLandesbankAGOLB

→ *Please see pp. 26/27 for more information on our Advisory Center Oldenburg.*

SPEED AND DIVERSITY FOR PRIVATE CLIENTS AND REGIONAL BUSINESSES

“Systembank” business is the first core pillar of our banking activities

Our customer business consists of two different business segments which we restructured as of January 1, 2022. The first core pillar of our banking activities is our so-called “Systembank” business with private clients as well as small and medium-sized enterprises in Northwest Germany.

For our private clients throughout Germany and for small and medium-sized enterprises, we combine our presence as a multibranch bank in our Northwest Germany core business region with the offering of a digital bank active throughout Germany, together with distribution partners and brokerage business. Our product range covers all of the usual topics such as accounts and cards, online banking and mobile banking (via the OLB Banking app), instant loans, private construction financing and investments. We also offer insurance brokering and assistance with private real estate purchases and sales as well as business issues such as finance, liquidity management and company pension provision.

Under the renowned Bankhaus Neelmeyer brand, we provide high-quality asset management services as well as exclusive financial and pension planning. Real estate management, generation management and foundation management complete our offering.

10 OLB IS CLOSING BRANCHES. HOW WILL THE BANK NONETHELESS REMAIN ATTRACTIVE FOR PRIVATE CLIENTS?

Advisory processes are one of our strengths, and we have pooled our expertise at modern offices in Northwest Germany and via advisory and other services which are available throughout the country. Our broad-based presence reinforces the role of our larger offices and, above all, our 16 regional competence centers as top locations for our customer advisory services. Our Advisory Center Oldenburg supports our communication with our clients throughout Germany. Our clients are able to benefit from our offering via the full range of channels: in person, by telephone, by video chat or via online banking.

THE BENEFITS FOR OUR CUSTOMERS

Lean end-to-end processes which are characterized by a high level of automation and digitalization are hallmarks of our “Private & Business Customers” business segment, which has around *625,000 customers* (i). The aim is for our private and commercial clients to benefit, above all, from the high level of availability of our services, our rapid processing times and our competitive prices.

(i) *As of 12/31/2021*

11 OLB'S ADVISORY CENTER IS AN IMPORTANT PORT OF CALL. HOW DOES THE BANK MAINTAIN CONTACT WITH ITS CLIENTS?

Competent and binding advice, modern services, easy accessibility – these aspects are particularly important to us in our relationship with our customers. Up to 150 employees at our Advisory Center Oldenburg are committed to meeting the needs of our clients throughout Germany, mainly by telephone and via online services.

We offer our customers high-quality advice. In Northwest Germany, our customers are able to visit us in person at our larger branch offices as well as our *16 competence centers* →. These are our top locations for advice on any questions our clients may have regarding complex financial issues. We are available to advise our customers 40 hours a week at our competence centers and our larger branch offices.

Our Advisory Center Oldenburg supports our communication with our clients throughout Germany. Bank employees provide telephone-based customer service here, as well as continuously improving our online business offering. With an integrated café and a small events area (where permitted by the coronavirus pandemic), our Advisory Center Oldenburg is also an open meeting place situated in Oldenburg's pedestrian zone: It offers both customer services and special events under one roof.

Our Advisory Center in central Oldenburg is a particularly important contact point for our customers all over Germany.

→ *Please see p. 25 for an overview of our locations.*


12

HANDMADE: WHAT DOES MANUFACTORY BUSINESS INVOLVE AT OLB?

We are exactly the right partner to assist with complex projects. We offer tailormade solutions from our manufactory rapidly and flexibly, for major companies, project developers and investors throughout Germany and neighboring countries. We have the necessary expertise and experience to provide professional support for our commercial partners.

MARC AMPAW (left)
MEMBER OF THE BOARD OF MANAGING DIRECTORS

AND
GIACOMO PETROBELLI (right)
GENERAL MANAGER

INDIVIDUAL SUPPORT AND THE NECESSARY LEVEL OF RESOURCES FOR CORPORATES AND SPECIALIZED LENDING

Manufactory bank business is the second core pillar of our banking activities

Manufactory business with major companies and our Specialized Lending segment is the second core pillar of our business model. As well as Germany, we are also active in other countries in this business segment.

Business with corporate clients active throughout Germany as well as Football Finance, Acquisition Finance, Commercial Real Estate, Ship Finance and Wind Farm Finance: these areas are at the heart of our activities in our "Corporates & Diversified Lending" business segment. We offer our approximately *5,000 clients* (i) in this business segment tailormade solutions: personalized client relationship management, higher-volume individual transactions and, in general, a large volume of resources committed to advisory services and the realization of complex projects.

AT HOME BOTH IN GERMANY AND ABROAD

Via our *branch offices* (→), we are available in person to assist our clients in major German cities. We are also active in neighboring European countries in our "Corporates & Diversified Lending" business segment: such as through our Commercial Real Estate business for developers and investors in the Netherlands and Austria; in the field of Football Finance, we focus on the five major European leagues: England, Spain, Italy, France and Germany.

13 A STRONG PARTNER FOR MAJOR CLIENTS: WHAT SERVICES DOES OLB OFFER COMPANIES?

One key aspect of our approach is that we are highly familiar with the challenges that our corporate customers are faced with on a daily basis. And we have very detailed knowledge, built up over a long period of time, of our corporate clients' history, strategy, strengths and potential. This enables us to jointly identify the best solutions. In times of COVID-19, above all this means safeguarding liquidity – where possible, while drawing upon public development funds. At the same time, we also focus on providing further support to ensure our corporate clients' successful development.

(i) *As of 12/31/2021*

(→) *Please see p. 24 for an overview of our locations.*

ACQUISITION FINANCE

In Acquisition Finance, we have many years of in-depth expertise in the arrangement and structuring of debt capital financing to support acquisitions of small and medium-sized companies. We mainly focus on Germany, Austria and Switzerland – but we also have commitments in other European countries.

SAMPLE LIST OF ACQUISITION FINANCE CLIENTS

Dec. 2021 + Jan. 2019	riri	Lender	CHEQUERS CAPITAL
Dec. 2021 + Jan. 2019	DEPT	Super Senior MLA	CARLYLE
Oct. 2021 + Dec. 2020	BIKE24	Pre-IPO Senior Lender Arranger	Riverside
Oct. 2021	RVE	MLA	WATERLAND PRIVATE EQUITY INVESTMENTS
Sep. 2021	DR.VRANJES	MLA	BLUEGEM CAPITAL PARTNERS
Sep. 2021	Gottfried STILLER	Super Senior MLA	FSN CAPITAL
Jul. 2021	vertbaudet	MLA	EQUISTONE
Jul. 2021	FOLBB	MLA	OAKTREE
Jul. 2021	VPS	Sole Super Senior Arranger	FREMMAN
Jul. 2021 + Feb. 2021 + Nov. 2020	SLS GROUP	Senior Sole MLA	AUCTUS
May 2021	Perfect Drive Sports Group	MLA	Bregal Unternehmerkapital
May 2021 + Apr. 2020 + May 2018	vitronet	Super Senior MLA	Deutsche Beteiligungs AG

14 FROM REAL ESTATE VIA FOOTBALL TO WIND POWER: WHAT ROLE DO THESE SPECIAL AREAS OF FINANCE PLAY FOR OLB?

Together with our Corporates business, Commercial Real Estate, Football Finance, Wind Farm Finance and other niche markets are the core areas served by our manufactory bank. A great deal of commitment and a high level of flexibility are required here, but at the same time higher margins are realistic. On the one hand, these areas of finance therefore serve as important elements of our diversification strategy, and they jointly constitute an important component which strengthens our business model. On the other, we see them as highly attractive growth areas.

TARGETED GROWTH INITIATIVES

We aim to achieve profitable growth, supported by a tail wind and while pursuing a controlled attacking strategy. Selective growth in our lending business is a strategic goal. We see various opportunities for this in our “Corporates & Diversified Lending” business segment especially.

As well as traditional and complex finance for major companies with international operations, in volume terms Acquisition Finance and Commercial Real Estate are our largest areas of expertise in our manufactory business. For more than 15 years, our services have been frequently engaged as a lead arranger or lender for consortia in the field of structured finance. We are also in demand in Germany and internationally in the field of commercial real estate finance, encompassing the office, residential, logistics, hotel and retail subsegments.

In the attractive niche market of Football Finance, thanks to its high level of expertise OLB is playing in the top-flight European league.

However, other areas likewise offer us further potential. For example, the climate-friendly transformation of the German economy especially, and Europe's economy more broadly, offers banks such as OLB new financing opportunities in areas where we already have extensive experience. We are a Wind Farm Finance specialist. For over 20 years, we have not only seen the potential which wind power has to offer for sustainable energy generation, we have also understood that it is an attractive economic sector. We help both wind turbine manufacturers and wind farm operators and developers to realize their projects. Since 2016, where appropriate we have included a wind farm fixed-term deposit in our product range, in response to municipalities' requirement for local residents to share in the financial rewards. As of the end of 2021, our Wind Farm portfolio amounted to around EUR 700 million →.

And, quite literally, we have space for further growth.

ATTRACTIVE NICHES

With targeted risk- and return-oriented growth initiatives for our lending business, our entire "Corporates & Diversified Lending" business segment is a cornerstone of our growth strategy. We are pursuing a controlled attacking strategy here. In other words, we are particularly interested in niche areas of business which have a need for finance; where we have a solid understanding of the nature of the business in question, as well as the related risks and opportunities; where a volume is achievable which means that our investments will pay off; and where the necessary expertise is available to us, either in-house or externally.

This was the approach we took for Football Finance, which we launched in the spring of 2020. In our Football Finance segment, we focus on financing transfer fees. By the end of 2021, we have already reached a lending volume of around EUR 400 million – with a high level of profitability and a low risk of default. Thanks to our financial strength and our well-coordinated team of experts in this field, today we are one of the leading players in Europe. In the near term, we are likely to achieve our goal of a EUR 500 million lending volume, which we set ourselves when we launched this area of business.

→ *Please see pp. 16 ff. for more information on the topic of sustainability and the SDGs.*

15 GROWTH IS A KEY TO SUCCESS. WHICH GROWTH TARGETS IS OLB CURRENTLY FOCUSING ON?

We are capable of organic and inorganic growth. And we certainly have our sights set on growth. What is important for us is to focus on growth which is sustainable and also transparent. We will only do what is right for us. And in doing so we will preserve what we have already achieved to date: a very clear and consistent approach to cost management, solid risk hedging, and the necessary confidence to achieve a certain margin for our offering.

EXPANSION OF OUR CORPORATE SEGMENT

A good three-quarters of our credit portfolio in our "Corporates & Diversified Lending" business segment is tied up in commercial projects in Germany. The remaining quarter is situated outside Germany. The expansion of our international markets is a strategic objective for us. But that is not something which we will only look at at some point in the future.

A broadly diversified portfolio structure is already one of our strengths. With new products such as financing of investment funds or financing of medium and large real estate portfolios, consumer loans and corporate loans, we placed ourselves on an even broader footing in 2021. We also see further international potential in these two niche markets.

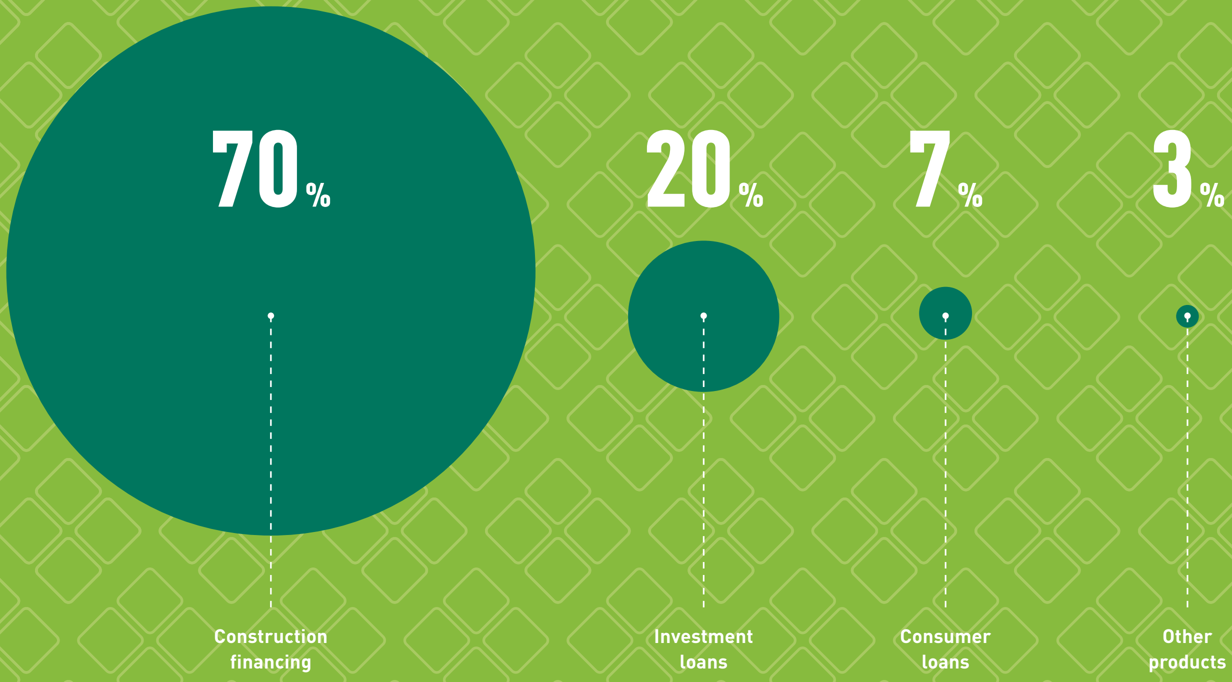
In our "Private & Business Customers" business segment, we likewise envisage opportunities to expand our business activities. Construction financing is our clear number one product for private clients. Every year, via new business we enable on average a middling four-digit number of private customers to become property owners – to date, almost entirely in Northwest Germany. Since late 2021, our construction financing product has been featured on the Web portal CHECK24, and in the first few months we have already seen a highly promising volume of new business. Our installment loan product is also offered via this portal to new customers especially, throughout Germany. We intend to develop additional sales channels via further suitable partnerships, such as with fintech companies or through sales platforms, and to achieve targeted growth in Germany and further afield through appropriate products in our "Private & Business Customers" business segment.

A ROBUST BALANCE SHEET IS THE SOURCE OF OUR STRENGTH

How are we able to set ourselves these sorts of growth targets? It is our robust balance sheet structure which enables this strategy. The high proportion of granular, small-scale deposits made by private clients, with their relatively high level of stability, plays an essential role in our deposit business, which is itself a core pillar of funding for our lending business. Our customer deposit business also underpins our comfortable level of liquidity.

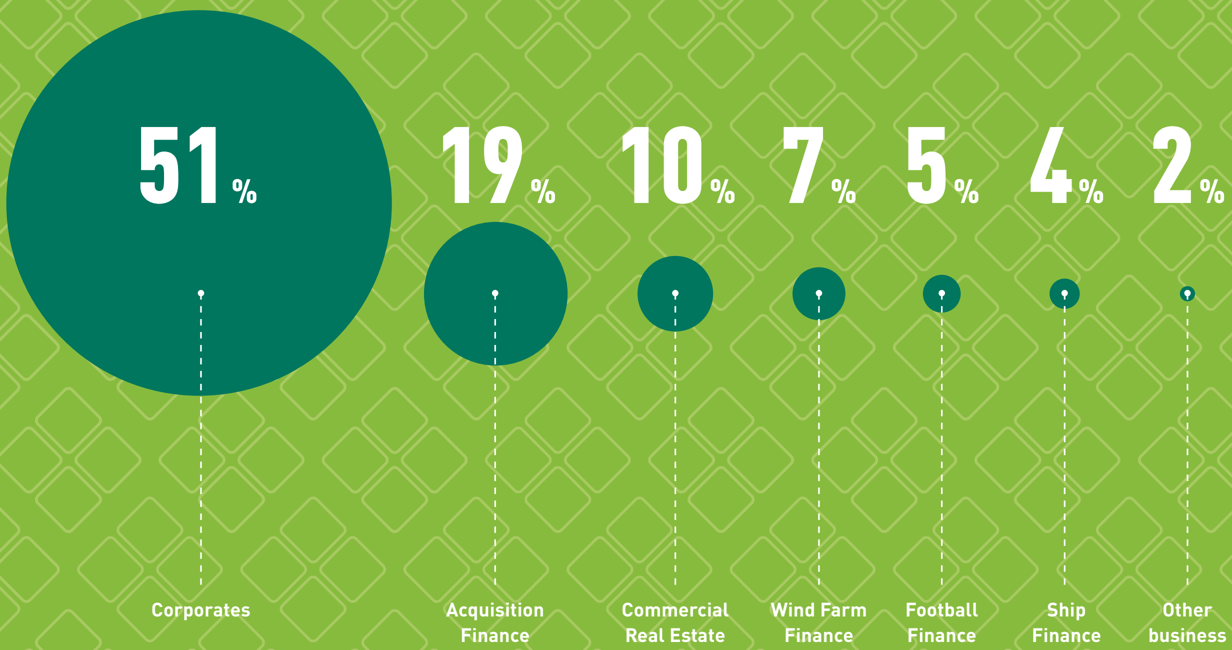
STRUCTURE OF OUR PORTFOLIO BY PRODUCT (PRIVATE & BUSINESS CUSTOMERS) in %

Construction finance in Lower Saxony and Bremen is the dominant product in our Private Clients business. For small and medium-sized enterprises in Northwest Germany, it is investment loans which are particularly in demand. Overall, around 80 percent of our activities in our Private & Business Customers business segment are situated in Lower Saxony / Bremen, while the remaining roughly 20 percent are located elsewhere in Germany.



STRUCTURE OF OUR PORTFOLIO BY SUBSEGMENT (CORPORATES & DIVERSIFIED LENDING) in %

The portfolio structure in our Corporates & Diversified Lending business segment is characterized by a very high level of diversification. In the future, our new subsegments especially – which currently account for a fairly low proportion of our portfolio – should make an increased contribution to our income basis. Around 75 percent of these business activities are situated in Germany and approximately 25 percent in other countries.



This schematic presentation of OLB's portfolio structure by product or subsegment does not reflect the figures audited by the Bank's auditor.
The audited figures in future financial statements may differ considerably from these figures.
All figures have been rounded.

OLB IS NOW ACTIVE AGAIN ON THE CAPITAL MARKET. IS THAT HARD WORK, OR FUN?

It's both of those things. Capital market operations always involve a great deal of thorough preparation. But we get a great deal of pleasure when our ideas pay off, i. e. when national and international investors especially are interested in our issues and the bottom line looks good. All our hard work is worth it for that, and it also brings us closer to the goal which all of us on OLB's management team are working toward: the Bank's capital market readiness.

DR. RAINER POLSTER
MEMBER OF THE BOARD OF MANAGING DIRECTORS


16

AN INVESTMENT GRADE RATING STRENGTHENS OUR PROFILE AND GENERATES ADDITIONAL POSSIBILITIES

Successful sub-benchmark debut in the spring of 2021

For financial institutions of our size and with our market focus, an international rating is a "state-of-the-art" achievement. Since 2019, we have been working with the rating agency Moody's Investors Service for this reason.

"Baa2 (stable outlook)" is the rating which Moody's awarded us in our first official bank rating process, which we underwent in 2019. This independent deposit and issuer rating has remained unchanged ever since. "Baa2" is a solid, "investment grade" credit rating at Moody's. As with its original "rating action" in 2019, in its regular follow-up "credit opinions" Moody's emphasizes our solid financial fundamentals, which are underpinned by the high proportion of stable customer deposits in our funding base as well as our solid overall capital resources.

Among other things, this rating means that we meet the requirements of many institutional and public business partners. For instance, the rules and regulations governing many funds, insurers, pension funds, cities and municipalities require this rating in order for them to invest in a financial institution.

Keeping an eye on the capital market – our issues meet with considerable interest from investors, banks and fund managers, both nationally and internationally.

Apart from its deposit and issuer rating, since the fall of 2020 Moody's has also rated the covered bonds which we issue. We had our covered bond debut in the spring of 2020, with an initial issue volume of more than EUR 100 million and a high level of demand from pension funds, superannuation schemes and insurers as well as savings banks and other banks.

In particular, the quality of our cover fund – which we continuously manage – offers investors a high level of security. It comprises a middling four-digit number of mortgage loans awarded by us. A good two-thirds of our secured mortgage portfolio comprises exclusively residential properties, and all of these properties are situated in Germany, so that no foreign currency risks apply. Moody's has honored these and other characteristics of our covered bond with an Aa1 rating. This means that our covered bond is eligible for central bank borrowings and, inter alia, can be deposited with the European Central Bank as collateral.

A STRONG SUB-BENCHMARK DEBUT

We reached a further important stage in our capital market operations in March 2021, with a *bearer covered bond issued as a sub-benchmark issue* → via a consortium. The issue volume amounted to EUR 350 million and this security is listed on the Hamburg stock exchange.

As a further solid source of funding, our covered bond issues help us to safeguard the Bank's growth and to continue to serve our private and commercial clients as a financing partner, with a rising lending volume.

17 EUROPEAN FINANCIAL INSTITUTIONS – AND GERMAN FINANCIAL INSTITUTIONS ESPECIALLY – SELDOM STAND UP WELL IN COMPARISON WITH THEIR INTERNATIONAL PEERS. WHAT DOES OLB'S RATING LOOK LIKE?

At our very first rating, in 2019, the rating agency Moody's already considered us to be "investment grade", and it has maintained the same view ever since. We benefit, above all, from our solid capital resources and the high proportion of customer deposits in our funding base. Our positive rating broadens our access to attractive funding sources. On the one hand, we have an attractive rating (also by comparison with other institutions). On the other, above all this rating supports our capital market activities.

→ *Please see pp. 40/41 for more information on our sub-benchmark issue.*

18 IS OLB PLANNING TO EXPAND ITS ACTIVITIES ON THE CAPITAL MARKET?

Yes, definitely. We intend to participate in the capital market regularly and professionally. We intend to continue to attract the attention of national and international investors by issuing covered bonds and other refinancing instruments. We therefore plan to operate on the capital market in support of our growth strategy.

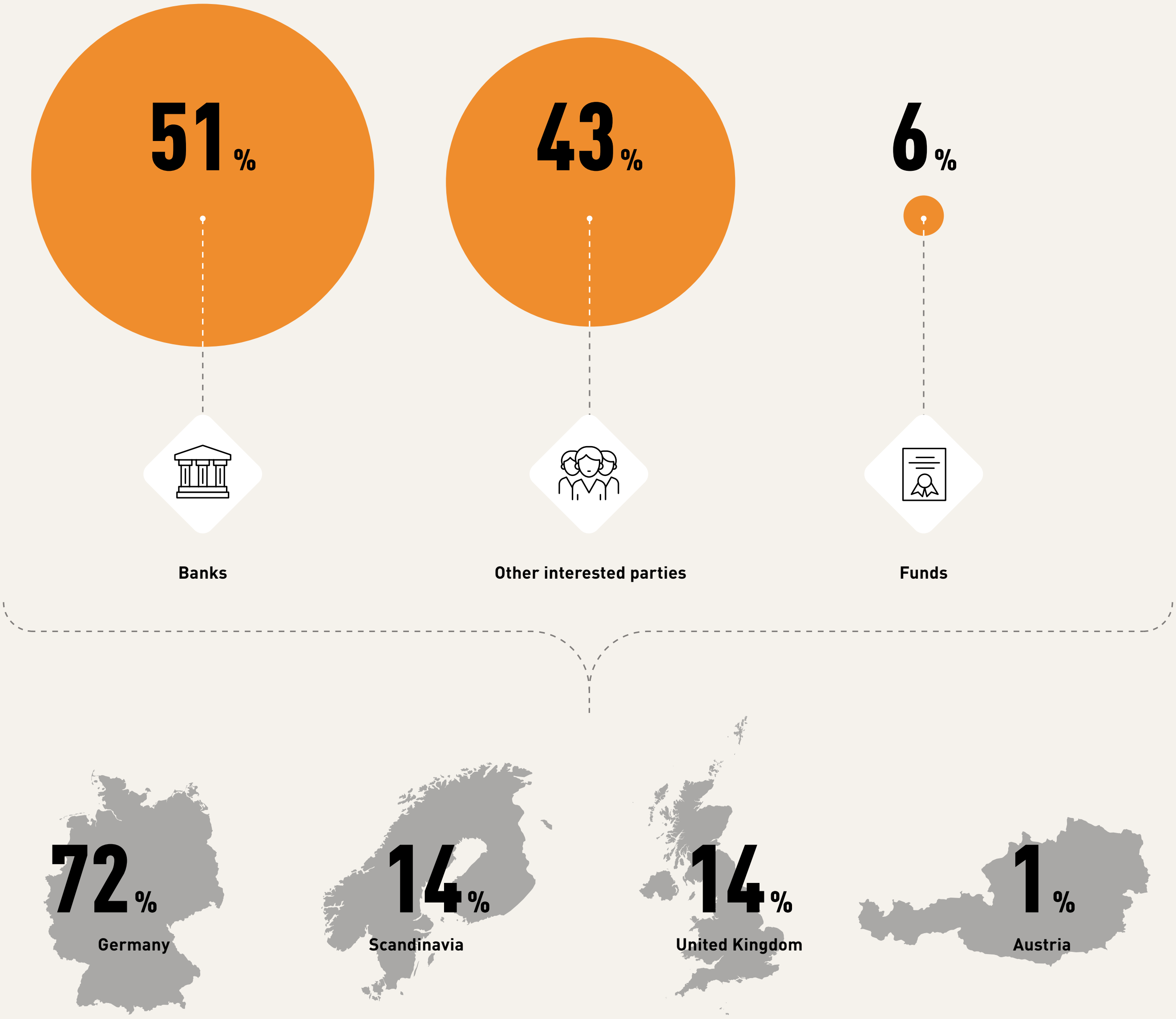
AN INCREASED PRESENCE

National and international capital market investors are watching our activities on the capital market with a growing level of interest. The attention which we receive from institutional investors, banks and fund managers demonstrates that we are seen as a reliable market participant – and we have already achieved this status, even though we are still a relatively new issuer.

Foreign investors accounted for around 30 percent of the order book for our first sub-benchmark issue. By comparison with our covered bond debut a year previously, *investors from Scandinavia and the United Kingdom* → in particular participated here for the first time. As with our first covered bond issue, 100 percent of the cover fund for our sub-benchmark issue consists of residential properties. These are character-

→ *Please see the graphic on p. 41 for further details of the order book for our sub-benchmark issue.*

A GLANCE AT THE ORDER BOOK FOR OUR 2021 SUB-BENCHMARK ISSUE* (investor groups and their origin)



* All figures rounded

ized by a high level of granularity and are situated without exception in Germany, with a high proportion of them in Lower Saxony.

FIRST AT1 BOND PLACED

Over the next few years, we intend to continue to exploit the opportunity to broaden our solid funding base via money and capital market transactions, where it makes sense to do so. In 2021, we already realized a further successful public capital market issue and placed our first AT1 bond with a broad range of national and international investors. This bond had a volume of EUR 100 million and played a significant part in optimizing and further strengthening our regulatory capital.

We have access to all of the key capital market segments and are thus able to maintain our highly diversified funding base on a long-term basis. In this context, we will continue to participate regularly and professionally in the capital market in support of our growth strategy.

LOOKING AHEAD: WHAT ARE YOUR EXPECTATIONS FOR FISCAL YEAR 2022?

We are on the right track and therefore expect to achieve further visible progress as a result of our transformation, up to the point of establishing our capital market readiness. But we still have some work ahead of us in that respect. I can promise you that my management team and I will continue to contribute our expertise with a great deal of energy and enthusiasm, so as to achieve the goals which we have set ourselves, alongside our committed workforce.

STEFAN BARTH
CHAIRMAN OF THE BOARD OF MANAGING DIRECTORS


19

RIGOROUSLY IMPLEMENTED CHANGE PROCESSES ARE MAKING US FIT FOR THE FUTURE

OLB has successfully established the basis for its positive ongoing development

Over the past few years, since the start of our process of transformation in 2018, we have made a great deal of progress thanks to a series of necessary, but in some cases difficult decisions and the operational and organizational measures which we have thus identified: We are on track.

OLB'S TRANSFORMATION IS LARGELY COMPLETE. WHAT IS NEXT?

A EUR 14.0 billion customer loan book, an 11.9 percent Tier 1 capital ratio, and a 76.1 percent cost–income ratio – these were some of our key figures for fiscal year 2018, at the start of our process of transformation. A EUR 17.0 billion customer loan book, a 13.5 percent Tier 1 capital ratio, and, above all, a 62.6 percent cost–income ratio – those are the key figures for our *2021 reporting year* →. Relative to our starting point, as of the end of 2021 we have significantly reduced our current cost base, while at the same time considerably increasing our revenue.

The changes which we have made to the Bank's sales activities and its operations are paying off. As you will see in the next section of this report, we are increasingly profitable in all of our business segments. This provides us with a very strong basis in order to achieve our ambitious goals. We have largely completed our process of transformation, including the restructuring of our branch network and, above all, our large-scale but fairly implemented voluntary program to downsize our workforce.

In particular, the cost-cutting effects of these restructuring activities will be fully reflected in our income statement from January 2022 onward. They thus represent a very strong starting position for the further positive development of our return on equity posttax and our cost–income ratio, as measures of our profitability. As of December 31, 2021, we have improved our return on equity posttax to 7.3 percent, and without one-off effects to 8.3 percent. As of the same reporting date, our cost–income ratio including the regulatory expenses reported according to the German Commercial Code was 62.6 percent, but adjusted for these expenses it was already 59.5 percent.

We are on the right track in order to maintain our long-term independence and in order to be there for our clients via the full range of modern contact channels, with competent advisory services and products which meet their needs. We are therefore firmly convinced that we are fit for the future.

We have achieved a considerable and lasting reduction in our costs. We are now in a position where we can concentrate on further improving our revenue, which we have likewise already significantly expanded. For instance, we intend to increase our credit exposures in a targeted manner, and likewise our plug & play sales activities via partners. We also intend to realize a further improvement in our return on equity and cost–income ratio key figures.

→ *Please see the following management report in particular for detailed information on our earnings trend.*

21 ONE FISCAL YEAR HAS ENDED, AND THE NEXT HAS ALREADY BEGUN: WHAT CAN OLB EXPECT IN 2022?

We have already stressed our ambition on several occasions: We intend to establish the Bank's capital market readiness over the course of 2022. It is up to our owners to decide when the timing and the market position are right for a potential stock market flotation. We will ensure that we are properly prepared for this.

All of us at OLB are convinced that 2022 will mark another successful year for our Bank.

OUR CURRENT FORECAST FOR OUR KEY FIGURES IS AS FOLLOWS:

- RETURN ON EQUITY POSTTAX: ↗ significant increase
- COST-INCOME RATIO: ↘ significant decrease
- TIER 1 CAPITAL RATIO: ↘ slight decrease
- RISK COVERAGE RATIO: → stable
- LIQUIDITY COVERAGE RATIO: → stable

Please see the management report from p. 66 onward for further information on this forecast.

MANAGEMENT REPORT

ABOUT THE COMPANY

Oldenburgische Landesbank AG (OLB) is a financial institution which is rooted in northern Germany and which serves its customers throughout Germany through its OLB Bank and Bankhaus Neelmeyer (BHN) brands. OLB pursues a multichannel approach in its business with private and business clients and combines its regional branch associations with a nationwide digital presence. The Bank pursues regional business activities with small and medium-sized enterprises (SMEs) in its business with corporate clients. OLB also operates throughout Germany and, selectively, in other European countries in a larger-volume corporate business segment. Moreover, OLB exploits growth opportunities in a targeted fashion in specific areas of finance which the Bank judges to have an attractive risk–return profile, such as Football Finance and Fund Finance. The Bank has many long-term customer relationships and a diversified credit portfolio. Its capital resources comprise more than EUR 1.1 billion of Common Equity Tier 1 capital.

All of the shares in OLB are held by shareholders that are associated with the Teacher Retirement System of Texas, Apollo Global Management and Grovepoint Investment Management. These shareholders are mutually independent and each of them holds a stake of under 40 percent, so that none of them controls OLB under corporate law. The Bank is the sole shareholder in three companies which do not conduct any banking business. The investment chain for one of these companies was shortened via a retrospective merger of the intermediary holding company with OLB AG in 2021. The Bank continues to use compartments of Weser Funding S.A. in order to improve its opportunities for the procurement of liquidity, by securitizing portions of its credit portfolio. Compartment No. 1, which ended as scheduled in 2021, was replaced by the newly launched Compartment No. 3 in the past fiscal year. A separate asset pool administered by Allianz Pensionsfonds AG is another special-purpose vehicle subsidiary under commercial law. The majority of the Bank's pension obligations, and the cover funds allocated to fulfill these obligations, have been transferred to it. All of the aforementioned companies are individually and collectively of minor significance for the net assets, financial position and results of operations of the Group. For this reason, consolidated financial statements under commercial law as of December 31, 2021 have not been prepared.

In March 2021, OLB placed a EUR 350 million covered bond of a sub-benchmark size on the capital market. The investors for this exchange-traded covered bond included sovereign wealth funds, insurers, banks and building and loan associations throughout Europe. Due to the listing of this covered bond on the regulated market, OLB is now a capital-market-oriented company within the meaning of Sec. 264d HGB.

For management purposes, the Bank divides up its business activities by business segments, in terms of its target customers, products and services as well as from a procedural and settlement point of view. In fiscal year 2021, the Bank had the following organizational structure:

OLB offers private clients competent advisory and support services based on personal and trusting contact via its centrally managed network of branches and its Advisory Center Oldenburg (BCO). At the same time, customers are also able to directly access products that meet their needs as well as up-to-date services via online and mobile banking channels. OLB thus combines a branch presence in its Weser-Ems core business area with the offering of a digital bank active throughout Germany, together with distribution partners and brokerage business. The Bank's offering concentrates on current accounts and credit cards, online banking and mobile banking (via its OLB Banking app), installment loans, private construction financing and private investments. The Bank also offers insurance brokering and assistance with private real estate purchases and sales. The Bank operates under the Neelmeyer brand in the area of Wealth Management. Its offering comprises asset management, financial and pension planning, real estate management as well as generation management and foundation management. Bremen, Hamburg and northwest Lower Saxony are the regional focus of OLB's offering under the Bankhaus Neelmeyer brand. In 2021, all of these activities were incorporated in the Bank's "Private Clients" business segment.

For its corporate and SME clients, OLB develops tailored solutions in the area of operating equipment financing, investment financing, forfaiting, export financing / document business and international payment transactions. It also offers active interest rate, currency and liquidity management, assistance for start-ups and financing of projects associated with renewable energy. These services are available beyond OLB's core business area in the Weser-Ems region, with branches throughout Germany in Hamburg, Frankfurt, and other major cities. Football Finance was added to this offering in the previous year, which was then further expanded in 2021 to include Fund Finance. All of our corporate and SME clients were served through our Corporates & SME business segment in the past fiscal year.

Experienced teams concentrate on individual advisory services covering traditional and complex financing solutions in the Specialized Lending business segment. This focuses on three different areas of business.

- Acquisition Finance (AQF), which includes, in particular, the arrangement and structuring of debt capital financing to support acquisitions of small and medium-sized companies, in Germany, Austria and Switzerland in particular,
- Commercial Real Estate (CRE), which includes commercial real estate financing for property developers and development agencies, as well as support for investors in real estate projects in Germany and the Netherlands, and
- Ship Finance, with selective new financing business for freight-rate-dependent oceangoing vessels in Germany and neighboring countries.

Within the scope of the Bank's ongoing strategic reorientation and the related concentration of its business model, the Bank's three business segments in 2021 – Private Clients, Corporates & SME and Specialized Lending – are to be restructured. The strategic and organizational measures envisaged in order to implement this change of orientation encompassing the modified business segments "Private & Business Customers" and "Corporates & Diversified Lending" are outlined in the report on anticipated developments, opportunities and risk.

Success in implementing strategic objectives is assessed using key performance indicators (KPIs), on the basis of a comparison of planned and actual figures. The key performance indicators are reported to the Board of Managing Directors on a monthly basis; this reporting includes an annotated presentation of the key current developments and areas of action. Early identification of deviations from projected figures at the Whole Bank level and within the Bank's strategic business segments ensures that management can immediately decide on corrective measures once it discovers deviations from target figures. The choice of KPIs for the Whole Bank is based on the overriding financial objective of achieving a fair return, while maintaining control of the risks entered into at all times. The KPIs cover all of the necessary perspectives and relevant frameworks and therefore incorporate business and financial indicators as well as regulatory parameters. The following financial performance indicators are particularly significant in relation to the present reporting of the Bank's net assets, financial position and results of operations: the return on equity posttax [1], the Tier 1 capital ratio [2], the risk coverage ratio [3] and the liquidity coverage ratio [4] (LCR), as a key figure documenting the Bank's solvency. The cost–income ratio [5] (CIR) is applied in order to assess the level of cost efficiency at the Whole Bank level.

OLB pursues a long-term and sustainable approach in its banking business and in relation to social and environmental issues. Sustainability is recognized as a strategic factor throughout the Bank. In accordance with its business strategy, the Bank is therefore guided in its business activities, inter alia, by the United Nations' Principles for Responsible Banking. OLB issues a separate report (nonfinancial report) in this area. This report will be published by April 30, 2022, at *www.olb.de/nachhaltigkeitsberichte.*

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

2 Ratio of Tier 1 capital to risk-weighted assets

3 Ratio of available risk coverage to risk capital needed

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

5 Ratio of operating expenses to operating income. The Bank reports restructuring expenses in its extraordinary result, which is not included in the calculation of this ratio.

REPORT ON ECONOMIC CONDITIONS

ECONOMIC FRAMEWORK CONDITIONS AND OUTLOOK

The world economy is now recovering, even if the coronavirus pandemic continues to have a significant impact on its development. While the world economy 01 had shrunk by – 3.1 percent in the previous year, the provisional calculations of the International Monetary Fund (IMF) show a growth rate of + 5.9 percent for 2021. Following the rapid recovery already seen in China, in the third quarter of 2021 gross domestic product in the advanced economies once again matched its pre-crisis level. In Europe especially, over the summer of 2021 the economy recovered from its pandemic-related stagnation of the previous winter. In 2021, Europe's economic output rose by + 5.4 percent, having dropped by – 5.0 percent as a result of the pandemic in the previous year. However, the seasonal resurgence of the pandemic from the fall onward once again depressed economic activity, particularly where progress in vaccination campaigns was slow. Supply bottlenecks also had a curbing effect. The very strong upswing in global industrial output at the start of the past year therefore faded. Together with a rise in the overall level of economic demand, these bottlenecks contributed to a significant increase in the rate of inflation over the course of 2021.

GROSS DOMESTIC PRODUCT in %

+2.7

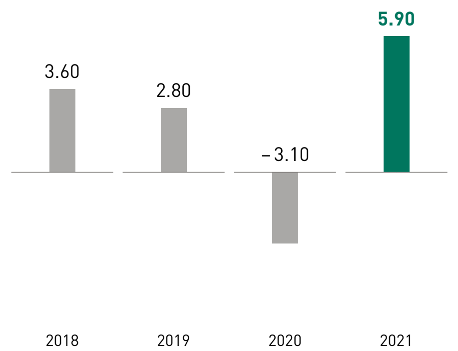
Price-adjusted gross domestic product rose by + 2.7 percent in Germany in 2021.

The German economy likewise recovered during the year under review. Germany's price-adjusted gross domestic product 02 rose by + 2.7 percent, according to preliminary calculations by the German Federal Statistical Office, having declined by – 4.6 percent in 2020 due to the pandemic.

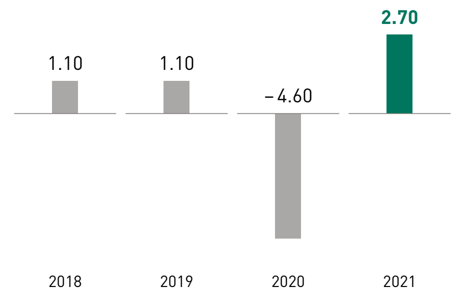
However, the trend varied in different sectors of the economy. The service sectors, which benefited from the increasing easing of coronavirus measures from the early summer onward, played the main role in the recovery. On the other hand, manufacturing industry suffered due to supply bottlenecks for important industrial primary products, and so too did retail and the construction sector. These supply constraints not only adversely affected national output. Alongside base effects such as the return to the regular value-added tax rate, they were likely also a key reason behind the significant price rises witnessed over the course of the year.

Toward the end of the year, the resurgence in infections once again impacted the economic trend. The fourth coronavirus wave and the continuing supply bottlenecks in certain industries are likely to continue to hamper the German economy at the start of 2022. However, the indicators available to date suggest that the slowdown will be considerably weaker than it was during the lockdown a year ago. The leading economic research institutes expect the situation to normalize over the summer of 2022, resulting in a burgeoning economic recovery and thus leading to gross domestic product

DEVELOPMENT OF THE GLOBAL ECONOMY in % 01 | PAGE 50



PRICE-ADJUSTED GROSS DOMESTIC PRODUCT TREND IN GERMANY in % 02 | PAGE 50



growth of + 3.7 percent in 2022. The escalation of the Russia-Ukraine crisis to the point of war in late February 2022 is one source of uncertainty. Its economic effects are not yet foreseeable.

INTEREST RATE TREND

The European Central Bank (ECB) continued to pursue its expansionary monetary policy in 2021 but did not introduce any new measures. The small number of changes made to the ECB's monetary policy included its announcement, in September 2021, that it would moderately reduce its monthly net purchases within the scope of its Pandemic Emergency Purchase Program (PEPP). In line with its practice since the fall of 2019, the ECB left its interest rates unchanged throughout the year, with its deposit facility at – 0.5 percent, its marginal lending facility at + 0.25 percent and its interest rate on the main refinancing operations at 0.0 percent.

Buoyed by the ECB's accommodating stance, the financing environment in Germany remained very favorable. The yield on ten-year German government bonds at the end of 2021 was approximately – 0.2 percent and thus at a level similar to that prior to the coronavirus pandemic. Current yields on corporate bonds were also close to their all-time low and were, in general, characterized by low levels of fluctuation over the course of the year. The loan market also reflected the trends on the capital market. Average interest rates for corporate and real estate loans thus remained low.

However, the significant rate of inflation and the turnaround in interest rates which the US central bank, the Fed, has now initiated in the USA are currently increasing the pressure on the European Central Bank to take its own first few steps toward a normalization of monetary policy. While the ECB remains guarded in its comments for the time being, the bond market is already anticipating the market's expectations of higher interest rates. In February 2022, the yield on five-year Bunds climbed beyond the 0-percent mark for the first time since mid-2018.

BANKING ENVIRONMENT

The effects of the coronavirus crisis mean that the market environment is now even more challenging for virtually the entire banking industry. In its annual assessment of the earnings situation of German banks (monthly report 09 / 2021), the Deutsche Bundesbank noted that almost all of the banking groups assessed had reported stagnating or declining pretax profits for the year, relative to the previous year. This was mainly due to significantly worse measurement results, in particular due to increased risk provisions in the context of the pandemic.

However, with the exception of the savings banks all banking groups had at least slightly increased their operating income. In some cases significant improvements in commission, trading and other operating income had a positive impact here. On the other hand, net interest income once again declined, due to the ongoing low interest-rate environment. Measured in terms of the cost–income ratio (CIR), overall German banks' profitability improved slightly. This was attributed to the lower administrative expenses year-over-year as well as the slight increase in operating income. The average CIR fell by 3.7 percentage points to 72.3 percent in the examined period.

The Deutsche Bundesbank's study also states that asset quality generally improves as the economy recovers and thus has a positive impact on the industry's earnings situation. However, the expected continuation of the low interest-rate phase will continue to put pressure on traditional interest-related operations and will continue to give rise to considerable pressure to utilize additional revenue sources and to reduce costs. Moreover, the concrete effects of the German Federal Supreme Court's ruling on revision clauses in general terms and conditions of businesses are difficult to assess; changes to account management fees, for instance, had long been implemented via this route. In addition, investments in digitalization continue to represent a major challenge. At the same time, however, sustainable investments in the decarbonization of the economy offer new growth opportunities for the banking industry.

MANAGEMENT OF THE EFFECTS OF THE CORONAVIRUS PANDEMIC

In fiscal year 2021, OLB continued to focus on responding appropriately to the effects of the coronavirus pandemic, while avoiding negative consequences for the Bank's economic position as well as its organizational structure and workflows.

Except in a small number of instances, in fiscal year 2021 the coronavirus pandemic did not have any significant adverse impact on OLB's net assets, financial position and results of operations or its risk position which was directly attributable to the coronavirus pandemic. The previous year's cautiously optimistic assessment of the economic trend, in the context of the pandemic, was largely borne out. No adverse effects materialized due to disruptions on the money and capital markets. The credit risk indicators for OLB's private and commercial clients did not generally deteriorate as a result of the coronavirus pandemic. The German government and the German federal states provided huge support for companies affected by the pandemic, including short-time working options and financial assistance. This had a positive impact on the liquidity situation of borrowers especially. Nor did the reinstatement of the obligation to file for insolvency, from May 2021, result in any significant increase in loan defaults at OLB. Analysis and handling of the risks influenced by the coronavirus pandemic remained a core aspect of the Bank's risk management. For significant credit exposures, the assessment of the economic impact at an individual level continued to be regularly reviewed and updated over the course of the year. Internal reviews determined that the number and volume of loans which had been assessed as subject to an increased level of latent risk on account of the coronavirus pandemic declined significantly year-over-year.

Accordingly, in 2020 as well as general risk provisions for individual cases and for latent credit risks OLB had therefore established additional risk provisions in the amount of EUR 23.7 million for defaults which were expected as a result of the coronavirus pandemic but which had not yet occurred. In the past fiscal year, this provision was used in one individual case relating to the coronavirus pandemic for a specific loan loss provision. The Bank maintained the remaining risk provisions in the amount of EUR 17.3 million on account of what it considered the residual uncertainty associated with the coronavirus pandemic.

OLB has continued to adjust its processes in line with the changed environment as a result of the pandemic, in terms of its customer business as well as the conduct of its business and the management of its processes. The use of digitalized business processes continued to increase, and so too did the trend of the Bank's employees working outside the office. The noticeable changes in customer behavior – with a rising level of acceptance of digital offerings and telephone-based support as well as increased use of cash-free payment options – meant that the Bank's local branch-based presence declined in significance from the point of view of services.

NET ASSETS AND FINANCIAL POSITION

As in previous years, OLB's balance sheet structure 03 – 04 reflects the fact that almost all of its lending business was refinanced on the basis of own funds, by means of customer deposits. Deposit business is highly stable due to its granularity and its low level of price elasticity. OLB is independent of the capital market to a certain degree, in terms of its investment of funds and likewise its raising of funds.

In 2021, the Bank deliberately widened its funding base by issuing a EUR 350 million covered bond of a sub-benchmark size. To strengthen its capital base, as well as retaining EUR 48.6 million of its profit realized in the previous year in July 2021 OLB also issued a EUR 100 million bond which can be counted toward Additional Tier 1 capital according to the CRR (AT1 bond). OLB thus increased its Tier 1 capital ratio by 0.8 percentage points to 13.5 percent by comparison with the end of the previous year, despite its volume of lending growth.

TIER 1 CAPITAL RATIO in %

13.5

Prior year 12.7

OLB increased its Tier 1 capital ratio to 13.5 percent despite its volume of lending growth.

To cover its liquidity requirements for its customer lending business and in order to participate in the ECB's TLTRO program, the Bank continued to avail itself of the option of securitizing a portion of its credit portfolio by means of two compartments of Weser Funding S.A. Since the Bank bears the economic risk resulting from these loans, it has continued to report the loans in question as loan receivables. It also holds in its own portfolio the ABS instruments (senior, mezzanine and junior tranches) issued by the special-purpose vehicles. The senior tranches are reported as securities in OLB's balance sheet and used as collateral for the liquidity raised from the ECB.

TOTAL LENDINGS

In fiscal year 2021, OLB achieved growth in its lending business in all three of its strategic business segments. Driven by continued demand – for private construction financing 05 and specialized lending in particular – total lendings in fiscal year 2021 increased by 9.1 percent to EUR 17.0 billion (prior year: EUR 15.5 billion).

TOTAL LENDINGS EUR bn

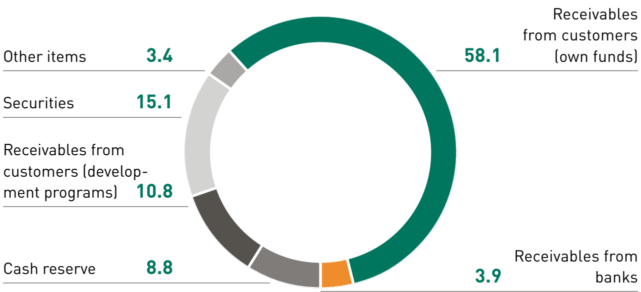
17.0

Prior year 15.5

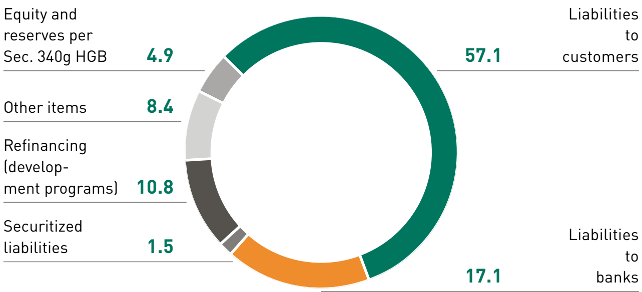
OLB increased its total lendings by 9.1 percent to EUR 17.0 billion.

Nonperforming customers as a proportion of total lendings ("NPL ratio") decreased significantly in the year under review and were at 1.9 percent 0.8 percentage points lower than in the previous year (2.7 percent). On the one hand, this effect is attributable to the significant lending growth. However, on the other hand this trend principally reflects the decrease in the volume of nonperforming loans shown in the balance sheet from EUR 418.4 million to EUR 318.1 million. This is due to write-downs of receivables as well as changes to the economic circumstances of individual borrowers.

BALANCE SHEET STRUCTURE:
ASSETS in % 03 | PAGE 54



BALANCE SHEET STRUCTURE:
EQUITY AND LIABILITIES in % 04 | PAGE 54



NPL RATIO in %

1.9

Prior year 2.7

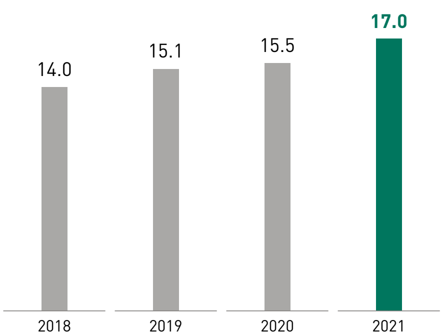
The proportion of nonperforming receivables within the total portfolio fell to 1.9 percent as of December 31, 2021.

Contrary to the forecast in the previous year, the economic effects of the measures implemented to combat the coronavirus pandemic in 2021 (in particular, the lockdowns) did not result in any significant increase in the necessary specific loan loss provisions. The additional risk provisions established in the previous year in the amount of EUR 23.7 million – for defaults which were expected due to the coronavirus pandemic but which had not yet occurred – were used for a loan loss provision in one specific case relating to the coronavirus pandemic, in the amount of EUR 6.4 million. The Bank maintained the remaining risk buffer in the amount of EUR 17.3 million on account of what it considered the residual uncertainty associated with the coronavirus pandemic. It is reporting this as part of its portfolio loan loss provisions (PLLP) and general loan loss provisions (GLLP).

TOTAL PORTFOLIO

EUR m	12/31/2021	12/31/2020	Changes EUR m/% points	Changes (%)
Receivables from customers	17,103.0	15,722.2	1,380.8	8.8
Receivables from customers (non-troubled)	16,785.0	15,303.9	1,481.1	9.7
Receivables from customers (nonperforming)	318.1	418.4	– 100.3	– 24.0
Deferred interest (for nonperforming receivables)	– 20.2	– 22.8	2.6	– 11.4
Loans and advances to customers (gross before risk provisions)	**17,082.8**	**15,699.4**	**1,383.4**	**8.8**
General loan loss provisions (PLLP/GLLP)	– 41.9	– 51.8	9.9	– 19.2
Specific loan loss provisions (SLLP)	– 90.5	– 106.6	16.1	– 15.1
Loans and advances to customers (net after risk provisions)	**16,950.4**	**15,540.9**	**1,409.4**	**9.1**
For information:				
Proportion of nonperforming customer receivables ("NPL ratio")	1.9 %	2.7 %	– 0.8 %	n/a
Lump-sum specific loan loss provisions assigned to nonperforming receivables (–)	– 6.1	– 7.4	1.3	– 17.1
Collateral assigned to nonperforming receivables (–)	– 151.2	– 176.0	24.8	– 14.1
Coverage ratio, taking into account collateral and deferred interest	84.3 %	74.8 %	9.5 %	n/a

CUSTOMER LOAN BOOK EUR bn 05 | PAGE 54



ON-BALANCE-SHEET EQUITY

The Bank's shareholders once again significantly strengthened OLB's on-balance-sheet equity through the retention of EUR 48.6 million out of its 2020 net retained profits. Once it became clear, in the second half of 2021, that the negative effects of the coronavirus pandemic were more moderate than generally predicted and OLB's net assets, financial position and results of operations developed positively, the Shareholders' Meeting held in October 2021 resolved the distribution of a dividend in the amount of EUR 30.0 million. Including the current net retained profits for 2021, the Bank's equity was at EUR 1,213.4 million 4.9 percent higher than in the previous year.

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

The regulatory Common Equity Tier 1 capital is mainly comprised of equity capital on the balance sheet, taking into account regulatory deductions of EUR 20.7 million. To cover the risks arising from its lending growth, the Bank has made use of the option to claim EUR 40 million – most of its net profit for the first six months of the year – as Common Equity Tier 1 capital over the course of the year, on the basis of Article 26 (2) CRR.

TIER 1 CAPITAL EUR m

1,288

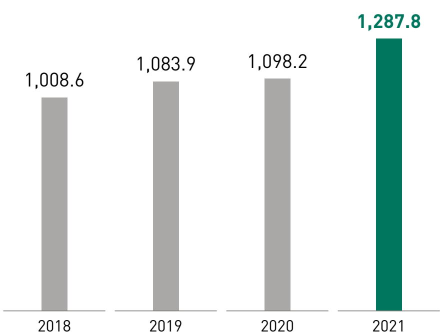
Prior year 1,098

OLB's Tier 1 capital amounted to EUR 1,287.8 million as of December 31, 2021.

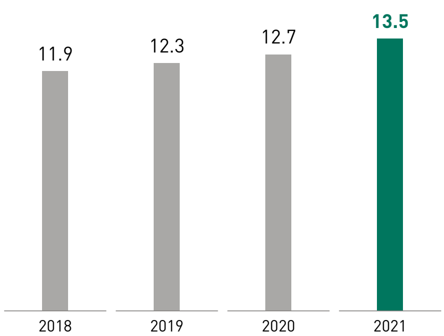
Due to the placement of the AT1 bond in July 2021, the volume of bonds which can be counted toward Additional Tier 1 capital under Art. 52 et seq. CRR increased by EUR 99.2 million to EUR 141.6 million. Overall, Tier 1 capital 06 amounted to EUR 1,287.8 million (prior year: EUR 1,098.2 million) as of December 31, 2021.

EUR m	12/31/2021	12/31/2020	Changes	Changes (%)
Common Equity Tier 1 capital	**1,146.2**	**1,055.9**	**90.3**	**8.6**
Additional Tier 1 capital (AT1)	141.6	42.4	99.2	n/a
Tier 1 capital	**1,287.8**	**1,098.2**	**189.6**	**17.3**
Tier 2 capital	125.6	130.4	– 4.8	– 3.7
Share capital and reserves	**1,413.4**	**1,228.7**	**184.8**	**15.0**
Risk assets for counterparty risks	8,745.9	7,864.3	881.6	11.2
Risk assets for market price risks	—	—	—	—
Risk assets for operational risks	793.0	794.7	– 1.7	– 0.2
Risk assets	**9,538.9**	**8,659.0**	**879.8**	**10.2**

TIER 1 CAPITAL EUR m 06 | PAGE 56



TIER 1 CAPITAL RATIO in % 07 | PAGE 57



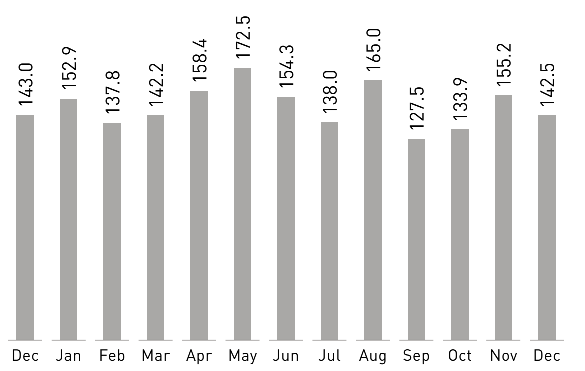
%	12/31/2021	12/31/2020
Common Equity Tier 1 capital ratio	12.0	12.2
Tier 1 capital ratio	13.5	12.7
Aggregate capital ratio	14.8	14.2

The eligible Tier 2 capital essentially consists of subordinated debt. The year-over-year decline from EUR 130.4 million to EUR 125.6 million is mainly attributable to the reduction in the eligibility of funds with a remaining term of less than five years, in accordance with regulatory requirements.

The strong growth in lending business resulted in an increase in risk assets for counterparty risks. On the whole, there was no significant deterioration in the key risk figures which would have resulted in an increase in the volume of risk assets. Risk assets for market price and operational risks were at the same level as in the previous year. Overall, risk assets rose from EUR 8,659.0 million in the previous year to EUR 9,538.9 million.

The institution-specific premium to be met in addition to the statutory minimum core capital ratio of 8.5 percent, within the scope of the supervisory review and evaluation process (SREP), was unchanged at 0.07 percentage points for OLB as of December 31, 2021, based on the assessment of its risk management procedures and its risk situation by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin). The Tier 1 capital ratio 07 as of December 31, 2021 was thus unchanged at 13.5 percent and was therefore considerably higher than the regulatory minimum level of 8.57 percent required for OLB. In its letter of February 9, 2022, BaFin notified OLB of its intention to update the SREP capital decision and to prescribe an add-on of 1.0 percent.

LIQUIDITY COVERAGE RATIO (LCR) in % 08 | PAGE 58



LIQUIDITY AND FINANCIAL INVESTMENTS

As of the reporting date, OLB maintained a financial investment portfolio of EUR 3.7 billion by way of a liquidity reserve and as collateral for its participation in the ECB's TLTRO program. This portfolio consists mainly of investment-grade covered bonds and government bonds. This item also includes securities in the amount of EUR 1,035.0 million which have been issued by two compartments of Weser Funding S.A. within the scope of loan securitizations for which OLB served as the originator.

OLB manages its liquidity position with the goal of safeguarding the Bank's solvency at all times, even in the event of a sudden crisis on the financial markets. As well as internal management instruments based on funding matrices and the net stable funding ratio (NSFR) which is relevant for regulatory purposes, the regulatory key performance indicator liquidity coverage ratio (LCR) 08 represents one of the key financial performance indicators for the Bank's management. The regulatory minimum LCR value of 100 percent and internal liquidity risk limits were regularly reviewed and clearly complied with in fiscal year 2021.

DEPOSITS AND BORROWED FUNDS

The deposit business 12 forms the key pillar for the funding of OLB's lending business. The high proportion of granular, small-scale deposits from private and business clients and smaller companies is particularly important on account of their relative stability. This includes, in particular, savings deposits of private customers. At EUR 1.8 billion, these matched the previous year's level despite the continuing low interest-rate phase. To fund its lending growth, in 2021 the Bank continued to attract customer deposits 09 – 11 in a targeted fashion. Their volume increased from EUR 13.0 billion at the end of December 2020 to approximately EUR 14.1 billion at the end of 2021.

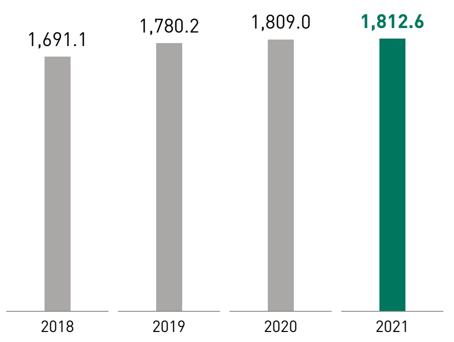
VOLUME OF CUSTOMER DEPOSITS EUR bn

14.1

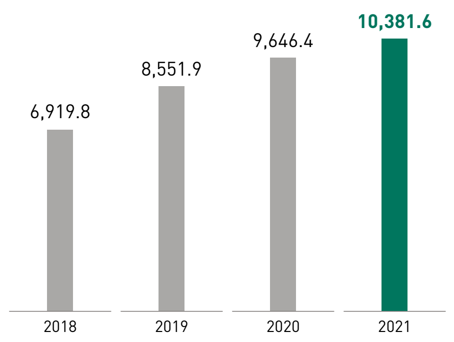
Prior year 13.0

OLB increased its volume of customer deposits by 8.1 percent to EUR 14.1 billion.

CUSTOMERS' SAVINGS DEPOSITS EUR m 09 | PAGE 58



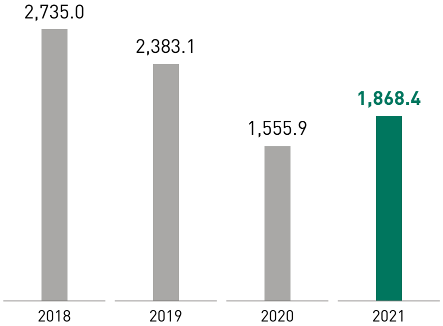
CUSTOMERS' DEPOSITS DUE ON DEMAND EUR m 10 | PAGE 58



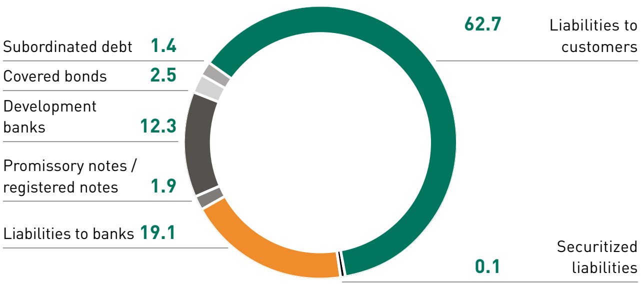
EUR m	12/31/2021	12/31/2020	Changes	Changes (%)
Liabilities to customers	**14,062.6**	**13,011.4**	**1,051.2**	**8.1**
Demand deposits	10,381.6	9,646.4	735.1	7.6
Term deposits	1,868.4	1,555.9	312.5	20.1
Savings deposits	1,812.6	1,809.0	3.6	0.2
Liabilities to banks	**6,877.7**	**5,257.1**	**1,620.5**	**30.8**
Demand deposits	109.8	74.4	35.5	47.7
Term deposits	6,767.9	5,182.8	1,585.1	30.6
Securitized liabilities	**380.1**	**272.2**	**108.0**	**39.7**
Subordinated debt	**298.0**	**198.3**	**99.7**	**50.3**
Total deposits and borrowed funds	**21,618.4**	**18,739.1**	**2,879.4**	**15.4**

EUR m	12/31/2021	12/31/2020	Changes	Changes (%)
Liabilities to customers	**14,062.6**	**13,011.4**	**1,051.2**	**8.1**
of which: promissory notes/registered notes	414.3	566.6	– 152.3	– 26.9
of which: covered bonds	94.1	117.1	– 23.0	– 19.7
Liabilities to banks	**6,877.7**	**5,257.1**	**1,620.5**	**30.8**
of which: development banks	2,667.2	2,773.6	– 106.4	– 3.8
of which: covered bonds	88.6	65.5	23.0	35.1
Securitized liabilities	**380.1**	**272.2**	**108.0**	**39.7**
of which: covered bonds	350.1	190.4	159.7	83.9
Subordinated debt	**298.0**	**198.3**	**99.7**	**50.3**
Total deposits and borrowed funds	**21,618.4**	**18,739.1**	**2,879.4**	**15.4**

CUSTOMERS' TERM DEPOSITS EUR m 11 | PAGE 58



DEPOSITS AND BORROWED FUNDS [1] in % 12 | PAGE 58



1 Liabilities to customers excl. promissory notes/registered notes and covered bonds
Liabilities to banks excl. development banks and covered bonds
Securitized liabilities excl. covered bonds

RESULTS OF OPERATIONS

The integration of Bremer Kreditbank AG and Bankhaus Neelmeyer AG in 2018 marked the start of the process of OLB's transformation from a traditional regional bank to an institution which has a regional focus but which also offers services for private and corporate clients throughout Germany and is moreover active in niche markets which it considers to be attractive.

These processes of change continued in 2021, and this was reflected in the following trends for OLB's results of operations:

The Bank has once again increased its volume of business. It made further progress with organic growth for loans and deposits as well as the expansion of its commission business, particularly in the field of Specialized Lending. In addition, the Bank's net interest income benefited from its participation in the ECB's TLTRO program. Operating income once again increased year-over-year, by + 6.8 percent to EUR 480.1 million.

OPERATING INCOME EUR m

480.1

Prior year 449.7

Operating income once again increased year-over-year, by + 6.8 percent to EUR 480.1 million.

Personnel expenses decreased by 3.7 percent to EUR 166.8 million due to the reduction in the workforce. Planned investments in the modernization of the Bank's IT and costs for the downsizing of its branch network resulted in an increase in the volume of administrative expenses as well as depreciation, amortization and impairment. Operating expenses therefore rose slightly year-over-year, by 1.8 percent to EUR 300.3 million. Nonetheless, the CIR – excluding restructuring costs – improved from 65.6 percent to 62.6 percent due to the earnings trend.

The increase in employees working from outside the office and the reduction in the workforce enabled the sale of properties which were no longer required for business operations. Including the realization gain in the amount of EUR 22.3 million, net other operating income and expenses rose to EUR 19.7 million. OLB's operating result before risk provisions thus amounted to EUR 199.5 million in fiscal year 2021; this represents an increase of 26.1 percent year-over-year.

OLB's diversified credit portfolio proved to be resilient even in the context of the coronavirus pandemic. On the basis of the key risk reporting figures, no significant deterioration in asset quality was apparent in the overall credit portfolio, and net risk provisions were at EUR 16.7 million lower than what would have been expected for a one-year period from a statistical point of view. In 2021, OLB established for the first time valuation units per Sec. 254 HGB in order to account for securities in the liquidity reserve which are hedged against interest rate risks by means of interest rate swaps. Securities in the liquidity reserve which were not included in valuation units were subject to write-downs to the lower of cost or market value in the amount of EUR 4.8 million.

OLB pursues the strategic goal of increasing its return on equity to a target range in excess of 12 percent and of reducing its cost–income ratio to below 50 percent. The concentration of the Bank's business model and the streamlining of its organizational structure which are required for this purpose will necessitate a further reduction in its workforce. The restructuring costs for the socially responsible execution of these measures, which have been reported in the extraordinary result, had a EUR 38.4 million adverse impact on earnings.

Overall, pretax earnings amounted to EUR 137.0 million and were thus 19.3 percent higher than in the previous year (EUR 114.9 million). The net profit for the fiscal year after tax was EUR 86.2 million (prior year: EUR 78.6 million).

EUR m	1/1–12/31/2021	1/1–12/31/2020	Changes	Changes (%)
Net interest income	360.2	336.3	23.9	7.1
Net commission income	119.8	113.3	6.5	5.7
Net trading (+) income/(–) expense	0.1	0.1	0.0	43.3
Operating income	**480.1**	**449.7**	**30.4**	**6.8**
Personnel expenses	– 166.8	– 173.2	6.4	– 3.7
Other administrative expenses	– 118.1	– 108.1	– 10.0	9.2
Depreciation, amortization and impairment of intangible and tangible fixed assets	– 15.4	– 13.8	– 1.7	12.0
Operating expenses	**– 300.3**	**– 295.1**	**– 5.2**	**1.8**
Net other operating income (+) and expenses (–)	19.7	3.6	16.1	n/a
Operating result before risk provisions	**199.5**	**158.2**	**41.3**	**26.1**
Risk provisions for lending business	– 16.7	– 30.7	14.0	– 45.6
Gain (+)/loss (–) on securities in the liquidity reserve	– 4.8	8.0	– 12.7	n/a
Income (+) / expenses (–) from the lending business and liquidity reserve	**– 21.5**	**– 22.7**	**1.3**	**– 5.5**
Net operating result	**178.1**	**135.5**	**42.6**	**31.4**
Other result	0.0	– 0.0	0.0	n/a
Extraordinary result	– 41.1	– 20.6	– 20.4	99.1
Profit before taxes	**137.0**	**114.9**	**22.1**	**19.3**
Income tax expense	– 50.0	– 35.4	– 14.6	41.3
Other taxes	– 0.8	– 0.8	0.0	– 1.4
Net profit for the fiscal year	**86.2**	**78.6**	**7.5**	**9.6**
Cost–income ratio (in %)	**62.6%**	**65.6%**	**n/a**	**n/a**

NET INTEREST INCOME

EUR m	1/1–12/31/2021	1/1–12/31/2020	Changes	Changes (%)
Interest income	**416.0**	**444.4**	**– 28.4**	**– 6.4**
Lending and money market transactions	397.2	417.4	– 20.2	– 4.8
of which: positive interest from lending and money market transactions	423.5	429.7	– 6.2	– 1.5
of which: negative interest from lending and money market transactions	– 26.3	– 12.3	– 14.0	n/a
Bonds and other fixed-income securities	18.9	27.0	– 8.2	– 30.2
of which: positive interest from bonds and other fixed-income securities claims	18.9	27.0	– 8.2	– 30.2
of which: negative interest from bonds and other fixed-income securities claims	—	—	—	—
Interest expenses	**– 56.0**	**– 108.3**	**52.3**	**– 48.3**
of which: negative interest	– 104.0	– 125.2	21.2	– 16.9
of which: positive interest	48.0	16.8	31.1	n/a
Current income	**0.1**	**0.1**	**0.0**	**2.0**
Income from profit pooling, profit transfer or partial transfer agreements	**0.1**	**0.2**	**– 0.0**	**– 19.9**
Net interest income	**360.2**	**336.3**	**23.9**	**7.1**
Customer loan book (after risk provision)	16,950.4	15,540.9	1,409.4	9.1

The development of interest paid and received for receivables and liabilities with a negative nominal interest return significantly affected the change in the volume of interest income and expenses in the year under review.

Despite a 9.1 percent increase in the customer loan bank, positive interest income from lending and money market transactions declined by EUR 6.2 million to EUR 423.5 million. The continuing low interest-rate phase meant that expiring loans with a higher rate of interest were replaced by new contracts with lower nominal customer interest rates. In addition, due to the strong liquidity position of commercial and private clients, the proportion of operating equipment financing and credit lines – which attract an above-average rate of interest – declined year-over-year. On the other hand, the interest expense incurred due to interest paid for borrowings was significantly reduced year-over-year, by EUR 21.2 million to EUR 104.0 million. Here, the continuing low interest-rate level had a positive impact on account of maturities and new borrowing at lower interest rates, such as for the funding of loans from the German government-owned development bank KfW.

The clear increase in negative interest from lending and money market transactions is mainly attributable to the swap transactions entered into for the purpose of interest rate book management as well as the funds deposited with the ECB within the scope of its TLTRO program. The interest received for borrowing had an even more pronounced impact on the development of interest expenses. The increase of EUR 31.1 million year-over-year to EUR 48.0 million mainly reflects the interest received within the scope of the ECB's TLTRO program for the Bank's related borrowing. On a net basis, OLB's participation in the ECB's TLTRO program increased its net interest income by EUR 16.6 million.

Overall, with a 7.1 percent increase to EUR 360.2 million the growth in the volume of net interest income exceeded the previous year's forecast of a moderate rise, since this did not yet include the one-off income from the TLTRO program.

NET COMMISSION INCOME

EUR m	1/1–12/31/2021	1/1–12/31/2020	Changes	Changes (%)
Securities business and asset management	43.1	41.0	2.1	5.2
Account maintenance and transaction fees	30.1	29.9	0.1	0.4
Insurance, home loan and savings, and real estate business	15.9	17.4	– 1.5	– 8.8
Lending business	22.3	15.9	6.3	39.6
Foreign business	2.9	2.8	0.1	4.9
Other	5.6	6.3	– 0.7	– 11.4
Net commission income	**119.8**	**113.3**	**6.5**	**5.7**

In fiscal year 2021, besides securities business and payment transactions, lending business was the third core factor which shaped net commission income. Particularly in its Specialized Lending business segment, the Bank achieved a significant increase in income from commission in connection with the structuring and take-up of tailored financing solutions.

With earnings of EUR 43.1 million (prior year: EUR 41.0 million), securities business was a stable mainstay of net commission income. Supported by the favorable stock market trend in 2021, sales and portfolio revenue contributed 5.2 percent to this segment's net income growth.

OLB has complied with the German Federal Supreme Court's restrictive ruling on the use of revision clauses for the adjustment of account and card prices. The Bank has notified its affected customers, who have on the whole agreed to OLB's proposed changes to account models and terms and conditions. Provisions have been established for residual risks from previous years. Net commission income in this segment was stable year-over-year at EUR 30.1 million (prior year: EUR 29.9 million).

Relative to the moderate increase in earnings from net commission income which had been envisaged in the previous year's forecast, with a 5.7 percent increase in its net commission income to EUR 119.8 million the Bank has slightly exceeded expectations in fiscal year 2021.

OPERATING EXPENSES

EUR m	1/1–12/31/2021	1/1–12/31/2020	Changes	Changes (%)
Personnel expenses	– 166.8	– 173.2	6.4	– 3.7
Other administrative expenses	– 118.1	– 108.1	– 10.0	9.2
Depreciation, amortization and impairment of intangible and tangible fixed assets	– 15.4	– 13.8	– 1.7	12.0
Operating expenses	**– 300.3**	**– 295.1**	**– 5.2**	**1.8**
Number of employees as of reporting date	1,873	2,019	– 146	– 7.2
Full-time equivalents as of reporting date	1,648	1,777	– 129	– 7.3
Cost–income ratio (in %)	62.6 %	65.6 %	n / a	n / a

OLB implemented various measures in the past fiscal year which enabled a reduction in its required workforce. In particular, it focused on further digitalization of business workflows, restructuring its advisory and customer support processes and downsizing its branch network. In line with the previous year's forecast, personnel expenses 13 declined by 3.7 percent, through a reduction in the workforce amounting to 129 full-time positions.

The Bank made further investments in 2021 in order to push forward with its chosen strategy. It focused on the standardization and automation of business with private clients and smaller companies as well as modernizing its IT architecture, with the involvement of external service providers and cloud services. In addition, within the scope of the downsizing of the Bank's branch network one-off expenses arose in order to return leased space to its original condition, along with special write-offs on business equipment which was no longer required. However, overall these costs were lower than forecast in the previous year. As a result, the cost–income ratio 14 calculated according to the Bank's normal practice was not stable, as planned, and was instead reduced by 3 percentage points to 62.6 percent.

COST–INCOME RATIO in %

62.6

Prior year 65.6

As a result, the cost–income ratio calculated according to the Bank's normal practice was not stable, as planned, and was instead reduced by 3 percentage points to 62.6 percent.

NET OTHER OPERATING EXPENSES AND INCOME

The downsizing of the Bank's branch network, the reduction in its workforce and the opportunities for its employees to work outside of the office which have arisen as a result of the coronavirus pandemic have resulted in a significant reduction in the Bank's space requirements. In late 2021, the Bank sold properties which it no longer required for its business operations and thus realized a book profit of EUR 22.3 million. This was the main factor behind the increase in other operating income. As in the previous year, other operating expenses were shaped by the expenses for the unwinding of interest on provisions. The sales of buildings were not included in the previous year's forecast. In net terms, this item has therefore at EUR 19.7 million significantly exceeded expectations.

RISK PROVISIONS FOR LENDING BUSINESS

Risk provisions in the previous year were shaped by the inclusion of possible risks due to the economic impact of the coronavirus pandemic. In this context, the previous year's forecast for fiscal year 2021 likewise assumed a significant increase in risk provisioning expenses. The actual volume of net expenses for risk provisions for lending business was at EUR 16.7 million lower than expected.

Accordingly, in 2020 as well as general provisions for individual cases and for latent credit risks OLB had therefore established additional provisions in the amount of EUR 23.7 million for defaults which were expected as a result of the coronavirus pandemic but which had not yet occurred. In the past fiscal year, in economic terms this provision was used in one specific case relating to the coronavirus pandemic for a specific loan loss provision. The Bank maintained the remaining risk provisions 15 in the amount of EUR 17.3 million on account of what it considered to be the residual uncertainty associated with the coronavirus pandemic.

RISK PROVISIONING EUR m

16.7

Prior year 50.7

Net expenses for risk provisions were at EUR 16.7 million significantly lower than in the previous year and also significantly lower than the forecast for 2021 as a whole.

NET INCOME FROM SECURITIES IN THE LIQUIDITY RESERVE AND FROM SECURITIES TREATED AS FIXED ASSETS (OTHER RESULT)[1]

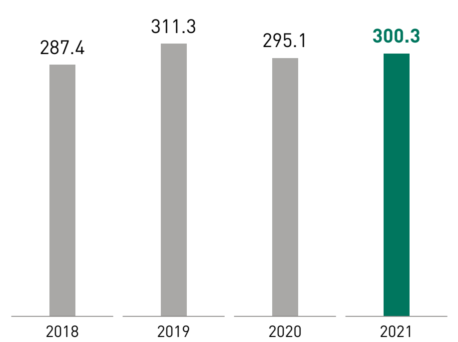
The Bank has increased its securities portfolio by comparison with the reporting date in the previous year, partly in order to use these securities as collateral so as to participate in the ECB's TLTRO program. Interest rate risks resulting from its securities portfolio were in almost all cases individually hedged by means of corresponding interest rate swaps. In 2021, OLB established for the first time valuation units per Sec. 254 HGB in order to account for securities in the liquidity reserve which are hedged against interest rate risks by means of interest rate swaps. Securities in the liquidity reserve which were not included in valuation units were subject to write-downs to the lower of cost or market value in the amount of EUR 4.8 million. 16

EXTRAORDINARY RESULT

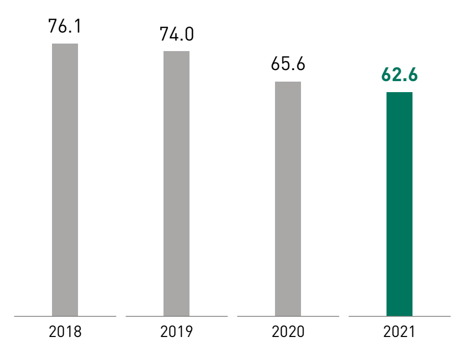
In fiscal year 2021, OLB approved restructuring measures in addition to the transformation processes which it had already initiated. In its Private Clients business segment, in particular these entail the completion of the process of concentrating the Bank's branch network, cooperating with an external partner for securities settlement and establishing alternative customer support options, e.g. via digital channels, as well as an increased range of opportunities to withdraw cash. In its Corporates & SME business segment, OLB will much more clearly align its customer support services with its customers' concrete requirements. In the future, greater use will be made of digital channels for services provided for corporate and SME clients, as is already the case in its Private Clients business. The digitalization of processes and offerings for customer business and in central departments and the resulting changes to the Bank's organizational structure mean that a reduction in its workforce is necessary.

For this purpose, in November and December 2021 the Bank signed voluntary agreements with more than 250 employees. This resulted in the shedding of more than 200 full-time positions from January 1, 2022. A further significant decrease in the workforce is envisaged for 2022. A considerable part of this has already been covered by means of agreed phased-retirement measures. Restructuring expenses in the amount of EUR 38.1 million arose due to the costs for the agreed and planned reduction in personnel. These expenses were not included in the planning for the previous year. In particular, this resulted in a significant increase in the burden associated with the extraordinary result. The burden relating to the amortization of the changeover effect associated with the valuation change for pension provisions ("German Accounting Law Modernization Act [Bilanzrechtsmodernisierungsgesetz – BilMoG] effect") amounted to EUR 3.0 million.

OPERATING EXPENSES EUR m 13 | PAGE 63



COST-INCOME RATIO in % 14 | PAGE 63



OVERALL SUMMARY

The past fiscal year was a year of transition and was shaped by the changes associated with OLB's process of transformation which has been underway since 2018:

The Bank's wider customer base, the market presence throughout Germany which it has established over the past few years and the addition of Specialized Lending business (incl. the opening-up of selected specialist markets) to its profile, as a bank which had previously exclusively focused on its local region, resulted in a further increase in operating income. Despite a related increase in the Bank's risk exposure and the economic effects of the coronavirus pandemic, loan defaults were lower than expected.

On the cost side, the personnel savings already achieved contrasted with the expenses required in order to develop a cost-efficient production and sales platform. In order to rapidly complete its process of transformation, the Bank has resolved to expand these measures and to accelerate their implementation. A significant portion of the restructuring expenses required for this purpose were compensated for by means of the income from the sale of properties which were no longer required for the Bank's business operations, due to the efficiency gains realized.

OLB's results of operations were also positively impacted by the one-off income achieved through its participation in the ECB's TLTRO program as well as the avoidance of write-downs to the lower of cost or market value for securities in the liquidity reserve via the first-time recognition of valuation units.

With a net profit for the fiscal year of EUR 86.2 million and a return on equity of 7.3 percent, overall earnings are in line with the previous year's forecast. OLB sees the past fiscal year as representing a successful milestone in the process of the Bank's ongoing strategic development.

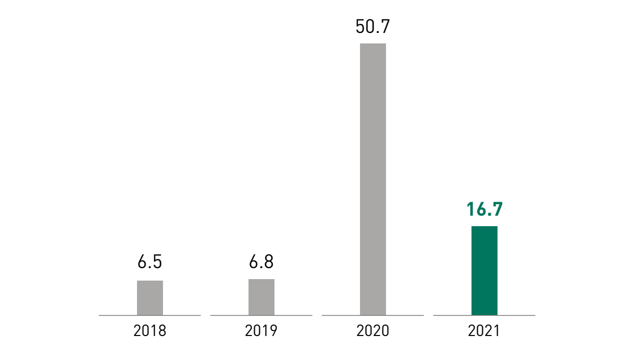
NET PROFIT FOR THE FISCAL YEAR EUR m

86.2

Previous year 78.6

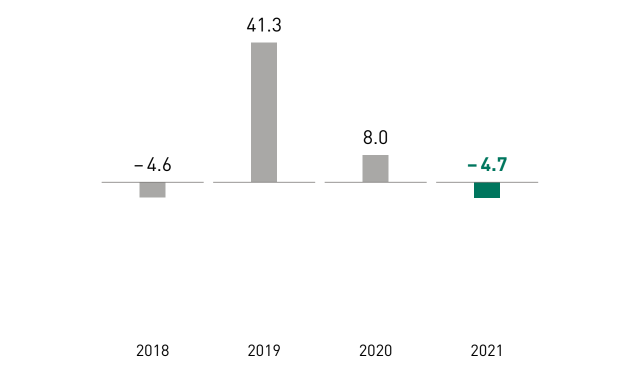
With a net profit for the fiscal year of EUR 86.2 million and a return on equity of 7.3 percent, overall earnings are in line with the previous year's forecast.

RISK PROVISIONS EUR m 15 | PAGE 63



(2020 figure in gross terms, prior to reversal of Sec. 340g HGB reserve)

RESULT FROM FINANCIAL INVESTMENTS [1] EUR m 16 | PAGE 64



1 Result from financial investments: total of gain (+)/loss (–) on securities in the liquidity reserve and other result (net income from securities treated as fixed assets)

REPORT ON ANTICIPATED DEVELOPMENTS, OPPORTUNITIES AND RISK[6]

In regard to the external environment, the following factors and the resulting risks and opportunities are considered to be material from the point of view of the Bank's predicted business development:

The fourth coronavirus wave and the continuing supply bottlenecks are likely to hamper the German economy in the first half of 2022. However, the slowdown is likely to be considerably weaker than it was during the lockdown a year ago. The leading economic research institutes expect the situation to normalize over the summer of 2022 and envisage a burgeoning economic recovery. Gross domestic product growth of +3.7 percent is predicted for 2022. However, this does not yet reflect the (currently unforeseeable) effects of the escalation of the Russia-Ukraine crisis to the point of war in late February 2022. In respect of the risks and opportunities associated with OLB's economic development, the realization of the outlined recovery process can be expected to entail continuing demand for credit in the Bank's private and commercial business segments. This provides the foundations for the planned further growth of the Bank's lending business. The Bank does not expect the coronavirus pandemic to have any significant knock-on or follow-up effects. Moreover, additional risk provisions have been established in the amount of EUR 17.3 million, in order to cover the residual uncertainty associated with this situation. Risk provisioning expenses are not expected to be shaped by any further factors in 2022. The Bank's risk provisioning planning is based on a statistically expected value which is derived from its risk models. This would represent a significant increase year-over-year. The risks of a failure of the recovery to materialize or of an unexpected deterioration in the economic environment – e.g., due to the escalation to the point of war of the conflict between Russia and Ukraine in late February 2022 and the sanctions imposed on Russia – might mean that the Bank's envisaged growth targets are not achieved or else give rise to significant additional risk provisioning expenses and an increase in the volume of risk assets, depending on the gravity of the related impact.

The significant rate of inflation and the turnaround in interest rates which the US central bank, the Fed, has now initiated in the USA are increasing the pressure on the European Central Bank to take its own first few steps toward a normalization of monetary policy. While the ECB remains guarded in its comments for the time being, the bond market is already anticipating the market's expectations of higher interest rates. In February 2022, the yield on five-year Bunds climbed beyond the 0-percent mark for the first time since mid-2018. OLB expects that the ECB will make adjustments to its monetary policy tools, such as by reducing its monthly securities purchases. In line with a normalization of monetary policy, interest rates and yields on the loan and capital markets may then rise. Based on its current balance sheet structure, the Bank's results of operations would improve due to a potential rise in the yield curve. Negative impacts on the measurement result will be largely avoided through the establishment of valuation units. In its planning, OLB conservatively assumes an unchanged interest rate level, with negative interest rates (in the money market business in particular). As a result of the expiry of older loans with higher rates of interest, net interest income remains under pressure. A significant decline in the interest rate level would intensify the pressure on earnings in the medium term, but in the short term it would result in a significant increase in the market value of the interest rate book, as the totality of the Bank's interest-bearing positions.

Customer deposits continue to represent the main source of funding of lending business by means of own funds. The Bank also finances its operations by issuing covered bonds and other bearer and registered securities. The Bank therefore has a low level of structural vulnerability to disturbances in the money and capital markets that would make raising liquidity difficult or else merely result in potentially high interest markups. OLB will manage its LCR so that, at all times, it significantly exceeds the minimum level required by law.

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

In view of the regulatory requirements, the handling of environmental, social and governance (ESG) risks and preparations for, and the implementation of, the rules which will come into force over the next few years remain a core area of focus. The Bank strongly emphasizes responsible banking and is aware of the impact of its business activities on the environment and society. OLB aims to act sustainably, including from an environmental and social point of view. In its business activities the Bank is therefore guided, in particular, by the “Principles for Responsible Banking.” Over the next few years, ESG issues will be increasingly important for the Bank’s management, e.g. for credit decisions and for stress tests within the scope of risk management. The Bank does not expect the new rules to result in any limitation of its business development opportunities. This is also true of other regulatory provisions which will come into effect or else are anticipated over the next few years (e.g., CRR, adjustments to BaFin’s Minimum Requirements for Risk Management [Mindestanforderungen an das Risikomanagement – MaRisk]). The introduction of a systemic risk buffer on real estate loans, the determination of an anti-cyclical capital buffer for Germany (estimated impact on the capital ratio: between approx. 0.2 and 0.6 percentage points in each case) and the increase in the SREP add-on will not give rise to any need for action, since the planned capital ratios significantly exceed the (now increased) minimum levels. The necessary adjustments and expansions of processes as a result of new or revised regulations do not pose any significant cost risks.

In the context of the described external environment, in fiscal year 2022 OLB’s planned business activities will be characterized by the planned completion of the Bank’s transformation process, with the goal of meeting the financial requirements for a potential stock market flotation.

The further concentration of OLB’s business model will be a core area of activity. “Systembank” business with private clients and regional business with small and medium-sized enterprises (SMEs) will be the first core pillar of OLB’s business operations. The Bank’s multichannel approach comprising a combination of regional branch associations and a nationwide digital presence is to be further strengthened in organizational and procedural terms over the course of the coming year. Lean end-to-end processes which are characterized by a high level of automation and digitalization will also be increasingly established in the SME business segment. Customers will thus benefit from a high level of availability for services, with shorter processing times. Since January 1, 2022, “Systembank” business has been included in the new strategic business segment “Private & Business Customers.” These measures are resulting in changes to the classification of private clients and the support services which they receive, and even more so for smaller commercial clients. The possible risks associated with this type of change process relate to the effects on customer satisfaction, which might result in a decrease in business activities or even the loss of customers. The Bank has taken such risks into consideration in its business development forecasts.

Manufactory business is the second pillar of the Bank’s business model. This includes higher-volume corporate business, Football Finance as well as the Specialized Lending business segment, focusing on Acquisition Finance including Fund Finance, the new International Diversified Lending business segment and Commercial Real Estate. The Bank’s offering in this segment is characterized by an individually tailored profile, larger individual transactions and the commitment of an increased volume of resources to advisory processes and servicing. However, on the other hand this enables higher margins. This business segment is supplemented by Wind Farm Finance. At the start of fiscal year 2022, the Bank’s activities which fall under the scope of its manufactory business will be combined in its “Corporates & Diversified Lending” business segment.

OLB assumes that a further moderate increase in volumes and earnings will be possible in 2022 for its lending business as well as its various areas of commission business, thanks to continuing private and commercial demand for credit. The Bank will focus on the profitability of each individual customer relationship in its commercial segment especially.

For fiscal year 2022, the modernization of business and administrative processes entails, in particular, milestones in OLB's cooperation with external partners as well as a streamlining of its internal administrative workflows. Significant outsourcing is planned for settlement processes in its securities business as well as securities account maintenance. The goal of these optimization measures is to achieve a workforce of 1,251 employees by the end of 2022. In combination with the shedding of more than 200 full-time positions, which was achieved by the end of 2021 through a voluntary program, this will very significantly reduce personnel expenses. The planned downsizing of the Bank's network of locations will also be largely completed over the course of fiscal year 2022 and will result in a reduction in administrative expenses. Before unforeseen one-off effects, OLB therefore envisages a very significant reduction in its administrative expenses by comparison with the year under review and, in consequence, a significant improvement in its cost–income ratio. The planned optimization measures are based on in some cases ambitious implementation plans. Delays in execution may give rise to cost increases during the project phase and to the delayed realization of savings.

OLB assumes that in fiscal year 2022 it will strongly benefit on the cost and income side from the progress which it has already made in the Bank's transformation and that it will be able to implement the final key steps in its transformation process through the restructuring of its business segments and by completing the reorganization of its network of locations and its central functions. On the basis of the above assumptions, the Bank expects to significantly increase its net profit for the fiscal year and its return on equity posttax for fiscal year 2022, so as to establish the basis for the Bank's long-term independence and thus further strengthen its future viability.

The following table summarizes OLB's current forecast for key ratios:

KPI

	12/31/2020	12/31/2021	Forecast for 2022
Return on equity posttax	6.9 %	7.3 %	significant increase
Cost–income ratio	65.6 %	62.6 %	significant decrease
Tier 1 capital ratio	12.7 %	13.5 %	slight decrease
Risk coverage ratio [7]	177.1 %	208.0 %	stable
Liquidity coverage ratio	143.0 %	142.5 %	stable above 100 %

7 The coverage ratio for December 2020 was retrospectively recalculated due to a request from BaFin. The figures for 2020 therefore differ from those provided in the report for the previous year (191.0 %).

OTHER MANDATORY DISCLOSURES

BRANCH OFFICES

(As of 12/31/2021)

OLB operates a branch office under the name Bankhaus Neelmeyer, a branch of Oldenburgische Landesbank Aktiengesellschaft, which offers extensive services in the field of Wealth Management in the Bremen region, Hamburg and northwest Lower Saxony especially. These services include asset management, exclusive financial and pension planning and real estate management, as well as generation management and foundation management.

In addition, OLB maintains a total of 59 branches (prior year: 75) and 56 self-service branches (prior year: 94) with a focus on Northwest Germany and major cities throughout Germany.

TARGETS FOR WOMEN'S PARTICIPATION ON THE BOARD OF MANAGING DIRECTORS AND THE TWO LEVELS OF MANAGEMENT BELOW THE BOARD OF MANAGING DIRECTORS

The following table shows the targets determined in 2019 for women's participation on the Board of Managing Directors and the two levels of management below the Board of Managing Directors. December 2023 was agreed as the deadline for the achievement of these targets.

	Targets for December 2023
Board of Managing Directors	25 %
First level of management below the Board of Managing Directors	25 %
Second level of management below the Board of Managing Directors	25 %

STATUTORY GENDER QUOTA / TARGET FOR THE SUPERVISORY BOARD

OLB is subject to the obligation pursuant to Sec. 111 (5) of the German Stock Corporation Act (AktG) to define a target for women's participation on the Supervisory Board and a deadline for the achievement of this target. The target for women's participation on the Supervisory Board was set at 2 / 12, or around 17 percent of the membership of the Supervisory Board. The deadline for fulfillment of this target expires on December 2, 2023.

Details of the composition of the Supervisory Board in the reporting year 2021 can be found in the disclosures concerning additional offices held by members of governing bodies per Sec. 285 No. 10 HGB.

RISK REPORT

PRINCIPLES OF BANK-WIDE RISK MANAGEMENT

BASIC PRINCIPLES OF RISK CONTROL

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

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

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

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

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

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

RISK CULTURE

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

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

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

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

At the same time, however, employees are also responsible for assessing risk comprehensively and managing it actively. One significant component of risk culture is the conscious care and discipline with which participants approach their tasks in the customer and risk management process.

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

RISK STRATEGY

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

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

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

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

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

DEFINITION OF RISK CATEGORIES / TYPES

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

The Bank also considers sustainability risks. This is not an independent risk category. Instead, these are factors or drivers for existing risk types. These risks are managed and limited via the Bank's risk and business principles. These risks are analyzed by means of scenario assessments. For instance, the effects of a protracted drought on the affected sectors in the credit portfolio are modeled and evaluated, and the effect of the failure of OLB's data centers in case of flooding is assessed.

Sustainability risks are also factored into strategic considerations. OLB aims to act sustainably, including from an environmental and social point of view, and is guided in its business activities, inter alia, by the "Principles for Responsible Banking." Moreover, the introduction of a sector-based scoring module for the assessment of ESG risks in business with corporate and SME clients is currently being prepared.

Credit risk

Credit risk is subdivided into default risk, migration risk, liquidity and credit spread risk and country risk, as well as validity risk[8]:

- *Default risk*
  Default risk is defined as the potential loss inherent in the default of a business partner – whether a counterparty or another partner to a contract, or an issuer of a security – in other words, the party's potential inability or unwillingness to meet contractual obligations.
- *Migration risk*
  Migration risk is defined as the potential change in the present value of a claim as a result of a deterioration in creditworthiness, i.e. in particular in case of a change in the rating for the non-default classes.

8 OLB discontinued its warehousing operations in fiscal year 2021, so that a risk arising from warehousing activities no longer applies for OLB.

- *Liquidity and credit spread risk*
  The liquidity and credit spread risk is defined as a potential change in present value due to changes in liquidity spreads or credit spreads on the market.
- *Country risk*
  The country risk as an element of credit risk is defined as the assumption of a cross-border risk, in particular a transfer and conversion risk, i.e. the risk that the transfer or the convertibility of the amounts paid by the debtor will not be made or will be delayed due to payment problems as a result of official or legislative measures.
- *Validity risk*
  Validity risk is the risk of a directly or indirectly purchased receivable lacking legal validity.

Market price risk

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

Liquidity risk

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

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

Operational risk

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

OLB includes the following types of risk in the "operational risk" category:

- *Legal risk and risk of legal changes*
  Legal risk refers to the risk that damage might be incurred because of a complete or partial noncompliance with the legal framework prescribed by statute, regulations and case law. The risk of legal changes represents the loss risk for transactions concluded in the past on account of a change in the legal situation (changes in court rulings or legislative amendments) as well as the risks that might arise due to inadequate or nonexistent implementation of legal bases entering into force in the future.
- *Conduct risk*
  By conduct risk, OLB means the abstract risks of other criminal acts on account of internal misconduct, such as theft, corruption offenses or antitrust violations.
- *Compliance risk*
  Compliance risk is defined as the risk of criminal or administrative law penalties, fines (e.g., based on the General Data Protection Regulation or the German Money Laundering Act [Geldwäschegesetz – GWG]) and other financial losses or reputational damage as a result of violations of legal and administrative regulations, regulatory orders and codes of conduct / ethics in connection with the regulated activities of the Bank (collectively, the "regulations") as well as violations of investor / consumer protection.
- *External fraud*
  "External fraud" means operational risks arising from losses due to other criminal acts committed by third parties, e.g. losses due to acts committed with fraudulent intent, misappropriation of property or circumvention of legal provisions by a third party.
- *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 this application, unsuitable or incorrect input parameters, or internal inconsistencies in the model (the model being outdated or improperly formed). A (possible) model risk is inherent in all models that are used for decision-making in evaluating a product or financial figure (e.g., product costing, evaluation of financial instruments, monitoring of risk limits, etc.) and / or affect equity requirements or are used to review those requirements (Pillars I and II – quantification models).

- *Reputation risk*
  OLB defines reputation risk as the risk of a loss of the Bank's reputation among the general public, investors, (potential) clients, employees, business partners, and the supervisory authorities with regard to its capability, integrity and trustworthiness, because of adverse events that occur in the course of its business activities. This also includes the commercial disadvantage in terms of income, own funds or the liquidity of OLB resulting from a loss of reputation.
- *Project risk*
  By project risk, the Bank means the harm that may be caused by delays, cost increases, or losses of quality, or the failure of a project.
- *Outsourcing risk*
  Outsourcing risk comprises the risk of deficient or limited service provision by external service providers for essential bank functions.
- *IT and information security risk*
  This means the risk that a loss might arise from the disclosure, manipulation or lack of accessibility of IT systems or information.

RISK-BEARING CAPACITY

To determine its risk-bearing capacity, the Bank applies two different perspectives: a normative perspective and an economic perspective.

Normative perspective

For its review of the normative perspective, OLB considers an adverse scenario over a period of three years, including the effects of a severe economic downturn on the Bank. The starting point for the normative perspective is the regulatory key performance indicators and their calculation logic.

The risk-bearing capacity in the normative perspective is positive, as long as the adverse scenario does not lead to a shortfall in the Tier 1 capital ratio and the overall ratio required in accordance with the Capital Requirements Regulation (CRR), taking the SREP premium and the anti-cyclical capital buffer into account in each case.

The Bank thus ensures compliance with the minimum regulatory requirements, even in adverse conditions, and therefore the continuous adequacy of its capital resources.

Economic perspective

The economic perspective is used to ensure the preservation of the Bank's assets over the long term and to protect creditors against losses in economic terms.

In the economic perspective, the key risks and the Bank's risk coverage potential are considered from an economic point of view. The key figure for assessing risk-bearing capacity in the economic perspective is the cover ratio based on the level of capacity utilization. The Bank calculates this as the ratio of existing risk coverage potential and the risk capital required for the risks entered into. Risk-bearing capacity in the economic perspective is guaranteed, as long as the coverage ratio based on capacity utilization is greater than or equal to 100 percent.

To safeguard the Company's continuing existence and its leeway for action in terms of its business policy in the event of potential adverse changes in the economic environment, OLB's Risk Strategy also defines a capital buffer that exceeds this minimum requirement.

Risk capital requirements are calculated using value-at-risk models, with a confidence level of 99.9 percent and a holding period of one year.

The risk coverage potential in the economic risk-bearing capacity is determined on the basis of internal IFRS balance sheet data and does not take into account future profits.

RECOVERY PLAN

OLB has drawn up and approved a recovery planning framework in accordance with the BRRD and relevant German law as well as the German Regulation on the Minimum Requirements for the Design of Recovery Plans for Institutions (Mindestanforderungen an Sanierungspläne – MaSanV). This is intended to anticipate, identify, mitigate and manage in good time and in a coordinated manner the effects of potential risk events on the Bank and its ability to ensure its going concern status. The recovery plan will be updated and developed at least annually.

ORGANIZATION OF RISK MANAGEMENT AND CONTROLLING

As part of its overall responsibility, and under the terms of Sec. 25c of the German Banking Act (Kreditwesengesetz – KWG), OLB's Board of Managing Directors is responsible for defining the Bank's strategies and for establishing and maintaining an appropriate, consistent and up-to-date risk management system. 17 It defines the principles for risk management and controlling, together with the organizational structure, and monitors their implementation.

RISK MANAGEMENT SYSTEM 17 | PAGE 74

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-bearing capacity. The full Board of Managing Directors makes the final decision on aspects strategically relevant to risk. Decisions outside the authority of the full Board of Managing Directors are made by the Supervisory Board or by its Risk Committee or Credit Committee.

RISK MANAGEMENT

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

Risk category	Body / organizational unit
Credit risk	Risk Committee
Market price and liquidity risk	Risk Committee, Bank Management Committee
Operational risk	Risk Committee

In keeping with the strategic focus and goals defined by the full Board of Managing Directors in the Business and Risk Strategy as well as prescribed areas of authority and limits, these bodies and organizational 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 target 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 Control department, and in the case of operational risks, additionally by the Compliance and Operations departments. These departments are organizationally independent components of OLB's risk management system. They are kept strictly separate both from each other and from the units in charge of initiating, entering into, assessing and approving transactions. The task of the Risk Control department is to fully and consistently 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 function works to implement effective methods to ensure compliance with key legal rules and requirements for the Bank. It advises and assists the Board of Managing Directors in relation to regulatory issues.

In terms of risk management, the Operations department is responsible for identifying operational risks throughout the Bank, with the exception of operational risks relating to reputation risks (which are the responsibility of Corporate Communications).

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

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

RISK REPORTING

Within the scope of risk reporting, the Risk Control department reports regularly to decision makers (the full Board of Managing Directors, Risk Committee, pertinent department managers) and the Supervisory Board, as well as the Risk Committee appointed by the Supervisory Board. The frequency of reporting depends on the significance of the risk and on regulatory requirements. Information that is significant for risk is immediately conveyed to management, the officers in charge, and to the Internal Auditing and Compliance departments, if applicable.

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

MANAGEMENT AND CONTROLLING OF SPECIFIC RISKS

RISK-BEARING CAPACITY IN THE ECONOMIC AND NORMATIVE PERSPECTIVES

The following risk positions within the scope of the Bank's internal reporting are used in determining OLB's risk-bearing capacity in the *economic perspective:*

EUR m	12/31/2021	12/31/2020
Credit risk	495.6	450.9
Market price risk	146.0	201.8
Liquidity cost risk	—	—
Operational risk	20.7	21.0
Bank-wide risk	**662.3**	673.7

The available risk coverage potential covered 208 percent of Bank-wide risk as of December 2021 (prior year: 177 percent). The risk coverage potential covered 166 percent of the allocated limits on the same reporting date (prior year: 166 percent).

The periodic comparison of Bank-wide risk with risk coverage potential showed that, according to the economic perspective, OLB maintained its risk-bearing capacity on all of the reporting dates throughout the year, with a confidence level of 99.9 percent.

The increase in the *credit risk*, from EUR 450.9 million at the end of 2020 to EUR 495.6 million as of December 31, 2021, has mainly resulted from new business with customers as well as securities purchases.

At EUR 146.0 million, *market price risk* in the non-trading portfolio had decreased as of December 31, 2021 relative to its level as of the end of the previous year (EUR 201.8 million after adjustment of the deposit base model)[9]. In April 2021, OLB was obliged to adjust its modeling of its deposit base model due to a request from BaFin. The defined limit was thus retrospectively exceeded in the period from January to March 2021 in the year under review. From April 30, 2021, the limit was once again complied with.

The risk ratio for the risk position resulting from *operational risks* is calculated by means of an internal model. Following an update of the individual scenario analyses in the form of a risk assessment, on December 31, 2021, this ratio amounts to EUR 20.7 million (prior year: EUR 21.0 million).

Liquidity cost risk on all reporting dates throughout 2021 was EUR 0.0 million. The Bank did not fall below the liquidity risk limits on any reporting date.

The risk of insolvency, as an aspect of the liquidity risk, is not taken into account in the risk capital requirement, since it cannot be limited by means of capital and can only be limited by means of liquidity. It is measured and managed in the context of liquidity risk management as part of a separate control group. This ensures that, even in adverse market situations that are nevertheless conceivable, the Bank has enough liquid assets to safeguard its solvency at all times.

The *Bank-wide risk* results from adding together the risk positions for credit risk, market price risk, liquidity cost risk and operational risk. This approach to calculating risk makes no allowance for risk-mitigating effects of diversification between risk categories. Based on this assumption, the Bank-wide risk as of December 31, 2021 came to EUR 662.3 million (prior year: EUR 673.7 million).

In the *normative perspective* for risk-bearing capacity, the minimum capital required according to regulatory requirements in the risk scenario of a "severe economic downturn" was met at all times, on all of the reporting dates in 2021.

9 The VaR for December 2020 was retrospectively recalculated due to a request from BaFin. The figures for 2020 therefore differ from those provided in the report for the previous year. Prior to this correction, the previous year's figure for December 2020 was EUR 154.1 million.

CREDIT RISK

Risk measurement

OLB uses 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 (99.9 percent / 1 year) is used to measure and control risk.

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

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

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

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

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

Risk management

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

The loan decision process is structured consistently with this concept. An 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 on. The aim is for the structure and the distribution of duties to ensure that decision-making and processing for credit exposures are both adequate to risk and efficient, as a function of lot sizes, risk content, and complexity. Exposures which are integral parts of business that OLB defines as not relevant to risk are subject to simplified approval, decision-making and monitoring processes. Exposures which are part of business that the Bank categorizes as risk-relevant are approved and decided on under shared authority between the front and back office, on the basis of their specific risk content and in compliance with firmly defined rules.

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

In new business, the risk of insolvency is determined for each borrower, in the form of a credit rating category, on the basis of statistical creditworthiness procedures. At the same time, the collateral provided by the customer is evaluated.

This valuation takes place with involvement of the back office or external experts, depending on the scope and complexity. The total lendings, debt servicing calculation, credit rating and collateral together provide an assessment of the customer's credit risk.

During the life of the credit, all exposures are monitored at all times. The rating is manually updated annually for risk-relevant exposures. Furthermore, automated status ratings are carried out monthly.

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

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

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

Appropriate systems of requirements have been established to keep the risk of the credit portfolio as a whole within reasonable bounds. For example, there are guidelines for the acceptance and appraisal of collateral. Risk-dependent prices, in conjunction with risk-adjusted measurement of sales units' earnings, create incentives to engage in new business only where there is adequate creditworthiness and appropriate collateral.

To ensure an adequate assessment of risk over the long term, an emphasis is placed on high-quality processes. 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, the Risk Control department examines the development of credit risks through the customer credit portfolio every month. It performs structural analyses of the portfolio (rating, collateral, defaulted customers, economic sectors, new business, etc.), and investigates the impact on economic indicators such as the expected loss and on regulatory equity requirements. The results are reported to the Risk Committee and are incorporated into the quarterly risk report to the full Board of Managing Directors and the Supervisory Board.

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

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

The risk provision is determined using a discounted cash flow model. In making that measurement, OLB distinguishes between the retail lending business, in which risk is distributed almost uniformly (homogeneous portfolio), the customized single loan business, which has an individualized risk exposure, and the associated forms of provisioning: the PLLP (Portfolio Loan Loss Provision), SLLP (Specific Loan Loss Provision) and GLLP (General Loan Loss Provision).

Nonperforming loans are evaluated individually, at the latest upon expiry of defined periods of time, and are covered by a specific loan loss provision (SLLP). The duration of these periods will depend, in particular, on the collateral provided and the Bank's past experience. This does not affect the existence or pursuit of the Bank's legal rights.

The Bank conducts *trading transactions* in the non-trading portfolio when they are intended to safeguard the Bank's long-term liquidity and to control the risk of changes in interest rates within the defined limits. In this way, they serve to safeguard the Bank's long-term survival and earnings stability. The principal lines of business included in the non-trading portfolio are money trading and trading in or issuing bonds. They are complemented by derivative transactions to mitigate risk. OLB counters issuer and counterparty default risks in the trading business with banks, and in securities investments, by limiting its dealings fundamentally to trading partners who have first-class credit ratings and to central-bank counterparties, as well as by maintaining a firmly established system of limits and pursuing a broadly diversified portfolio. The strategic orientation is defined in the Bank's Risk Strategy. In terms of the approval process, credit risks from the trading business are treated analogously to the commercial lending business.

RISK SITUATION

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

The effects of the coronavirus pandemic on the Bank's risk situation and risk management are described in section II of the Report on Economic Conditions in the relevant overall context.

Credit ratings:

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

CREDIT RATINGS

Credit rating	PD range	Standard & Poor's	Assessment
1 – 6	< 0.02 % — 0.46 %	AAA — BBB-	Ability to meet payment obligation (investment grade)
7 – 9	0.46 % — 2.45 %	BB+ — BB-	Ability to meet payment obligation with limitations
10 – 12	2.45 % — 13.25 %	B+ — B-	Impaired ability to meet payment obligation
13 – 14	13.25 % — ≤ 100 %	CCC+ — C	Increased or severe vulnerability to delinquency
15 – 16	100 %	D	Borrower is delinquent under CRR or is considered to have defaulted

The chart below 18 shows the distribution of credit ratings for gross credit risk in the customer lending business as of December 31, 2021. Gross credit risk includes not only on-balance-sheet claims that might be asserted, but also revocable and committed credit facilities, obligations under suretyships and guarantees, documentary credit obligations, and credit equivalent amounts for derivatives.

The credit rating structure for gross credit risk indicates that almost half of the portfolio, at 48 percent (prior year: 48 percent), is investment grade (credit ratings 1–6). A further 43 percent (prior year: 42 percent) has average credit ratings (7–9); 2.5 percent (prior year: 2.9 percent) is in critical credit ratings (13–16).

Risk concentrations

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

Collateral

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

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

For areas where concentration arises because of the nature or type of collateral, suitable measures were taken to monitor value. Collateral recovery rates are continuously monitored and observed changes are taken into account in the determination of credit risks.

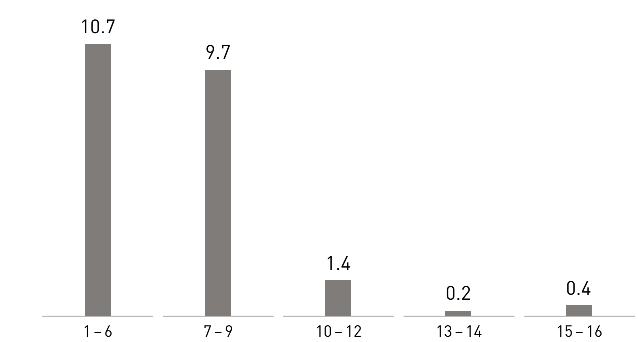
Banks

On the whole, the credit risk on receivables from banks and bonds issued by banks is low. The volume of receivables as of December 31, 2021 in the amount of EUR 3.4 billion almost exclusively comprises the very good and good credit rating classes 1–6. The remainder of the volume of receivables, which amounts to less than EUR 1 million, falls within credit rating classes 7–12.

Country risk

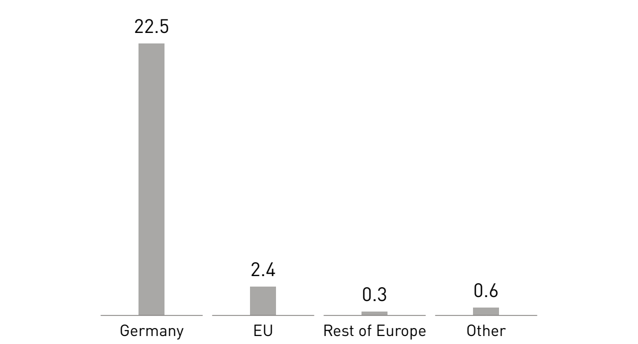
OLB calculates the country risk 19 based on the country of the debtor's economic risk, in line with Delegated Regulation (EU) No. 1152/2014. Accordingly, as of December 31, 2021 Germany accounts for 87 percent of customer and bank lending business and the rest of the EU for 9 percent. Only 3 percent of the economic risk is situated outside of the EU.

GROSS CREDIT RISK
IN THE CUSTOMER LENDING BUSINESS
EUR bn 18 | PAGE 80



Broken down into credit rating classes as of December 31, 2021

COUNTRY RISK EUR bn 19 | PAGE 80



Customer and bank loans (gross credit risk) by region as of December 31, 2021

MARKET PRICE RISK

Risk measurement

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

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

The risk from the non-trading portfolio derives primarily from changes in interest rates. An open foreign-currency position is possible only for very minor technical amounts. The limit for open foreign-currency positions is set at EUR 1 million.

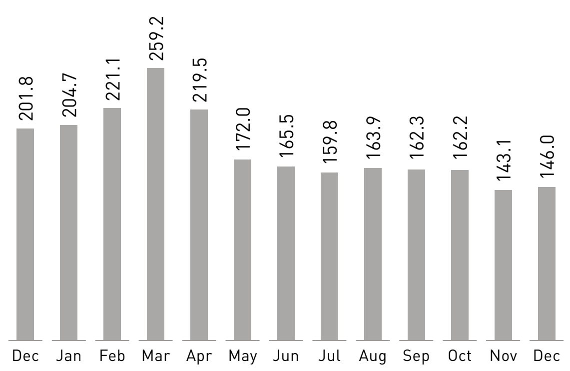
Risk positions are monitored by the Risk Control department, which reports the development of risks and the results for the liquidity reserve daily, and the development of the value at risk for the non-trading portfolio monthly.

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

Market price risks are quantified and limited at the Whole Bank level, primarily using value-at-risk models.

The value-at-risk model for the non-trading portfolio is based on a historical simulation that incorporates changes in interest rates, equally weighted over time since 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.

VAR FOR NON-TRADING PORTFOLIO EUR m 20 | PAGE 82



Basis: month-end values

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

For variable-rate products, a fictitious maturity is parameterized in the interest-rate book cash flow for various product groups (deposit base models). Special repayment rights in the lending business are also incorporated into the risk measurement as a model cash flow.

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

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

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

Risk management

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

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

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

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

Risk situation

Trading business

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

Non-trading portfolio

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

EUR m	2021 VaR (99.9 %)	2020 VaR (99.9 %)
Minimum	143.1	127.7
Mean	181.6	159.4
Maximum	259.2	201.8

The market price risks for the non-trading portfolio 20 (VaR model 99.9 percent / 1 year) generally exceeded the previous year's level in 2021. The average value at risk, at EUR 181.6 million, was above the 2020 figure of EUR 159.4 million. In April 2021, OLB was obliged to adjust its modeling of its deposit base model due to a request from BaFin. The defined limit was thus retrospectively exceeded in the period from January to March 2021 in the year under review. From April 30, 2021, the limit was once again complied with.[10]

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

The interest risk coefficient according to BaFin's Circular 6 / 2019 is the change in the present value of the interest rate book which results from the prescribed scenarios of a parallel shift of + 200 bp and a parallel shift of – 200 bp, in relation to eligible own funds according to regulatory requirements (regulatory own funds) pursuant to Article 72 of Regulation (EU) No. 575 / 2013 (CRR). The interest risk coefficient in 2021 was 14.97 percent at maximum.

The Bank examined whether outstanding interest claims and interest obligations in the non-trading portfolio as a whole yield a surplus of liabilities that would have to be taken into account by forming a provision for contingent losses under Sec. 340a in conjunction with Sec. 249 (1) Sentence 1 HGB, in compliance with opinion IDW RS BFA 3 (new version) of October 16, 2017, issued by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer in Deutschland e.V. – IDW), and while applying the net present value approach. Equity as a funding resource is not assessed as part of the interest-bearing assets and debts. The cash value of the non-trading portfolio was compared to the carrying amounts after deduction of prorated risk and administrative expenses (in each case, on the basis of standard risk costs, the risk of loss from market price fluctuations incl. for highly liquid securities, the risk of loss from the volatility of the Bank's own liquidity and credit spread and of expense cash-flow estimates). On the basis of this calculation, there was no need at the reporting date to form a provision for contingent losses for a surplus of liabilities from the business in interest-rate-based financial instruments in the non-trading portfolio.

10 The VaR for December 2020 was likewise retrospectively recalculated due to the request from BaFin. The figures for 2020 therefore differ from those provided in the report for the previous year. Prior to this correction, the previous year's figure for December 2020 was EUR 154.1 million.

Foreign currency is converted in accordance with Sec. 340h HGB in conjunction with Sec. 256a HGB, also taking into account the IDW's opinion RS BFA 4. Assets and liabilities denominated in foreign currency, as well as cash transactions not yet settled at the reporting date, are converted at the ECB's reference exchange rate for the reporting date. Assets, liabilities and pending transactions are subject to particular coverage depending on the currency involved. Procedural precautions ensure that open currency positions never exceed the equivalent of EUR 1.0 million on any day. Income and expenses resulting from the conversion of specially covered transactions are recognized in profit or loss in accordance with Sec. 340h HGB.

LIQUIDITY RISK

Risk measurement

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

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

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

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

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

Risk management

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

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

Liquidity risk is controlled by the Bank Management Committee and the Risk Committee of the Bank. The Treasury department can draw at any time on the securities held in the liquidity reserve, or cover additional liquidity needs through sales, pledges for Bundesbank refinancing facilities, or forward sales under repo agreements. Liquidity needs are covered through customer business, by taking out fixed deposits and refinancing loans or by placing promissory notes and covered bonds. Due to these covered bond issues, in order to manage its liquidity risks as a capital-market-oriented institution OLB is required to comply with the additional requirements for capital-market-oriented institutions pursuant to sections BTR 3.2 and BT 3.2 of MaRisk.

Risk situation

Development of key regulatory ratios

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

LCR

	2021	2020
Minimum	127 %	135 %
Mean	148 %	152 %
Maximum	173 %	170 %

The minimum value of 100 percent for the LCR was maintained on all of the reporting dates. On average, this ratio was 48.3 percentage points higher than the minimum requirement of 100 percent. On December 31, 2021, this ratio amounted to 143 percent.

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

NSFR

	2021
Minimum	116 %
Mean	116 %
Maximum	117 %

The minimum value of 100 percent for the NSFR was maintained throughout the year. On average, this ratio was 16.29 percentage points higher than the minimum requirement of 100 percent. On December 31, 2021, this ratio amounted to 116 percent.

Liquidity cash flows as of December 31, 2021

The liquidity cash flows signal a substantial liquidity surplus for the next ten years under all scenarios.

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 basis 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. The assessment is based on the Bank's own experience as well as other available internal and external data. The valuation is future-oriented and takes into account the identified risk drivers. An internal model (OpVaR) is used to quantify the economic capital requirement for operational risks. The OpVaR is determined by means of a Monte Carlo simulation, with a confidence level of 99.9 percent and a holding period of one year. The frequencies of losses in the individual scenarios are simulated by means of a Poisson or Bernoulli distribution and the volume of losses by means of a truncated log-normal distribution. The parameters of these distributions are determined using the estimates of the loss frequencies and volumes identified in the scenario analysis. The correlation structure between the scenarios is estimated by means of expert estimates within the scope of a correlation matrix and is simulated through a Gaussian copula.

Within the scope of the stress test for operational risks, the effects of the hypothetical realization of an extreme loss scenario on the Bank's income statement are considered.

Risk indicators have been implemented for monitoring of negative risk trends within the scope of business processes and systems.

The regulatory capital requirement for operational risk is determined by means of the standard approach.

Risk management

Management of operational risks is essentially based on the scenario analyses, on analyses of losses actually incurred, and on the risk indicators for operational risks. 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 (incl. through continuing training and by using up-to-date communication methods), as well as taking out insurance against major losses (e.g., a fire at the Bank's headquarters) and establishing an appropriate backup system for computer data.

Risk situation

In the period from January to October 2021, the risk exposure amount was EUR 21.0 million. Since November 2021, the risk exposure amount has been EUR 20.7 million. This change has resulted from the revaluation of relevant threat scenarios in the course of the OpRisk assessment. OLB responds to potential risks and losses in the field of cyber criminality by means of safety and mitigation measures, including established DDoS protection mechanisms, a SIEM system as well as active cyber insurance cover.

The following is a list of examples of relevant specific risk scenarios that the Bank takes into consideration:

RISK SCENARIOS

Scenario	Specialized department in charge
Cyber crime	Information Technology
Advisor liability	Marketing / Products / Business Intelligence
Change in legislation or case law	Legal
Epidemic / pandemic	Operations
Payment traffic fraud by outsiders	Compliance
Model risks	Risk Control

INTERNAL CONTROLS FOR FINANCIAL REPORTING

(Disclosures per Sec. 289 [4] HGB and explanatory report)

Framework

The Bank's financial reporting complies with the requirements of the "Internal Controls over Financial Reporting" single framework (ICOFR).

Within the scope of this regulatory framework, procedures have been developed which enable the identification and reduction of the level of risk of material errors in annual financial statements. The internal control system (ICOFR) is based on the regulatory framework drawn up by the "Committee of Sponsoring Organizations of the Treadway Commission" (COSO). The Bank regularly reviews and updates it. In addition, this approach encompasses the following five interrelated components:

Control environment, risk assessment, control activities, information and communication, and monitoring. These five aspects are covered by an "Entity Level Control Assessment Process" (ELCA), the "IT General Controls" (ITGC) as well as controls at the process level. The ELCA framework prescribes controls such as a compliance program and a committee governance structure, while the ITGC framework defines, for instance, controls for access rights management or project and change management controls.

Accounting processes

The Bank's Finance (incl. the Balance Sheet and Reporting / Regulatory groups), Controlling, Risk Control and Information Technology departments are the main entities involved in the financial reporting process. The Balance Sheet group is responsible for the organization and monitoring of the accounting function. The Balance Sheet group is also in charge of the organization and monitoring of the preparation of financial statements. The Reporting / Regulatory group and the Controlling department assist with the process of preparing financial statements by means of quality assurance measures, specifically at the interfaces between internal and external reporting. The Risk Control department provides data for the assessment of transactions in particular. These data are incorporated in the financial reporting process at present values. The Information Technology department provides the infrastructure for the systems involved in the financial reporting process. The systems used are protected against unauthorized access by means of appropriate IT measures. Where possible, standard software is used for the systems employed.

The approach can be summarized as follows:

The Bank applies a risk-oriented approach. At the start of each ICOFR year, it ensures that the ICOFR-relevant processes are complete. For this purpose, the processes in the Bank's departments are analyzed in terms of possible ICOFR-relevant risks. Besides this recurring annual process, the ICOFR coordination team also reviews the audit findings of the Internal Auditing department and external auditors over the course of the year in relation to ICOFR-relevant issues and determinations.

APPROACH FOR THE INTERNAL CONTROL SYSTEM

21 | PAGE 87

Specify scope ↓	Determine the key processes which the internal control system is intended to cover
Identify risks ↓	Identify risk scenarios which may result in a material misstatement
Implement controls ↓	Implement appropriate key controls which will identify or prevent errors or fraud which may arise from the risk scenarios
Review effectiveness	Review the nature and operational effectiveness of the key controls

Risks which may give rise to material financial misstatements are subsequently identified. All possible relevant causes (in particular, human processing errors, fraud, systemic weaknesses, external factors, etc.) are taken into consideration. Following the identification and analysis of risks, the potential effects and the probability of occurrence are assessed.

Preventive and detective key controls are implemented as part of the financial reporting process, in order to reduce the probability of financial misstatements as well as their effects. If a potential risk is actually realized, measures will be implemented in order to reduce the effect of these misstatements. Since the financial reporting is highly dependent on information technology systems, IT controls are also implemented.

Controls must be appropriately designed and effectively implemented. Accordingly, consistent documentation is required for components of the internal control system 21, such as processes, related key controls and their implementation. In addition, the control system undergoes an annual assessment in order to maintain, and continuously improve, its effectiveness. The Internal Auditing department ensures that the quality of the Bank's internal control system (ICS) is regularly reviewed.

However, it must be noted that even appropriately designed and functioning systems cannot provide any absolute certainty as to the identification and management of risks.

Oldenburg, February 28, 2022
Oldenburgische Landesbank AG

The Board of Managing Directors

Stefan Barth Chairman	Marc Ampaw	Aytac Aydin	Peter Karst	Dr. Rainer Polster

REPORT OF THE SUPERVISORY BOARD

The Supervisory Board continuously monitored the management of the Bank during the year under review, advised the Board of Managing Directors on running the institution, and directly participated in decisions of fundamental importance.

The Supervisory Board's activities and areas of responsibility are governed and organized by the respective rules of procedure of the Supervisory Board and Board of Managing Directors.

MATTERS ADDRESSED BY THE FULL SUPERVISORY BOARD

In 2021, the full Supervisory Board had eight meetings, most of which were held as video conference calls, in particular due to the corona-related contact restrictions. The meetings were held in March, April, May, June, July, August, September and December. Between meetings, the Chairman of the Supervisory Board also maintained ongoing contact with the Board of Managing Directors and regularly discussed strategy, business performance, risk management and other significant matters with that Board.

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

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

The Supervisory Board repeatedly dealt with matters of business strategy. Particular attention was paid to discussing the Bank's strategic focus, which the Board of Managing Directors had been revising and refining. Both in the context of the Bank's strategic development and as part of the regular annual consultations, the Supervisory Board discussed the Board of Managing Directors' business planning for 2021 and 2022 as well as the medium-term plans for each of the following two years. As part of the business strategy discussion, the Supervisory Board received reports on the progress of the "Private Clients Initiative" and was repeatedly notified of the progress made with the strategic program "Broom" and its expansion.

The Supervisory Board dealt with matters concerning the Board of Managing Directors and compensation on multiple occasions. In particular, the Supervisory Board was satisfied that the compensation system for the Board of Managing Directors complied with the relevant requirements of law. It also made sure that this system was well focused on OLB's objectives in terms of both Business Strategy and Risk Strategy, and that it offered no incentives to take unreasonable risks. The Supervisory Board also approved the submitted list of the Bank's risk takers in accordance with the Regulation on Supervisory Requirements for Banks' Compensation Systems (Institutsvergütungsverordnung). The Remuneration Officer presented and explained their remuneration report to the Supervisory Board.

WORK IN THE COMMITTEES OF THE SUPERVISORY BOARD

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

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

Last year, the meetings of the committees listed below were exclusively held as telephone or video conference calls.

The *Executive and Compensation Committee* held six meetings in the 2021 reporting year. The meetings primarily involved preliminary discussions and recommendations on matters to be decided on by the full Board concerning the Board of Managing Directors and compensation. In addition, the committee verified that the remuneration system for OLB employees was appropriately structured. With effect as of July 1, 2021, the committee approved the appointment of Giacomo Petrobelli, initially in the role of the Bank's General Manager.

The *Audit Committee* met five times in the fiscal year 2021. Among other matters, the committee audited and reviewed the annual financial statements of OLB, the management report and the auditors' report, and discussed these reporting documents with the auditor. The Audit Committee found no cause for objection in the documentation. Likewise, no objections were occasioned by the auditor's report delivered during the year on the audit of the securities service business of OLB. This committee also discussed the interim financial report prior to its publication.

The *Risk Committee* held a total of five meetings during the past fiscal year, at which it dealt with the Bank's current risk situation in detail. The quarterly risk reports addressed such matters as risk-bearing capacity and credit, market price, liquidity and operational risks, especially against the background of the continuing coronavirus pandemic. Furthermore, the Risk Committee approved the sale of the multilevel parking lot as well as a portion of the OLB buildings on the Oldenburg campus and in Bremen.

During the year under review, the *Credit Committee* deliberated 50 times by way of telephone or video conference calls, concerning decisions on individual credit exposures and fundamental aspects of lending business. The committee members repeatedly exchanged views with the Board of Managing Directors on the impact of the coronavirus pandemic and other external circumstances on the loan portfolio and appropriate mitigating measures.

The *Nominating Committee* met twice during the past fiscal year, jointly with the Executive and Compensation Committee. These meetings were held in preparation for the Supervisory Board's annual self-assessment as well as the committee's proposal for the election of a new shareholders' representative as a member of the Supervisory Board.

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

AUDIT OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements of Oldenburgische Landesbank AG for the period ended December 31, 2021, and the management report were audited by Deloitte GmbH Wirtschaftsprüfungsgesellschaft, of Hanover, which granted an unqualified audit opinion. The annual financial statements were prepared in accordance with the German Commercial Code (HGB).

The reporting documentation and the related auditor's reports from Deloitte for the fiscal year 2021 were forwarded to all members of the Supervisory Board in good time. These documents were discussed in detail at the Audit Committee's meetings on December 2, 2021, and March 17, 2022, and at the meeting of the full Supervisory Board on March 17, 2022. The auditors took part in all of these discussions. They reported on the principal results of their audits and were available to answer questions and provide additional information.

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

The Bank prepared a separate nonfinancial report for the year ended December 31, 2021, as required by Sec. 289b of the German Commercial Code. The Supervisory Board reviewed this report; the review found no cause for objections.

CHANGES TO THE SUPERVISORY BOARD AND THE BOARD OF MANAGING DIRECTORS

Gernot Löhr, who had been elected to the Supervisory Board of Oldenburgische Landesbank AG as a shareholders' representative, resigned from office on October 4, 2021. On the same date, the Shareholders' Meeting selected Michele Rabà, Investment Professional, London (UK), as a new member of the Supervisory Board.

In its meeting on March 18, 2021, the Supervisory Board confirmed the appointment of Peter Karst, which was made in 2019, as a member of the Board of Managing Directors with effect from May 1, 2021. At the same meeting, the Supervisory Board also appointed Marc Ampaw as a member of the Board of Managing Directors.

Hilger Koenig, who had been elected to the Board of Managing Directors, ended his term of office on June 30, 2021. Marc Ampaw, a Board of Managing Directors member, took charge of his areas of responsibility.

Dr. Wolfgang Klein, who had been elected as Chairman of the Board of Managing Directors, ended his term of office on August 31, 2021. The Supervisory Board appointed Stefan Barth as the new Chairman of the Board of Managing Directors. He had previously held the position of Deputy Chairman of the Board of Managing Directors and has been a member of the Board of Managing Directors since January 1, 2021.

In its meeting on December 3, 2021, the Supervisory Board approved the request made by Karin Katerbau to end her employment contract early in best mutual agreement on December 31, 2021.

In its meeting on January 13, 2022, the Supervisory Board appointed Aytac Aydin as a member of the Board of Managing Directors with effect from February 14, 2022. His areas of responsibility will include those previously held by Peter Karst, whose employment contract is to end early in best mutual agreement on March 31, 2022, as approved by the Supervisory Board on February 1, 2022.

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

Oldenburg, March 17, 2022

For the Supervisory Board

Axel Bartsch
Chairman

ANNUAL BALANCE SHEET OF OLB AG AS OF DECEMBER 31, 2021

Assets EUR	**12/31/2021**	**12/31/2020**
1. Cash reserve	**2,154,211,679.44**	**1,654,607,175.27**
a) Cash in hand	815,724,082.66	465,782,376.67
b) Balances with central banks	1,338,487,596.78	1,188,824,798.60
of which: with the Deutsche Bundesbank	1,338,487,596.78	1,170,850,980.44
c) Credits with postal checking offices	—	—
2. Public-sector debt instruments and bills of exchange, eligible for refinancing at central banks	—	—
3. Receivables from banks	**955,930,905.22**	**764,652,889.03**
a) Due on demand	949,586,828.71	764,652,889.03
b) Other receivables	6,344,076.51	—
4. Receivables from customers	**16,950,389,874.64**	**15,540,941,825.57**
a) of which: secured by mortgages	7,517,807,059.95	7,409,606,353.05
of which: public-sector loans	365,985,895.87	232,773,110.03
5. Bonds and other fixed-income securities	**3,710,910,317.40**	**2,903,973,805.09**
a) Money market instruments	—	—
b) Bonds and debt instruments	3,710,910,317.40	2,713,397,114.63
ba) from public-sector issuers	1,446,973,670.50	1,153,737,939.11
of which: acceptable as collateral by the Deutsche Bundesbank	1,446,973,670.50	1,153,737,939.11
bb) from other issuers	2,263,936,646.90	1,559,659,175.52
of which: acceptable as collateral by the Deutsche Bundesbank	2,191,107,721.69	1,507,027,031.09
c) Own debt instruments	—	190,576,690.46
Nominal amount	—	190,000,000.00
6. Shares and other non-fixed-income securities	**422,828.75**	**845,657.50**
6a. Trading portfolio assets	**5,928,533.31**	**2,653,392.49**
7. Investment securities	**603,930.91**	**620,428.96**
of which: in banks	402,174.00	402,174.00
of which: in other financial services institutions	—	—
8. Shares in affiliated companies	**162,000.00**	**103,129.19**
of which: in banks	—	—
of which: in other financial services institutions	—	—
of which: in investment firms	—	—
9. Trust assets	**27,808,024.17**	**18,424,970.72**
of which: trust loans	26,488,504.22	17,335,459.10
10. Equalization claims on public authorities incl. bonds originating from the conversion of such claims	—	—
11. Intangible fixed assets	**8,069,122.89**	**7,750,180.74**
a) Internally generated intangible assets	986,399.00	509,967.00
b) Purchased intangible assets	7,082,723.89	7,240,213.74
c) Goodwill	—	—
d) Advance payments	—	—
12. Tangible fixed assets	**48,058,028.31**	**61,495,838.63**
13. Capital called but not yet paid	—	—
14. Other assets	**708,564,092.21**	**498,758,260.30**
a) Current assets	231,952,268.73	72,746,936.15
b) Noncurrent assets	476,611,823.48	426,011,324.15
15. Prepaid expenses	**37,318,702.66**	**16,749,039.96**
16. Deferred tax assets	—	—
17. Net pension assets	**2,572,142.96**	**3,594,484.95**
18. Deficit not covered by equity	—	—
Total assets	**24,610,950,182.87**	**21,475,171,078.40**

Equity & Liabilities EUR	12/31/2021	12/31/2020
1. Liabilities to banks	**6,877,682,648.70**	**5,257,148,154.52**
a) Due on demand	109,809,328.94	74,357,521.96
b) With agreed maturity or notice period	6,767,873,319.76	5,182,790,632.56
2. Liabilities to customers	**14,062,625,220.88**	**13,011,418,960.08**
a) Savings deposits	1,812,641,409.82	1,809,048,495.38
aa) With agreed withdrawal notice period of three months	1,694,359,721.64	1,679,930,013.14
ab) With agreed withdrawal notice period of more than three months	118,281,688.18	129,118,482.24
b) Other liabilities	12,249,983,811.06	11,202,370,464.70
ba) Demand deposits	10,381,579,291.16	9,646,431,618.02
bb) With agreed maturity or notice period	1,868,404,519.90	1,555,938,846.68
3. Securitized liabilities	**380,141,038.25**	**272,186,260.27**
a) Bonds issued	380,141,038.25	272,186,260.27
b) Other securitized liabilities	—	—
3a. Trading portfolio liabilities	**—**	**—**
4. Trust liabilities	**27,808,024.17**	**18,424,970.72**
of which: trust loans	26,488,504.22	17,335,459.10
5. Other liabilities	**1,522,661,322.23**	**1,361,009,964.66**
6. Deferred income	**31,553,451.87**	**29,308,538.70**
6a. Deferred tax liabilities	**—**	**—**
7. Provisions	**197,003,689.61**	**170,045,694.16**
a) Provisions for pensions and similar obligations	38,969,951.70	28,006,671.22
b) Provisions for taxes	20,346,289.84	45,990,877.66
c) Other provisions	137,687,448.07	96,048,145.28
9. Subordinated debt	**297,957,377.95**	**198,300,225.14**
10. Participatory capital	**—**	**—**
of which: due within two years	—	—
11. Fund for general banking risks	**109,723.42**	**100,809.71**
of which: special item per Sec. 340e (4) HGB	27,426.39	18,512.68
12. Equity	**1,213,407,685.79**	**1,157,227,500.44**
a) Issued share capital	90,468,571.80	90,468,571.80
Subscribed capital	90,468,571.80	90,468,571.80
less: outstanding contributions, not called	—	—
b) Capital reserves	517,332,330.40	517,332,330.40
c) Revenue reserves	519,424,883.77	470,786,774.69
ca) Statutory reserve	171,066.50	171,066.50
cb) Reserve for shares in prevailing or majority holding companies	—	—
cc) Reserves provided for by the Articles of Incorporation	—	—
cd) Other revenue reserves	519,253,817.27	470,615,708.19
d) Net retained profits/net accumulated losses	86,181,899.82	78,639,823.55
Contingent capital (balance sheet note)	17,922,018.46	17,922,018.46
Total equity and liabilities	**24,610,950,182.87**	**21,475,171,078.40**

Off-balance-sheet items EUR	12/31/2021	12/31/2020
1. Contingent liabilities	**706,718,725.07**	**629,915,136.17**
a) Contingent liabilities from rediscounted bills of exchange	—	—
b) Obligations under guarantees and warranties	706,718,725.07	629,915,136.17
c) Liability from collateral furnished for third-party liabilities	—	—
2. Other obligations	**2,247,334,884.90**	**1,915,513,411.62**
a) Repurchase commitments under reverse repurchase transactions	—	—
b) Placement and underwriting commitments	—	—
c) Committed credit facilities	2,247,334,884.90	1,915,513,411.62

INCOME STATEMENT OF OLB AG FOR THE PERIOD JANUARY 1 – DECEMBER 31, 2021

EUR	2021	2020
1. Interest income from	**416,046,671.72**	**444,414,421.06**
a) Lending and money market transactions	397,188,358.05	417,405,775.42
of which: positive interest from lending and money market transactions	423,455,341.44	429,696,964.69
of which: negative interest from lending and money market transactions	– 26,266,983.39	– 12,291,189.27
b) Bonds and other fixed-income securities	18,858,313.67	27,008,645.64
of which: positive interest from bonds and other fixed-income securities claims	18,858,313.67	27,008,645.64
of which: negative interest from bonds and other fixed-income securities claims	—	—
2. Interest expenses	**– 56,032,168.25**	**– 108,331,942.62**
of which: negative interest	– 103,986,795.19	– 125,169,757.81
of which: positive interest	47,954,626.94	16,837,815.19
3. Current income from	**53,172.08**	**52,146.86**
a) Shares and other non-fixed-income securities	25,137.13	35,000.08
b) Investment securities	28,034.95	17,146.78
c) Shares in affiliated companies	—	—
4. Income from profit pooling, profit transfer or partial transfer agreements	**125,633.00**	**156,919.56**
5. Commission income	**185,775,991.35**	**164,413,617.54**
6. Commission expense	**– 65,992,981.89**	**– 51,104,429.93**
7. Net trading (+) income / (–) expense	**80,223.38**	**55,970.58**
of which: allocation to (–) or reversal from (+) the fund for general banking risks per Sec. 340g HGB	– 8,913.71	– 6,218.95
8. Other operating income	**34,422,779.17**	**15,628,164.04**
10. General administrative expenses	**– 284,866,166.30**	**– 281,296,598.22**
a) Personnel expenses	– 166,758,754.45	– 173,179,200.39
aa) Wages and salaries	– 139,207,459.67	– 143,355,267.69
ab) Social security, pension provisions and other employee benefit costs	– 27,551,294.78	– 29,823,932.70
of which: for pension provisions	– 7,293,015.23	– 7,952,286.49
b) Other administrative expenses	– 118,107,411.85	– 108,117,397.83
11. Depreciation, amortization and impairment of intangible and tangible fixed assets	**– 15,421,482.13**	**– 13,766,568.61**
12. Other operating expenses	**– 14,682,245.73**	**– 12,006,824.84**
13. Write-offs and impairments of loans and certain securities and additions to loan loss provisions	**– 21,455,852.57**	**– 22,714,825.76**
of which: addition to the fund for general banking risks per Sec. 340 g HGB	—	—
of which: reversals from the fund for general banking risks per Sec. 340g HGB	—	20,000,000.00
14. Income from reversal of impairments of loans and certain securities and release of loan loss provisions	**—**	**—**
15. Write-offs of and impairments to investment securities, shares in affiliated companies and securities treated as fixed assets	**—**	**—**
16. Income from reversals of write-offs and impairment to investment securities, shares in affiliated companies and securities treated as fixed assets	**36,737.95**	**13,886.00**
17. Expenses for assumption of losses	**—**	**– 14,208.09**
19. Result from ordinary activities	**178,090,311.78**	**135,499,727.57**

EUR	2021	2020
19. Result from ordinary activities	**178,090,311.78**	**135,499,727.57**
20. Extraordinary income	283,996.15	16,770,957.08
21. Extraordinary expenses	– 41,376,473.88	– 37,413,922.05
22. Extraordinary result	– 41,092,477.73	– 20,642,964.97
23. Income tax expense	– 50,004,950.25	– 35,394,474.05
24. Other taxes not included under Item 12	– 810,983.98	– 822,465.00
25. Income from assumption of losses	—	—
26. Profits transferred under profit pooling or a profit transfer	—	—
27. Net profit / net loss for the fiscal year	**86,181,899.82**	**78,639,823.55**
28. Retained profits / accumulated losses brought forward from the previous year	—	—
29. Withdrawals from capital reserves	—	—
30. Withdrawals from revenue reserves	—	—
a) from the statutory reserve	—	—
b) from reserve for shares in prevailing or majority holding companies	—	—
c) from reserves provided for by the Articles of Incorporation	—	—
d) from other revenue reserves	—	—
31. Withdrawals from participatory capital	—	—
32. Allocations to revenue reserves	—	—
a) to the statutory reserve	—	—
b) to reserve for shares in prevailing or majority holding companies	—	—
c) to reserves provided for by the Articles of Incorporation	—	—
d) to other revenue reserves	—	—
33. Replenishment of participatory capital	—	—
34. Net retained profits / net accumulated losses	**86,181,899.82**	**78,639,823.55**

For the sake of transparency, in deviation from the RechKredV requirements in the case of mandatory disclosures concerning negative interest the positive interest has also been reported, while in the case of mandatory disclosures concerning positive interest the negative interest has also been reported. The Bank deems this necessary in these financial statements, since it considers their scope to be material. For the sake of comparability, this also applies for the figures for the prior year.

STATEMENT OF CHANGES IN EQUITY OF OLB AG FOR THE PERIOD JANUARY 1 – DECEMBER 31, 2021

EUR	12/31/2020	Net profit / net loss for the fiscal year	Dividend distribution	Allocations to (+) / withdrawals from (–) reserves	12/31/2021
Subscribed capital	90,468,571.80	—	—	—	90,468,571.80
Capital reserves	517,332,330.40	—	—	—	517,332,330.40
Statutory reserve	171,066.50	—	—	—	171,066.50
Other revenue reserves	470,615,708.19	—	—	48,638,109.08	519,253,817.27
Net retained profits	78,639,823.55	86,181,899.82	– 30,001,714.47	– 48,638,109.08	86,181,899.82
Equity	**1,157,227,500.44**	**86,181,899.82**	**– 30,001,714.47**	**—**	**1,213,407,685.79**

CASH FLOW STATEMENT OF OLB AG FOR THE PERIOD JANUARY 1 – DECEMBER 31, 2021

EUR		2021	2020
1.	Profit for the period (net profit/net loss for the fiscal year)	86,181,899.82	78,639,823.55
2.	Depreciation (+), amortization (+) and write-offs and impairments (+)/reversals (–) of impairments of loans and fixed assets	27,496,246.91	63,006,155.64
3.	Increase (+)/decrease (–) in provisions	– 81,243,002.24	12,865,360.23
4.	Other noncash expenses (+)/income (–)	56,999,269.68	– 41,558,324.86
5.	Gain (–)/loss (+) on disposal of fixed assets	– 23,020,474.59	– 135,449.48
6.	Other adjustments (net: –/+)	9,123,235.69	6,802,634.89
7.	Increase (–)/decrease (+) in receivables from banks	– 191,200,888.92	– 212,081,159.40
8.	Increase (–)/decrease (+) in receivables from customers	– 1,422,495,833.61	– 446,491,905.87
9.	Increase (–)/decrease (+) in securities (other than long-term financial assets)	– 684,706,649.03	215,658,631.97
10.	Increase (–)/decrease (+) in other assets from operating activities	– 189,161,484.00	– 30,456,466.53
11.	Increase (+)/decrease (–) in liabilities to banks	1,646,602,699.25	481,269,031.79
12.	Increase (+)/decrease (–) in liabilities to customers	1,055,808,344.86	299,964,312.39
13.	Increase (+)/decrease (–) in securitized liabilities	108,238,000.00	68,599,000.00
14.	Increase (+)/decrease (–) in other liabilities from operating activities	276,457,289.07	940,530,428.53
15.	Interest expense (+)/interest income (–)	– 360,193,308.55	– 336,291,544.86
16.	Expenses for (+)/income from (–) extraordinary items	41,092,477.73	20,642,964.97
17.	Income tax expense (+)/income (–)	50,004,950.25	35,394,474.05
18.	Interest and dividend payments received (+)	430,777,436.12	419,167,826.54
19.	Interest paid (–)	– 103,150,781.09	– 91,571,492.29
20.	Extraordinary cash receipts (+)	282,340.24	—
21.	Extraordinary cash payments (–)	– 638,981.76	– 16,670,392.48
22.	Income tax paid (+/–)	– 42,461,440.95	– 18,223,516.59
23.	**Cash flows from operating activities (total of lines 1 to 22)**	**690,791,344.88**	**1,449,060,392.19**
24.	Proceeds from disposal of fixed assets (+)	241,731,180.40	174,298,198.08
25.	Payments to acquire fixed assets (–)	– 423,597,429.32	– 1,158,259,071.16
26.	Proceeds from disposal of tangible fixed assets (+)	26,753,152.32	260,850.76
27.	Payments to acquire tangible fixed assets (–)	– 2,863,705.91	– 9,789,404.79
28.	Proceeds from disposal of intangible fixed assets (+)	—	—
29.	Payments to acquire intangible fixed assets (–)	– 3,208,323.73	– 1,825,819.28
30.	Proceeds from disposals of entities included in the basis of consolidation (+)	—	—
31.	Payments to acquire entities included in the basis of consolidation (–)	—	—
32.	Change in cash funds from other investing activities (net: +/–)	—	—
33.	Cash receipts from extraordinary items (+)	—	—
34.	Cash payments for extraordinary items (–)	—	—
35.	**Cash flows from investing activities (total of lines 24 to 34)**	**– 161,185,126.24**	**– 995,315,246.39**
36.	Proceeds from capital contributions by shareholders of the parent entity (+)	—	—
37.	Proceeds from capital contributions by minority shareholders (+)	—	—
38.	Cash payments to shareholders of the parent entity from the redemption of shares (–)	—	—
39.	Cash payments to minority shareholders from the redemption of shares (–)	—	—
40.	Cash receipts from extraordinary items (+)	—	—
41.	Cash payments for extraordinary items (–)	—	—
42.	Dividends paid to shareholders of the parent entity (–)	—	—
43.	Dividends paid to minority shareholders (–)	– 30,001,714.47	– 30,001,714.47
44.	Change in cash funds from other capital (net: +/–)	—	– 56,285.01
45.	**Cash flows from financing activities (total of lines 36 to 44)**	**– 30,001,714.47**	**– 30,057,999.48**
46.	**Net change in cash funds (total of lines 23, 35, 45)**	**499,604,504.17**	**423,687,146.32**
47.	Effect on cash funds of exchange rate movements and revaluations (+/ –)	—	—
48.	Effect on cash funds of changes in the basis of consolidation (+/–)	—	—
49.	**Cash funds at beginning of period (+)**	**1,654,607,175.27**	**1,230,920,028.95**
50.	**Cash funds at end of period (total of lines 46 to 49)**	**2,154,211,679.44**	**1,654,607,175.27**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS OF OLB AG FOR FISCAL YEAR 2021

I. GENERAL INFORMATION

BASES FOR PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS AND ACCOUNTING RULES

OLB AG (OLB) is registered with the District Court of Oldenburg (HRB 3003). OLB prepared its annual financial statements according to the rules of the German Commercial Code (Handelsgesetzbuch – HGB) in conjunction with the German Accounting Regulation for Banks, Financial Services Institutions and Investment Firms (Verordnung über die Rechnungslegung der Kreditinstitute, Finanzdienstleistungsinstitute und Wertpapierinstitute – RechKredV) and in observance of the provisions of the German Stock Corporation Act (Aktiengesetz – AktG). The structure of the balance sheet and the income statement is based on RechKredV.

Merger of OLB with Vermögensverwaltungsgesellschaft Merkur mbH (Merkur)

Following the entry in the commercial register of February 14, 2022, OLB has, as the acquiring entity, merged with Merkur in accordance with

- the merger agreement of November 18, 2021
- OLB's declaration of approval of November 18, 2021
- and the waiver issued by OLB's shareholders on December 20, 2021.

The merger was executed as an "upstream merger" under German commercial law, with retrospective effect as of January 1, 2021.

Upon this merger coming into effect, all of the rights and obligations of Merkur applicable at that time have been transferred to OLB by way of universal succession. The former Merkur thus no longer exists.

The merger has been recognized under commercial law in accordance with the IDW's Accounting Opinion: Effects of a Merger on Annual Financial Statements under Commercial Law (IDW RS HFA 42). See the section of these Notes, "Disclosures on recognition under commercial law of the merger over the course of the year," for further details.

EXPLANATORY NOTES ON ACCOUNTING POLICIES AND VALUATION METHODS

(Disclosures per Sec. 284 [2] No. 1 HGB)

Cash reserves are recognized at their par value; holdings in foreign-currency notes and coins are measured using the European Central Bank's year-end reference exchange rates.

Receivables from banks and customers are generally recognized at their par value, less related impairment, where applicable. Any difference between the amount paid and the par value – that is equivalent to interest – is allocated to prepaid expenses, as the case may be, and amortized pro rata temporis to the income statement. Non-interest-bearing receivables are recognized at their present value.

The total amount for *risk provisions* is composed of the loan loss provisions for receivables, which are deducted from assets, and the risk provisions associated with contingent liabilities, which are recognized as liabilities, under provisions. Acute default risks in the lending business are accounted for by recognizing write-offs and loan loss provisions. The risk provision is determined by using a discounted cash flow model. In making that measurement, OLB distinguishes between the retail lending business, in which risk is distributed almost uniformly (homogeneous portfolio), the customized single loan business, which has an individualized risk exposure, and the associated forms of provisioning: the PLLP (Portfolio Loan Loss Provision), SLLP (Specific Loan Loss Provision) and GLLP (General Loan Loss Provision). No interest is accrued for loans covered by an SLLP.

Loan impairments are measured individually when receivables become past due by a defined length of time dependent on the collateral and the Bank's experience, and are covered by a specific loan loss provision (SLLP). This does not affect the existence or pursuit of the Bank's legal rights.

Risk provisions are generally deducted from the associated item in the balance sheet. If the risk provision pertains to off-balance-sheet credit operations (contingent liabilities, loan commitments), the risk provision is recognized in the provisions balance sheet item.

As soon as a receivable becomes uncollectible, it is written off against any associated specific loan loss provision that has been established, or otherwise by recognizing a loss directly in the income statement. A receivable is written off if it has been terminated and is uncollectible, and

- no receipts can be expected from current insolvency proceedings and an opinion from the insolvency administrator to this effect exists,
- there is a sworn affidavit (submission of a list of assets [asset register]) from the borrower,
- a bailiff has unsuccessfully performed enforcement, 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.

Amounts received for written-off receivables are recognized in the income statement under the item for "Write-offs and impairments of loans and certain securities and additions to loan loss provisions."

The *option under Sec. 340f (3) HGB* is exercised to present the income statement and the net figure from expenses and income is entered in the item for "Write-offs and impairments of loans and certain securities and additions to loan loss provisions" or "Income from reversal of impairments of loans and certain securities and release of loan loss provisions."

Negative interest from lending and money market transactions is disclosed separately in Item 1.a) in the income statement, "Interest income from lending and money market transactions."

Negative interest from bonds and other fixed-income securities is recognized separately in Item 1.b) in the income statement, "Interest income from bonds and other fixed-income securities."

Positive interest for deposits received from the banking business is disclosed separately in Item 2 of the income statement, "Interest expenses."

In the event of early unwinding of interest rate swaps in the non-trading portfolio through close-outs, all claims and obligations arising from the swap shall expire upon payment of the current market value (close-out payment). The payment provided by way of settlement is recognized in profit or loss in the current year. The associated expenses are reported in interest expenses and the associated income is reported in interest income, insofar as they are incurred within the scope of risk management for the customer's business relating to loans, deposits and interest rate derivatives.

The majority of the securities held in the Bank's own portfolio are maintained in the *liquidity portfolio*. This securities portfolio is strictly valued using the lower of cost or market value principle, with the value being the lower of either the amortized cost or the market price or fair value, pursuant to the requirement to reinstate historical cost.

Valuation units were established in 2021 for the first time for much of the liquidity portfolio. In accordance with Sec. 254 HGB, the interest rate hedges entered into for the purpose of economic cover may be combined with the underlying transaction for accounting purposes under German commercial law, as though a new single valuation object existed. In individual cases, underlying transactions and hedging transactions already existed in the prior fiscal year and were recognized in the 2020 annual financial statements by way of application of the IDW's opinion RS BFA 3 (new version) of October 16, 2017 on loss-free valuation of the non-trading portfolio. Due to the interest rate trend in 2021 and the significant increase in the liquidity portfolio, they have been recognized in a more appropriate form, in economic terms, through the use of the option under Sec. 254 HGB, via their combination as valuation units in the annual financial statements prepared under commercial law. Mandatory disclosures per Sec. 285 No. 23 HGB are provided in the "III. Notes to the Balance Sheet – Assets" section of these Notes.

For balance sheet accounting purposes, a premium or discount is interpreted as an interest prepayment. Since interest is realized with the temporary transfer of use of capital, the premium or discount is amortized and is reflected in an amortized cost valuation.

Expenses and / or income in connection with close-out payments of interest rate derivatives are included in the gain or loss on securities in the liquidity reserve (RechKredV form Items 13 and 14), insofar as they are incurred within the scope of risk management for the liquidity reserve.

At the reporting date, the *investment securities portfolio* contained exchange-tradable bonds and other fixed-income securities for an amount of EUR 1,348.6 million (incl. accrued interest). These holdings of bonds and other fixed-income securities that are intended to be held as long-term assets are recognized using the diluted lower of cost or market value principle. That means that the securities concerned are measured at amortized cost subject to an "amortized cost valuation" (see above), less any presumed permanent impairment. At the reporting date, this included securities treated as fixed assets whose fair value was lower than their carrying amount (carrying amount: EUR 1,346.2 million / fair value: EUR 1,341.2 million). Procedures have been established to ensure that permanent impairments of value induced by credit ratings can be distinguished from temporary changes in trading price induced by interest rates.

The Bank legally assigned customer receivables with a nominal value of EUR 1,100.0 million (Compartment 2) and EUR 400.0 million (Compartment 3) to the special-purpose vehicle Weser Funding S.A. in the context of an asset-backed security (ABS) transaction (so-called "on-balance legal true-sale transaction"). These receivables were securitized by Weser Funding S.A. The following table shows the features of the securitized ABS notes as of December 31, 2021:

EUR m	Book value		
Compartment 2			
Senior tranche	726.7	exchange-tradable	ISIN XS2156515848
Mezzanine tranche	52.6	exchange-tradable	ISIN XS2156516226
Junior tranche	329.2	non-exchange-tradable	subordinate
Compartment 3			
Senior tranche	255.7	exchange-tradable	ISIN XS2351351163
Junior tranche	147.4	non-exchange-tradable	subordinate

The key element of the true-sale securitization transaction is the purchase of assets by the special purpose vehicle Weser Funding S.A. from the Bank as the originator. Since OLB remains the beneficial owner of the securitized receivables, due to the Bank's acquisition of all of the tranches in both compartments, OLB continues to carry these receivables on its balance sheet. The acquired ABS notes are valued at amortized cost and recognized as noncurrent assets in the balance sheet items "Bonds and other fixed-income securities" (senior and mezzanine tranches) and "Other assets" (junior tranche). They will remain in OLB's portfolio until final maturity or until repaid. In the equivalent amount of EUR 1,500.0 million, liabilities from the securitization transaction are recognized as owed to Weser Funding S.A. under "Other liabilities." To determine the fair value of the junior tranche, the projected cash flows were discounted. Taking into account discount yields resulted in an interest-driven present value over the par value. This is offset by potential model default risks for securitized loans (based on good credit ratings) amounting to EUR 3.6 million, which were recognized in the income statement as a lump-sum adjustment within the scope of the assessment of loan loss provisions.

Expenses and / or income in connection with close-out payments for interest rate derivatives are reported within the scope of the other result (RechKredV form Items 15 and 16), insofar as they have arisen within the scope of risk management for noncurrent assets.

The Bank's internal criteria for including financial instruments in the *trading portfolio* did not change during the year.

Financial instruments in the trading portfolio are recognized at fair value less a risk discount. These financial instruments are measured applying the measurement provisions under Sec. 340e HGB. The applied *risk discount* comprises the allowance amount for market price risks in the trading portfolio in accordance with the German Solvency Regulation (Solvabilitätsverordnung – SolvV), as noted in the risk report ("value-at-risk discount"), which is based on a 99 percent confidence level with a ten-day holding period and an observation period of 250 trading days (equally weighted).

The Bank examined whether *outstanding interest claims and interest obligations in the non-trading portfolio as a whole*, including derivatives, yield a surplus of liabilities that would have to be taken into account by forming a provision under Sec. 340a in conjunction with Sec. 249 (1) Sentence 1 HGB, in compliance with the IDW's opinion RS BFA 3 (new version) of October 16, 2017, applying the net present value approach. Equity as a funding resource is not assessed as part of the interest-bearing assets and debts. The fair value of the non-trading portfolio was compared to the carrying amounts after deduction of prorated risk and administrative expenses (in each case on the basis of standard risk costs, the risk of loss from the volatility of the Bank's own liquidity and credit spreads and of expense cash-flow estimates). On the basis of this calculation, there was no need at the reporting date to form a provision for contingent losses for a surplus of liabilities from the business in interest-rate-based financial instruments in the non-trading portfolio.

For the *determination of the fair value* of nonderivative financial instruments in the trading portfolio, the applicable exchange or market price at the reporting date is generally applied. These nonderivative financial instruments are largely the Bank's own debt instruments. The Bank's own repurchased debt instruments are valued at prices that come from an internal model. The valuation is done using the present value-oriented discounted cash flow method, taking into consideration the risk-free interest rates observable on the market as well as OLB credit spreads derived from market observations and expert estimates.

Investment securities and investments in affiliated companies are valued at cost. They are written down to a lower fair value in the event of a presumably permanent impairment.

Items among *tangible and intangible fixed assets* that have a limited useful life are depreciated or amortized, respectively, in accordance with the available tax options. Low-value assets that cost EUR 250 or less are written off in the year of acquisition. Low-value assets with costs of more than EUR 250 but not more than EUR 1,000 are combined as a collective item in accordance with Sec. 6 (2a) of the German Income Tax Act (Einkommensteuergesetz – EStG), and are depreciated or amortized, as the case may be, on a straight-line basis over five years. Write-downs are recognized in the event of presumed permanent impairments.

Impairment reversals are recognized up to the asset's original cost if the reasons for an impairment no longer apply.

On the assets side of the balance sheet, expenses are recognized as *prepaid expenses*, while on the liabilities side income prior to the reporting date is recognized as *deferred income* – in either case, provided that this constitutes expenses or income for a specific period after the reporting date. Prepaid expenses and deferred income are subject to amortization.

Liabilities are measured at their settlement amount. Discounts are recognized in prepaid expenses and written off in the income statement on a pro rata basis. Prorated interest expenses for subordinated bonds are recognized among subordinated debt.

Provisions are recognized at the necessary settlement amount as determined by a prudent commercial assessment; if they have a term of more than one year, they are discounted at the average market interest rate from the past seven fiscal years corresponding to their maturity, as published by the Deutsche Bundesbank in accordance with the German Provision Discounting Regulation (Rückstellungsabzinsungsverordnung – RückAbzinsV). A different discount rate is applied to pension provisions.

Effects of changes in the discount rate and timing effects from the discounting of provisions are netted under other operating expenses or other operating income, as applicable.

The pension provisions are calculated using actuarial principles. The conversion expense resulting from the amendment of the legal requirements under BilMoG is recognized straight-line over 15 years. In fiscal year 2021, essentially one-fifteenth of this amount was recognized as an extraordinary expense. The unrecognized provision amount per Art. 67 (2) of the Introductory Act to the German Commercial Code (Einführungsgesetz zum Handelsgesetzbuch – EGHGB) came to EUR 4.0 million as of the reporting date. The provisions for employee job anniversaries, phased retirement and early retirement benefits are likewise calculated using actuarial principles and recognized in full among the liabilities. The discount rate applies the simplification rule available under Sec. 253 (2) Sentence 2 HGB (time remaining to maturity: 15 years).

In order to hedge and finance its pension obligations and in response to the pressure on the commercial balance sheet due to the low-interest phase, in 2019 and 2020 OLB changed over to a different model for significant components of its pension liabilities. The relevant pension liabilities were transferred to a non-insurance-based pension fund at Allianz Pensionsfonds AG, Stuttgart, Germany.

For the purpose of determining a possible shortfall of the pension fund to be disclosed in accordance with Art. 28 (2) EGHGB, the value of the provision for the relevant pension obligations under commercial law (required settlement amount per Sec. 340a [1] in conjunction with Sec. 253 [1] Sentence 2 and [2] HGB, which is valued in accordance with the principles described above), is compared with the fair value of the pension fund's assets and / or the assets of the support fund. Fulfillment of the pension liabilities via the pension fund resulted in shortfalls of EUR 36.8 million on the reporting date, for which provisions were recognized in the amount of EUR 0.8 million in accordance with Art. 28 (1) Sentence 2 EGHGB in conjunction with the IDW's opinion RS HFA 30 RZ 47 (new version).

If the amounts of pensions and similar obligations are determined solely on the basis of the fair value of securities, the provisions for this purpose are measured at the fair value of those securities, provided that this value exceeds a guaranteed minimum.

Changes in credit risks in off-balance-sheet loan commitments and contingent liabilities are recognized in the income statement by allocations to and reversals of provisions.

Contingent liabilities and other obligations are recognized off the balance sheet at their nominal amount less provisions recognized in the balance sheet.

DISCLOSURES ON RECOGNITION UNDER COMMERCIAL LAW OF THE BANK'S MERGER WITH MERKUR OVER THE COURSE OF THE YEAR

Merkur was merged with OLB via an upstream merger under German commercial law, with retrospective effect as of January 1, 2021.

The merger has been recognized under commercial law in accordance with the IDW's Accounting Opinion: Effects of a Merger on Annual Financial Statements under Commercial Law (IDW RS HFA 42).

In compliance with HFA 42.29, the necessary requirements for recognition under commercial law in OLB's annual financial statements for 2021 were fulfilled as of the balance sheet date:

- As of the date of filing in the commercial register, proof of the merger agreement and OLB's declaration of approval was to hand.
- January 1, 2021 was the effective merger date.
- As of December 31, 2021, it was appropriate to assume that the entry would be imminently made in the commercial register.
- Disposition of the assets was effectively ensured.

From the point of view of the acquiring OLB, the transfer of assets as a result of a merger constituted an acquisition. This acquisition was recognized by way of a book value carryover, using an option under Sec. 24 of the German Reorganization Act (Umwandlungsgesetz – UmwG). For this purpose, the book values in the closing balance sheet of the transferred Merkur were recognized as the cost of acquisition.

The assets and liabilities were transferred to OLB via transactions on a current account basis. On the other hand, OLB did not assume assets and liabilities which were extinguished as of the merger. This relates to the receivables and liabilities between the companies involved. These receivables and liabilities have ceased to exist on account of the merger.

As of Merkur's merger, positive net assets solely in the amount of Merkur's book equity were transferred to OLB. They corresponded to the transferred book value of the investment in Merkur, so that no net effect was recognized in the income statement.

Merkur's business transactions, which have been managed for account of OLB, as the acquiring entity, since the effective merger date, January 1, 2021, have been recognized by way of their reporting via analogous items in OLB's income statement under RechKredV.

DEFINITIONS OF TERMS FOR THE INCOME STATEMENT PRESENTATION IN THE MANAGEMENT REPORT

[Disclosures in accordance with the guidelines of the European Securities and Markets Authority (ESMA) for Alternative Performance Measures (APM)]

Under ESMA Guideline "05/10/2015| ESMA//2015/1415de," financial performance indicators that are not defined or specified in the applicable framework reporting concept must be explained. In its presentation of the income statement in the financial statements and for selected balance sheet items, the Bank is bound to the format provided under the German Accounting Regulation for Banks and Financial Services Institutions (Kreditinstituts-Rechnungslegungsverordnung – RechKredV). Management reporting includes additional reporting figures, performance indicators and partial results to enhance the transparency and comprehensibility of the reporting. These are generally derived as follows from the items in the income statement form under the RechKredV:

"Net interest income" (per Items 1 – 2 + 3 + 4 of the RechKredV) + Supplement 4a.

1. Interest income from
   a) Lending and money market transactions
   b) Bonds and other fixed-income securities
2. Interest expenses
3. Current income from
   a) Shares and other non-fixed-income securities
   b) Investment securities
   c) Shares in affiliated companies
4. Income from profit pooling, profit transfer or partial profit transfer agreements

4a. Profit earned for the account of others from the transferring legal entity

"Net commission income"
(per Items 5–6 of the RechKredV income statement)
5. Commission income
6. Commission expense

"Net trading (+) income/(–) expense"
(per Item 7 of the RechKredV income statement)
7. Net trading (+) income/(–) expense

"Operating income" (subtotal)
"Net interest income" + "Net commission income" + "Net trading (+) income/(–) expense"

"Personnel expenses" (per Item 10.a of the RechKredV income statement)
10. General administrative expenses
   a) Personnel expenses

"Other administrative expenses"
(per Item 10.b of the RechKredV income statement)
10. General administrative expenses
   b) Other administrative expenses

"Depreciation, amortization and impairment of intangible and tangible fixed assets" (per Item 11 of the RechKredV income statement)
11. Depreciation, amortization and impairment of intangible and tangible fixed assets

"Operating expenses" (subtotal)
"Personnel expenses" + "Other administrative expenses" + "Depreciation, amortization and impairment of intangible and tangible fixed assets"

"Net other operating income (+) and expenses (–)"
(per Items 8–12 of the RechKredV income statement)
8. Other operating income
12. Other operating expenses

"Operating result before risk provisions" (subtotal)
"Operating income" – "Operating expenses" + "Net other operating income (+) and expenses (–)"

"Risk provisions for lending business" (per Items 13–14 of the RechKredV income statement, of which pertaining to the lending business, without netting per Sec. 340f HGB)
13. Write-offs and impairments of loans and certain securities and additions to loan loss provisions
14. Income from reversal of impairments of loans and certain securities and release of loan loss provisions

"Gain (+)/loss (–) on securities in the liquidity reserve" (per Items 13–14 of the RechKredV income statement, of which pertaining to the liquidity reserve, without netting per Sec. 340f HGB)
13. Write-offs and impairments of loans and certain securities and additions to loan loss provisions
14. Income from reversal of impairments of loans and certain securities and release of loan loss provisions

"Income (+) / expenses (–) from the lending business and liquidity reserve" (subtotal)
"Risk provisions for lending business" – "Gain (+)/loss (–) on securities in the liquidity reserve"

"Net operating result" (subtotal)
"Operating result before risk provisions" – "Income (+) / expenses (–) from the lending business and liquidity reserve"

"Other result" (per Items 16–15+25–17–26 of the RechKredV income statement)
15. Write-offs of and impairments to investment securities, shares in affiliated companies and securities treated as fixed assets
16. Income from reversals of write-offs and impairment to investment securities, shares in affiliated companies and securities treated as fixed assets
17. Expenses for assumption of losses
25. Income from assumption of losses
26. Profits transferred under profit pooling or a profit transfer

"Extraordinary result"
(per Item 22 of the RechKredV income statement)
22. Extraordinary result

"Profit before taxes" (subtotal)
"Net operating result" + "Other result" + "Extraordinary result"

"Taxes" (per Items 23+24 of the RechKredV income statement)
23. Income tax expense
24. Other taxes not included under Item 12

"Net profit for the fiscal year" (per Item 27 of the RechKredV income statement)
27. Net profit / net loss for the fiscal year

"Customer loan book"
(per Item 4 of the RechKredV assets)
4. Receivables from customers

"Securities" = "Investment portfolio"
(per Items 5 + 6 + 6a. of the RechKredV assets)
5. Bonds and other fixed-income securities
6. Shares and other non-fixed-income securities
6a. Trading portfolio assets

"Deposits and borrowed funds"
(per Items 1 + 2 + 3 + 9 of the RechKredV liabilities)
1. Liabilities to banks
2. Liabilities to customers
3. Securitized liabilities
9. Subordinated debt

"Cost–income ratio" or "CIR" (ratio, stated as a percentage)
"Operating expenses" / "Operating income"

"Earnings per share" (ratio, stated in euros)
"Net profit for the fiscal year" / (23,257,143 no-par shares – average holdings of own shares) ↗

"Return on equity posttax"
(ratio, stated as a percentage)
"Net profit for the fiscal year" / Average equity per Item 12 "Equity & Liabilities" of the RechKredV liabilities

"NPL ratio"
(ratio of parts of Item 4 of the RechKredV assets, stated as a percentage)
Receivables from customers (nonperforming) / Gross receivables from customers (before loan loss provisions)

"Coverage ratio, taking into account collateral and deferred interest"
(ratio, stated as a percentage)
[Specific loan loss provisions (SLLP) + portfolio loan loss provisions assigned to nonperforming receivables + collateral assigned to nonperforming receivables + deferred interest (for nonperforming receivables)] / [Receivables from customers (nonperforming)]

Ratio of net income to total assets (return on capital) per Sec. 26a KWG
In their annual reports, CRR banks are to disclose their return on capital, calculated as the ratio of net income to total assets.

The Bank defines its net income as its "Net profit for the fiscal year" reported in its annual financial statements. The Bank defines the total assets or the total equity and liabilities in the annual financial statements as its total assets:

EUR	1/1–12/31/2021	1/1–12/31/2020
Net income / net profit for the fiscal year	86,181,899.82	78,639,823.55
Total assets / total of equity & liabilities	24,610,950,182.87	21,475,171,078.40
Ratio of net income to total assets (return on capital)	**0.35 %**	**0.37 %**

II. EXPLANATIONS OF SPECIFIC DISCLOSURES UNDER RechKredV

In accordance with Sec. 284 HGB, the notes to the financial statements are to include the disclosures that are required for the individual items of the balance sheet or income statement; they must be presented in the order in which the individual items appear in the balance sheet and income statement. It is not always meaningful or possible to provide an allocation to individual items in the balance sheet or income statement if the disclosures are removed from their context as a result. This is the case, for example, for disclosures that must be provided in compliance with specific legal requirements under a "lex specialis" (e.g., RechKredV). These disclosure obligations are presented by way of a preface here:

DISCLOSURES ON SUBORDINATED ASSETS IN ACCORDANCE WITH SEC. 4 RechKredV

As of the reporting date, the balance sheet item "Trading portfolio assets" included a nominal EUR 5.6 million (prior year: EUR 2.5 million) in subordinated bonds of OLB, which were bought back from the market in the year under review and previous years.

Other assets include EUR 476.6 million from the subordinated junior notes from the ABS transactions allocated to noncurrent assets.

DISCLOSURES ON THE BREAKDOWN OF MATURITIES OF BALANCE SHEET ITEMS BY TIME REMAINING TO MATURITY IN ACCORDANCE WITH SEC. 9 RechKredV

Under Sec. 340a (2) Sentences 1 and 2 HGB, banking institutions are not to apply Secs. 267, 268 (4) Sentence 1, and 268 (5) Sentences 1 and 2; instead, the breakdown of maturities of balance sheet items is to be organized by time remaining to maturity, in accordance with Sec. 9 RechKredV.

EUR	12/31/2021	12/31/2020
Receivables from banks	**955,930,905.22**	**764,652,889.03**
b) Other receivables	6,344,076.51	—
of which: with a remaining time to maturity of three months or less	794,076.51	—
of which: with a remaining time to maturity of more than three months to one year	2,775,000.00	—
of which: with a remaining time to maturity of more than one year to five years	2,775,000.00	—
of which: with a remaining time to maturity of more than five years	—	—
Receivables from customers	**16,950,389,874.64**	**15,540,941,825.57**
of which: with an indefinite maturity	1,068,516,041.24	1,110,645,098.40
of which: with a remaining time to maturity of three months or less	562,758,785.80	760,339,377.42
of which: with a remaining time to maturity of more than three months to one year	1,436,046,879.64	1,221,140,649.87
of which: with a remaining time to maturity of more than one year to five years	5,694,199,402.06	4,847,926,994.21
of which: with a remaining time to maturity of more than five years	8,188,868,765.90	7,600,889,705.67
Bonds and other fixed-income securities	**3,710,910,317.40**	**2,903,973,805.09**
of which: maturing in fiscal year 2022 (2021)	125,042,246.59	469,108,419.50
Liabilities to banks	**6,877,682,648.70**	**5,257,148,154.52**
b) With agreed maturity or notice period	6,767,873,319.76	5,182,790,632.56
of which: with a remaining time to maturity of three months or less	779,042,987.18	500,721,520.74
of which: with a remaining time to maturity of more than three months to one year	542,541,473.07	334,244,588.52
of which: with a remaining time to maturity of more than one year to five years	4,216,597,225.20	3,012,253,488.84
of which: with a remaining time to maturity of more than five years	1,229,691,634.31	1,335,571,034.46
Liabilities to customers	**14,062,625,220.88**	**13,011,418,960.08**
a) Savings deposits	1,812,641,409.82	1,809,048,495.38
ab) With agreed withdrawal notice period of more than three months	118,281,688.18	129,118,482.24
of which: with a remaining time to maturity of three months or less	2,245,957.91	2,564,254.91
of which: with a remaining time to maturity of more than three months to one year	116,035,730.27	126,554,227.33
of which: with a remaining time to maturity of more than one year to five years	—	—
of which: with a remaining time to maturity of more than five years	—	—
b) Other liabilities	12,249,983,811.06	11,202,370,464.70
bb) With an agreed maturity or notice period	1,868,404,519.90	1,555,938,846.68
of which: with a remaining time to maturity of three months or less	869,896,372.96	807,263,387.40
of which: with a remaining time to maturity of more than three months to one year	502,422,734.64	160,968,935.94
of which: with a remaining time to maturity of more than one year to five years	235,642,209.30	281,226,242.34
of which: with a remaining time to maturity of more than five years	260,443,203.00	306,480,281.00
Securitized liabilities	**380,141,038.25**	**272,186,260.27**
a) Bonds issued	380,141,038.25	272,186,260.27
of which: maturing in fiscal year 2022 (2021)	22,085,000.00	47,795,000.00
b) Other securitized liabilities	—	—
of which: with a remaining time to maturity of three months or less	—	—
of which: with a remaining time to maturity of more than three months to one year	—	—
of which: with a remaining time to maturity of more than one year to five years	—	—
of which: with a remaining time to maturity of more than five years	—	—

DISCLOSURES ON AMOUNTS IN FOREIGN CURRENCY PER SEC. 35 (1) NO. 6 RechKredV

Disclosure of total amount of all assets and liabilities denominated in foreign currencies:

AMOUNTS IN FOREIGN CURRENCY

EUR	12/31/2021	12/31/2020
Assets	417,603,544.68	206,971,629.54
Liabilities	406,978,286.32	236,227,368.60

The liabilities specified include nominal values in the amount of EUR 28.1 million (prior year: EUR 16.0 million) for guarantees and letters of credit.↗

The significant increase in amounts in foreign currency reflects factors such as the new business resulting from new products and new markets within the scope of manufactory business.

DISCLOSURES ON RECEIVABLES FROM AND LIABILITIES TO AFFILIATED COMPANIES AND SHAREHOLDING STRUCTURES PER SEC. 3 SENTENCE 1 NOS. 1 TO 4 IN CONJUNCTION WITH SENTENCE 2 RechKredV

BREAKDOWN BY BALANCE SHEET ITEM

EUR	12/31/2021	12/31/2020
Receivables from banks	—	—
Receivables from customers	—	1,000,000.00
Bonds and other fixed-income securities	1,035,000,000.00	922,744,254.00
Receivables due from or to affiliated companies	**1,035,000,000.00**	**923,744,254.00**
Liabilities to banks	—	—
Liabilities to customers	3,740,380.41	8,571,237.30
Securitized liabilities	—	—
Subordinated debt [1]	—	—
Liabilities owed to or by affiliated companies	**3,740,380.41**	**8,571,237.30**

BREAKDOWN BY BALANCE SHEET ITEM

EUR	12/31/2021	12/31/2020
Receivables from banks	—	—
Receivables from customers	504,788.25	533,295.08
Bonds and other fixed-income securities	20,196,780.82	—
Receivables due from or to companies which have participating interests and investors	**20,701,569.07**	**533,295.08**
Liabilities to banks	—	—
Liabilities to customers	804,422.01	1,099,408.44
Securitized liabilities	—	—
Subordinated debt [1]	21,654,502.52	16,613,779.50
Liabilities owed to or by companies which have participating interests	**22,458,924.53**	**17,713,187.94**

1 Note on subordinated debt: In the previous year, this was reported under liabilities owed to affiliated companies, while as of the balance sheet date it has been reported under liabilities owed to companies which have participating interests; the figures for the previous year have been restated accordingly, for the sake of improved comparability.

DISCLOSURES ON SECURITIES AND LONG-TERM FINANCIAL ASSETS PER SEC. 35 (1) NO. 1 RechKredV

THE FOLLOWING BALANCE SHEET ITEMS INCLUDE EXCHANGE-TRADABLE SECURITIES:

	12/31/2021		
EUR	Total	Quoted in a market	Not quoted in a market
Bonds and other fixed-income securities	3,710,910,317.40	3,690,713,536.58	20,196,780.82
Shares and other non-fixed-income securities	422,828.75	—	422,828.75
Trading portfolio assets	5,928,533.31	5,918,459.72	10,073.59
Total	**3,717,261,679.46**	**3,696,631,996.30**	**20,629,683.16**

DISCLOSURES ON THE DEVELOPMENT OF NONCURRENT ASSETS ACCORDING TO SEC. 34 (3) RECHKREDV IN CONJUNCTION WITH SEC. 284 (3) SENTENCES 1 TO 3 HGB

EUR	Securities treated as fixed assets	Investment securities	Shares in affiliated companies	Land and buildings	Operating and business equipment	Intangible assets
Historical acquisition costs	1,642,761,260.26	1,001,890.01	103,129.19	144,265,938.61	122,474,697.87	48,832,257.27
Historical write-ups	—	—	—	—	—	—
Historical depreciation, amortization, write-offs and impairments	—	– 381,461.05	—	– 110,067,711.05	– 95,177,086.80	– 41,082,076.53
Carrying amount at January 1, 2021	**1,642,761,260.26**	**620,428.96**	**103,129.19**	**34,198,227.56**	**27,297,611.07**	**7,750,180.74**
Addition of Merkur at January 1, 2021	—	—	110,000.00	604,590.83	—	0.51
Additions measured at cost	424,220,786.19	—	—	—	2,259,115.08	3,208,323.22
Disposals measured at cost	– 241,720,317.16	– 16,498.05	– 51,129.19	– 13,780,280.37	– 7,929,405.33	—
Write-ups included in disposals for the year	—	—	—	—	—	—
Depreciation, amortization and impairments included in disposals for the year	—	—	—	10,217,452.69	7,722,817.33	—
Changes in portfolio during the year	**182,500,469.03**	**– 16,498.05**	**58,870.81**	**– 2,958,236.85**	**2,052,527.08**	**3,208,323.73**
Write-ups during the year	—	—	—	—	—	—
Depreciation and amortization during the year	—	—	—	– 2,431,389.61	– 7,626,000.60	– 2,889,381.58
Write-offs and impairments during the year	—	—	—	—	– 2,474,710.34	—
Changes in measurement during the year	**—**	**—**	**—**	**– 2,431,389.61**	**– 10,100,710.94**	**– 2,889,381.58**
Carrying amount at December 31, 2021	**1,825,261,729.29**	**603,930.91**	**162,000.00**	**28,808,601.10**	**19,249,427.21**	**8,069,122.89**
Write-offs and impairments at January 1, 2021	**—**	**– 381,461.05**	**—**	**– 110,067,711.05**	**– 95,177,086.80**	**– 41,082,076.53**
Depreciation and amortization during the year	—	—	—	– 2,431,389.61	– 7,626,000.60	– 2,889,381.58
Write-offs and impairments during the year	—	—	—	—	– 2,474,710.34	—
Depreciation, amortization and impairments included in disposals for the year	—	—	—	10,217,452.69	7,722,817.33	—
Changes in depreciation, amortization, write-offs and impairment	**—**	**—**	**—**	**7,786,063.08**	**– 2,377,893.61**	**– 2,889,381.58**
Write-offs and impairments at December 31, 2021	**—**	**– 381,461.05**	**—**	**– 102,281,647.97**	**– 97,554,980.41**	**– 43,971,458.11**

In the nominal amount of EUR 476.6 million (prior year: EUR 426.0 million), securities treated as fixed assets comprise the junior tranches from two ABS securitizations. These were reported in the Bank's balance sheet as other assets, in the noncurrent assets item, and do not comply with the definition of a security.

Merkur was acquired as of January 1, 2021 at residual book values, without assuming the historical acquisition costs or historical depreciation, amortization, write-offs and impairments. ↗

DISCLOSURES ON PORTFOLIO ALLOCATION OF SECURITIES TREATED AS FIXED ASSETS PER SEC. 35 (1) NO. 2 RechKredV

The exchange-tradable securities treated as fixed assets are held in separate portfolios. At the reporting date, this included securities treated as fixed assets whose fair value was lower than their carrying amount. As of December 31, 2021, on interest-rate-driven grounds a fair value of EUR 1,341.2 million (fair value in prior year: EUR 1,226.2 million) resulted, with a carrying amount (incl. accrued interest) of EUR 1,348.6 million (carrying amount in prior year: EUR 1,216.7 million). Procedures have been established to ensure that permanent impairments of value induced by credit ratings can be distinguished from temporary changes in trading price induced by interest rates.

DISCLOSURES ON COLLATERAL FURNISHED FOR OWN LIABILITIES PER SEC. 35 (5) RechKredV

SECURITY FURNISHED

EUR	12/31/2021	12/31/2020
Liabilities to banks	6,890,088,589.70	5,164,276,121.43
Liabilities to customers	93,000,000.00	116,000,000.00
Total amount of collateral furnished	**6,983,088,589.70**	**5,280,276,121.43**

The transferred collateral consists essentially of receivables as part of two true-sale receivables securitizations by the SPV Weser Funding S.A. (ABS) and from the transfer of loans through the loan submission procedure (Mobilization and Administration of Credit Claims – MACCs). In addition, loans were transferred to a cover fund for the issuance of registered covered bonds and mortgage-covered bonds. Moreover, it consists of transferred securities as part of repo transactions and customer receivables as part of the refinancing business with development banks as well as cash collateral for derivatives.

As of December 31, 2021, liabilities to the Deutsche Bundesbank totaled a nominal EUR 3,090.0 million (prior year: EUR 1,790.0 million) from open-market transactions, all bearing an interest rate of –1.0 percent. For this purpose, loans in the loan submission procedure (MACCs) in the amount of EUR 696.7 million (prior year: EUR 442.5 million) and, among other items, securities in the nominal amount of EUR 2,840.9 million (prior year: EUR 2,037.6 million) were deposited with the Deutsche Bundesbank and used. This included securities resulting from securitizations in the amount of EUR 982.4 million (prior year: EUR 1,036.7 million). For the purpose of the securitizations, corresponding loans (EUR 989.0 million) were transferred to the two compartments of SPV Weser Funding S.A. and used.

As of December 31, 2021, liabilities from registered covered bonds amounted to EUR 181.0 million (prior year: EUR 181.0 million), of which EUR 88.0 million (prior year: EUR 65.0 million) related to banks and EUR 93.0 million (prior year: EUR 116.0 million) to non-banks. For this purpose, loans amounting to EUR 245.8 million (prior year: EUR 244.1 million) and securities with a nominal volume of EUR 40.0 million were transferred to the cover fund and used.

In addition, mortgage bearer covered bonds with a nominal volume of EUR 350.0 million (volume in prior year: EUR 190.0 million) were issued, hedged by loans of EUR 552.7 million which were deposited in the cover fund and used.

The bearer covered bond issues (security identification numbers A289NB and A2TSDR) with a nominal volume of EUR 190.0 million were fully repaid in February 2021.

III. NOTES TO THE BALANCE SHEET – ASSETS

EXPLANATORY NOTES FOR "ASSETS ITEM 5. BONDS AND OTHER FIXED-INCOME SECURITIES"

EUR	12/31/2021	12/31/2020
Money market instruments	**—**	**—**
Bonds and debt instruments	**3,710,910,317.40**	**2,713,397,114.63**
from public-sector issuers	1,446,973,670.50	1,153,737,939.11
from other issuers	2,263,936,646.90	1,559,659,175.52
Own debt instruments	**—**	**190,576,690.46**
Bonds and other fixed-income securities	**3,710,910,317.40**	**2,903,973,805.09**
of which: securities in the liquidity reserve	2,362,260,411.57	1,687,223,868.98
of which: securities treated as fixed assets	1,348,649,905.83	1,216,749,936.11

Disclosures per Sec. 35 (1) No. 2 RechKredV in conjunction with Sec. 285 No. 18a and b HGB
Items in the liquidity reserve are valued using the strict lower of cost or market value principle. The securities treated as fixed assets were valued using the moderate lower of cost or market value principle since, in case of market prices below purchase prices, the Bank assumes that these are merely temporary effects which will be reversed prior to maturity. At the reporting date, all securities in this item were valued at the lower of cost or market in line with their classification.

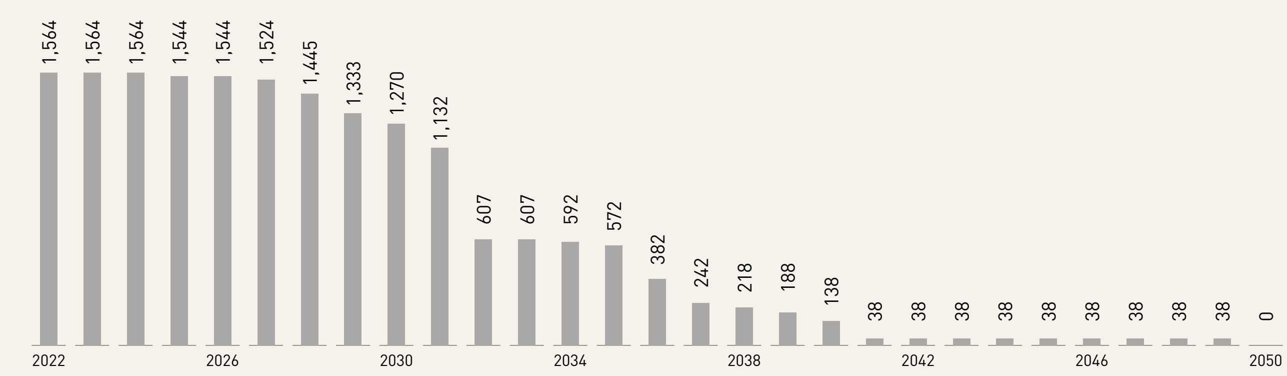
Disclosures per Sec. 285 No. 23 HGB
As of December 31, 2021, in application of Sec. 254 HGB fixed-income securities in the liquidity reserve and interest rate hedges with an overall nominal value of EUR 1,564.0 million in each case were combined in the balance sheet as valuation units so as to hedge the interest rate risk, in order to compensate for contrary changes in value. ↗

While observing the imparity principle and complying with the strict lower of cost or market value principle, EUR 16.8 million of positive market value changes for interest rate hedges were thus incorporated in the aggregate offsetting change in value. Using the previously applied accounting method, amortization would have been recognized in this amount.

Since the combined securities in the liquidity reserve and interest rate hedges are identical in terms of their nominal value as well as their maturities and coupons, in terms of the interest rate risk future offsetting changes in value are likely to continue to compensate for one another as fully as possible over the entire period.

The following graphic shows the residual maturity structure of the hedged securities in the liquidity reserve and, analogously, the corresponding interest rate hedges:

REMAINING TERM TO MATURITY OF NOMINAL VOLUME EUR m



The method for calculating the market price risks is described in detail in the "Risk measurement" section of the risk report in the management report.

Disclosures per Sec. 9 (3) No. 2 RechKredV

Bonds and other fixed-income securities include securities with a value of EUR 125.0 million that mature in fiscal year 2022.

Disclosures per Sec. 340b (4) Sentence 4 HGB on assets transferred under sale and repurchase agreements

At the reporting date, the Bank had pledged securities with a nominal value of EUR 2,840.9 million (prior year: EUR 2037.6 million) for open-market transactions and for money market transactions secured by securities, with XEMAC, the securities management system of Clearstream Banking AG, of Frankfurt. As security for the proprietary trading account on the Eurex Exchange, securities with a nominal value of EUR 6.1 million (prior year: EUR 13.0 million) were deposited with CACEIS S.A. Bank. As part of the loan submission procedure (MACCs), loan receivables worth EUR 696.7 million (prior year: EUR 442.5 million) were deposited with the Bundesbank and used.

At the reporting date, there were repurchase obligations with a carrying amount of EUR 637.8 million (prior year: carrying amount of EUR 466.8 million) for assets sold under sale and repurchase agreements (OTC). There were no transactions over the GC pooling platform as of the reporting date.

EXPLANATORY NOTES FOR "ASSETS ITEM 6. SHARES AND OTHER NON-FIXED-INCOME SECURITIES"

Disclosures per Sec. 35 (1) No. 2 RechKredV in conjunction with Sec. 285 No. 18 HGB

At the reporting date, all securities in this balance sheet item were valued at the strict lower of cost or market, as in the previous year.

EXPLANATORY NOTES FOR "ASSETS ITEM 6A. TRADING PORTFOLIO ASSETS" BREAKDOWN PER SEC. 35 (1) NO. 1A RechKredV

6A. TRADING PORTFOLIO ASSETS

EUR	12/31/2021	12/31/2020
Shares and other non-fixed-income securities	30,642.72	42,135.41
Own debt instruments	5,908,865.60	2,611,257.08
Risk discount	– 10,975.01	—
Total	**5,928,533.31**	**2,653,392.49**

The asset item for the trading book primarily contains repurchased own debt instruments of OLB.

The bonds in the trading book are valued using an internal model (less a credit spread for OLB).

No securities maturing in fiscal year 2022 are included in the trading portfolio item.

EXPLANATORY NOTES FOR "ASSETS ITEM 9. TRUST ASSETS" BREAKDOWN PER SEC. 6 (1) SENTENCE 2 RechKredV

BREAKDOWN BY BALANCE SHEET ITEM

EUR	12/31/2021	12/31/2020
Receivables from customers	26,561,945.59	17,428,410.60
Bonds and other fixed-income securities	228,851.59	241,548.02
Shares and other non-fixed-income securities	1,017,226.99	755,012.10
Total trust assets	**27,808,024.17**	**18,424,970.72**

Receivables from customers mainly comprise development funds, subject to full release from liability by the development agency. The Bank granted these funds on its own behalf and for third-party account in the context of the coronavirus pandemic.

EXPLANATORY NOTES FOR "ASSETS ITEM 14. OTHER ASSETS"

Disclosures per Sec. 35 (1) No. 4 RechKredV

The subordinated junior tranches in the amount of EUR 476.6 million (prior year: EUR 426.0 million) which have resulted from the transfer of receivables as part of two true-sale receivables securitizations by the SPV Weser Funding S.A. (Compartment 2 and Compartment 3) are recognized as other assets, in the noncurrent assets sub-item.

In addition, receivables from cash collateral vs. central counterparties in the amount of EUR 159.4 million (reported in the previous year in the receivables from banks item, in the amount of EUR 220.6 million) and irrevocable payment obligations from deposit and liability obligations that have already been made but have not yet been called upon in the amount of EUR 22.4 million (prior year: EUR 18.4 million) are shown as a current assets sub-item.

In addition, this sub-item contains not only tax refund claims against the tax office in the amount of EUR 0.8 million (prior year: EUR 2.3 million), but also receivables from an accident insurance policy with a premium refund in the amount of EUR 19.1 million (prior year: EUR 24.3 million). Various receivables for commissions were also recognized in this sub-item.

EXPLANATORY NOTES FOR "ASSETS ITEM 15. PREPAID EXPENSES"

The significant increase in this item year-over-year is mainly due to upfront payments made for interest rate hedges.

Disclosures per Sec. 250 (3) HGB

The item for prepaid expenses includes discounts on liabilities in the amount of EUR 2.5 million (prior year: EUR 1.3 million), per Sec. 250 (3) HGB in conjunction with Sec. 268 (6) HGB.

IV. NOTES TO THE BALANCE SHEET – EQUITY & LIABILITIES

EXPLANATORY NOTES FOR "EQUITY & LIABILITIES ITEM 3. SECURITIZED LIABILITIES"

Disclosures per Sec. 9 (3) No. 2 RechKredV

Issued bonds include securities with a nominal value of EUR 22.1 million that will mature in fiscal year 2022.

EXPLANATORY NOTES FOR "EQUITY & LIABILITIES ITEM 4. TRUST LIABILITIES"

Breakdown per Sec. 6 (1) Sentence 2 RechKredV

BREAKDOWN BY BALANCE SHEET ITEM

EUR	12/31/2021	12/31/2020
Liabilities to banks	26,544,466.69	17,388,506.87
Liabilities to customers	1,263,557.48	1,036,463.85
Total trust liabilities	**27,808,024.17**	**18,424,970.72**

Liabilities to banks mainly comprise passed-on development funds, subject to full release from liability by the development agency. The Bank granted these funds on its own behalf and for third-party account in the context of the coronavirus pandemic.

EXPLANATORY NOTES FOR “EQUITY & LIABILITIES ITEM 5. OTHER LIABILITIES”

Disclosures per Sec. 35 (1) No. 4 RechKredV

This item mainly relates to redelivery obligations for the securitized securities resulting from the ABS transaction (SPV Weser Funding S.A.), Compartments 2 and 3, in the amount of EUR 1,500.0 million, as well as tax liabilities in the amount of EUR 6.9 million, and liabilities from portfolio commissions and front-end fees for securities transactions which must be passed on in the amount of EUR 10.0 million. ↗

EXPLANATORY NOTES FOR “EQUITY & LIABILITIES ITEM 6. DEFERRED INCOME”

Disclosures per Sec. 340e (2) HGB

Deferred income includes EUR 15.4 million (prior year: EUR 15.7 million) in discounts (incl. from purchases of receivables in the Football Finance segment) and processing fees for receivables in accordance with Sec. 340e (2) HGB.

EXPLANATORY NOTES FOR “EQUITY & LIABILITIES ITEM 7. PROVISIONS”

STATEMENT OF CHANGES IN PROVISIONS

EUR	12/31/2020	Used	Reversed	Additions	Mathematical interest rate	Conversions	12/31/2021
a) Provisions for pensions and similar obligations	**28,006,671.22**	**– 1,402,850.72**	**– 188,749.55**	**5,116,015.12**	**7,760,160.14**	**– 321,294.51**	**38,969,951.70**
b) Provisions for taxes	**45,990,877.66**	**– 34,717,002.83**	**– 1,792,065.83**	**10,864,480.84**	**—**	**—**	**20,346,289.84**
c) Other provisions	**96,048,145.28**	**– 41,260,884.77**	**– 13,573,045.82**	**99,194,167.50**	**820,035.29**	**– 3,540,969.41**	**137,687,448.07**
Uncertain liabilities	69,465,268.71	– 38,134,353.69	– 6,012,181.34	79,881,385.86	798,325.78	– 4,642,393.42	101,356,051.90
Provisions for lending business	18,876,409.30	—	– 6,327,575.77	14,937,159.32	—	—	27,485,992.85
Other	7,706,467.27	– 3,126,531.08	– 1,233,288.71	4,375,622.32	21,709.51	1,101,424.01	8,845,403.32
Total	**170,045,694.16**	**– 77,380,738.32**	**– 15,553,861.20**	**115,174,663.46**	**8,580,195.43**	**– 3,862,263.92**	**197,003,689.61**

Disclosures per Sec. 285 Nos. 24 and 25 HGB and Art. 67 (2) EGHGB on provisions for pensions and similar obligations

OLB AG has made pension commitments for which it recognizes pension provisions. The fulfillment amount is calculated on the basis of the projected unit credit method, or, where applicable, as the net present value of an ↗ acquired entitlement to benefits. If commitments linked to securities are involved, the fair value of these assets is used for offsetting of the assets.

The following parameters are applied in order to determine the provisions for pensions and similar obligations:

%	12/31/2021	12/31/2020
Discount rate (10-year average)	1.87	2.31
Discount rate (7-year average)	1.35	1.60
Pension trend	1.75	1.75
Salary trend	2.50	2.50

In 2016, the German Act Implementing the Mortgage Credit Directive and Amending Provisions of the Commercial Code entered into force. Among other provisions, it includes an amendment of Sec. 253 HGB concerning the measurement of pension obligations. Since that time, the interest rate for calculating pension obligations must be calculated as a ten-year average instead of a seven-year average as before. Furthermore, any positive difference that results from measuring pension obligations with the ten-year average rate instead of the seven-year average rate is subject to a block on distribution (Sec. 253 [6] Sentence 2 HGB) in the amount indicated in the table in the section of these Notes concerning the block on distribution.

The above changes apply only for the valuation of pension obligations, but not for the valuation of other personnel obligations such as phased retirement, job anniversary benefits, or early retirement benefits. ↗

Additionally, the simplification option under Sec. 253 (2) Sentence 2 HGB (time remaining to maturity 15 years) is still exercised for the discount rate, using an interest rate projected as of the reporting date as a basis, just as in the prior year.

The current Heubeck Mortality Tables 2018 G are used as biometric computational bases. The applied retirement age is the age limit provided by contract, or, as the case may be, the limit that results from the German Statutory Pension Insurance Retirement Age Adjustment Act (RV-Altersgrenzenanpassungsgesetz) of 2007.

A portion of the Bank's pension commitments is hedged under a contractual trust arrangement with Allianz Treuhand GmbH. These trust assets represent nettable covering assets, which are measured at fair value on the basis of the asset value or market value of the trust assets, as applicable.

EUR	12/31/2021	12/31/2020
Cost of offset assets	49,649,213.68	47,702,120.74
Fair value of offset assets	49,908,394.34	47,881,571.34
Fulfillment amount of offset liabilities	92,835,301.20	82,805,603.88

The unrecognized provision amount per Art. 67 (2) EGHGB came to EUR 4.0 million as of the reporting date. Further explanations of the recognition of pensions and similar obligations in relation to the outsourced pension obligations can be found in these Notes under "Disclosures on other financial obligations." ↗

Disclosures on pension commitments and similar obligations to former members of the Board of Managing Directors and other managing directors, or their survivors

Pension commitments and similar obligations to former members of the Board of Managing Directors and other managing directors, or their survivors, are as follows:

EUR	12/31/2021	12/31/2020
Fair value of offset assets	2,519,915.22	2,272,795.91
Fulfillment amount of offset liabilities	6,358,972.22	6,710,575.91
Unrecognized provision amount per Art. 67 (2) EGHGB	268,070.22	53,578.60
Pension provision	3,570,986.78	4,384,201.40

Offset assets are measured at fair value on the basis of the asset value of the associated reinsurance policies.

Disclosures on provisions for taxes

Provisions for taxes relate to provisions for risks pertaining to tax payments based on outstanding notices.

Disclosures on other provisions

The "Other provisions" of EUR 137.7 million (prior year: EUR 96.0 million) largely comprise provisions for restructuring measures and severance payments, bonuses as well as provisions for lending business and for legal risks.

The Company has obligations under phased-retirement agreements that are recognized as "Other provisions." A portion of these pension commitments is hedged under a contractual trust arrangement with Allianz Treuhand GmbH. The assets set aside herein for phased-retirement hedging represent nettable covering assets, which are measured at fair value on the basis of the asset value or market value of the reserved assets, as applicable.

These obligations are essentially measured analogously to pension commitments, on the basis of the same calculation assumptions.

EUR	12/31/2021	12/31/2020
Cost of offset assets	30,997,389.08	28,721,080.28
Fair value of offset assets	30,789,724.47	28,800,128.68
Fulfillment amount of offset liabilities	28,217,581.51	25,205,643.73

General information

In the course of its regular business operations, and in its capacity as an employer, investor and taxpayer, OLB is exposed to the risk of judicial proceedings, proceedings instituted by regulatory bodies and tax audits. The Bank has taken account of the specific risks associated with such events by establishing adequate provisions. In other cases, in the Bank's opinion OLB's legal position in a lawsuit or tax audit is sufficiently strong that it is not necessary to make provision in the balance sheet to cover the risk of a divergent ruling as of the reporting date. This is also true of specific cases whose tax treatment raised issues of interpretation in fiscal year 2020. This includes the question of the carryover of book values for tax purposes within the scope of WBP's merger with OLB in 2019. In its interpretation of the situation, the Bank considers that the relevant requirements of the German Mergers and Reorganization Tax Act (Umwandlungssteuergesetz – UmwStG) have been substantively fulfilled. In the event of an unexpected outcome in this case, the Bank might be faced with an additional tax burden in the low seven-figure range. OLB has discussed this question with its tax advisor and has stated its legal position in the declaration which it has submitted to the tax authorities.

EXPLANATORY NOTES FOR "EQUITY & LIABILITIES ITEM 9. SUBORDINATED DEBT"

Disclosures per Sec. 35 (3) RechKredV

Subordinated borrowings representing more than 10 percent of the total pertain to the following items:

OLB BEARER BONDS AND PROMISSORY NOTES

Nominal amount EUR	Nominal interest rate %	Maturity Year	Issue currency	Early repayment obligation
30,000,000.00	2.255	2029	EUR	No
100,000,000.00	6.000	n/a	EUR	No

Subordinated debt has a nominal value of EUR 293.9 million (prior year: EUR 194.6 million).

EUR	12/31/2021	12/31/2020
Subordinated convertible bonds	42,047,875.73	42,047,875.73
Subordinated debt instruments	120,000,000.00	20,000,000.00
Subordinated promissory notes	128,500,000.00	128,500,000.00
Subordinated customer deposits	3,342,000.00	4,009,500.00
Nominal redemption value	**293,889,875.73**	**194,557,375.73**

The following applies to all subordinated borrowings: There is no possibility of an early repayment obligation. In the event of insolvency or liquidation, subordinated debt can be repaid only after all non-subordinated creditors have been satisfied. Such debt serves to reinforce liable equity capital as provided for under the German Banking Act. ↗

The total interest expense for subordinated debt during the year was EUR 11.3 million (prior year: EUR 8.6 million).

EXPLANATORY NOTES FOR "EQUITY & LIABILITIES ITEM 12. EQUITY HELD" AND "EQUITY & LIABILITIES ITEM 11. FUND FOR GENERAL BANKING RISKS"

ON-BALANCE-SHEET EQUITY DEVELOPED AS FOLLOWS:

EUR	12/31/2020	Net profit / net loss for the fiscal year	Dividend distribution	Allocations to (+) / withdrawals from (–) reserves	12/31/2021
Subscribed capital	90,468,571.80	—	—	—	90,468,571.80
Capital reserves	517,332,330.40	—	—	—	517,332,330.40
Statutory reserve	171,066.50	—	—	—	171,066.50
Other revenue reserves	470,615,708.19	—	—	48,638,109.08	519,253,817.27
Net retained profits	78,639,823.55	86,181,899.82	– 30,001,714.47	– 48,638,109.08	86,181,899.82
Equity	**1,157,227,500.44**	**86,181,899.82**	**– 30,001,714.47**	**—**	**1,213,407,685.79**

Disclosures per Sec. 340e (4) Sentence 2 No. 1 HGB

In each fiscal year, an amount of at least 10 percent of the net operating trading income is to be allocated to the special item "Fund for general banking risks" under Sec. 340g HGB, and is to be recognized separately under that item in accordance with Sec. 340e HGB. This item may be reversed to settle net operating trading expenses. A total of EUR 8,913.71 for the year was allocated to this special item (prior year: allocation in the amount of EUR 6,218.95). The Bank's reserves under Sec. 340g HGB changed to EUR 109,723.42 as a result of this allocation (prior year: EUR 100,809.71).

The subscribed capital is divided into 23,257,143 no-par shares. The no-par shares are made out to the bearer.

Disclosures on the resolution for allocation of profits for fiscal year 2020

The Annual Shareholders' Meeting resolved on October 4, 2021 to appropriate the net retained profits of Oldenburgische Landesbank AG shown in the annual financial statements for fiscal year 2020 in the amount of EUR 78,639,823.55 as follows:

a) Distribution of a EUR 1.29 dividend to each of the 23,257,143 no-par shares – payable on October 7, 2021
b) Allocation of an amount of EUR 48,638,109.08 to the other revenue reserves.

Disclosures on number of shares under Sec. 160 (1) No. 3 of the German Stock Corporation Act (AktG)

The Company's share capital amounts to EUR 90,468,571.80. It is divided into 23,257,143 no-par shares, each of which is included in the share capital at a notional value of EUR 3.89 per no-par share. See also below: "Disclosures on contingent capital."

Disclosures on contingent capital per Sec. 152 (1) Sentence 3 AktG

The share capital was increased on a contingent basis by two authorizing resolutions by up to EUR 14,109,742.89 or by an additional EUR 3,812,275.57. The contingent capital increase shall be executed by the issue of up to 3,627,252 units, or an additional 980,038 units, of new registered bearer shares, which will carry dividend rights from the fiscal year in which they are issued. The contingent capital serves exclusively to secure the claims of holders of convertible bonds that OLB, as universal legal successor to the former BKB, issued based on the authorizing resolutions dated October 1, 2014, and June 25, 2018, and for which the Company grants equal rights according to Sec. 23 UmwG based on the merger agreement with BKB dated August 14, 2018. The contingent capital increase will only be carried out to the extent that the holders of the aforementioned convertible bonds make use of their conversion right or to the extent that the holders that are obligated to convert fulfill their duty to convert. Only the holders of convertible bonds are entitled to subscribe. ↗ The Board of Managing Directors has been authorized to determine the additional details on the execution of the contingent capital increase. In 2019, a special provision in accordance with Sec. 218 AktG in the amount of EUR 5,943,064.46 was reserved in the free reserves of the Bank for possible conversion of the convertible bonds.

Disclosures per Sec. 285 No. 15a HGB on rights arising from convertible bonds

A total of four subordinated convertible bonds were issued (see also the disclosures concerning subordinated debt), which were reported at their nominal redemption values in the amount of EUR 42.0 million. These convertible bonds, in total, resulted in a contingent conversion into 2.7 million shares, or EUR 10.6 million of subscribed capital.

Disclosures on treasury shares per Sec. 160 (1) No. 2 AktG

There is no authorization for the Bank to acquire its own shares. At December 31, 2021, it held no treasury shares in its portfolio. There were no additions or withdrawals in fiscal year 2021.

Disclosures on the block on distribution per Secs. 268 (8) and 253 (6) HGB

Under Sec. 268 (8) HGB, the following amounts are barred from distribution:

AMOUNT BARRED FROM DISTRIBUTION

EUR	12/31/2021	12/31/2020
Income from capitalization of internally generated intangible fixed assets	986,399.00	509,967.00
Income from fair valuation above cost of assets covering phased retirement	207,664.61	73,446.33
Income from fair valuation above cost of assets covering pension plans	259,180.66	179,450.60
Total	**1,453,244.27**	**762,863.93**

Under Sec. 253 (6) HGB, the following amounts are barred from distribution:

AMOUNT BARRED FROM DISTRIBUTION

EUR	12/31/2021	12/31/2020
Positive difference from calculation of provision for pension obligations per Sec. 253 (6) HGB	8,835,264.00	10,836,256.65
Total	**8,835,264.00**	**10,836,256.65**

V. NOTES TO THE BALANCE SHEET – OFF-BALANCE-SHEET ITEMS

EXPLANATORY NOTES FOR "OFF-BALANCE-SHEET ITEM 1. CONTINGENT LIABILITIES"

DISCLOSURES PER SECS. 35 (4) AND 34 (2) NO. 4 RechKredV

EUR	12/31/2021	12/31/2020
Credit guarantees	247,561,716.68	206,001,366.63
Other guarantees and warranties	447,550,995.46	420,606,700.79
Letters of credit	23,986,317.95	11,134,641.54
Obligations under guarantees and warranties	**719,099,030.09**	**637,742,708.96**
Less provisions on guarantees and warranty contracts	– 12,380,305.02	– 7,827,572.79
Obligations under guarantees and warranties less provisions	**706,718,725.07**	**629,915,136.17**

Where there are risks that recourse might be taken against the Bank as a consequence of underlying customer relationships, these risks were covered by recognizing provisions. ↗ In every case, the probability that a claim would be asserted was estimated at less than 50 percent. The liabilities are monitored and ranked on a credit-related basis.

EXPLANATORY NOTES FOR "OFF-BALANCE-SHEET ITEM 2. OTHER OBLIGATIONS"

DISCLOSURES PER SECS. 35 (6) AND 34 (2) NO. 4 RechKredV

EUR	12/31/2021	12/31/2020
Loans	2,036,003,888.83	1,659,024,756.54
Guarantee lines	226,436,683.90	267,537,491.59
Committed credit facilities	**2,262,440,572.73**	**1,926,562,248.13**
Less provisions on loan commitments	– 15,105,687.83	– 11,048,836.51
Irrevocable credit commitments less provisions	**2,247,334,884.90**	**1,915,513,411.62**

For committed credit facilities, the indicated volumes represent obligations not yet utilized. They will be utilized within the scope of normal lending business. Where default risks apply as a consequence of underlying customer relationships, these risks were covered by establishing provisions.

Unless provisions regarding a right of termination were explicitly agreed with the customer in granted guarantee line facilities, it was assumed that the loan commitment is irrevocable.

VI. NOTES TO THE INCOME STATEMENT

EXPLANATORY NOTES FOR "INCOME STATEMENT ITEM 1. INTEREST INCOME," "INCOME STATEMENT ITEM 2. INTEREST EXPENSES," "INCOME STATEMENT ITEM 3. CURRENT INCOME" AND "INCOME STATEMENT ITEM 4. INCOME FROM PROFIT POOLING, PROFIT TRANSFER OR PARTIAL PROFIT TRANSFER AGREEMENTS"

EUR	2021	2020
Interest income from	**416,046,671.72**	**444,414,421.06**
Lending and money market transactions	397,188,358.05	417,405,775.42
of which: positive interest from lending and money market transactions	423,455,341.44	429,696,964.69
of which: negative interest from lending and money market transactions	– 26,266,983.39	– 12,291,189.27
Bonds and other fixed-income securities	18,858,313.67	27,008,645.64
of which: positive interest from bonds and other fixed-income securities claims	18,858,313.67	27,008,645.64
of which: negative interest from bonds and other fixed-income securities claims	—	—
Interest expenses	**– 56,032,168.25**	**– 108,331,942.62**
of which: negative interest	– 103,986,795.19	– 125,169,757.81
of which: positive interest	47,954,626.94	16,837,815.19
Current income from	**53,172.08**	**52,146.86**
Shares and other non-fixed-income securities	25,137.13	35,000.08
Investment securities	28,034.95	17,146.78
Shares in affiliated companies	—	—
Income from profit pooling, profit transfer or partial transfer agreements	**125,633.00**	**156,919.56**
	360,193,308.55	**336,291,544.86**

Net interest income includes EUR 1.5 million in discount amortization amounts due to the acquisition of a credit portfolio, which was recognized in fiscal year 2021 as interest income. Interest income from lending and money market transactions includes EUR 1.1 million in out-of-period interest income for interest received late, largely as a result of loan workouts.

EXPLANATORY NOTES FOR "INCOME STATEMENT ITEM 5. COMMISSION INCOME" AND "INCOME STATEMENT ITEM 6. COMMISSION EXPENSE"

EUR	2021	2020
Securities business and asset management	43,111,498.37	40,971,422.44
Account maintenance and transaction fees	30,054,439.77	29,924,908.32
Insurance, home loan and savings, and real estate business	15,853,888.70	17,379,359.97
Lending business	22,251,579.72	15,939,485.05
Foreign business	2,917,397.30	2,780,634.79
Other	5,594,205.60	6,313,377.04
Net commission income	**119,783,009.46**	**113,309,187.61**

Commission income from the brokerage business in the amount of EUR 0.4 million is attributable to previous fiscal years.

EXPLANATORY NOTES FOR "INCOME STATEMENT ITEM 8. OTHER OPERATING INCOME"

Other operating income is made up of items that cannot be allocated to other items in the income statement.

Other operating income includes realization gains from the disposal of tangible fixed assets, mainly from real estate not required for business operations in the amount of EUR 22.3 million, and from the disposal of other assets in the amount of EUR 0.5 million.

The other operating income also includes EUR 0.4 million for the reimbursement of third-party costs, EUR 0.5 million of additions for assets and EUR 0.6 million of income from the "Glückssparen" prize-linked savings account product.

The other operating income also includes EUR 7.2 million in income from the reversal of provisions and another EUR 1.6 million of income which is attributable to prior fiscal years.

The other operating income includes interest effects from the change in time remaining to maturity and from changes in the interest rate for measuring the net present value of provisions, as follows:

	2021	
EUR	Pensions and similar obligations	Other obligations
Income from fair valuation of offset assets	—	—
Notional interest income on fulfillment amount of offset liabilities	—	132,656.99
Effect from change in discount rate for fulfillment amount	—	—
Net total of offset income (+) and expenses (–)	**—**	**132,656.99**

Foreign currency is converted in accordance with Sec. 340h HGB in conjunction with Sec. 256a HGB, also taking into account the IDW's opinion RS BFA 4. Assets and liabilities denominated in foreign currency, as well as cash transactions not yet settled at the reporting date, are converted at the ECB's reference exchange rate for the reporting date. Assets, liabilities and pending transactions are subject to particular coverage depending on the currency involved. Procedural precautions ensure that open currency positions never exceed the equivalent of EUR 1.0 million on any given day. Income and expenses resulting from the conversion of specially covered transactions are recognized in profit or loss in accordance with Sec. 340h HGB.

Other operating income and expenses comprise expenses from foreign currency translation in the amount of EUR 3.8 million (see also "Income statement Item 12. Other operating expenses").

EXPLANATORY NOTES FOR "INCOME STATEMENT ITEM 10. GENERAL ADMINISTRATIVE EXPENSES" AND "INCOME STATEMENT ITEM 11. DEPRECIATION, AMORTIZATION AND IMPAIRMENT OF INTANGIBLE AND TANGIBLE FIXED ASSETS"

EUR	2021	2020
Personnel expenses	– 166,758,754.45	– 173,179,200.39
Other administrative expenses	– 118,107,411.85	– 108,117,397.83
Depreciation, amortization and impairment of intangible and tangible fixed assets	– 15,421,482.13	– 13,766,568.61
Operating expenses	**– 300,287,648.43**	**– 295,063,166.83**

The other administrative expenses include EUR 0.7 million in the form of expenses attributable to previous fiscal years.

EXPLANATORY NOTES FOR "INCOME STATEMENT ITEM 12. OTHER OPERATING EXPENSES"

Other operating expenses are made up of items that cannot be allocated to other items in the income statement. The expenses for fiscal year 2021 pertain, in particular, to payments of EUR 2.8 million made or due because of legal obligations and goodwill payments.

Other operating expenses also include the interest effects from the change in remaining times to maturity and from changes in the discount rate for the net present valuation of provisions, as follows:

	2021	
EUR	Pensions and similar obligations	Other obligations
Income (–) from fair valuation of offset assets	– 1,312,436.68	—
Notional interest income on fulfillment amount of offset liabilities	2,572,872.98	628,216.03
Effect from change in discount rate for fulfillment amount	6,499,723.84	324,476.25
Net total of offset expenses (–) and income (+)	**7,760,160.14**	**952,692.28**

Other operating income and expenses comprise expenses from foreign currency translation in the amount of EUR 3.8 million (see also "Income statement Item 8. Other operating income").

EXPLANATORY NOTES FOR INCOME STATEMENT ITEMS 13. AND 14. "WRITE-OFFS AND IMPAIRMENTS AND INCOME FROM REVERSAL OF IMPAIRMENTS OF LOANS AND CERTAIN SECURITIES AND ADDITIONS TO AND RELEASE OF LOAN LOSS PROVISIONS"

EUR	2021	2020
Risk provisions for lending business	– 16,704,423.28	– 30,684,290.52
Gain (+) / loss (–) on securities in the liquidity reserve	– 4,751,429.29	7,969,464.76
Income (+) / expenses (–) from the lending business and liquidity reserve	**– 21,455,852.57**	**– 22,714,825.76**

Realizing price reserves from the sale of shares and fixed-income securities in the liquidity reserve resulted in income in the amount of EUR 3.7 million in fiscal year 2021.

CHANGES IN RISK PROVISIONS FOR LENDING BUSINESS

EUR	SLLP	PLLP	GLLP	Value adjustment	Provisions [1]	Total portfolio
At January 1	**106,628,368.19**	**5,632,115.01**	**46,191,897.98**	**158,452,381.18**	**18,876,409.30**	**177,328,790.48**
Used	– 35,162,828.01	– 2,250,695.29	—	– 37,413,523.30	—	– 37,413,523.30
Allocations	35,764,896.60	5,087,342.56	—	40,852,239.16	14,937,159.32	55,789,398.48
Reversals	– 16,031,975.12	—	– 12,771,864.41	– 28,803,839.53	– 6,327,575.77	– 35,131,415.30
Reversals through unwinding	– 676,974.17	—	—	– 676,974.17	—	– 676,974.17
At December 31	**90,521,487.49**	**8,468,762.28**	**33,420,033.57**	**132,410,283.34**	**27,485,992.85**	**159,896,276.19**

1 Changes in credit risks in off-balance-sheet loan commitments and contingent liabilities are recognized in profit or loss by allocations to and reversals of provisions.

Contrary to the cautious forecast in the previous year, the measures implemented to combat the coronavirus pandemic in 2021 have not resulted in any significant increase in the necessary specific loan loss provisions. The additional risk provisions established in the previous year in the amount of EUR 23.7 million were used to establish a loan loss provision in one specific case. The Bank is to maintain the remaining risk buffer in the amount of EUR 17.3 million and has reported this as part of its portfolio loan loss provisions (PLLP) and general loan loss provisions (GLLP).

RISK PROVISIONS FOR LENDING BUSINESS – INCOME STATEMENT VIEW

EUR	2021	2020
Net result of impairment provisions	**– 12,048,399.63**	**– 48,854,627.88**
Additions to impairment provisions	– 40,852,239.16	– 67,409,202.70
Reversals of impairment provisions	28,803,839.53	18,554,574.82
Net result from provisions	**– 8,609,583.55**	**– 5,499,508.94**
Additions to provisions	– 14,937,159.32	– 6,872,142.61
Reversals of provisions	6,327,575.77	1,372,633.67
Net result of changes to reserves per Sec. 340g HGB	**—**	**20,000,000.00**
Reversals of reserves per Sec. 340g HGB	—	20,000,000.00
Direct write-offs	**– 26,365.15**	**– 384,959.15**
Receipts on written-off customer receivables	**3,979,925.05**	**4,054,805.45**
Risk provisions for lending business	**– 16,704,423.28**	**– 30,684,290.52**

Risk provisions for lending business include EUR 4.0 million in out-of-period receipts on written-off customer receivables. No income was achieved from the realization of price reserves in fiscal year 2021 (prior year: EUR 0.0 million).

EXPLANATORY NOTES FOR "INCOME STATEMENT ITEM 16. INCOME FROM REVERSALS OF WRITE-OFFS AND IMPAIRMENT TO INVESTMENT SECURITIES, SHARES IN AFFILIATED COMPANIES AND SECURITIES TREATED AS FIXED ASSETS"

In accordance with Sec. 340c (2) Sentence 2 HGB, this item is to include both income from additions to and income from transactions in these assets (i.e., income from investment securities, income from shares in affiliated companies, and income from securities treated as fixed assets).

EXPLANATORY NOTES FOR "INCOME STATEMENT ITEM 22. EXTRAORDINARY RESULT"

Although the new version of Sec. 277 HGB, which has been in effect since July 23, 2015, no longer provides for components of profit or loss to be allocated to the "Extraordinary result," the vertical presentation format under RechKredV is still based on this allocation.

The scheduled allocation of the difference from the valuation of pension obligations within the scope of the first-time application of BilMoG yielded an extraordinary expense of EUR 3.0 million (prior year: EUR 3.0 million).

Within the scope of an efficiency and modernization program launched in 2020 and continued in 2021, the Bank has identified an additional need for improvements. Among other measures, a further adjustment of its headcount is required. The costs for the socially responsible execution of these measures were accounted for by establishing a restructuring provision in the amount of EUR 38.1 million as extraordinary expense.

EXPLANATORY NOTES FOR "INCOME STATEMENT ITEM 23. INCOME TAX EXPENSE" AND "INCOME STATEMENT ITEM 24. OTHER TAXES NOT INCLUDED UNDER ITEM 12"

The income tax expense for the reporting year was EUR 50.0 million (prior year: EUR 35.4 million). Of this total tax expense, EUR 25.6 million (prior year: EUR 18.0 million) was for corporate income tax (incl. solidarity surcharge) and EUR 24.4 million (prior year: EUR 17.4 million) was for local business income tax ("trade tax"). On balance, a total of EUR 1.8 million in reversals of the provision for taxes was attributable to previous fiscal years.

In fiscal year 2020, the Bank established additional risk provisions for risks arising from the coronavirus pandemic. For tax calculation purposes as of December 31, 2021, these additional risk provisions were treated as a lump-sum general allowance, subject to the maximum limits permitted for tax purposes.

Disclosures on deferred taxes

Deferred tax assets, which on balance yield a net refund, were not recognized. The option under Sec. 274 (1) Sentence 2 HGB was thus exercised.

The key differences between the measurement approach under the German Commercial Code (HGB) and the approach for tax purposes arise among the following balance sheet items that yield deferred tax amounts.

	12/31/2021		
EUR	Deferred tax assets	Deferred tax liabilities	Net
Receivables from customers	7,967,130.89	–	7,967,130.89
Bonds and other fixed-income securities	1,427,168.23	–	1,427,168.23
Tangible fixed assets	1,647,170.77	–	1,647,170.77
Other assets	15,471,602.25	–	15,471,602.25
Pension provisions	18,855,182.06	–	18,855,182.06
Other provisions	11,012,537.79	–	11,012,537.79
Other	61,401.69	464,850.12	– 403,448.43
Total balance sheet item	**56,442,193.68**	**464,850.12**	**55,977,343.56**

Deferred tax items are measured at a tax rate of 31.000 percent. This tax rate is composed of the current corporate income tax rate of 15.825 percent (incl. solidarity surcharge of 5.500 percent), as well as a local business income tax rate of 15.175 percent.

VII. DISCLOSURES PURSUANT TO SEC. 28 OF THE COVERED BOND ACT (PFANDBG) ON MORTGAGE-COVERED BOND CIRCULATION

The Bank has issued mortgage-covered bonds. The following disclosures are made per Sec. 28 of the German Covered Bond Act (Pfandbriefgesetz – PfandBG):

Information on the total amount and maturity structure (EUR m)

SEC. 28 (1) NOS. 1 AND 3 PFANDBG

Reporting date at quarter-end	Q1/2020	Q2/2020	Q3/2020	Q4/2020	Q1/2021	Q2/2021	Q3/2021	Q4/2021
Nominal value								
Total amount of the covered bonds in circulation incl. derivatives	371.0	371.0	371.0	371.0	531.0	531.0	531.0	531.0
Total amount of cover pool incl. derivatives	448.1	450.6	464.9	500.1	631.8	693.3	771.1	838.5
% foreign currency derivatives of liabilities	—	—	—	—	—	—	—	—
% interest rate derivatives of liabilities	—	—	—	—	—	—	—	—
% foreign currency derivatives of assets	—	—	—	—	—	—	—	—
% interest rate derivatives of assets	—	—	—	—	—	—	—	—
Overfunding (in %)	**20.8 %**	**21.5 %**	**25.3 %**	**34.8 %**	**19.0 %**	**30.6 %**	**45.2 %**	**57.9 %**
Present value								
Total amount of the covered bonds in circulation incl. derivatives	388.3	388.3	388.8	389.3	532.4	535.9	540.2	544.4
Total amount of cover pool incl. derivatives	530.3	531.5	550.1	594.1	747.7	817.0	904.4	978.8
% foreign currency derivatives of liabilities	—	—	—	—	—	—	—	—
% interest rate derivatives of liabilities	—	—	—	—	—	—	—	—
% foreign currency derivatives of assets	—	—	—	—	—	—	—	—
% interest rate derivatives of assets	—	—	—	—	—	—	—	—
Overfunding (in %)	**36.6 %**	**36.9 %**	**41.5 %**	**52.6 %**	**40.4 %**	**52.5 %**	**67.4 %**	**79.8 %**
Risk-adjusted present value incl. currency stress [1]								
Total amount of the covered bonds in circulation incl. derivatives	318.3	320.1	322.5	324.9	435.3	440.9	447.5	453.9
Total amount of cover pool incl. derivatives	437.0	438.9	452.8	489.7	619.1	676.6	749.8	812.5
% foreign currency derivatives of liabilities	—	—	—	—	—	—	—	—
% interest rate derivatives of liabilities	—	—	—	—	—	—	—	—
% foreign currency derivatives of assets	—	—	—	—	—	—	—	—
% interest rate derivatives of assets	—	—	—	—	—	—	—	—
Overfunding (in %)	**37.3 %**	**37.1 %**	**40.4 %**	**50.7 %**	**42.2 %**	**53.4 %**	**67.6 %**	**79.0 %**

1 Both the determination of the risk-adjusted present value and the currency stress are carried out in static form.

SEC. 28 (1) NO. 2 PFANDBG

Reporting date at quarter-end	Q1/2020	Q2/2020	Q3/2020	Q4/2020	Q1/2021	Q2/2021	Q3/2021	Q4/2021
Covered bonds in circulation (maturity structure)								
Up to six months	—	—	—	—	—	—	—	—
More than six months up to twelve months	—	—	—	—	—	—	—	—
More than twelve months up to 18 months	—	—	—	—	—	—	—	—
More than 18 months up to 2 years	—	—	—	—	—	—	—	—
More than 2 years up to 3 years	—	—	—	—	—	—	—	—
More than 3 years up to 4 years	—	—	—	100.0	—	—	—	—
More than 4 years up to 5 years	100.0	100.0	100.0	—	3.0	3.0	3.0	3.0
More than 5 years up to 10 years	101.0	101.0	101.0	101.0	448.0	448.0	448.0	448.0
Over 10 years	170.0	170.0	170.0	170.0	80.0	80.0	80.0	80.0
Total covered bonds in circulation	**371.0**	**371.0**	**371.0**	**371.0**	**531.0**	**531.0**	**531.0**	**531.0**
Cover pool (fixed-interest period)								
Up to six months	6.8	6.3	5.3	5.9	7.7	8.3	9.3	10.1
More than six months up to twelve months	5.4	6.0	6.0	5.9	7.3	8.4	10.1	11.4
More than twelve months up to 18 months	6.0	6.1	5.8	6.1	8.2	9.4	11.1	12.7
More than 18 months up to 2 years	6.0	5.9	6.5	7.3	8.6	10.2	11.4	11.7
More than 2 years up to 3 years	13.3	13.4	13.9	14.8	16.7	19.7	21.3	64.9
More than 3 years up to 4 years	28.2	28.4	27.9	29.6	60.1	63.6	68.5	31.2
More than 4 years up to 5 years	17.0	17.3	19.3	21.3	24.6	25.5	26.4	26.9
More than 5 years up to 10 years	108.2	119.4	129.3	139.8	168.1	183.4	210.1	231.0
Over 10 years	257.2	247.9	250.8	269.4	330.4	364.9	403.0	438.6
Total cover pool	**448.1**	**450.6**	**464.9**	**500.1**	**631.8**	**693.3**	**771.1**	**838.5**

SEC. 28 (1) NO. 10 PFANDBG (PER SEC. 6 OF THE GERMAN PFANDBRIEF BOND PRESENT VALUE REGULATION) FOREIGN CURRENCY

Reporting date at quarter-end	Q1/2020	Q2/2020	Q3/2020	Q4/2020	Q1/2021	Q2/2021	Q3/2021	Q4/2021
Interest rate stress-adjusted present value of the cover pool	—	—	—	—	—	—	—	—
Interest rate stress-adjusted present value of the covered bonds in circulation	—	—	—	—	—	—	—	—
Rate of exchange	—	—	—	—	—	—	—	—
Net present value in foreign currency	—	—	—	—	—	—	—	—
Net present value (EUR m)	—	—	—	—	—	—	—	—

SEC. 28 (1) NO. 9 PFANDBG

% (reporting date at quarter-end)	Q1/2020	Q2/2020	Q3/2020	Q4/2020	Q1/2021	Q2/2021	Q3/2021	Q4/2021
Share of fixed-interest cover pool assets	100.0 %	100.0 %	100.0 %	97.0 %	93.7 %	94.2 %	94.8 %	95.2 %
Share of fixed-interest covered bonds	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

Composition of ordinary cover assets (EUR m)

BY SIZE CLASS (SEC. 28 (2) NO. 1A PFANDBG)

Reporting date at quarter-end	Q1/2020	Q2/2020	Q3/2020	Q4/2020	Q1/2021	Q2/2021	Q3/2021	Q4/2021
Up to EUR 300 thousand	430.7	432.6	446.6	480.6	586.3	646.0	715.5	771.5
More than EUR 300 thousand up to EUR 1 million	2.4	3.0	3.3	4.5	5.5	7.4	15.6	27.0
More than EUR 1 million up to EUR 10 million	—	—	—	—	—	—	—	—
More than EUR 10 million	—	—	—	—	—	—	—	—
Total	**433.1**	**435.6**	**449.9**	**485.1**	**591.8**	**653.3**	**731.1**	**798.5**

BY TYPE OF USE (I) (SEC. 28 (2) NO. 1B AND 1C PFANDBG)

Reporting date at quarter-end	Q1/2020	Q2/2020	Q3/2020	Q4/2020	Q1/2021	Q2/2021	Q3/2021	Q4/2021
For residential purposes	433.1	435.6	449.9	485.1	591.8	653.3	731.1	798.5
For commercial purposes	—	—	—	—	—	—	—	—
Total	**433.1**	**435.6**	**449.9**	**485.1**	**591.8**	**653.3**	**731.1**	**798.5**

BY TYPE OF USE (II) (SEC. 28 (2) NO. 1B AND 1C PFANDBG)

Reporting date at quarter-end	Q1/2020	Q2/2020	Q3/2020	Q4/2020	Q1/2021	Q2/2021	Q3/2021	Q4/2021
Federal Republic of Germany								
Owner-occupied flats	13.0	12.6	12.3	11.9	21.8	31.1	41.5	48.2
Detached and semi-detached houses	420.0	423.0	437.6	473.2	569.9	617.3	673.7	731.5
Apartment buildings	—	—	—	—	—	5.0	15.9	18.8
Office buildings	—	—	—	—	—	—	—	—
Commercial buildings	—	—	—	—	—	—	—	—
Industrial buildings	—	—	—	—	—	—	—	—
Other commercially used buildings	—	—	—	—	—	—	—	—
Unfinished and not yet commercially viable new builds	—	—	—	—	—	—	—	—
Building sites	—	—	—	—	—	—	—	—
Total Federal Republic of Germany	**433.1**	**435.6**	**449.9**	**485.1**	**591.8**	**653.3**	**731.1**	**798.5**
All states								
Owner-occupied flats	13.0	12.6	12.3	11.9	21.8	31.1	41.5	48.2
Detached and semi-detached houses	420.0	423.0	437.6	473.2	569.9	617.3	673.7	731.5
Apartment buildings	—	—	—	—	—	5.0	15.9	18.8
Office buildings	—	—	—	—	—	—	—	—
Commercial buildings	—	—	—	—	—	—	—	—
Industrial buildings	—	—	—	—	—	—	—	—
Other commercially used buildings	—	—	—	—	—	—	—	—
Unfinished and not yet commercially viable new builds	—	—	—	—	—	—	—	—
Building sites	—	—	—	—	—	—	—	—
Total all states	**433.1**	**435.6**	**449.9**	**485.1**	**591.8**	**653.3**	**731.1**	**798.5**

Reporting date at quarter-end	Q1/2020	Q2/2020	Q3/2020	Q4/2020	Q1/2021	Q2/2021	Q3/2021	Q4/2021
Sec. 28 (1) No. 7 PfandBG – total amount of receivables exceeding the limits per Sec. 13 (1) PfandBG (EUR m)	—	—	—	—	—	—	—	—
Sec. 28 (1) No. 11 PfandBG – volume-weighted average of the age of receivables (seasoning) (in years)	3.27	3.45	3.62	3.73	3.61	3.69	3.77	3.87
Sec. 28 (2) No. 3 PfandBG – average weighted loan-to-value ratio (in %)	54.7 %	55.1 %	55.4 %	55.7 %	55.8 %	55.9 %	56.0 %	56.0 %
Ordinary cover (nominal) (EUR m)	433.1	435.6	449.9	485.1	591.8	653.3	731.1	798.5
Share of total in circulation (in %)	116.7 %	117.4 %	121.3 %	130.8 %	111.4 %	123.0 %	137.7 %	150.4 %

Composition of the other cover pool assets (EUR m)

SEC. 28 (1) NOS. 4, 5 AND 6 PFANDBG TOTAL AMOUNT OF THE REGISTERED RECEIVABLES

Reporting date at quarter-end	Q1/2020	Q2/2020	Q3/2020	Q4/2020	Q1/2021	Q2/2021	Q3/2021	Q4/2021
Federal Republic of Germany								
Compensation receivables within the meaning of Sec. 19 (1) No. 1 PfandBG	—	—	—	—	—	—	—	—
Receivables within the meaning of Sec. 19 (1) No. 2 PfandBG	—	—	—	—	—	—	—	—
of which: covered bonds within the meaning of Art. 129 of Regulation (EU) No. 575/2013	—	—	—	—	—	—	—	—
Receivables within the meaning of Sec. 19 (1) No. 3 PfandBG	15.0	15.0	15.0	15.0	40.0	40.0	40.0	40.0
Total Federal Republic of Germany	**15.0**	**15.0**	**15.0**	**15.0**	**40.0**	**40.0**	**40.0**	**40.0**
All states								
Compensation receivables within the meaning of Sec. 19 (1) No. 1 PfandBG	—	—	—	—	—	—	—	—
Receivables within the meaning of Sec. 19 (1) No. 2 PfandBG	—	—	—	—	—	—	—	—
of which: covered bonds within the meaning of Art. 129 of Regulation (EU) No. 575/2013	—	—	—	—	—	—	—	—
Receivables within the meaning of Sec. 19 (1) No. 3 PfandBG	15.0	15.0	15.0	15.0	40.0	40.0	40.0	40.0
Total all states	**15.0**	**15.0**	**15.0**	**15.0**	**40.0**	**40.0**	**40.0**	**40.0**

SEC. 28 (1) NO. 8 PFANDBG TOTAL AMOUNT OF RECEIVABLES EXCEEDING THE LIMITS

Reporting date at quarter-end	Q1/2020	Q2/2020	Q3/2020	Q4/2020	Q1/2021	Q2/2021	Q3/2021	Q4/2021
Sec. 19 (1) No. 2 PfandBG	—	—	—	—	—	—	—	—
Sec. 19 (1) No. 3 PfandBG	—	—	—	—	—	—	—	—

Overview of overdue payments (EUR m)

SEC. 28 (2) NO. 2 PFANDBG

Reporting date at quarter-end	Q1/2020	Q2/2020	Q3/2020	Q4/2020	Q1/2021	Q2/2021	Q3/2021	Q4/2021
Federal Republic of Germany								
Total amount of payments outstanding for at least 90 days	–	–	–	–	–	–	–	–
of which: total amount of these receivables, insofar as the relevant arrears amount to at least 5% of the receivable	–	–	–	–	–	–	–	–
Total Federal Republic of Germany	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
All states								
Total amount of payments outstanding for at least 90 days	–	–	–	–	–	–	–	–
of which: total amount of these receivables, insofar as the relevant arrears amount to at least 5% of the receivable	–	–	–	–	–	–	–	–
Total all states	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

Further notes to the annual financial statements

SEC. 28 (2) NO. 4 PFANDBG

	Q4/2020	Q4/2020	Q4/2021	Q4/2021
Reporting date at quarter-end	For residential purposes	For commercial purposes	For residential purposes	For commercial purposes
Number of compulsory sale procedures pending on the closing date	–	–	–	–
Number of compulsory administration procedures pending on the closing date	–	–	–	–
Number of compulsory administration procedures pending on the closing date with simultaneous compulsory sale procedures	–	–	–	–
Number of compulsory sale procedures carried out in the fiscal year	–	–	–	–
Number of properties acquired in the fiscal year for the prevention of losses	–	–	–	–
Total amount of interest arrears (EUR m)	–	–	–	–

Additional information for mortgage banks per Sec. 2 (1) RechKredV in conjunction with form 1

The breakdown of individual balance sheet items according to the regulations applicable to mortgage banks shows the following additional information as of December 31, 2021:

ASSETS

EUR	12/31/2021	12/31/2020
Receivables from banks	**955,930,905.22**	**764,652,889.03**
a) Mortgage loans	—	—
b) Public-sector loans	—	—
c) Other receivables	955,930,905.22	764,652,889.03
of which: demand deposits	949,586,828.71	764,652,889.03
of which: collateralized by securities	—	—
Receivables from customers	**16,950,389,874.64**	**15,540,941,825.57**
a) Mortgage loans	7,517,807,059.95	7,409,606,353.05
b) Public-sector loans	365,985,895.87	232,773,110.03
c) Other receivables	9,066,596,918.82	7,898,562,362.49
of which: demand deposits	1,068,516,041.24	1,110,645,098.40
of which: collateralized by securities	17,570,469.36	21,033,439.45
Prepaid expenses	**37,318,702.66**	**16,749,039.96**
a) From the issuing business	2,549,038.89	1,318,746.26
b) Other	34,769,663.77	15,430,293.70

The loans listed in the mortgage cover register (nominal amount: EUR 798.5 million) are reported under the balance sheet item “Receivables from customers”; the securities to cover the mortgage-covered bonds (nominal amount: EUR 40.0 million) are reported under the balance sheet item “Bonds and other fixed-income securities.”

EQUITY & LIABILITIES

EUR	12/31/2021	12/31/2020
Liabilities to banks	**6,877,682,648.70**	**5,257,148,154.52**
a) Issued registered mortgage-covered bonds	88,553,020.69	65,531,088.98
b) Issued public registered covered bonds	—	—
c) Other liabilities	6,789,129,628.01	5,191,617,065.54
of which: demand deposits	109,809,328.94	74,357,521.96
of which: registered mortgage-covered bonds issued to the lender to secure loans taken	—	—
of which: public registered covered bonds issued to the lender to secure loans taken	—	—
Liabilities to customers	**14,062,625,220.88**	**13,011,418,960.08**
a) Issued registered mortgage-covered bonds	94,051,145.12	117,073,220.00
b) Issued public registered covered bonds	—	—
c) Savings deposits	1,812,641,409.82	1,809,048,495.38
ca) With agreed withdrawal notice period of three months	1,694,359,721.64	1,679,930,013.14
cb) With agreed withdrawal notice period of more than three months	118,281,688.18	129,118,482.24
d) Other liabilities	12,155,932,665.94	11,085,297,244.70
of which: demand deposits	10,381,579,291.16	9,646,431,618.02
of which: registered mortgage-covered bonds issued to the lender to secure loans taken	—	—
of which: public registered covered bonds issued to the lender to secure loans taken	—	—
Securitized liabilities	**380,141,038.25**	**272,186,260.27**
a) Bonds issued	380,141,038.25	272,186,260.27
aa) Mortgage-covered bonds	350,139,038.25	190,422,260.27
ab) Public covered bonds	—	—
ac) Other bonds	30,002,000.00	81,764,000.00
b) Other securitized liabilities	—	—
of which: money market instruments	—	—
Deferred income	**31,553,451.87**	**29,308,538.70**
a) From the issue and loan business	15,417,467.84	15,734,225.43
b) Other	16,135,984.03	13,574,313.27

VIII. OTHER DISCLOSURES

DISCLOSURES ON TRANSACTIONS IN DERIVATIVES PER SEC. 285 NOS. 19 AND 3 HGB AND SEC. 36 RechKredV

DERIVATIVE TRANSACTIONS – PRESENTATION OF VOLUMES

	Nominal values		Positive fair values		Negative fair values	
EUR k	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Caps	991,505	1,079,798	1,210	130	– 1,210	– 130
Floors	95,197	120,404	315	638	– 315	– 637
Swaps (customer business)	1,886,494	1,813,336	42,762	70,644	– 29,603	– 56,681
Swaps (non-trading portfolio)	6,024,000	2,538,000	88,211	34,844	– 85,807	– 155,225
Interest rate risks (OTC contracts)	**8,997,196**	**5,551,538**	**132,498**	**106,256**	**– 116,935**	**– 212,674**
Cross-currency swaps	88,230	29,174	—	693	– 296	– 665
Currency options (long)	83,840	104,307	1,216	3,497	—	—
Currency options (short)	83,840	104,307	—	—	– 1,216	– 3,497
FX swaps and currency forwards	3,179,946	2,500,741	44,404	38,743	– 38,573	– 36,566
Foreign currency risks (OTC contracts)	**3,435,856**	**2,738,530**	**45,621**	**42,933**	**– 40,086**	**– 40,728**

DERIVATIVE TRANSACTIONS – COUNTERPARTY BREAKDOWN

	Nominal values		Positive fair values		Negative fair values	
EUR k	12/31/2021	12/31/2020	12/31/2021	12/31/2020	12/31/2021	12/31/2020
OECD banks	9,761,502	5,647,758	123,529	52,220	– 130,717	– 237,906
Other counterparties	2,671,550	2,642,311	54,590	96,969	– 26,304	– 15,496
Total derivatives	**12,433,052**	**8,290,068**	**178,119**	**149,189**	**– 157,020**	**– 253,402**

DERIVATIVE TRANSACTIONS – NOMINAL VALUES BY TIME REMAINING TO MATURITY

	Interest rate risks		Foreign currency risks	
EUR k	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Three months or less	78,890	150,730	1,638,051	1,250,841
Over 3 months to 1 year	560,694	367,355	1,046,213	1,106,055
Over 1 year to 5 years	2,782,008	1,753,719	707,477	381,634
Over 5 years	5,575,604	3,279,734	44,115	—
Total derivatives	**8,997,196**	**5,551,538**	**3,435,856**	**2,738,530**

At December 31, 2021, there were no derivatives in the trading book.

Derivative transactions are used largely to hedge fluctuations in interest rates, foreign exchange rates or stock prices.

The calculation of a possible surplus of obligations under interest-rate-related transactions in the non-trading portfolio (banking book) included interest rate swaps for management of the banking book, for a total of EUR 6,024.0 million (prior year: EUR 2,538.0 million). The negative fair value of these interest rate swaps at the reporting date was EUR –85.8 million (prior year: EUR –155.2 million); the positive fair value was EUR +88.2 million (prior year: +34.8 million). Additionally, interest rate contracts resulting from the customer business were included for a total of EUR 1,886.5 million (prior year: EUR 1,813.3 million). These had positive fair values of EUR+42.8 million (prior year: EUR +70.6 million) and negative fair values of EUR –29.6 million (prior year: EUR –56.7 million). The fair values of these interest rate swaps were not shown in the balance sheet. ↗

Derivatives were used in customer transactions in intermediate trading (squaring of risks from derivative transactions with customers) and in connection with asset/liability management.

If no market price was quoted (OTC derivatives), the estimation methods established in the financial markets (incl. present valuing and option pricing models) were applied. The fair value of a derivative here is equivalent to the total of all future cash flows discounted to the measurement date, as automatically calculated by the Bank's PRIME trading system. The above tables show the nominal values and the positive and negative fair values of the derivative transactions in the portfolio at the reporting date. The nominal values generally serve only as a reference figure for the calculation of the mutually agreed settlement payments, and thus do not represent receivables and/or payables in the balance sheet sense.

DISCLOSURES ON OTHER FINANCIAL OBLIGATIONS PER SEC. 285 NOS. 3 AND 3A HGB

EUR	12/31/2021	12/31/2020
Obligations under rental and lease agreements	153,909,546.02	165,831,500.38
Obligations for maintenance of information technology	5,458,800.00	4,680,000.00
Obligations under commenced capital spending projects	—	1,160,941.00
Other financial obligations	**159,368,346.02**	**171,672,441.38**
of which: liabilities to affiliated companies	—	100,386.00

The obligations measured at nominal value include maturities up to 2035, primarily under long-term leases.

Call commitments and joint liability

OBLIGATION TO DEPOSIT PROTECTION AND MARKET STABILIZATION SCHEMES

EUR	12/31/2021	12/31/2020
Compensation Scheme of German Private Banks (EdB)	11,026,524.30	8,390,309.69
Federal Agency for Financial Market Stabilization	8,226,416.65	6,845,546.26
Deposit protection fund	3,153,909.65	3,153,909.65
Total	**22,406,850.60**	**18,389,765.60**

In connection with the bank levy, payments in the amount of EUR 4.0 million (prior year: EUR 3.6 million) were made in fiscal year 2021 as an irrevocable payment obligation.

Liabilities for pension benefits and similar commitments

The Bank has liabilities under its pension benefits plan.

In the past, OLB entered into various commitments to its employees covering company retirement provision products. These include:

- direct commitments,
- deferred compensation commitments,
- benefits provided to Allianz Pensionsverein e. V. (APV),
- monthly direct insurance payments to Allianz Lebensversicherungs-AG,
- membership of Allianz Versorgungskasse VVaG (AVK). OLB is required to bear a proportionate share of AVK's administrative expenses, and to provide additional contributions as required by the fund's legal basis.

Since August 1, 2018, employees have been newly enrolled for company pension provision at OLB uniformly

- through "BVV Versicherungsverein des Bankgewerbes a. G."
- as well as "BVV Versorgungskasse des Bankgewerbes e. V." (BVV).

In order to hedge and finance its pension obligations and in response to the pressure on the commercial balance sheet due to the low-interest phase, in 2019 OLB changed over to a different model for significant components of its pension liabilities. In late 2019, Wüstenrot Bank AG Pfandbriefbank merged with Oldenburgische Landesbank AG; within the scope of this transaction, in 2020 the model was also adjusted for significant components of the assumed pension liabilities of Wüstenrot Bank AG Pfandbriefbank. The relevant pension liabilities were transferred to a non-insurance-based pension fund at Allianz Pensionsfonds AG, Stuttgart, Germany. OLB will remain secondarily liable for the transferred liabilities in accordance with Sec. 1 (1) Sentence 3 of the German Company Pensions Act (Betriebsrentengesetz – BetrAVG). At the changeover of the form of pension provision in the year under review, the pension fund was almost fully funded in relation to the necessary settlement amount for the relevant pension liabilities in accordance with Sec. 340a (1) in conjunction with Sec. 253 (1) Sentence 2 and (2) HGB. Fulfillment of the pension liabilities via the pension fund resulted in shortfalls of EUR 36.8 million on the reporting date, for which provisions were recognized in the amount of EUR 0.8 million in accordance with Art. 28 (1) Sentence 2 EGHGB in conjunction with the IDW's opinion RS HFA 30 RZ 47.

The Bank's liabilities for compensation payment commitments to BVV for employees

OLB is a member of two insurance associations, BVV Versicherungsverein des Bankgewerbes a. G. and BVV Versorgungskasse des Bankgewerbes e. V. (together, "BVV") that are tasked under their Articles of Incorporation with providing benefits for the employees insured with BVV and their survivors, in connection with retirement, disability or death. On June 24, 2016, the members' meeting of BVV adopted a change to the Articles of Incorporation that entailed benefit reductions for members who joined BVV before January 1, 2005. OLB has promised to compensate for these reductions by paying an additional amount to BVV beginning January 1, 2017. The amount of the additional contribution is limited for each employee to the amount needed to achieve the same pension level for that employee that would have resulted without the additional contribution using the increases and annuitization factors that were in effect until December 31, 2016. For the contribution year 2021, this compensation amount totaled EUR 1.1 million. This is a voluntary commitment explicitly limited to the amendment to the Articles of Incorporation of June 24, 2016, and does not establish any legal entitlement to future benefits in comparable situations.

Other call commitments and joint liability

Call commitments for other shareholdings came to EUR 0.2 million in connection with a revived liability; there were no joint liabilities under Sec. 26 of the German Act on Limited Liability Companies in GmbH Form (GmbH-Gesetz – GmbHG).

Additional disclosures concerning the cash flow statement

The cash funds shown in the cash flow statement correspond to the cash reserve shown in the balance sheet and are not subject to any restriction of disposition.

In 2021, the additions to provisions for restructuring measures in the amount of EUR 41.1 million are significant noncash items. In this context, only cash transactions have been included in line "3. Increase / decrease in provisions" and all noncash transactions, such as reversals and additions to provisions, have been allocated to other lines in the cash flow statement. The additions to provisions for restructuring measures in the amount of EUR 41.1 million have been reported in line "4. Other noncash expenses / income."

FURTHER REQUIRED DISCLOSURES

Disclosures on management and brokerage services per Sec. 35 (1) No. 5 RechKredV

The following management and brokerage services provided for third parties account for a significant portion of the Bank's business: securities deposit management, asset management, brokerage of insurance and home loan and savings transactions, management of fiduciary loans and investment business.

Disclosures on employees per Sec. 285 No. 7 HGB

On average for the year, the Bank had 1,945 employees (prior year: 2,065). The staff breakdown is as follows:

	2021		
Average for year	Male	Female	Total
Full-time employees	901	430	1,331
Part-time employees	77	537	614
Total	**978**	**967**	**1,945**

On December 31, 2021, the number of employees was 1,873 (prior year: 2,019).

Disclosures of compensation paid to members of governing bodies per Sec. 285 Nos. 9a and b HGB, and disclosures on credit granted to members of governing bodies per Sec. 34 (2) No. 2 RechKredV

Total pay for the Board of Managing Directors under Sec. 285 No. 9a HGB in fiscal year 2021 was EUR 6.6 million (also incl. pay and severance for members of the Board of Managing Directors who left during the year). Total pay does not include the retained portions of variable compensation, since the grant of this compensation, and its amount, are subject to the fulfillment of further preconditions: specifically, the penalty assessment within the meaning of Sec. 18 (5) of the German Remuneration Regulation for Institutions (Institutsvergütungsverordnung – InstitutsVergV) and the retrospective assessment within the meaning of Sec. 20 (4) InstitutsVergV. The variable pay resulting on the basis of the above-mentioned assessments is reported as part of total pay in the fiscal year in question.

Previous members of the Board of Managing Directors or their survivors were paid total remuneration in accordance with Sec. 285 No. 9b HGB in the overall amount of EUR 1.0 million (salaries of former members of the boards of management of predecessor companies or their survivors are also taken into account). The discounted settlement amount for pension obligations for this group of persons came to EUR 6.4 million.

Total compensation paid to the Supervisory Board under Sec. 285 No. 9a HGB for fiscal year 2021 came to EUR 1.5 million.

Credit was granted to members of the Board of Managing Directors as of December 31, 2021, as follows: The use of credit lines totaled EUR 0.0 thousand. Credit card limits of EUR 0.6 thousand were utilized on the reporting date. Loan commitments in the amount of EUR 394.6 thousand existed as of December 31, 2021.

Credit was granted to members of the Supervisory Board as of December 31, 2021, as follows: The use of credit lines totaled EUR 4.5 thousand. Credit card limits of EUR 1.0 thousand were utilized on the reporting date. In addition, loan commitments amounted to EUR 126.3 thousand, of which EUR 126.3 thousand were utilized as of December 31, 2021.

Disclosures on equity interests held per Sec. 285 No. 11 HGB and beyond

Below is a summary, in compliance with Sec. 285 No. 11 HGB, of the equity interests of 20 percent or more held by OLB:

NAME AND REGISTERED OFFICE OF THE COMPANY

	Share of capital held	Nominal value	Book value
	%	EUR	EUR
OLB-Service GmbH, Oldenburg	100.00	26,000.00	26,000.00
OLB-Immobiliendienst GmbH, Oldenburg	100.00	26,000.00	26,000.00
Quant FS GmbH, Hamburg	100.00	110,000.00	110,000.00
Total		**162,000.00**	**162,000.00**

Profit-and-loss transfer agreements have been concluded with OLB-Immobiliendienst GmbH and OLB-Service GmbH. ↗

OLB furthermore holds the following equity interests of less than 20 percent in investment securities:

NAME AND REGISTERED OFFICE OF THE COMPANY

	Share of capital held	Nominal value	Book value	Equity	Profit
	%	EUR k	EUR k	EUR k	EUR k
Bürgschaftsbank Bremen GmbH, Bremen	5.75	190	106	3,300	136
AKA Ausfuhrkredit-Gesellschaft mbH, Frankfurt am Main	0.42	85	256	261,565	8,372
Niedersächsische Bürgschaftsbank (NBB) Gesellschaft mit beschränkter Haftung, Hanover	3.08	92	40	30,140	39
Euro Kartensysteme GmbH, Frankfurt am Main	1.51	39	22	2,609	1,047
Parkhaus am Waffenplatz Gesellschaft mbH, Oldenburg	3.43	30	30	6,359	581
Mittelständische Beteiligungsgesellschaft Niedersachsen (MBG) mbH, Hanover	5.50	51	102	15,097	366
TGO Besitz GmbH & Co.KG, Oldenburg	8.91	102	0	1,310	126
Wirtschaftsförderung Wesermarsch GmbH, Brake	2.50	1	1	51	91
MFP Munich Film Partners GmbH & Co.I. Produktions KG i. L., Grünwald	0.19	230	0	1,513	– 18
Society for Worldwide Interbank Financial Telecommunication S. C. R. L. (S. W. I. F. T.), La Hulpe	0.03	4	46	487,078	35,823
Total		**826**	**604**	**809,023**	**46,562**

The equity capital and the profit or loss for the investment securities were not yet available for the reporting year as of the time of preparation of the statements; the data which are currently available are provided.

Disclosure on fees paid to the independent auditors per Sec. 285 No. 17 HGB

EUR	2021	2020
Audit of financial statements	629,000.00	572,600.00
Other assurance and valuation services	1,531,815.00	272,300.00
Total	**2,160,815.00**	**844,900.00**

The fee for audit services of Deloitte GmbH Wirtschaftsprüfungsgesellschaft mainly related to the audit of the annual financial statements as well as the management report.

The fee for other assurance and valuation services mainly comprises project-related audit activities in connection with the envisaged changeover of financial reporting to the International Financial Reporting Standards (IFRS), comfort letter services and the implementation of the audit under Sec. 89 of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) (audit of security deposit holdings and WpHG audit).

DISCLOSURES ON MEMBERS OF GOVERNING BODIES PER SEC. 285 NO. 10 HGB

SUPERVISORY BOARD

Axel Bartsch
Chairman
Retired, Ritterhude

Jens Grove
Deputy Chairman
Bank clerk and Chairman of the General Works Council, Oldenburg

Claus-Jürgen Cohausz
Corporate consultant, Münster

Dirk Felstehausen (since January 19, 2021)
Union Secretary, Bremen

Brent George Geater
Investment manager, London (United Kingdom)

Michael Glade
Director and Deputy Head of Corporate Banking, Oldenburg

Svenja-Marie Gnida
Head of Private Banking, Oldenburgische Landesbank AG, Osnabrück

Thomas Kuhlmann
Chairman of the Works Council of the Oldenburg/Ammerland/Friesland Region and Headquarters, Oldenburg

Gernot Wilhelm Friedrich Löhr (until October 4, 2021)
Investment professional, London (United Kingdom)

Dr. Manfred Puffer
Senior investment advisor, Meerbusch

Michele Rabà (since October 4, 2021)
Investment professional, London (United Kingdom)

Sascha Säuberlich
Investment manager, London (United Kingdom)

Christine de Vries
Project Manager, Oldenburgische Landesbank AG, Oldenburg

BOARD OF MANAGING DIRECTORS

Stefan Barth
Chairman of the Board of Managing Directors, Oldenburgische Landesbank AG

Marc Kofi Ampaw (since May 1, 2021)
Member of the Board of Managing Directors, Oldenburgische Landesbank AG

Aytac Aydin (since February 14, 2022)
Member of the Board of Managing Directors, Oldenburgische Landesbank AG

Peter Karst (since May 1, 2021)
Member of the Board of Managing Directors, Oldenburgische Landesbank AG

Dr. Rainer Polster
Member of the Board of Managing Directors, Oldenburgische Landesbank AG

LEFT DURING THE YEAR

Dr. Wolfgang Klein (until August 31, 2021)
Chairman of the Board of Managing Directors, Oldenburgische Landesbank AG

Karin Katerbau (until December 31, 2021)
Member of the Board of Managing Directors, Oldenburgische Landesbank AG

Hilger Koenig (until June 30, 2021)
Member of the Board of Managing Directors, Oldenburgische Landesbank AG

DISCLOSURES PER SEC. 285 NO. 33 HGB ON EVENTS OF PARTICULAR SIGNIFICANCE AFTER THE END OF THE FISCAL YEAR THAT ARE NOT REFLECTED IN EITHER THE INCOME STATEMENT OR THE BALANCE SHEET

Mr. Aytac Aydin was appointed a member of the Board of Managing Directors of Oldenburgische Landesbank AG with effect as of February 14, 2022. Peter Karst is to leave the Bank on March 31, 2022.

In the context of the Russia-Ukraine crisis, the Board of Managing Directors has appointed a crisis team which will continue to analyze developments as well as the potential impact on the Bank's customers and on the Bank in general. The Bank is keeping an eye on further developments, so as to be able to react in the event of any effects on customer business or on banking business in general. As things currently stand, the Bank is not directly affected by these events and, in particular, is not exposed to any risk of significant loan losses. It will only become clear through direct dialogue with affected customers how the announced political sanctions will affect the business of commercial clients especially (in particular, in the energy and utilities sectors as well as the export financing segment) and whether this will have any further consequences. Nor is it possible to make any predictions regarding the effects of market price risks, in particular the interest rate trend.

As of the preparation of these annual financial statements, no further events of particular significance have occurred after the end of the fiscal year that are not reflected in either the income statement or the balance sheet

DISCLOSURES PER SEC. 285 NO. 34 HGB ON THE PROPOSAL FOR ALLOCATION OF PROFITS FOR FISCAL YEAR 2021

The income statement for 2021 shows net retained profits of EUR 86,181,899.82. The Board of Managing Directors and the Supervisory Board propose that a total amount of EUR 40,002,285.96 be used to pay a dividend of EUR 1.72 per no-par share and to allocate the remaining amount of EUR 46,179,613.86 to the other revenue reserves.

DECLARATION BY THE EXECUTIVE DIRECTORS PER SEC. 114 (2) NO. 3 OF THE GERMAN SECURITIES TRADING ACT (WPHG)

The members of the Board of Managing Directors, as the body authorized to represent Oldenburgische Landesbank AG, hereby certify to the best of their knowledge that, in accordance with the applicable basis of accounting, these annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Bank and that the management report provides a true and fair view of the course of business, including OLB's performance and its position, and describes the key risks and opportunities associated with the Bank's expected development.

Oldenburg, February 28, 2022
Oldenburgische Landesbank AG

The Board of Managing Directors

Stefan Barth Chairman	Marc Ampaw	Aytac Aydin	Peter Karst	Dr. Rainer Polster

ANNEX TO THE ANNUAL FINANCIAL STATEMENTS PER SEC. 26A KWG, DISCLOSURES BY BANKS

CRR banks are required to furnish the following disclosures, on a consolidated basis, broken down by Member States of the European Union and third countries where the banks have branches, in notes appended to the annual financial statements within the meaning of Sec. 26a (1) Sentence 2, which must be audited by independent auditors as provided in Sec. 340k HGB, and must be published:

NAMES OF COMPANIES, NATURE OF ACTIVITIES AND GEOGRAPHICAL LOCATION OF BRANCHES

The name of the Company is: Oldenburgische Landesbank Aktiengesellschaft. According to its Articles of Incorporation, the purpose of the Company is to conduct banking and financial transactions of all kinds as well as those transactions and services that may promote the sale of banking and financial products. The Company's registered office and all its branch offices are located in the Federal Republic of Germany.

REVENUE

"Revenue" within the meaning of Sec. 26a (1) Sentence 2 KWG comprises "Net interest income," "Net commission income," "Net trading (+) income / (–) expense," in accordance with the annual financial statements of OLB AG prepared under the German Commercial Code (HGB) and the definitions of terms for income statements in the management report in accordance with the Guidelines of the European Securities and Markets Authority (ESMA) on Alternative Performance Measures (APMs):

EUR	2021	2020
Net interest income	360,193,308.55	336,291,544.86
Net commission income	119,783,009.46	113,309,187.61
Net trading (+) income / (–) expense	80,223.38	55,970.58
Operating income / revenue	**480,056,541.39**	**449,656,703.05**

NUMBER OF RECIPIENTS OF WAGES AND SALARIES IN FULL-TIME EQUIVALENTS

On average for the year, OLB AG had 1,945 employees (prior year: 2,065). This corresponds to an average employee capacity of 1,715 full-time equivalents (prior year: 1,822).

PROFIT OR LOSS BEFORE TAXES

The "Net profit for the fiscal year" recognized in the annual financial statements of OLB AG excluding "Taxes on profit or loss" ("Income tax expense" and "Other taxes not included under Item 12") is presented as the "Profit before taxes."

EUR	2021	2020
Net profit for the fiscal year	86,181,899.82	78,639,823.55
Taxes on profit or loss	50,815,934.23	36,216,939.05
Profit before taxes	**136,997,834.05**	**114,856,762.60**

TAXES ON PROFIT OR LOSS

"Income tax expense" and the "Other taxes not included under Item 12" recognized in the annual financial statements of OLB AG are presented as "Taxes on profit or loss":

EUR	2021	2020
Income tax expense	– 50,004,950.25	– 35,394,474.05
Other taxes not included under Item 12	– 810,983.98	– 822,465.00
Taxes on profit or loss	**– 50,815,934.23**	**– 36,216,939.05**

GOVERNMENT ASSISTANCE RECEIVED

During the year, as in the prior year, Oldenburgische Landesbank Aktiengesellschaft received no government assistance.

RATIO OF NET INCOME TO TOTAL ASSETS (RETURN ON CAPITAL)

In their annual reports, CRR banks are to disclose their return on capital, calculated as the ratio of net income to total assets. ↗

The Bank defines its net income as its "Net profit for the fiscal year" reported in its annual financial statements. The Bank defines the total assets or the total equity and liabilities in the annual financial statements as its total assets:

EUR	1/1–12/31/2021	1/1–12/31/2020
Net income / net profit for the fiscal year	86,181,899.82	78,639,823.55
Total assets / total of equity & liabilities	24,610,950,182.87	21,475,171,078.40
Ratio of net income to total assets (return on capital)	**0.35 %**	**0.37 %**

INDEPENDENT AUDITOR'S REPORT

To Oldenburgische Landesbank AG, Oldenburg / Germany

REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT

AUDIT OPINIONS

We have audited the annual financial statements of Oldenburgische Landesbank AG, Oldenburg, Germany, which comprise the balance sheet as at December 31, 2021, the income statement, the cash flow statement and the statement of changes in equity for the fiscal year from January 1 to December 31, 2021, and the notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of Oldenburgische Landesbank AG, Oldenburg, Germany, for the fiscal year from January 1 to December 31, 2021. In accordance with German legal requirements, we have not audited the content of the nonfinancial report pursuant to Secs. 289b (3) and 289c to 289e HGB referred to in the management report or the disclosures pursuant to Sec. 289f HGB (women's quota; gender quota on the Supervisory Board) in the management report or the other information in the financial report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2021 and of its financial performance for the fiscal year from January 1 to December 31, 2021, in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of the nonfinancial report pursuant to Secs. 289b (3) and 289c to 289e HGB referred to in the management report or the disclosures pursuant to Sec. 289f HGB (women's quota) in the management report.

Pursuant to Sec. 322 (3) Sentence 1 of the German Commercial Code (HGB), we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the annual financial statements and of the management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537 / 2014; referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer in Deutschland e.V. – IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report.

We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the management report.

KEY AUDIT MATTERS IN THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the fiscal year from January 1 to December 31, 2021. These matters were addressed in the context of our audit of the annual financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the following, we present the key audit matters we have determined in the course of our audit:

1. Risk provisioning in the customer lending business

2. Recognition of restructuring measures in the annual financial statements

Our presentation of these key audit matters has been structured as follows:

a) Description (incl. reference to corresponding information in the annual financial statements)

b) Auditor's response

1. RISK PROVISIONING IN THE CUSTOMER LENDING BUSINESS

a) The annual financial statements as at December 31, 2021 disclose loans and receivables from customers from the customer lending business of EUR 17.0 billion (68.9 percent of the balance sheet total). In addition, there are contingent liabilities and irrevocable loan commitments from the customer lending business totaling EUR 3.0 billion as at the balance sheet date. The Bank reviews the recoverability of loans and advances to customers regularly or on an ad hoc basis if defined impairment criteria are met. An identified impairment need, i. e. the write-down to the lower fair value, is determined in present value as a specific value adjustment on loan and advances to customers and is measured as the difference between the outstanding loan amount and the discounted cash flows to be expected in the future, taking into account existing collaterals. In addition, depending on the amount of the loan, lump-sum specific or lump-sum general allowances are made. These are calculated on the basis of statistical or historical default data using mathematical-statistical methods. For defaults expected in the next twelve months but not substantiated or occurred as of the balance sheet date, the Bank has also set up an additional risk provision, the amount of which is based in particular on the changes in the default probabilities of borrowers expected by the Bank.

In the case of off-balance-sheet transactions where either a claim by doubtful debtors (e. g., guarantees, warranties) is imminent or impairments are to be expected due to disbursement obligations (irrevocable loan commitments), provisions for contingent liabilities are formed in the amount necessary based on sound business judgment, whereby the amount is determined analogously to the procedures for the formation of specific or lump-sum specific allowances.

The valuation of receivables and the determination of the settlement amount of provisions required based on sound business judgment requires discretionary estimates by the executive directors, e. g. with regard to the assumptions and input parameters, such as the expected timing and amount of future incoming payments, the valuation of collateral or the changes in default probabilities. This led to an increased risk that the amount of the possibly necessary risk provision is not adequate. Since the risk provision in the customer lending business is thus subject to uncertainties, this matter was of particular importance in the context of our audit.

The information provided by the executive directors on risk provisions is included in the section "Accounting and valuation principles" of the Notes.

b) In our audit, we tested the adequacy and effectiveness of the internal controls relevant in the lending processes, the underlying IT systems and in the accounting system for identifying indications of impairment or for the creation of risk provisions in the customer lending business. On the basis of a risk-oriented selected sample, we tested the evaluation of customer exposures with regard to the appropriate assessment of the creditworthiness of the borrowers and – if necessary – the appropriateness of the amount of the risk provision created. For this purpose, we assessed the underlying assumptions regarding the economic circumstances of the borrowers and expected recoveries as well as the recoverability of the relevant collateral. As part of our audit of the appropriateness of the estimated values, we also assessed the extent to which the loan loss provisions in the customer lending business were influenced by complexity, subjectivity or other inherent risk factors. In addition, we understood the Bank's process for determining expected defaults over the next twelve months and assessed the underlying assumptions. For the purpose of our audit, we consulted internal IT specialists.

2. RECOGNITION OF RESTRUCTURING MEASURES IN THE ANNUAL FINANCIAL STATEMENTS

a) In the fourth quarter of 2021, the executive directors of OLB resolved a further reduction in the volume of personnel, within the scope of the modernization and optimization of the Bank's business and administrative processes. The additional costs required for this are reported in the income statement as extraordinary expense in the amount of EUR 38.1 million.

   Provisions for contingent liabilities have been reported in the overall amount of EUR 53.4 million in OLB's balance sheet as of December 31, 2021 for the expected costs of the full implementation of the restructuring measures resolved in the past as well as in the year under review.

We determined that the balance-sheet recognition of the restructuring provisions in the annual financial statements as of December 31, 2021 is a key audit matter, since the recognition and valuation of these numerically significantly provisions depend, to a considerable extent, on the discretionary assessments and assumptions of the executive directors, while the profit for the year has been significantly influenced by the establishment of this provision.

The executive directors' disclosures concerning the above-mentioned personnel reduction measure and their scope may be found in the "Results of operations – Extraordinary result" section of the Notes.

b) Our audit activities concerning the recognition of the restructuring provisions in the annual financial statements focused on our assessment of the completeness, and the appropriate valuation, of the provisions established. In order to audit the amount recognized for the restructuring provisions for the planned personnel reduction, we have assessed the underlying resolutions and minutes of the meetings of the Board of Managing Directors as well as the information provided to the works council as to whether an external obligation was applicable. In particular, for the evaluation of completeness and to assess the existing obligations we verified the underlying cost estimates and calculations. We have examined the documentation presented to us in relation to the assumptions made by the executive directors and their assessments regarding the calculation of the amount, as well as the plausibility of the underlying assumptions and methods, and we have verified the accounting on this basis. We have critically examined the key assumptions and, where appropriate, have obtained additional documentation (incl. regarding the parameters and data applied).

In order to assess the amount of the restructuring provisions made for the planned personnel reduction, among other activities we have, on the basis of samples, verified the calculations made by the Human Resources department in consultation with the Finance department in relation to the estimated number of affected employees and the estimated severance amount. We have also verified, recalculated and performed plausibility checks in respect of the estimated figures based on the available documentation (overall company agreements, payrolls). Through discussions with the responsible managers in the Human Resources and Finance departments and with the executive directors, we have also clarified detailed questions in relation to the envisaged personnel measures, severance terms and conditions and the methodology applied for calculation of the provisions. Within the scope of our audit of this assessment process, we have evaluated whether the methods applied, the assumptions made and the data used by the executive directors can be considered reasonable.

We have also reviewed the completeness and accuracy of the disclosures provided in the Notes regarding the envisaged measures and the provisions established for this purpose.

OTHER INFORMATION

The executive directors are responsible for the other information. The other information comprises:

- the nonfinancial report pursuant to Secs. 289b (3) and 289c to 289e HGB which is referred to in the "About the Company" section of the management report and which we expect to be provided after the date of the auditor's report,
- the disclosures pursuant to Sec. 289f HGB (women's quota; gender quota on the Supervisory Board) in the management report, and
- all sundry parts of the financial report,
- but not the annual financial statements, the audited content of the management report and our audit opinion thereon.

Our audit opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the above-mentioned other information and, in so doing, to consider whether this other information

- is materially inconsistent with the annual financial statements, with the management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE ANNUAL FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law and that the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going-concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The Supervisory Board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institute of Public Auditors in Germany (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.

- evaluate the appropriateness of the accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- conclude on the appropriateness of the executive directors' use of the going-concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company in compliance with the German Legally Required Accounting Principles.

- evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.

- perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

FURTHER INFORMATION PURSUANT TO ART. 10 OF THE EU AUDIT REGULATION

We were elected as group auditor by the Shareholders' Meeting on October 4, 2021. We were engaged by the Supervisory Board on October 11, 2021. We have been the auditor of Oldenburgische Landesbank AG, Oldenburg, Germany, without interruption since the fiscal year 2018.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Andreas Feige.

Hanover, Germany, March 1, 2022
Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed:
(Andreas Feige)
Wirtschaftsprüfer
(German Public Auditor)

Signed:
(Stephan Dreeßen)
Wirtschaftsprüfer
(German Public Auditor)

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