OLB BANK

2020 OLB ANNUAL REPORT

TURNING IDEAS INTO PLANS

SOUND BUSINESS PERFORMANCE – A STRONG CAPITAL BASE

OLB in figures

(as of: December 31, 2020)

2020 was an extraordinary year. The world was suddenly faced with coronavirus. At Oldenburgische Landesbank AG (OLB), we demonstrated that, even in these unusual conditions, we have a profitable and viable business model.

TOTAL ASSETS

EUR **21.5** BILLION

TIER 1 CAPITAL

EUR **1.1** BILLION

COMMON EQUITY TIER 1 CAPITAL RATIO (CET 1)

12.2 %

OPERATING RESULT BEFORE RISK PROVISIONS

EUR **158.2** MILLION

CUSTOMER LOAN BOOK

EUR **15.5** BILLION

TOTAL CUSTOMER LENDINGS

EUR **13.0** BILLION

NET OPERATING RESULT

EUR **135.5** MILLION

NET INCOME FOR THE FISCAL YEAR

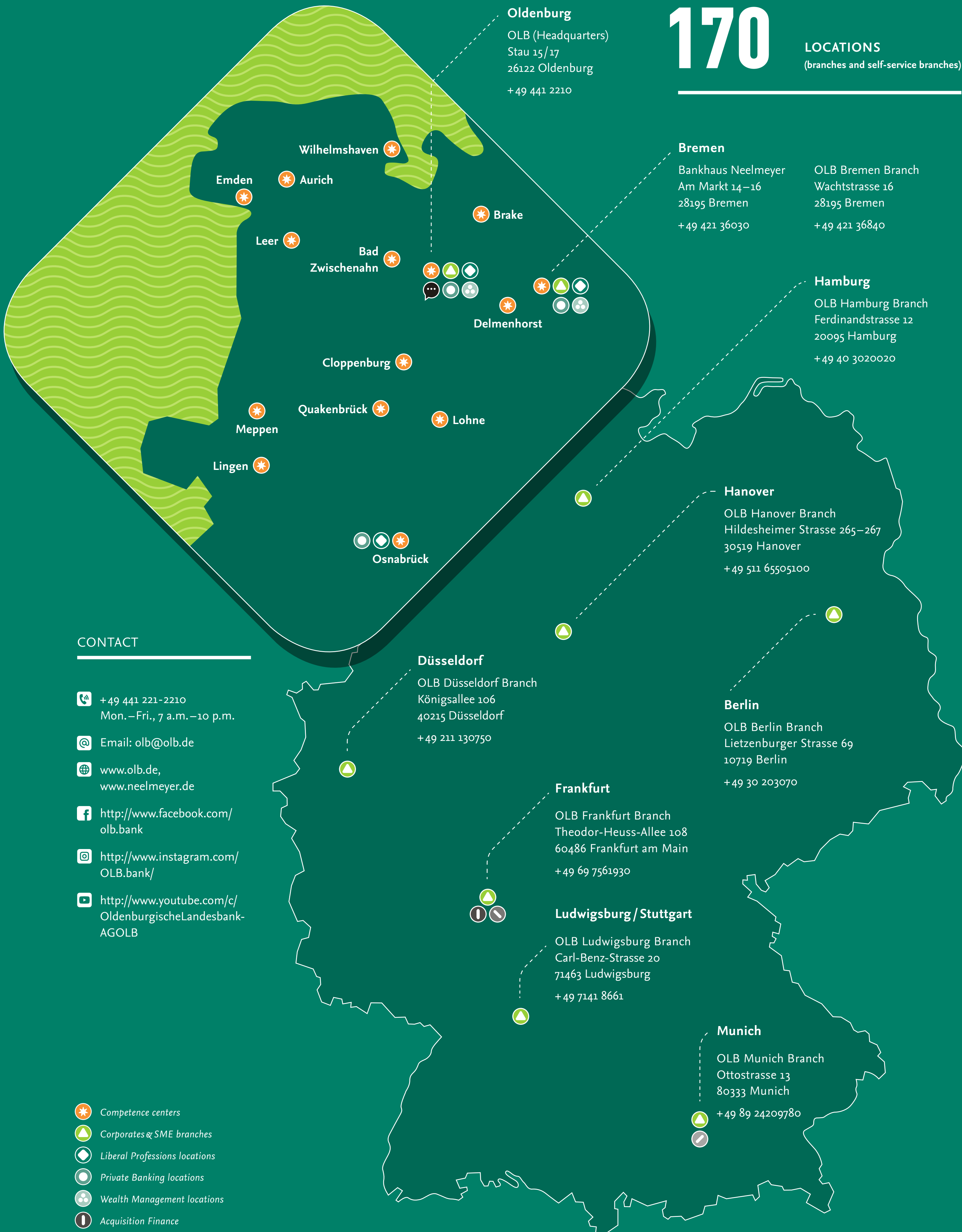
EUR **78.6** MILLION

COST–INCOME RATIO

65.6 %

170 LOCATIONS

(branches and self-service branches)



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Competence centers
Corporates & SME branches
Liberal Professions locations
Private Banking locations
Wealth Management locations
Acquisition Finance
Commercial Real Estate
Corporates Football Finance
Advisory Center Oldenburg

EUR m	12/31/2020	12/31/2019	Changes	Changes (%)
Cash reserve	1,654.6	1,230.9	423.7	34.4
Receivables from banks	764.7	552.6	212.0	38.4
Receivables from customers	15,540.9	15,141.9	399.1	2.6
Investment portfolio	2,907.5	2,461.4	446.1	18.1
Tangible fixed assets	61.5	63.3	– 1.8	– 2.8
Trust assets	18.4	1.3	17.2	n/a
Other assets	527.6	193.0	334.6	n/a
Total assets	**21,475.2**	**19,644.3**	**1,830.8**	**9.3**
Liabilities to banks	5,257.1	4,772.8	484.4	10.1
Liabilities to customers	13,011.4	12,715.2	296.2	2.3
Securitized liabilities	272.2	203.2	69.0	34.0
Subordinated debt	198.3	228.3	– 30.0	– 13.1
Trust liabilities	18.4	1.3	17.2	n/a
Other liabilities	1,560.4	594.9	965.4	n/a
Fund for general banking risks	0.1	20.1	– 20.0	– 99.5
Equity	1,157.2	1,108.6	48.6	4.4
Total equity and liabilities	**21,475.2**	**19,644.3**	**1,830.8**	**9.3**

EUR m	01/01/2020 –12/31/2020	01/01/2019 –12/31/2019	Changes	Changes (%)
Net interest income	336.3	317.2	19.1	6.0
Net commission income	113.3	103.6	9.7	9.4
Net trading (+) income/(–) expense	0.1	0.0	0.0	n/a
Operating income	**449.7**	**420.8**	**28.9**	**6.9**
Personnel expenses	– 173.2	– 177.6	4.4	– 2.5
Other administrative expenses	– 108.1	– 119.0	10.8	– 9.1
Depreciation, amortization and impairment of intangible and tangible fixed assets	– 13.8	– 14.8	1.0	– 6.8
Operating expenses	**– 295.1**	**– 311.3**	**16.3**	**– 5.2**
Net other operating income (+) and expenses (–)	3.6	5.0	– 1.4	– 28.0
Operating result before risk provisions	**158.2**	**114.5**	**43.8**	**38.2**
Risk provisions for lending business	– 30.7	– 6.8	– 23.9	n/a
Gain (+)/loss (–) on securities in the liquidity reserve	8.0	21.0	– 13.1	– 62.1
Expenditure (–) / profit (+) from the lending business and liquidity reserve	**– 22.7**	**14.3**	**– 37.0**	**n/a**
Net operating result	**135.5**	**128.8**	**6.7**	**5.2**
Other result	– 0.0	20.2	– 20.2	n/a
Extraordinary result	– 20.6	2.0	– 22.6	n/a
Profit before taxes	**114.9**	**151.0**	**– 36.1**	**– 23.9**
Income tax expense	– 35.4	– 40.1	4.7	– 11.8
Other taxes	– 0.8	– 1.0	0.2	– 21.3
Net income for the fiscal year	**78.6**	**109.8**	**– 31.1**	**– 28.4**
Cost–income ratio (in %)	**65.6 %**	**74.0 %**	**n/a**	**n/a**

	12/31/2020	12/31/2019		
Common Equity Tier 1 capital ratio (in %)	12.2	11.8		
Tier 1 capital ratio (in %)	12.7	12.3		
Aggregate capital ratio (in %)	14.2	14.1		
Number of employees	2,019	2,106		
Full-time equivalents	1,777	1,860		
Locations of Oldenburgische Landesbank AG	170	214		

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OLB
BANK

We are OLB –
a **modern** financial institution which is rooted in northern Germany and operates **throughout Germany** under its **OLB Bank** and **Bankhaus Neelmeyer** brands.

If you are a client seeking competent **advice,** transparent **solutions** for complex financial issues, the latest in **customer service** and specific **expertise** which includes the area of specialized lending, then we are the right business partner for you.

We have combined several different banks under the OLB umbrella and **pooled their individual strengths:** a broad **customer base,** competent and committed **employees** as well as stable **funding sources**, together with a well-honed **risk management system.**

Thanks to our dynamic development over the past few years, which is set to continue in the years to come, we are **ready for the future** and will fulfill our core function on the banking market on a long-term basis.

Bettina Satters manages OLB's Advisory Center Oldenburg and thus represents the dedicated team of people which provides our digital services.

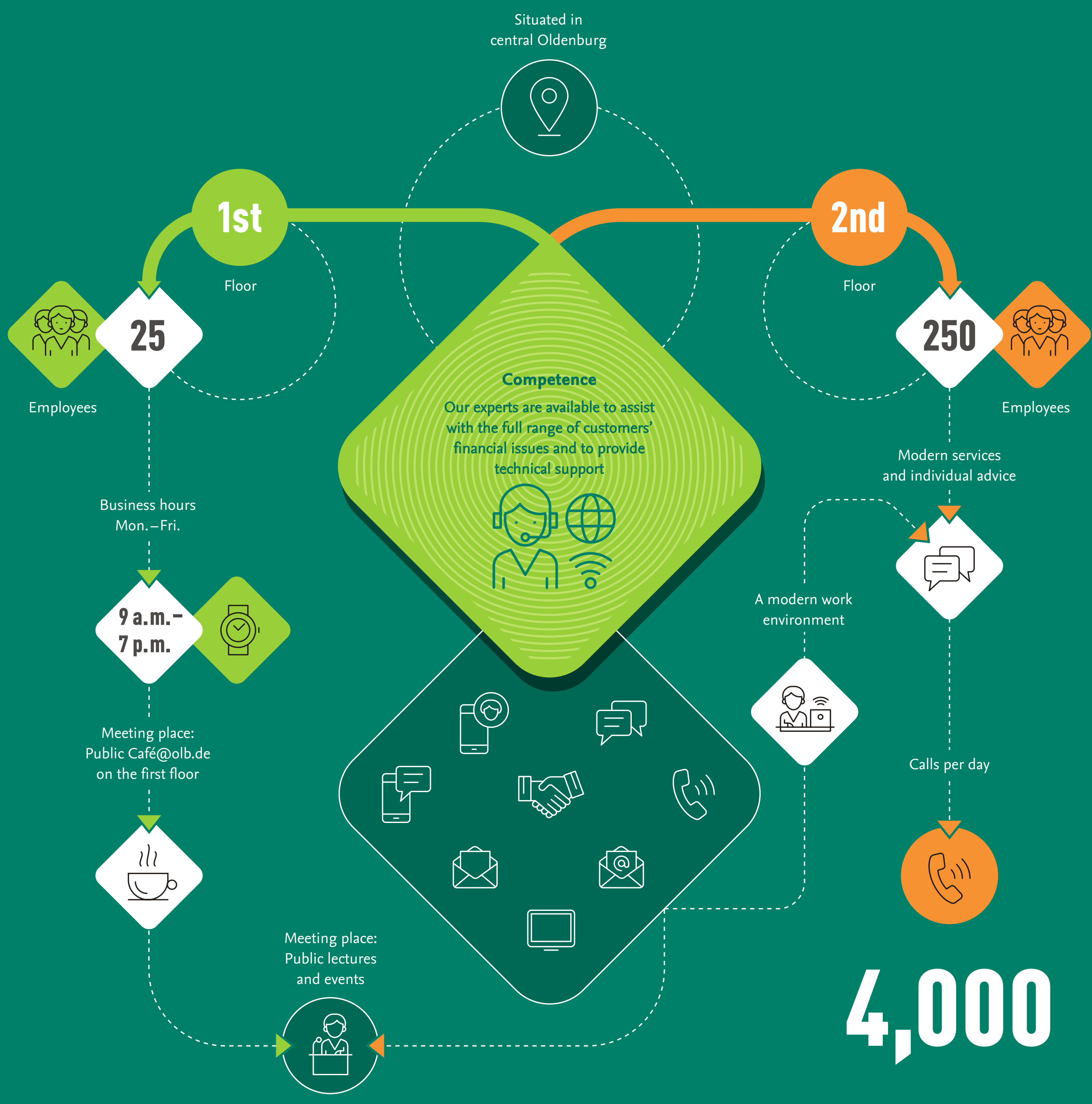
09.20

ADVISORY CENTER OLDENBURG

Direct, individual and digital customer services: In September 2020, OLB launches its Advisory Center Oldenburg ("Beratungscenter Oldenburg, BCO") – its innovative new anchor point and the backbone of its multichannel strategy. We combine modern services in digital form, via online and mobile banking, with competent individual advice for customers, whether in-branch, over the telephone or by video chat. At our Advisory Center in the heart of Oldenburg, OLB brings together under a single roof people with knowledge and experience, modern technology and services: Everything which brings the Bank's multimedia channels to life is managed and made available from here. The first floor of the building also houses an OLB branch which serves as our competence center for central Oldenburg. Here, among other services, our customer relationship managers are available to assist our clients through advisory meetings covering construction financing, insurance, pension planning and real estate, with extended hours of business.

YOUR ADVISORY CENTER OLDENBURG

Around 250 advisory, support and technology specialists at our Advisory Center and around 25 customer relationship managers at our adjoining competence center are there to serve our clients.



KEY EVENTS in 2020

02.20

A SUSTAINABLE COMMITMENT TO CHILDREN AND YOUNG PEOPLE

For many years now, OLB has demonstrated its **social commitment** above all as a patron and sponsor of a large number of projects. In February 2020, the distribution of the development funds under the **“150 Thousand Good Reasons”** initiative marks the end of the special anniversary year of **OLB** and the **OLB Foundation** – the Bank celebrated 150 years of business in 2019, while the foundation marked its 25th birthday. Whether it’s day nursery groups, daycare centers, elementary schools, special schools, sports clubs, orchestras, churches, youth fire departments or other institutions – throughout Northwest Germany, **children’s and youth projects** are delighted with the support which they receive from the Bank.

03.20

A RECORD EARNINGS FIGURE FOR OLB – START OF THE CORONAVIRUS PANDEMIC

In March 2020, OLB publishes its earnings for **fiscal year 2019** – the year prior to the outbreak of the coronavirus pandemic. With a net income for the fiscal year of **EUR 109.8 million**, the Bank achieves a **record earnings figure** which surpasses its expectations. OLB predicts a considerably lower earnings figure for 2020 at this time.

Shortly afterwards, the German government imposes the first coronavirus lockdown and it soon becomes clear that the **coronavirus pandemic** is not just changing the economic environment but also poses a wide variety of unprecedented challenges for the entire world.

04.20

A SUCCESSFUL BANK THANKS TO ITS COMMITTED WORKFORCE

An excellent **work environment,** an outstanding **work atmosphere,** and very good **initial and advanced training opportunities** – those are merely three of the many factors which make for an outstanding employer. In April 2020, the magazine Focus Business and the rating platform kununu once again select OLB as a **“Top national employer”** after evaluating the views expressed by the Bank’s employees. OLB places high value on an attractive environment since competent, committed and motivated employees play a key role in customer satisfaction and the Bank’s success.

06.20

PROMOTING DIALOG BETWEEN THE UNIVERSITY AND BUSINESS SECTORS

Promoting **cooperation** and **dialog** between the university and business sectors is one of the goals of the **OLB Foundation** and a motivation behind the call for submissions for the **OLB Science Award** in June 2020. With EUR 22,000 of prize money, this is the largest prize of its kind in Northwest Germany. A large number of university students and doctoral candidates submit their outstanding papers up to the deadline for applications in late November.

07.20

WE ARE HERE FOR OUR CUSTOMERS, EVEN WHEN TIMES ARE TOUGH

OLB considers it especially important to **support** its customers during the coronavirus pandemic – above all **through competent advice as well as funding.** The Bank provides special-purpose loans especially for affected companies and self-employed persons with no employees, and arranges government assistance for its commercial clients. By mid-2020, OLB has already launched its **own coronavirus assistance program** and is arranging loans from the German government-owned development bank KfW as well as other **public development funds – by the end of the year, this support reaches a volume of around EUR 300 million.** The Bank also offers private clients assistance in line with their individual needs.

09.20

THE BEST BY FAR: OUR TRAINEES

In somewhat difficult circumstances due to the restrictions associated with the coronavirus pandemic, on September 1, 2020 **40 young people** begin their demanding bank clerk and banking information technology specialist **trainee programs** at OLB. This generation has grown up in a digitalized world and thus has an important role to play at the Bank in strengthening its **modern and dynamic corporate culture.** The high quality of OLB's trainee program is again demonstrated in November 2020: The German Employers' Association for the Private Banking Sector selects two OLB trainees as the **best in their year**.

FIRST-CLASS RATINGS FROM MOODY'S

The coronavirus pandemic also affects the capital markets. In these volatile times, OLB's **covered bonds** offer stability – the high level of quality of the Bank's cover fund in particular wins over the credit rating agency **Moody's**, which awards OLB an Aa1 covered bond rating in September 2020. The OLB covered bond is thus **eligible for central bank borrowings:** This is an important signal for the growing number of covered bond investors and for OLB's funding management.

A short while later, Moody's also confirms OLB's **investment grade rating** "Baa2 (outlook stable)." The Bank continues to benefit from its stable capitalization and from its high proportion of private customer deposits.

12.20

MOBILE PAYMENT MADE EASY

Digital and convenient payment methods are gaining ground even more rapidly due to the coronavirus pandemic. Following intensive preparations, OLB expands its customers' **contactless payment options** with **Google Pay** in November 2020, followed by the introduction of **Apple Pay** in December 2020. Thanks to the new Mastercard "ec" cards which have been issued to all of the Bank's customers and can be used for mobile payment purposes, OLB clients can make full use of **convenient payment options** in stores, on the Internet or when using shopping apps.

IN CONTACT WITH OUR CUSTOMERS VIA EVERY CHANNEL

Digitalization is changing the banking market – OLB is continuing to evolve

Panta rhei – everything flows. This phrase attributed to the Greek philosopher Heraclitus describes the concept of a continuous process of development and change. It is certainly true of the banking market. Even before the developments brought about by the coronavirus pandemic, the low interest-rate level underpinned by European financial policy, ever more stringent regulatory requirements, the entry of new players onto the market and, not least, customers' behavior had changed the environment in which banks and savings banks operate.

Nowadays, financial institutions' equity capital bases are generally much stronger and more resilient than they used to be. On the other hand, some firms now no longer seem large enough to succeed on their own in the intensely competitive and increasingly demanding market environment. This partly accounts for the decrease of around 20 percent in the number of institutions in Germany over the past ten years, according to the *Association of German Banks*.

AN ATTRACTIVE AND INSPIRING OFFERING

Every institution is exploring how best to respond to the demands of the market environment. We have identified our response and are implementing a dynamic growth strategy on this basis: Since 2018, OLB AG, Bremer Kreditbank AG, Bankhaus Neelmeyer AG and Wüstenrot Bank AG Pfandbriefbank were merged to form the new OLB, which comprises our two brands OLB Bank and Bankhaus Neelmeyer. With the combined strengths of four banks which had previously successfully operated in-

https://bankenverband.de/statistik/banken-deutschland/kreditinstitute-und-bankstellen/#chart-7 dependently, we are pursuing a stable, consistent and long-term strategy on behalf of our customers, our employees and our shareholders. We aim to remain on the winning side and to provide an attractive and modern offering for private clients and companies as well as specialized lending and to inspire our clients, above all, by virtue of our competence, reliability and speed.

> People have now become accustomed to certain things in their non-work lives, such as with online services, and they are increasingly expecting the same in terms of their bank's offering.

Peter Karst, General Manager

EXPANSION OF OUR DIGITAL OFFERING

The coronavirus pandemic has lent the process of digitalization further momentum. Customers are changing their habits and the demands which they make of their banks, quite independently of the pandemic. Indeed, they were doing so even before the outbreak of the pandemic. The trend is set to continue. Peter Karst, OLB's General Manager, who is responsible for private client business, is sure of that: "People have now become accustomed to certain things in their non-work lives, such as with online services, and they are increasingly expecting the same in terms of their bank's offering." Just a few years ago, customers were mainly interested in a wide range of services at branches: withdrawing cash over the counter, handing over transfer forms, setting up standing orders and registering changes of address.

Nowadays, customers handle all of this and more themselves, via ATMs and increasingly also at supermarket checkouts as well as by telephone and on the Internet. That is one of the reasons why we are making long-term investments in the expansion of our digital services. Our customers' relationship with their bank and, conversely, our relationship with our customers can be covered throughout Germany, not just via branches but also through modern channels such as online and mobile banking, telephone customer service as well as video chat-based advisory services.

Particularly in view of the coronavirus pandemic and the necessary precautions, digital contact options have demonstrated their value as modern and customer-friendly technologies. It is not only younger customers who increasingly appreciate the high level of flexibility which online and mobile banking makes possible. The fact that customers can get their business done or reach the right contact wherever they are – regardless of whether their customer relationship managers are working from their branch locations or from a mobile workstation – fits well with our strategic orientation as a Digital Bank Plus. This, too, has proven its worth in this unusual year 2020.

FOCUS ON CUSTOMER SUPPORT

Since simple services are shifting to digital channels, this is easing the strain on the customer relationship managers based at our branches, who thus have more time to provide our clients with competent, individual advice. In our view, the important financial issues in people's lives require expert advice, and customers still have a need for this. However, high-quality advice cannot be consistently provided at branch locations which have only a few employees and are only open for a few hours each week.

That is why we are pooling our advisory competence at larger, more central locations. While the overall number of our branches has declined over the past few years – as with many other *financial institutions* – on the other hand we are offering our customers better-equipped branches, with longer hours of business than previously. We are also available to provide advice and services via the full range of channels, in line with what customers nowadays expect – at our branches, by telephone or video chat and online.

https://bankenverband.de/statistik/banken-deutschland/kreditinstitute-und-bankstellen/#chart-6

THE RIGHT CONNECTION FOR EVERY CUSTOMER

A focus on competent advice and digital services

Competence and the trust inspired by individual advice, services in line with customers' needs, the latest in customer service on the Internet and via our OLB banking app as well as rapid, efficient processes: As a Digital Bank Plus, we offer our customers digital performance plus excellent advice.

Our offering in our Private Clients business segment comprises account management and payment transaction processing with giro cards, credit cards and debit cards, online and mobile banking, installment loans and investments, construction financing, insurance broking as well as help with property purchases and sales. Our customers also use secure and up-to-date mobile payment options – since 2020, OLB customers can use Apple Pay and Google Pay.

OUR BANKHAUS NEELMEYER

We meet the needs of our high-net-worth customers in relation to investments, structuring of investments, asset management, real estate management as well as multigenerational management and foundation management services at our *Private Banking locations* → and through our Wealth Management teams in Bremen and Oldenburg especially, under our Bankhaus Neelmeyer brand. Bankhaus Neelmeyer has operated as a branch office of OLB since the end of 2018. It is a byword for professional and competent wealth management in the Bremen region, and increasingly also further afield.

CUSTOMER SERVICES AND SPECIAL EVENTS

For our private clients who value individual advice, we have pooled our expertise at *16 competence centers* →. Here, in addition to their personal advisors, our customers can also consult our investment, securities, construction financing and real estate specialists, as well as our service personnel.

At the time of preparation of this report, our competence centers and branches are only open on a limited basis due to the measures in place to contain coronavirus. We are mainly using channels such as telephone conversations and video chats for advisory meetings. Once the pandemic situation permits, we look forward to receiving our customers at our competence centers during our extended hours of business, 9 a.m. to 6 p.m. from Monday to Friday.

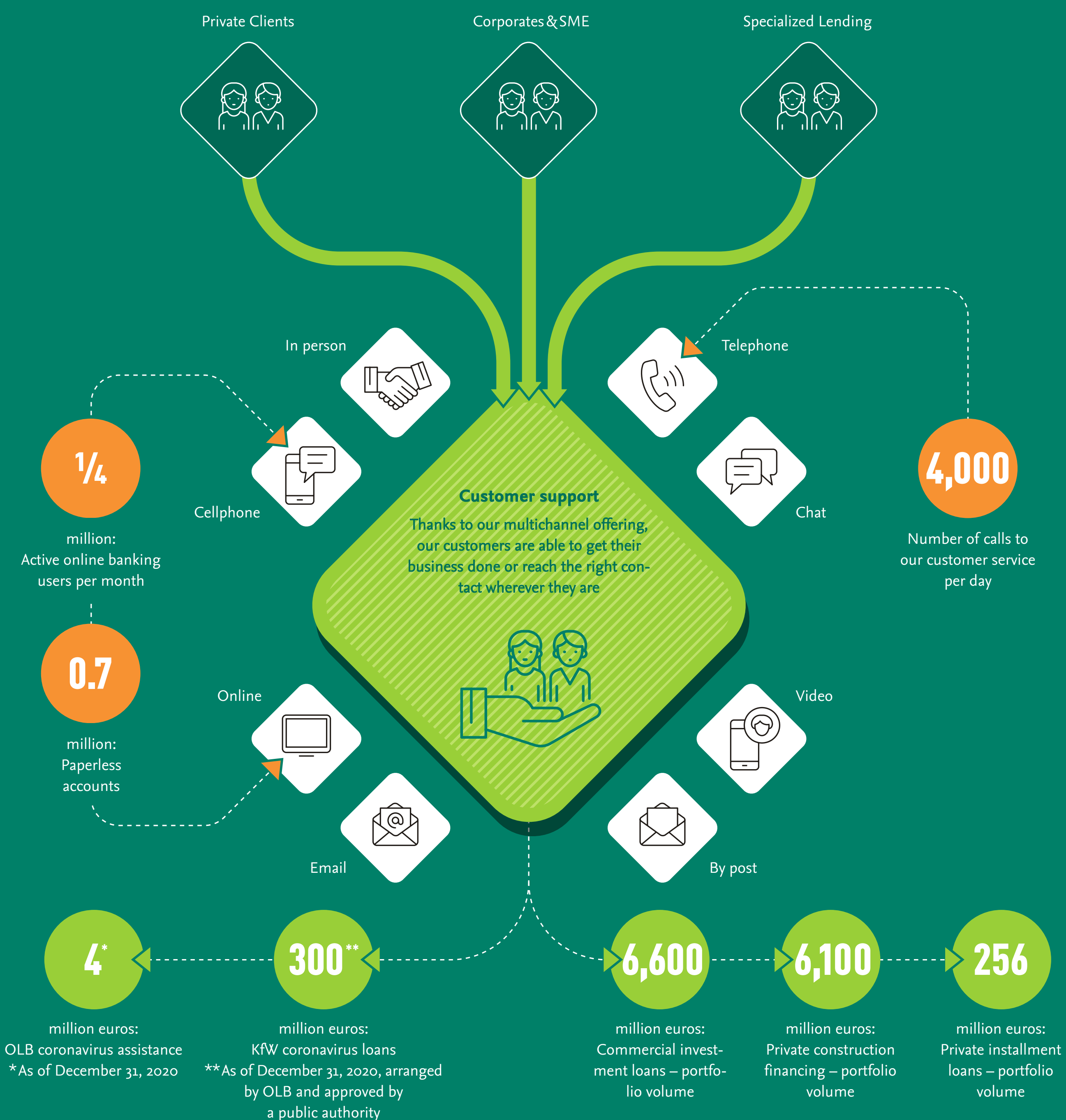
Our *Advisory Center Oldenburg* → is at the heart of our multimedia channels which are used for customer relationship management purposes throughout Germany. Bank employees handle activities here, such as the digital aspects of banking as well as our telephone customer service. With an integrated café and a small events area, our Advisory Center Oldenburg is also an open meeting place situated in central Oldenburg: It offers both customer services and special events under one roof.

→ See the inside cover of this report for further information

→ See pages 4–5 of this report for further information

THE MOST IMPORTANT THING: YOU, OUR CUSTOMERS

As a bank, we are continuously developing together with our customers. We are there for our customers with competent individual advice as well as products and services attuned to their needs, via the full range of modern channels.



SPECIFIC EXPERTISE COVERING COMPLEX ISSUES

Solutions for everything from wealth concepts to acquisition financing

Whether it's off-the-peg or tailored products: In our Private Clients (incl. support for the self-employed), Private Banking and Wealth Management, Corporates & SME (small and medium enterprises) and Specialized Lending business segments, we offer our customers efficient processes in line with their specific needs, with highly digitalized and automated services as well as individually tailored solutions for more complex financial issues.

As detailed in the previous section of this report, our service portfolio for private clients in particular comprises our multichannel offering and, in line with user behavior patterns, a growing volume of online and mobile banking. With a portfolio volume of around six billion euros at the end of 2020, our private construction financing services especially reflect the fact that, in our Private Clients segment too, we value competent individual advice alongside digital services and we are there to assist all of our clients when it's time to turn ideas into plans.

We maintain especially close relationships with high-net-worth customers, members of the liberal professions and business owners, and these customer groups have a particular need for areas of special expertise. Where necessary, they also make strong use of the modern and flexible options offered by online and mobile banking.

We design specific wealth and financing concepts for high-net-worth customers who are high earners or whose family wealth has been built up over a period of generations. Together with our customers, we identify the appropriate solutions for issues relating to investment advice and management, risk management, holistic financial planning, financing, real estate assets, pension planning, liquid assets as well as multigenerational management and foundation management. We concentrate on the area of wealth management under our renowned Bankhaus Neelmeyer brand →.

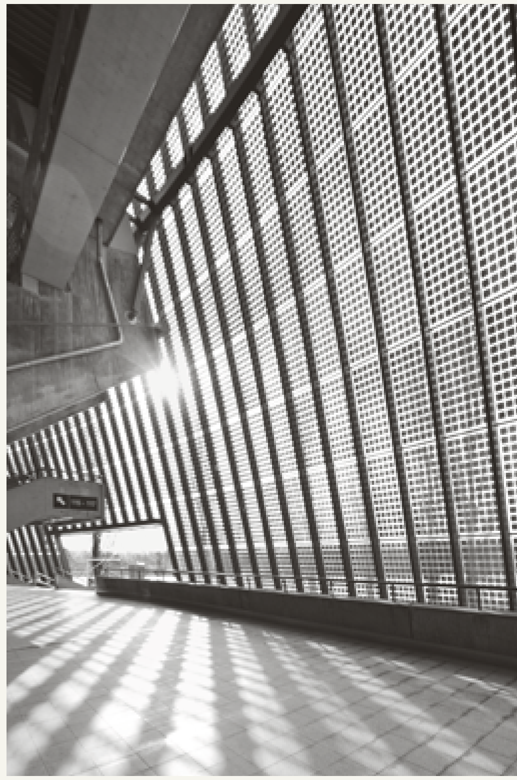
We meet the needs of members of the liberal professions such as pharmacists, lawyers and notaries, certified public accountants, tax advisors and management consultants as well as architects and engineers, above all, through our Customer Relationship Management Team for the Liberal Professions, which has been certified by the Frankfurt School of Finance & Management. Comprehensive advice on the issues of asset management, financing and real estate purchases, protection strategies, pension planning as well as succession planning are core priorities in this area.

Working with larger business and corporate clients in the Corporates & SME segment, we develop solutions in fields such as operating equipment financing, investment financing, export financing, international payment transactions as well as currency and liquidity management. In OLB's Weser-Ems core business area and through our *branches* → in Berlin, Bremen, Düsseldorf, Frankfurt, Hamburg,

→ See page 10 of this report for further information

→ See the inside cover of this report for further information

> In our business model, we benefit from the diversification of our revenue sources.
>
> Dr. Rainer Polster, Member of the Board of Managing Directors



Hanover, Munich and Ludwigsburg, we are available throughout Germany with our specialists for business and corporate clients.

SUPPORT DURING THE PANDEMIC

In what was an unusual year for all concerned, our business and corporate clients likewise suffered declining revenues in 2020. However, all in all businesses were very robustly positioned, particularly in our core area in Northwest Germany. In our view, the coronavirus pandemic and the necessary measures have had, and are continuing to have, a particularly severe impact on businesses and the self-employed in the over-the-counter retail, restaurant, hotel and tour operator sectors, which have either had to close down during the lockdowns or have been unable to pursue their core business activities. In 2020, customers had a particularly strong need for competent advice and financial support in this context, in order to safeguard their liquidity. Up to the end of 2020, we had arranged public development funds such as coronavirus assistance loans from KfW and received approval from the relevant public authorities for a volume of around EUR 300 million; we also launched our own special-purpose loan product.

Over the course of 2020, we focused on leasing-based investment financing. We are cooperating with two leasing companies in this field. Leasing may be an appropriate solution for sectors which require a high volume of investment – such as the construction industry, shipping companies and manufacturing companies – and also, in principle, for any investments in the process of digital transformation. “Leasing is part of a modern service offering from an all-purpose bank with corporate clients such as OLB,” says the Board of Managing Directors member Hilger Koenig. “We thus offer our clients a simple and quick alternative to a loan.” Customers are therefore able to regularly invest in their business equipment, as necessary, while also preserving their liquidity – this is a valuable tool, and not just in times of the coronavirus pandemic.

KNOW-HOW WHICH ALSO EXTENDS TO NICHE AREAS

Since April 2020, we have added to our Corporates & SME business segment what we consider to be an attractive niche area: football finance. This primarily consists of two products: forfaiting in particular – i.e., purchasing receivables – and, to a lesser extent, traditional lending to football clubs. In the first fiscal year of our involvement in this field, we already realized a business volume in the lower nine-digit range, which exceeded our expectations.

We are guided by certain principles in entering a market such as football finance: Customers must have a need for our advice and our products, we must understand the business segment and a certain volume must be generated. Following our positive start, we are optimistic that we will be able to gradually expand our niche business segment of Football Finance, while always carefully weighing the potential risks.

A CORNERSTONE OF OUR GROWTH

Our Specialized Lending business segment is a particularly important cornerstone of the Bank's growth strategy. This business segment focuses on the following three areas:

- Acquisition Finance – this includes, in particular, the arrangement and structuring of debt capital financing to support acquisitions of medium-sized companies in Germany, Austria and Switzerland, as well as other European countries on a selective basis
- Commercial Real Estate – this encompasses commercial real estate financing for developers and property development companies, as well as support for investors in real estate projects in Germany and also, selectively, in the Netherlands
- Ship Finance – ship finance has a long history at OLB, and we have drawn upon our expertise to provide a very limited volume of finance for freight-rate-dependent sea-going vessels

Our Corporates & SME and Specialized Lending business segments involve a fairly small number of transactions overall, with relatively high volumes. For this reason, in these business segments our individual and personal customer relationship management services are our core area of competence. Our Private Clients business segment, on the other hand, involves smaller amounts but a significantly higher number of individual transactions. Efficiency, speed and a focus on process quality are the key factors here. This mixture of business processes, which differ in terms of their pace and their structural characteristics, and the distribution of risks has a positive effect: "In our business model, we benefit from the diversification of our revenue sources," says Board of Managing Directors member Dr. Rainer Polster.

Not least given the impact of the coronavirus pandemic, some of the parameters of relevance for private and commercial financing solutions may be subject to change. What are the customer's current office requirements? Is there a need for increased living space? In the interests of our customers, we will continue to closely monitor the effects of the pandemic and will react, if necessary. Fiscal year 2020 was the first full period of combined business activities following the integration of Bremer Kreditbank AG and Bankhaus Neelmeyer AG and Wüstenrot Bank AG Pfandbriefbank's merger with OLB AG, and was a highly successful year from an operating point of view especially. We now consider ourselves ideally placed to cope with further pressure resulting from the coronavirus pandemic and ready to achieve further growth – thanks to our capital base and our earning power – together with our customers.

Martin Heuermann manages the central Oldenburg branch area and thus the location where the Advisory Center Oldenburg is situated.

THE BOARD OF MANAGING DIRECTORS' PERSPECTIVE

Interview with Dr. Wolfgang Klein, Chairman of the Board of Managing Directors

Dr. Klein, 2020 had hardly begun when the coronavirus pandemic broke out. Since then, it has shaped our everyday lives. Looking back, how would you sum up 2020?

2020 was an unusual and highly challenging year. We have all picked up new concepts from the worlds of virology and epidemiology – from the incidence rate to the rules regarding social distancing, hygiene, mask-wearing and proper ventilation. The most important thing for us was to ensure the optimal protection of the health of our employees and clients, and this still remains the case. We quickly implemented appropriate measures, adjusted them as necessary and pursued in-depth communication activities at all times. In this way, so far we have coped well with the situation.

In terms of our business, the key point for us is to provide effective financial assistance for our existing customers during this difficult phase. Above all, a government assistance package is available for this purpose, which is of unprecedented scope and was put together at unprecedented speed. With our volume of total assets and our capital resources, we ourselves are in a robust position to come through the coronavirus crisis more or less unscathed, albeit perhaps with a few minor cuts and bruises.

However, not only did we quickly respond to the unforeseeable circumstances, we also continued to operate and thus did not deviate from our strategic path forward, despite coronavirus. We followed through with our plans, although we would have liked to have invited our customers to attend the opening of our Advisory Center Oldenburg to celebrate this milestone together. But that just wasn't possible.

What effect has the coronavirus pandemic had on the Bank's earnings?

It has demonstrated the importance of efficiency and earnings power in order to get through crises. Our course of business was positive in 2020 despite the pandemic. In our customer business, in the conduct of our business and within the scope of our internal management strategy, we rapidly adjusted to the new demands. We made the best of this difficult situation since we had already set out on the necessary path of digitalization well ahead of the pandemic.

> We made the best of this difficult situation since we had already set out on the necessary path of digitalization well ahead of the pandemic.
>
> Dr. Wolfgang Klein

On the whole, our business did not suffer any negative effects in 2020. But we are not naive: The longer the pandemic continues, the greater the probability of loan defaults. That is why we already clearly factored coronavirus into our 2020 financial statements and made appropriate provisions for loan defaults which must be expected in 2021.

Coronavirus has mainly meant a crisis situation, suffering and tough restrictions. Have there also been positive aspects for you?

First of all, in my opinion, what the German chancellor Angela Merkel said of coronavirus back in January precisely sums up what we are dealing with: It has made unreasonable demands of us all and it is the disaster of the century. The number of people who have died or fallen sick worldwide is unbelievably high, and we greatly mourn the victims and sympathize with the bereaved. Many business owners, employees and self-employed people are worried about their livelihoods.

In this context, it is difficult to talk about positive aspects – but yes, there are some: In addition to the decline in traffic and environmental pollution, above all there is the broad-based digitalization of society. Experts have remarked on the subject of digitalization that within a period of three months, coronavirus has brought about changes which would normally take ten years. For banking specifically, people are now all the more aware of the benefits of flexible online banking and contactless payment. In an age where in-person meetings are not possible, we have sought to be close to our customers by digital means and have stepped up this strategy. Our telephone, video chat and email contact channels are very widely used. And we are able to ensure the continuity of all our relevant business processes at all times, regardless of whether we are working at a distance from one another in the office or working from home. We have allowed our employees to work from home for some time now, but that option is now naturally being used much more frequently. Up to 80 percent of our workforce is currently working from home.

Our business model is built upon multiple pillars, and these are also solid from a balance sheet and regulatory point of view. We are convinced that this combination represents a winning formula for the future.

Dr. Wolfgang Klein

You already mentioned OLB's Advisory Center Oldenburg. Last year you referred to it as the "new backbone of the Bank's digital offering." How has the Advisory Center fared during its launch period?

Our Advisory Center Oldenburg – or BCO, in short –is the key element in our strategy which brings together all of our client contact channels: It is our backbone as a Digital Bank Plus. Behind every digital offering and every service, there are people who ensure that everything is in line with our customers' needs. These specialists work for us at a single location, our BCO.

Moreover, our Oldenburg competence center is based on the first floor of the building. It was previously in a location which was closer to the Bank's headquarters, but is now directly situated in a pedestrian zone in the city center. This is a move of just a few hundred meters, but it is of considerable strategic significance for us, since with its dynamic character and its modern atmosphere our BCO also makes for a good branch location.

It is a pity that we haven't been able to launch one particular aspect of our BCO so far: For the most part, we have not been able to welcome any external visitors to our integrated Café@OLB.de, nor have we been able to offer any events yet. Once that becomes possible, people will experience our BCO in line with its intended purpose: a digital and in-person meeting place.

At the same time, OLB significantly reduced the number of its branches and restructured its network of locations in the year under review. What are your goals in pursuing this strategy?

We aim to combine our individual advisory expertise and the customer relationship management services which we provide at our competence centers and to do so at larger and more centrally located branches. We are thus enhancing the status of these locations. Here, our customers can rely on always receiving good advice from competent contacts who have time for them. It is not possible to guarantee this high standard at smaller locations with limited business hours and a smaller number of staff.

We are aware that the decision to convert a branch into a self-service branch or to close a location entirely always represents a change for affected customers. However, we are convinced that the high quality of our advisory services may justify a slightly longer journey and that we still have a very strong offering for those of our customers who find it more difficult to do without their branch situated on the corner of their street: We offer each of our customers the opportunity to conduct their banking business independently and flexibly, via the full range of conventional channels, while where necessary also receiving individual specialist advice at their branch, over the telephone or by video.

In your interview last year, you announced that you intended to expand the Bank's expertise and portfolios in its Corporates & SME and Specialized Lending business segments. Has the pandemic frustrated these initiatives?

Above all, a key point for us has been that companies and self-employed customers who have been with us for many years should be able to rely on our competent advice and our role as a financing partner now more than ever. Up to the end of 2020, we had arranged a committed volume of around EUR 300 million of KfW development loans and, where necessary, also granted our own special-purpose loans in order to bridge the shutdown periods and to keep businesses alive while the restrictions are in place. Depending on their particular industry, some of our customers are experiencing declining revenues. However, when we talk to them or look at credit lines, we find that companies in Northwest Germany – where most of our customers are based – are solidly positioned in overall terms.

In our Specialized Lending segment, which operates throughout Germany and also internationally, the effects of the pandemic have resulted in increased restraint in relation to major projects. In the area of acquisition financing, business already picked up again later in the year, while in real estate financing we expect to see a slower catch-up effect. And in the area of ocean-going shipping, we very deliberately concentrate on shipowners with sustainable business models. Overall, in the context of the pandemic it has become even more important to look at risk.

We launched our new Football Finance business area as a further pillar of our business in the spring of 2020. This is an interesting niche. With our know-how, we have already made a small but distinguished name for ourselves in the industry. So we are on the offensive in the field of football finance, and that is very helpful for our business model.

Beyond coronavirus, what challenges are banks faced with in the near future?

Other than the effects of the coronavirus pandemic, which are likely to be with us for some time to come, above all the low interest-rate level, which has been in place for some years now, continues to represent a major challenge. Both the USA's Federal Reserve and the European Central Bank have stated that they intend to keep interest rates low on a long-term basis. That won't make our work any easier.

Digitalization is at the heart of changes in many areas of life and, not least, in the banking industry. As I said before, this development has now acquired even more momentum and it is unfolding even faster and with even more impetus.

We can handle that at OLB, since we had already taken the right steps well before the outbreak of the pandemic. We are in the midst of a process of transformation and are developing into a modern Digital Bank Plus which offers its customers competent advice and the latest in customer service. Core aspects of this include enhancing the customer experience through digital channels and – besides products which customers can sign up for via an entirely online process, as well as competent telephone- and video-chat-based advisory services – offering simple and secure mobile payment and e-commerce capabilities, for instance. We will be refining our forward-looking business model in this direction over the next few years.

How optimistic are you for the future?

In the short term, our business will be shaped by the further course of the coronavirus pandemic, but we can cope with that. We have convincing answers to the issues which the entire industry is faced with. We are responding to our customers' needs through our full range of channels, and digitally especially, and we have further expanded our offering. We cover this strategy in detail in this report. In summary, we are supplementing our traditionally broad-based private clients business with the higher-margin segments of corporate finance and specialized lending, where we envisage particularly strong potential for future growth. My colleagues on the Board of Managing Directors and I and also, not least, our shareholders therefore have an optimistic view of OLB: Our business model is built upon multiple pillars, and these are also solid from a balance sheet and regulatory point of view. We are convinced that this combination represents a winning formula for the future.

Date of the interview: March 2021

THE MANAGEMENT TEAM of OLB

Top left to bottom right: Dr. Wolfgang Klein, Karin Katerbau, Dr. Rainer Polster, Stefan Barth, Hilger Koenig, Peter Karst


OLB
BANK

OUR KEY PERSONNEL: EXPERIENCE AND COMPETENCE

Our Management Team

They are responsible for the strategic management of the Bank and have overall responsibility for its business: Five members of the Board of Managing Directors and one general manager shape the development of OLB through their expertise. This is OLB's management team:

DR. WOLFGANG KLEIN – CHAIRMAN OF THE BOARD OF MANAGING DIRECTORS

Dr. Wolfgang Klein (born 1964) has served as the **Chairman of OLB's Board of Managing Directors since October 2019**. He previously held the position of Deputy Chairman of the Board of Managing Directors from September 2018. From 2010 to 2015, he was a member of the management board of **Bawag P.S.K.** (Austria) before working as an independent **management consultant**. From 2001 to 2009, he served on the management board of **Deutsche Postbank** and ultimately as its management board chairman. Previously, he was a member of the management board of **Deutscher Sparkassen- und Giroverband (German Savings Bank and Giro Bank Association)**. After working as a consultant at **McKinsey & Co.**, he joined **Dresdner Bank** in 1996. Following his vocational training as a **bank clerk**, he studied **economics** and earned a **doctorate** alongside his professional commitments.

STEFAN BARTH – MEMBER OF THE BOARD OF MANAGING DIRECTORS

Stefan Barth (born 1977) has been a **member of OLB's Board of Managing Directors since January 2021**. Before that, from 2013 he was responsible for risk management at **Bawag Group AG** in Vienna, from 2015 as its chief risk officer. In the period from 2008 to 2012, he held positions at **Hypo Alpe-Adria Group AG**, whose group credit risk control division he managed from 2009. Until 2008, he served as first vice president, risk models & methods, at **Bayerische Landesbank (Bavarian Regional State Bank)** where he had previously completed his vocational training as a **bank clerk**. Alongside his vocational training, he studied **European business administration** at Lahr University of Applied Sciences.

KARIN KATERBAU – MEMBER OF THE BOARD OF MANAGING DIRECTORS

Karin Katerbau (born 1963) has been a **member of OLB's Board of Managing Directors since April 2012**. Previously, from 2008 she served as deputy chairperson of the then **BRE Bank SA Group** in Poland (now mBank). In 2001, she joined **comdirect bank** and became a member of its management board in 2004. In the period from 1994 to 2012, she worked in various executive and managerial positions in the **Commerzbank** Group, having previously spent four years at **Société Générale.** She completed her training as a **bank clerk** at **Landesbank Rheinland-Pfalz (Rhineland-Palatinate Regional State Bank)** and her **international studies in business administration** in Reutlingen and Reims (France).

HILGER KOENIG – MEMBER OF THE BOARD OF MANAGING DIRECTORS

Hilger Koenig (born 1967) has been a **member of OLB's Board of Managing Directors since January 2014**. Previously, from 2012 he served as the Bank's General Manager with responsibility for regional customer business and its subsidiaries. From 2004 to 2011, he was head of **Human Resources**. On joining OLB in 2000, he held the position of a Human Resources group leader. Previously, from 1995 he worked in the human resources division of **Commerzbank**, and from 1996 served as a human resources manager for its regional branches in Bremen/Hamburg. He also completed his vocational training as a **bank clerk** at Commerzbank and studied **business education** in Göttingen.

DR. RAINER POLSTER – MEMBER OF THE BOARD OF MANAGING DIRECTORS

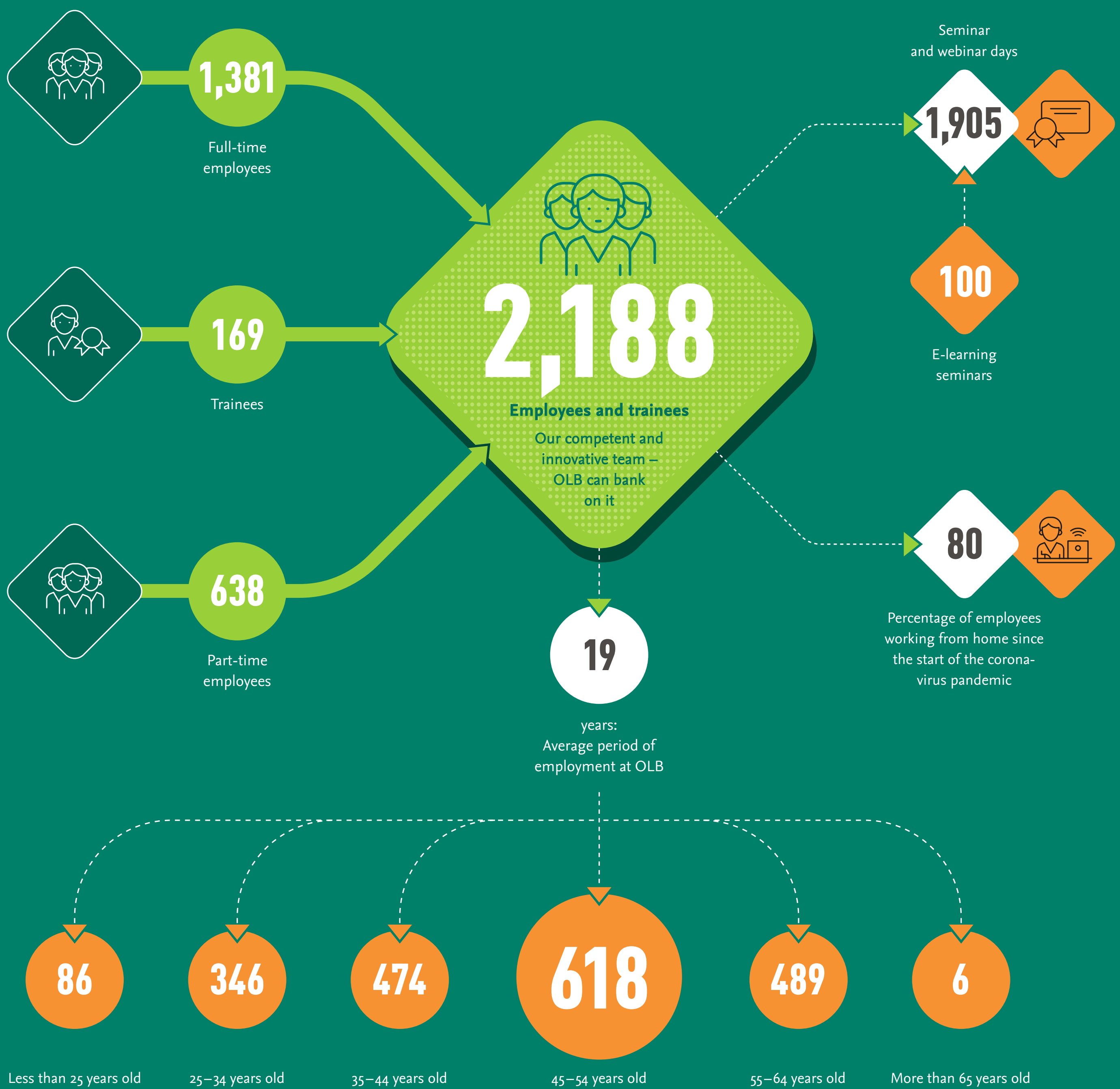
Dr. Rainer Polster (born 1970) has been a **member of OLB's Board of Managing Directors since April 2020**. Previously, from October 2018 he served as its General Manager, focusing on international business. From 2003 to 2018, he worked for the **Financial Institutions Group**, from 2010 as its director for Germany, Austria and Switzerland. Moreover, from 2010 to 2018 he served as **Deutsche Bank's** chief country officer in Austria. Previously, from 1997 onwards he held various positions at Deutsche Bank, including assistant to the CEO. He studied **economics** in Passau and Montréal (Canada) and obtained a **PhD** from the University of Passau.

PETER KARST – GENERAL MANAGER

Peter Karst (born 1963) has served as OLB's **General Manager** responsible for Private Clients business **since January 2020**. Before joining OLB in November 2018, he worked as a **management consultant**. From 2012 to 2014, he was head of the marketing and products division at Bawag P.S.K. From 2005 to 2007, he was responsible for marketing at **Citibank Germany** and was then **Barclaycard's** general manager for Germany, Austria and Switzerland, as well as managing director of a **UK insurance firm**. He studied **business administration** at the University of Applied Sciences Rhineland-Palatinate.

THERE FOR YOU: OUR EMPLOYEES

Our employees' knowledge and commitment are our most important capital. Experience, fresh impetus and continuous training are sources of strength – for the benefit of our customers.



WE ARE ALSO A TOP DRAW FOR OUR EMPLOYEES

As a leading employer, OLB emphasizes a high level of qualifications

We are not only a bank whose customers rely on us for our competence and reliability as a financing partner, we are also a committed business organization which operates in the spirit of partnership with our employees, and an innovative and diverse training provider for young people. To sum it up: OLB is a top employer.

In 2020, we were once again rated one of the best employers in Germany, according to an independent survey of employee opinions carried out by the magazine Focus Business and the employer rating platform kununu, covering factors such as corporate culture, the work environment and salary levels. This distinction serves as further confirmation of OLB's sustainably oriented human resources management strategy and shows that it is on the right track. "We place high value on establishing an optimal work environment and atmosphere for our employees," says Marc Arkenau, head of Human Resources. "The competence of our team of employees and their dedication are key factors in ensuring the satisfaction of our customers and the Bank's success."

HANDLING THE CORONAVIRUS PANDEMIC

In 2020, the challenges associated with the handling of the coronavirus pandemic arose alongside human resources tools which have been used for many years now and are established practices, such as an extensive range of initial and advanced training opportunities, trust-based working hours and a balance between employees' work and family needs. Immediately after the outbreak of the pandemic, our internal crisis team was activated and has subsequently regularly analyzed and assessed the current situation and communicated the necessary measures to our employees. These included the physical separation of workspaces and further flexibilization of work hours. Up to 80 percent of our workforce work from home, and this has been a particularly popular option during the pandemic. We have increasingly shifted over to digital channels such as video conferencing systems for purposes of communication not only with our customers, but also internally.

We directly responded to coronavirus during the final construction phase of our new Advisory Center Oldenburg: A humidification system has been installed here which binds aerosols in the air and pushes them to the floor while also preventing mucous membranes from drying out. Our air-conditioning system is also state-of-the-art and continuously feeds fresh air into the building from outside.

A MODERN PLACE TO WORK

In general, our Advisory Center Oldenburg is a highly modern and intelligently designed place to work. Teams are assembled on a thematic basis, and they work to-

gether in “islands,” according to the shared-desk principle. Other parts of the building provide privacy for confidential discussions, while the “Creative Arena” offers space for brainstorming, and employees can take breaks either on their own or with colleagues in the “Lounge Zone” or in our Café@OLB.de, which adjoins OLB’s branch on the first floor and is also open to the general public.

> The competence of our team of employees and their dedication are key factors in ensuring the satisfaction of our customers and the Bank’s success.
>
> Marc Arkenau, head of Human Resources

In addition to the need for a friendly manner, in our view technical expertise is particularly important, regardless of whether our employees advise customers over the telephone or in person. We greatly emphasize initial and advanced training, so as to keep our customer relationship managers’ skills and knowledge up-to-date at all times. In other words, we see a strong link between qualifications and quality.

Since 2018, we have offered an extensive digital training program through our learning management system iQ. Each employee receives initial and advanced training individually and flexibly, within certain parameters such as time windows and compulsory courses. In view of the coronavirus pandemic, our current offering is rounded off with guidance on healthy work practices while working away from the office, as well as virtual team communication.

EXCELLENT TRAINING

Our iQ offering successfully encourages the internal production of learning content and thus enhances the attractiveness of this content for learners, which is in turn reflected in longer and iterative learning habits. That is the assessment of the eLearning Journal’s expert jury: It awarded us its “eLearning AWARD 2021” in December 2020 in the category “eLearning Production.” Around 300 projects were submitted for this competition, of which nearly one in four received an award. We see this as further motivation to be a part of this. Even more important than this seal of approval is the message which this award represents: Our customers can be confident of a high level of know-how at OLB and can rest assured that this will remain the case.

KEY FACTORS: BALANCE, STABILITY AND SUSTAINABILITY

A high level of responsibility on the capital market and in our support for projects

In the context of the coronavirus pandemic, but also more generally, there are three particularly important criteria for financial institutions: A business model must achieve a balance between lower-risk and higher-risk aspects, so that operating income generated through customer business is also reflected in the earnings trend. Offerings and processes must be available and deployable in a digital format, including the use of modern contact channels. And it is important from a business point of view to be seen as a responsible partner. Does that fit with us at OLB? Yes.

The business model which we practice is consistent, balanced and forward-looking. For several years now, we have rigorously pursued the development of digital offerings and services together with excellent individual advice for our clients – that is our understanding of a modern, customer-oriented bank. Sustainability is key for us – in the sense of ongoing, long-term customer relationships, sound and transparent business activities, and ecological and social responsibility.

ASSUMING RESPONSIBILITY

We fully live up to this responsibility as a committed patron and sponsor of projects in relation to young people, culture and social affairs especially. Most of these projects operate for charitable purposes.

Our separate nonfinancial report provides more detailed information on our overall *“Corporate Social Responsibility”* approach.

We also practice a philosophy of responsibility in terms of the support and assistance which we provide for private clients and business and corporate clients as well as in the field of specialized lending. In addition to the areas outlined in the previous chapters of this report, we also have proven expertise in funds and investment business.

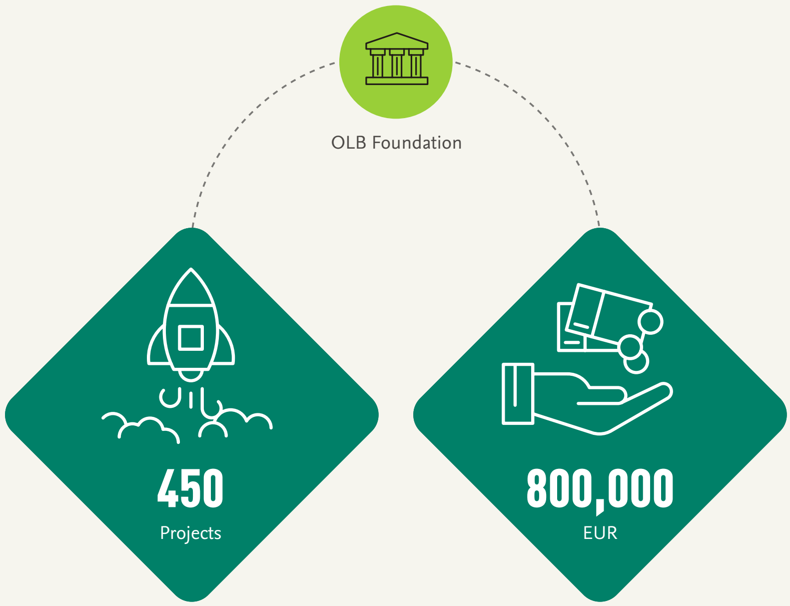
In 2020, the analysis firm Morningstar recognized our performance by means of various star ratings. We were awarded a five-star Morningstar Rating™ for our balanced fund OLB Invest Dynamik, and four-star ratings for our balanced fund OLB Invest Balance and for our bond fund Bankhaus Neelmeyer Rentenstrategie.

For the purpose of a Morningstar Rating™, a fund’s performance is compared with that of similar funds over a period of at least three years. The top ten percent of these funds are awarded five stars, while others receive a lower number of stars. Irrespective of any rating, be-

https://www.olb.de/nachhaltigkeitsberichte

FUNDING FOR AN INCREASED NUMBER OF PROJECTS

In 2020, we supported around 450 projects with a total volume of more than EUR 800,000 via the Bank and the OLB Foundation. While in previous years we had often made available a seven-digit funding volume, this decreased on account of the events which were cancelled due to coronavirus. However, the number of funding grants made almost doubled. The help which we provided the institutions involved paid off here. This included our "Immediate Coronavirus Assistance" initiative.



fore making an investment decision investors should always also take into consideration their individual financial and income situation, their level of risk tolerance as well as their tax situation.

Our balanced funds may invest, for example, in equities, equity funds, bonds, bond funds, exchange-traded funds (ETFs) and, to a limited extent, in commodities such as gold, in currencies and in real estate investment trusts (REITs). The equity allocation for OLB Invest Balance is balanced, at between 25 and 75 percent; in our OLB Invest Dynamik fund we generally clearly overweight equities, with an allocation between 60 and 100 percent, and are thus able to dynamically exploit the opportunities offered by the stock market in case of a stronger level of risk appetite. Both balanced funds actively select various individual securities and can also make use of hedging instruments as necessary in case of foreseeable trends.

Our bond fund Bankhaus Neelmeyer Rentenstrategie primarily manages investments through asset classes such as government bonds, covered bonds, corporate bonds and structured bonds. It exclusively invests in bonds which have an investment grade rating at the time of purchase. Through active management, we aim to achieve a positive performance after inflation and costs.

SOUND FUNDING

Balance, sustainability and soundness are important characteristics for investments, and this is equally true of social responsibility. These same characteristics apply in relation to a core aspect of our business model: funding. In 2019, the credit rating agency Moody's Investors

https://www.olb.de/privatkunden/anlegen/anlegen-in-wertpapieren/unser-anlagecheck

Service assigned us a “Baa2 deposit and issuer rating (outlook stable)” rating, our first rating of this kind, and confirmed our investment grade rating in 2020. Moody’s particularly singled out for positive mention our solid capital base as well as the high proportion of stable customer deposits in our funding basis. One of our goals for the next few years is to maintain our high customer funding ratio: More than two-thirds of our customer loan book of around EUR 15 billion is covered through customer deposits.

Covered bonds, which we have issued since 2019, are another funding instrument. Up to the end of 2020, we had issued covered bonds with high-quality collateral comprising a total nominal volume of EUR 181 million. In the spring of 2021, we made our debut with a successful EUR 350 million sub-benchmark issue, which also attracted international interest. Moody’s assigned us an Aa1 rating for our covered bonds in 2020. This not only demonstrates the high quality of our cover fund. Our covered bonds are thus also eligible for central bank borrowings, which has a positive impact on our funding options.

From a structural point of view, we are not very reliant on the money and capital markets for our funding purposes and are thus only exposed to volatile developments on these markets to a minor extent. Nonetheless, where appropriate we will make use of the opportunity to widen our funding base through money and capital market transactions where this makes sense, and through our Treasury department we have access to all key capital market segments. Here, for the purpose of diversification we make sure that we avoid concentrations or dependencies.

LIQUIDITY TO SUPPORT GROWTH

In 2020, we participated in the open-market transaction-based funding options provided by the European Central Bank within the scope of our financial and liquidity planning. Through its targeted longer-term refinancing operations (TLTRO III), the European Central Bank is seeking to support lending, among other goals. We have thus raised additional liquidity and so *further strengthened our basis for planned lending growth* →.

We manage our liquidity situation at all times so as to ensure adequate solvency in any conceivable stress scenario. We see this, not least, as our responsibility to our customers, our employees and our shareholders. In 2020, even in the somewhat difficult environment associated with the coronavirus pandemic, on the whole the crisis had no significant impact on our liquidity. Our financial position remains highly robust.

Within the scope of the mergers of the past few years we have merged Bremer Kreditbank AG, Bankhaus Neelmeyer AG and Wüstenrot Bank AG Pfandbriefbank with OLB AG on strategic grounds and due to rational considerations and have combined them to produce a stronger bank. We have thus not only tapped into collective market potential but also leveraged economies of scale and synergies. As a result, we are also achieving our goals in terms of strengthening our operating figures, such as our cost–income ratio. We improved this by more than eight percentage points in the period under review and aim to realize a further decrease over the next few years. At the same time, in the medium term we are aiming to achieve a Common Equity Tier 1 capital ratio of at least 12.0 percent and to ensure that our income-to-equity ratio permanently exceeds our cost of capital. We will thus remain a well-balanced bank with a sound and sustainable business model.

→ See page 36 of this report for further information

MANAGEMENT REPORT

REPORT OF THE SUPERVISORY BOARD

ABOUT THE COMPANY

Oldenburgische Landesbank AG (OLB) serves its customers throughout Germany through its OLB Bank and Bankhaus Neelmeyer (BHN) brands. Following the acquisition of Wüstenrot Bank AG Pfandbriefbank (WBP) and its merger with OLB for legal purposes, in 2020 the Bank integrated in its operations WBP's business which complements OLB's Private Clients business segment and thus took another step toward becoming a financial institution which operates throughout Germany with a comprehensive range of services and a wide customer base.

All of the shares in OLB are held by shareholders that are connected with the Teacher Retirement System of Texas, Apollo Global Management and Grovepoint Investment Management. The shareholders are mutually independent; each holds a stake of under 40 percent, which means that none of the shareholders controls OLB under corporate law. The Bank is the sole shareholder in three companies which do not conduct any banking business. OLB also implemented a second compartment of Weser Funding S.A. in 2020. Through the securitization of portions of the credit portfolio, these two compartments improve the opportunities for the Bank to raise liquidity. The Group pension plan administered by Allianz Pensionsfonds AG is another special-purpose vehicle subsidiary under commercial law. In 2019, the majority of the pension obligations and the cover funds allocated to fulfill these obligations were 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 have not been prepared. As neither the shares nor other securities or covered bonds issued by OLB are traded on an organized market within the meaning of Sec. 2 (11) of the German Securities Trading Act (WpHG), as of December 31, 2020, the Bank is not capital-market-oriented within the meaning of Sec. 264d of the German Commercial Code (HGB).

BUSINESS SEGMENTS

3

OLB concentrates on three strategic business segments: Private Clients, Corporates & SME and Specialized Lending.

With a view to its target customers, products and services as well as its locations, OLB concentrates on three strategic business segments:

In its Private Clients strategic business segment, OLB offers competent consulting and support services based on personal and trusting contact via its centrally managed network of branches as well as its Advisory Center Oldenburg (BCO). At the same time, customers are also able to directly access products that meet their needs and up-to-date services via online and mobile distribution channels. In its retail business, the Bank 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. In addition, OLB offers insurance brokering and assistance with private real estate purchases and sales.

Within this business segment, OLB offers sustainably oriented asset development advisory services and complex financing management. In this context, the Bank combines the knowledge of its trained experts and highly personalized, individual support. In the area of Wealth Management, the Bank operates under the Neelmeyer brand, which is particularly well established in the Bremen region. The Bank's asset management portfolio is rounded off with exclusive financial and pension planning and real estate management, as well as generation management and foundation management.

In its Corporates & SME strategic business segment, OLB develops tailored solutions in the area of operating equipment financing, investment financing, forfaiting, export financing / document business and international payment transactions. In addition, OLB offers active interest rate, currency and liquidity management, assistance with startups and project financing for renewable energy. These services are available beyond OLB's core business area in the Weser-Ems region, with branches throughout Germany in Berlin, Bremen, Düsseldorf, Frankfurt, Hamburg, Hanover, Munich and Stuttgart. This business segment was expanded in 2020 to include the area of Football Finance.

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

- Acquisition Finance (AQF), which includes, in particular, the arrangement and structuring of debt capital financing to support acquisitions of 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, conservative new business with freight-rate-dependent ocean-going vessels in Germany and neighboring countries.

Success in implementing strategic objectives is assessed using key performance indicators (KPIs), on the basis of a comparison between planned and actual figures. The key performance indicators are reported to the Board of Managing Directors on a monthly basis and include 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 when such discrepancies from performance targets are discovered, management can immediately decide on corrective measures. 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. For that reason, the principal financial performance indicators applied are the return on equity post tax[1], the Tier 1 capital ratio[2], the risk coverage ratio[3] and the liquidity coverage ratio[4] as a key figure indicating the Bank's solvency. The cost–income ratio[5] is used to assess cost efficiency at the Whole Bank level.

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

The separate nonfinancial report will be published by April 30, 2021, at *www.olb.de/nachhaltigkeitsberichte*.

The following table shows changes in the principal key performance indicators:

KEY PERFORMANCE INDICATORS

	2019	2020	Projection
Return on equity post tax[1]	10.4 %	6.9 %	↗ slight increase
Tier 1 capital ratio[2]	12.3 %	12.7 %	↘ slight decrease
Risk coverage ratio[3]	193.0 %	191.0 %	→ stable
Liquidity coverage ratio[4]	158.6 %	143.0 %	→ consistently above 100 %
Cost–income ratio[5]	74.0 %	65.6 %	→ stable

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

REPORT ON ECONOMIC CONDITIONS

ECONOMIC FRAMEWORK CONDITIONS AND OUTLOOK

The coronavirus pandemic had a significant impact on the international economy in 2020. While the world economy 01 had grown by +2.8 percent in the previous year, according to the International Monetary Fund (IMF) global economic output fell by –3.5 percent in 2020. This trend started out in China, and the economic collapse subsequently unfolded in a largely synchronous manner internationally. In Europe, in the USA and in the major emerging markets, from March overall economic output declined as a result of sometimes drastic containment measures and bottomed out in the second quarter. While most economic activity had resumed by the summer in every part of the world, this was not enough to fully compensate for the previous collapse – partly because a second, partial shutdown towards the end of the year curbed the recovery in Europe. According to the IMF's projection, in 2020 Europe's economic output fell by –7.0 percent as a result of the pandemic, having risen by +1.6 percent in the previous year.

GROSS DOMESTIC PRODUCT in %

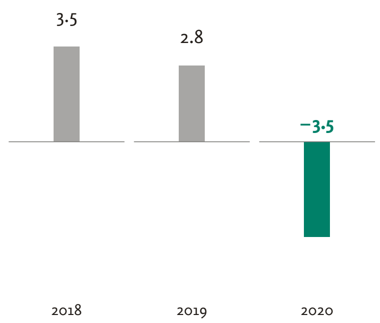
–5.0

Price-adjusted gross domestic product declined by –5.0 percent in Germany in 2020.

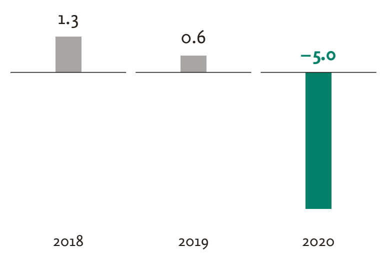
The German economy was likewise strongly affected by this exogenous shock. According to preliminary calculations by the German Federal Statistical Office, Germany's price-adjusted gross domestic product 02 dropped by –5.0 percent in 2020, compared to slight growth of +0.6 percent in 2019.

The global shutdown measures triggered a drastic fall in foreign trade especially. Exports decreased by –9.9 percent (prior year: +1.0 percent), while imports declined by –8.6 percent (prior year: +2.6 percent). Equally, new purchases of commercial machinery, equipment and vehicles were postponed, which was reflected in a –12.5 percent decrease in investments in machinery and equipment (prior year: +0.5 percent). On the other hand, the construction industry had a relatively good year, with growth of +1.5 percent (prior year: +3.8 percent), and was buoyed by the financing environment which remained favorable. Private consumption expenditure suffered a strong fall of –6.0 percent (prior year: +1.6 percent) due to the lack of consumption opportunities, given the precautions imposed by governments and adopted by the general public in order to protect against infections. This contrasted with an increase in government consumption expenditure of +3.4 percent (prior year: +2.7 percent), which partly reflected the support measures implemented by governments to alleviate the economic effects of the coronavirus pandemic.

DEVELOPMENT OF THE GLOBAL ECONOMY in % 01 | PAGE 34



PRICE-ADJUSTED GROSS DOMESTIC PRODUCT TREND IN GERMANY in % 02 | PAGE 34



INTEREST RATE TREND

Interest rates in Germany remained very low in 2020. The European Central Bank 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 zero percent. At the end of the year, the return on ten-year German government bonds was at –0.58 percent slightly lower than the average for the year of –0.46 percent and priced between a range of –0.16 percent and –0.86 percent over the course of the year.

BANKING ENVIRONMENT

In its monthly report 09/2020, within the scope of its annual evaluation of the results of operations of German credit institutions the Bundesbank noted that, besides the continuing low interest-rate environment, German credit institutions' earnings were also suffering due to the effects of the crisis for the real economy which had been prompted by the coronavirus pandemic. Depending on the pace at which the overall economy recovers, default risks will materialize for the German banking industry in the corporate and business client lending segments especially and will necessitate impairments and write-offs. To a lesser extent, the Bundesbank's study also indicates that deferrals of interest and redemption payments might adversely affect interest-related transactions and thus net interest income. However, with a view to their new lending business German credit institutions have already implemented countermeasures and, since the first quarter of 2020, they have tightened up their lending standards and loan terms due to the expected higher default risks. At the same time, though, a significant volume of government support loans has been approved. These are intended to alleviate the consequences of the coronavirus pandemic and are funded by government development banks.

The Bundesbank's study further notes that factors unrelated to the coronavirus pandemic will also likely continue to adversely affect German institutions' results of operations. The expected continuation of the low interest-rate phase will continue to put pressure on traditional interest-related operations and give rise to further considerable cost-cutting pressure. Moreover, investments in digitalization represent a key future challenge for the industry.

MANAGEMENT OF THE EFFECTS OF THE CORONAVIRUS PANDEMIC

The coronavirus pandemic has resulted in significant changes in the overall economic environment. In particular, the overall economic environment for fiscal year 2020 was significantly more challenging than the Bank had assumed in its forecasts. The Bank reacted to the crisis by implementing a comprehensive range of measures in relation to its own business operations and by focusing its risk management on analyzing and warding off negative effects of the pandemic on the Bank's position.

The following section summarizes the key effects of the coronavirus pandemic on the Bank's net assets, financial position and results of operations as well as its risk position as of December 31, 2020, and describes its management of the crisis.

OLB immediately adjusted its processes in line with the changed environment, in terms of its customer business as well as the conduct of its business and the management of its processes. A crisis team appointed by the Bank monitored the ongoing situation and coordinated internal measures in line with developments. The Bank-wide initiative which had already been introduced in the previous year and focused on an improvement in business procedures across different distribution channels, a customer-focused orientation of all distribution channels and the opening of the Advisory Center Oldenburg (BCO) featuring telephone services and video-based advisory services in September 2020 helped the Bank to continue to offer its customers its range of services, largely without any restrictions. Nor were the Bank's settlement processes and its management significantly impaired. Even during the first wave of the coronavirus pandemic, OLB was able to allow employees in many areas of the Company to work away from their offices. Significant disruptions or interruptions of business were avoided.

Due to the uncertainty at the start of the coronavirus crisis, in March and April 2020 especially there was strong demand for lending products which were made available by KfW. In the areas of sales and settlement, OLB emphasized professional and rapid support for its customers, with the goal of avoiding them suffering liquidity squeezes as the economic situation worsened. In the private construction financing segment, demand remained strong. Customers made use of the opportunity to defer interest and redemption payments which the legislator had granted them in the context of the coronavirus crisis for a volume of only EUR 174.5 million (as of December 31, 2020).

All told, the effects of the coronavirus pandemic on new and existing business had only a minor impact on the development of operating income and expenses in 2020.

Due to factors including the measures adopted by the ECB, there was no significant disruption in the supply of liquidity on the financial markets. Deposit business, the Bank's most important source of funding, was stable and was unaffected by the coronavirus pandemic. Halfway through 2020, OLB made use of the ECB's TLTRO III program in order to raise around EUR 1.8 billion of additional liquidity as a basis for its envisaged lending growth. The crisis did not have any significant impact on OLB's liquidity. The Bank's financial position has thus not been significantly affected by the pandemic to date.

To mitigate the effects of the coronavirus pandemic on the banks, in the first half of 2020 the competent supervisory authorities already approved a large number of measures. These included the coming-into-force on June 30, 2020, of the amendments resolved by the EU to the CRR and CRR 2 (the "CRR Quick Fix"). The resulting relief measures – in particular, for loans to small and medium-sized enterprises and for infrastructure financing – improved OLB's risk-weighted assets (RWA) by EUR 348 million.

Analysis and handling of the risks influenced by the coronavirus pandemic were a core aspect of the Bank's risk management. Its assessments focused on the effect of the economic collapse triggered by the measures which were required in order to combat the spread of coronavirus.

At the start of the second quarter of 2020, the Bank initiated a process in order to examine the likely effects of the coronavirus pandemic on its net assets, financial position and results of operations as well as its risk-bearing capacity. On the basis of the existing planning, the responsible persons analyzed the likely impact on new business, administrative expenses as well as risk provisions and the risk weighting of the loan book. The Bank analyzed the future trend for credit risks on two different levels. For significant credit exposures, the front office and back office units assessed the economic effect at an individual level. This assessment was regularly reviewed and updated over the course of the year. In the case of smaller credit exposures and loans to private and business clients, the effect for borrowers was evaluated on the basis of which industry they belonged to, with a scale running from "neutral" to "very high." Specialists in the capital market analysis and credit management divisions were responsible for this assessment. Issues such as the huge volume of government support provided in the form of liquidity aid and support payments were taken into consideration. With regard to the state of the overall economy, the Bank expected gross domestic product to collapse in 2020, followed by a strong economic recovery in 2021, with a return to the pre-crisis level in early 2022 ("lopsided V"). The value of collateral – of real estate, in particular – was not expected to change significantly, since the Bank applies normal valuation discounts here and there are no indications of any decline in the market price level. The parameters thus identified were summarized in a simulation which modelled the expected changes in default probabilities. While maintaining the existing valuation standards, the results of the analysis were factored into the calculation of the changes in risk-weighted assets and the determination of the necessary risk provisions for 2020 and the planning period. All of the relevant aspects were summarized for the assessment of risk-bearing capacity. Economic and regulatory risk-bearing capacity were both intact for the entire three-year assessment period in the coronavirus pandemic scenario.

In 2020, despite a partial deterioration of individual risk parameters the effects of the coronavirus pandemic did not lead to any significant increase in necessary impairments for individual loans due to concrete default indications. As well as general provisions for individual cases and for latent credit risks, the Bank therefore established additional provisions in the amount of EUR 23.7 million for defaults which were expected due to the coronavirus pandemic but had not yet occurred. This amount is calculated on the basis of credit-related default probabilities for the respective borrowers for the coming year. These default probabilities had increased as a result of the coronavirus pandemic. The burden resulting from the necessary risk provisions thus totaled EUR 50.7 million.

All in all, the relevant risk factors relating to the Bank's net assets position increased over the course of 2020 due to the coronavirus pandemic, and their assessment is subject to a heightened level of uncertainty. The evaluation of the effects of the pandemic on the Bank's net assets position thus requires an accurate assessment of the overall economic impact on the Bank's customers of the countermeasures implemented to combat infections.

NET ASSETS AND FINANCIAL POSITION

Following WBP's merger with the Bank in November 2019, OLB started out in fiscal year 2020 with an increased volume of business, a liquidity coverage ratio in excess of 150 percent and a broader customer base.

The Bank continued its growth trend in its customer lending business in 2020. To ensure adequate equity support for its credit risk, OLB retained an amount of EUR 79.7 million, i.e. a large part of the profit which it had realized in the previous year, and expanded its equity capital base significantly beyond EUR 1 billion. In conjunction with a stringent RWA management approach and regulatory relief measures in the context of the CRR Quick Fix, despite the volume of lending growth realized the Bank increased its Tier 1 capital ratio by 0.4 percentage points to 12.7 percent by comparison with the end of the previous year.

TIER 1 CAPITAL RATIO in %

12.7

OLB increased its Tier 1 capital ratio to 12.7 percent despite the volume of lending growth which it achieved.

To cover its liquidity requirements due to further growth in its customer lending business, the Bank has securitized a further portion of its credit portfolio by means of a second compartment of Weser Funding S.A. Since the Bank is continuing to bear the economic risk resulting from these loans, it is continuing to report the loans in question in its own portfolio. OLB is holding the ABS instruments issued by the special-purpose vehicle in its own portfolio (senior, mezzanine and junior tranches). It is using the senior tranche – which is eligible as a security – as collateral for raising liquidity from the ECB. Alongside lending growth, this transaction thus resulted in a significant increase in the balance sheet volume 03 – 04 including the cash reserve, since not all of the funds had been fully allocated to lending business by the end of 2020.

TOTAL LENDINGS

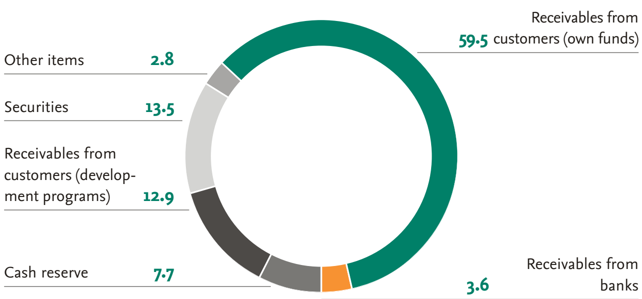
OLB offers a wide range of services across all of its business segments in its lending business. Driven by continued demand – for private construction financing, installment loan business 05 and specialized lending in particular – total lendings in fiscal year 2020 increased to EUR 15.5 billion (prior year: EUR 15.1 billion). Of the volume of new business, approximately 5.3 percent was attributable to loans provided by development banks such as KfW in the context of the coronavirus pandemic, by way of liquidity assistance. Customers only made use of the opportunity to defer interest and redemption payments within the scope of the three-month moratorium provided for in Art. 240 Sec. 3 of the Introductory Act to the German Civil Code (EGBGB) for a volume of EUR 174.5 million (as of December 31, 2020).

TOTAL LENDINGS EUR bn

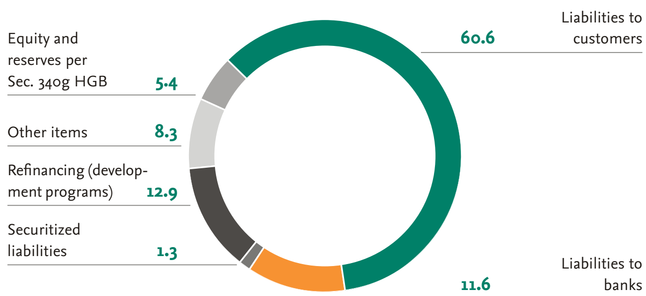
15.5

In fiscal year 2020, OLB increased its total lendings to EUR 15.5 billion.

BALANCE SHEET STRUCTURE: ASSETS in % 03 | PAGE 38



BALANCE SHEET STRUCTURE: EQUITY AND LIABILITIES in % 04 | PAGE 38

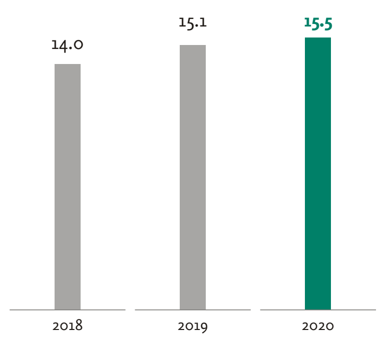


The proportion of non-performing loans ("NPL ratio") was largely stable, at 2.7 percent (prior year: 2.5 percent). Despite the significant deterioration in the economic environment due to the coronavirus pandemic, as of December 31, 2020, there was no significant increase in the necessary specific loan loss provisions due to clear default signals. This reflected factors such as the huge package of government assistance for the economy and other relief measures such as the suspension of the obligation to file for insolvency. As well as normal provisions for concrete individual cases and for latent credit risks, the Bank established additional provisions in the amount of EUR 23.7 million for defaults expected due to the coronavirus pandemic.

TOTAL PORTFOLIO

EUR m	12/31/2020	12/31/2019	Changes EUR m/% points	Changes (%)
Receivables from customers	15,722.2	15,301.8	420.5	2.7
Receivables from customers (non-troubled)	15,303.9	14,921.2	382.6	2.6
Receivables from customers (non-performing)	418.4	380.5	37.9	9.9
Postponed interest (for non-performing receivables)	– 22.8	– 21.2	– 1.6	7.7
Loans and advances to customers (gross before risk provisions)	**15,699.4**	**15,280.5**	**418.8**	**2.7**
General loan loss provisions (PLLP/GLLP)	– 51.8	– 30.0	– 21.8	72.6
Specific loan loss provisions (SLLP)	– 106.6	– 108.6	2.0	– 1.9
Loans and advances to customers (net after risk provisions)	**15,540.9**	**15,141.9**	**399.1**	**2.6**
For information:				
Proportion of non-performing customer receivables ("NPL ratio")	2.7 %	2.5 %	0.2 %	n/a
Lump-sum specific loan loss provisions assigned to non-performing receivables (–)	– 7.4	– 7.0	– 0.4	5.7
Collateral assigned to non-performing receivables (–)	– 176.0	– 189.8	13.8	– 7.3
Coverage ratio taking collateral and postponed interest into account	74.8 %	85.8 %	– 11.1 %	n/a

CUSTOMER LOAN BOOK EUR bn 05 | PAGE 38



The Bank already largely completed the active restructuring of its shipping portfolio in 2018. Remaining restructuring cases were subsequently further reduced, as planned. This portfolio is now of only minor significance with regard to the Bank's risk provisioning.

ON-BALANCE-SHEET EQUITY

The Bank's shareholders once again significantly strengthened OLB's on-balance-sheet equity through the retention of EUR 79.8 million out of its 2019 net retained profits. Including the current net retained profits for 2020, the Bank's equity has increased to EUR 1.2 billion. In the context of the additional risk provisions which were established to cover the default risks resulting from the coronavirus pandemic, the fund for general banking risks under Sec. 340g of the German Commercial Code (HGB) was reduced to the minimum amount required by Sec. 340e (4) of the German Commercial Code, EUR 0.1 million (prior year: EUR 20.1 million).

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 22.4 million. The option of counting interim profit toward Common Equity Tier 1 capital pursuant to Art. 26 (2) CRR was not made use of in 2020.

TIER 1 CAPITAL EUR m

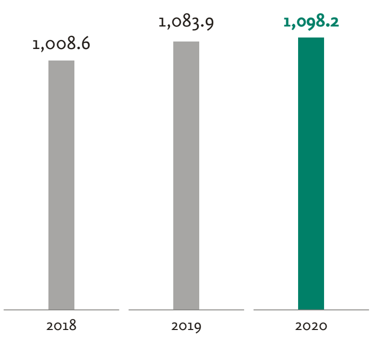
1,098.2

As of December 31, 2020, OLB's Tier 1 capital amounted to EUR 1,098.2 million.

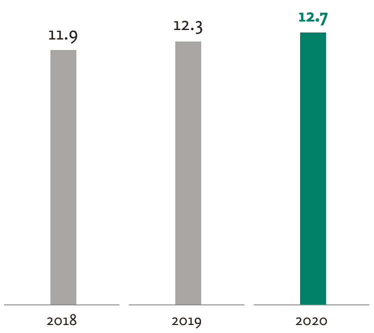
Bonds in the amount of EUR 42.4 million, which can be counted toward additional Tier 1 capital under Art. 52 et seq. CRR, are also attributable to Tier 1 capital. Overall, Tier 1 capital 06 amounted to EUR 1,098.2 million (prior year: EUR 1,083.9 million) as of December 31, 2020.

EUR m	12/31/2020	12/31/2019	Changes	Changes (%)
Common Equity Tier 1 capital	**1,055.9**	**1,041.6**	**14.3**	**1.4**
Additional Tier 1 capital (AT1)	42.4	42.3	0.1	0.1
Tier 1 capital	**1,098.2**	**1,083.9**	**14.3**	**1.3**
Tier 2 capital	130.4	154.4	–23.9	–15.5
Share capital and reserves	**1,228.7**	**1,238.3**	**–9.6**	**–0.8**
Risk assets for counterparty risks	7,864.3	8,043.3	–179.0	–2.2
Risk assets for market price risks	—	—	—	—
Risk assets for operational risks	794.7	762.3	32.4	4.3
Risk assets	**8,659.0**	**8,805.6**	**–146.5**	**–1.7**

TIER 1 CAPITAL EUR m 06 | PAGE 40



TIER 1 CAPITAL RATIO in % 07 | PAGE 41



%	12/31/2020	12/31/2019
Common Equity Tier 1 capital ratio	12.2	11.8
Tier 1 capital ratio	12.7	12.3
Aggregate capital ratio	14.2	14.1

The eligible Tier 2 capital essentially consists of subordinated debt. The year-on-year decline from EUR 154.4 million to EUR 130.4 million is mainly attributable to the reduced eligibility of funds with a remaining term of less than five years, in accordance with regulatory requirements.

As part of its active risk management, the Bank has taken various measures to counter the increase in risk assets for counterparty risks resulting from lending growth. These included the reduction of unused credit lines and an increased focus on the regulatory eligibility of loan collateral. The rules agreed through the CRR Quick Fix in relation to the preferential treatment of loans to small and medium-sized enterprises and for certain types of infrastructure financing improved OLB's risk-weighted assets (RWA) by EUR 348 million. Overall, its risk assets were thus reduced from EUR 8,805.6 million in the previous year to EUR 8,659.0 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 just 0.07 percentage points for OLB as of December 31, 2020, based on the assessment of its risk management procedures and its risk situation by the German Federal Financial Supervisory Authority (BaFin).

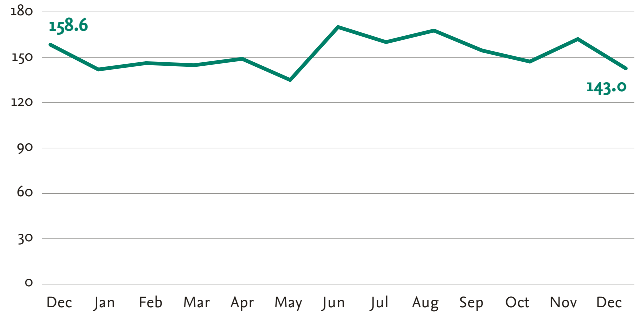
TIER 1 CAPITAL RATIO in %

12.7

At 12.7 percent, OLB's Tier 1 capital ratio as of December 31, 2020 continued to significantly exceed the regulatory minimum level of 8.56 percent required for OLB.

The Tier 1 capital ratio 07 as of December 31, 2020 thus remained unchanged at 12.7 percent and was therefore considerably higher than the regulatory minimum level of 8.56 percent required for OLB.

LIQUIDITY COVERAGE RATIO (LCR) in % 08 | PAGE 42



LIQUIDITY AND FINANCIAL INVESTMENTS

In 2020, OLB maintained its strategic liquidity management focus, in order to safeguard the Bank's solvency at all times, even in the event of a sudden crisis on the financial markets. The liquidity coverage ratio (LCR), which is relevant under supervisory law, represents one of the key financial performance indicators for the Bank's management. The Bank's level of liquidity in 2020 meant that it complied with both the regulatory minimum LCR value 08 of 100 percent as well as internal liquidity risk limits. In the previous year, the LCR was 158.6 percent as of December 31, 2019. This was attributable to the significantly increased liquidity position, due to the merger-related additions of cash and cash equivalents from WBP to OLB. Since the funds raised through the ECB's TLTRO III program will in some cases only flow out of the Bank within the scope of new lending business in fiscal year 2021, as of December 31, 2020, at 143.0 percent the LCR once again significantly exceeded the minimum regulatory requirement of 100 percent.

As of the reporting date, OLB maintained a financial investment portfolio of EUR 2.9 billion by way of a liquidity reserve. This portfolio consists mainly of investment-grade covered bonds and government bonds. This item also includes securities in the amount of EUR 923.0 million which have been issued by the two compartments of Weser Funding S.A. within the scope of loan securitizations.

DEPOSITS AND BORROWED FUNDS

The deposit business forms the key pillar for the funding of OLB's lending business. In particular, the high proportion of granular, small-scale deposits from private clients is important on account of their relative stability. Overall, the volume of customer deposits 09–11 increased slightly year-over-year to EUR 13,011.4 million. Due to the low interest-rate phase, the trend of customers preferring deposits due on demand continued. The effects of the coronavirus pandemic amplified this trend, including reduced outflows in private client business due to the shutdowns. For larger and short-term deposits of corporate clients and institutional investors, OLB has implemented an active management system that also provides for the collection of custodian fees.

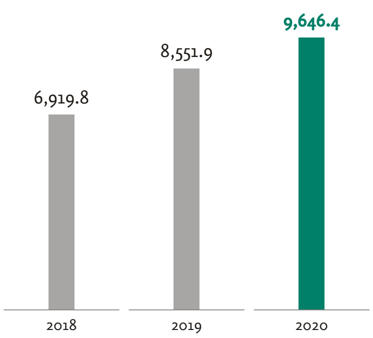
VOLUME OF CUSTOMER DEPOSITS EUR m

13,011.4

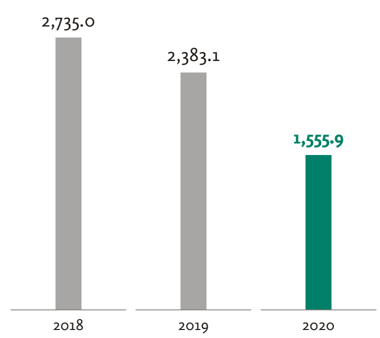
The volume of customer deposits increased slightly year-over-year to EUR 13,011.4 million.

Due to its participation in the ECB's TLTRO program, the Bank did not need to pursue any further issuing activities in 2020.

CUSTOMERS' DEPOSITS DUE ON DEMAND EUR m 09 | PAGE 42



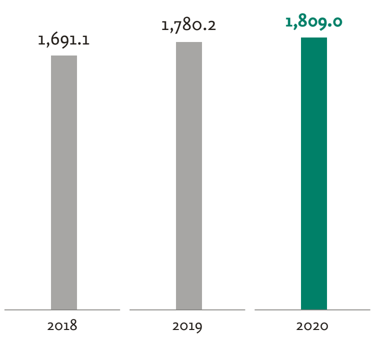
CUSTOMERS' TERM DEPOSITS EUR m 10 | PAGE 42



EUR m	12/31/2020	12/31/2019	Changes	Changes (%)
Liabilities to customers	**13,011.4**	**12,715.2**	**296.2**	**2.3**
Demand deposits	9,646.4	8,551.9	1,094.5	12.8
Term deposits	1,555.9	2,383.1	–827.2	–34.7
Savings deposits	1,809.0	1,780.2	28.9	1.6
Liabilities to banks	**5,257.1**	**4,772.8**	**484.4**	**10.1**
Demand deposits	74.4	96.1	–21.7	–22.6
Term deposits	5,182.8	4,676.7	506.1	10.8
Securitized liabilities	**272.2**	**203.2**	**69.0**	**34.0**
Subordinated debt	**198.3**	**228.3**	**–30.0**	**–13.1**
Total deposits and borrowed funds	**18,739.1**	**17,919.4**	**819.6**	**4.6**

EUR m	12/31/2020	12/31/2019	Changes	Changes (%)
Liabilities to customers	**13,011.4**	**12,715.2**	**296.2**	**2.3**
of which: promissory notes	564.6	727.6	–163.0	–22.4
of which: covered bonds	116.0	116.0	—	—
Liabilities to banks	**5,257.1**	**4,772.8**	**484.4**	**10.1**
of which: development banks	2,773.2	2,774.3	–1.0	—
of which: covered bonds	65.0	65.0	—	—
Securitized liabilities	**272.2**	**203.2**	**69.0**	**34.0**
of which: covered bonds	190.0	100.0	90.0	90.0
Subordinated debt	**198.3**	**228.3**	**–30.0**	**–13.1**
Total deposits and borrowed funds	**18,739.1**	**17,919.4**	**819.6**	**4.6**

CUSTOMERS' SAVINGS DEPOSITS EUR m 11 | PAGE 42



RESULTS OF OPERATIONS

Following the integration of Bremer Kreditbank and Bankhaus Neelmeyer in 2018 and WBP's merger with OLB in November 2019, fiscal year 2020 was the first full period in which the Bank's combined and integrated business operations are reflected in its results of operations.

By comparison with the previous year, it should be noted that WBP's profit generated up to its merger with OLB in the 2019 reference period was reported on a net basis in net interest income (EUR 8.7 million) respectively was included in the extraordinary result as a component of the merger profit of EUR 9.2 million.

EUR million	2020	2019	Changes	Changes (%)
Net interest income	336.3	317.2	19.1	6.0
Net commission income	113.3	103.6	9.7	9.4
Net trading (+) income/(–) expense	0.1	0.0	0.0	n/a
Operating income	**449.7**	**420.8**	**28.9**	**6.9**
Personnel expenses	–173.2	–177.6	4.4	–2.5
Other administrative expenses	–108.1	–119.0	10.8	–9.1
Depreciation, amortization and impairment of intangible and tangible fixed assets	–13.8	–14.8	1.0	–6.8
Operating expenses	**–295.1**	**–311.3**	**16.3**	**–5.2**
Net other operating income (+) and expenses (–)	3.6	5.0	–1.4	–28.0
Operating result before risk provisions	**158.2**	**114.5**	**43.8**	**38.2**
Risk provisions for lending business	–30.7	–6.8	–23.9	n/a
Gain (+)/loss (–) on securities in the liquidity reserve	8.0	21.0	–13.1	–62.1
Expenditure (–) / profit (+) from the lending business and liquidity reserve	**–22.7**	**14.3**	**–37.0**	**n/a**
Net operating result	**135.5**	**128.8**	**6.7**	**5.2**
Other result	–0.0	20.2	–20.2	n/a
Extraordinary result	–20.6	2.0	–22.6	n/a
Profit before taxes	**114.9**	**151.0**	**–36.1**	**–23.9**
Income tax expense	–35.4	–40.1	4.7	–11.8
Other taxes	–0.8	–1.0	0.2	–21.3
Net income for the fiscal year	**78.6**	**109.8**	**–31.1**	**–28.4**
Cost–income ratio (in %)	**65.6%**	**74.0%**	**n/a**	**n/a**

Overall, OLB's operating income amounted to EUR 449.7 million (prior year: EUR 420.8 million).

OPERATING INCOME EUR m

449.7

Overall, OLB's operating income amounted to EUR 449.7 million.

NET INTEREST INCOME

EUR m	2020	2019	Changes	Changes (%)
Interest income	**444.4**	**444.1**	**0.3**	**0.1**
From lending and money market transactions	417.4	415.6	1.8	0.4
From bonds and other fixed-income securities	27.0	28.5	– 1.5	– 5.3
Interest expenses	**– 108.3**	**– 136.5**	**28.2**	**– 20.6**
Current income	**0.1**	**0.1**	**0.0**	**0.8**
Income from profit pooling, profit transfer or partial transfer agreements	**0.2**	**0.9**	**– 0.7**	**– 81.6**
Profit earned for the account of others from the transferring legal entity	**—**	**8.7**	**– 8.7**	**– 100.0**
Net interest income	336.3	317.2	19.1	6.0
Customer loan book (after risk provision)	15,540.9	15,141.9	399.1	2.6

As in previous years, the net interest income trend was shaped by the continuing low interest-rate environment. OLB countered the burden on interest income resulting from maturities of loans subject to a rate of interest higher than the current rate by consistently enforcing higher margin claims in its new business and expanding its volume of business. As a result, interest income remained stable. On the other hand, interest expenses for funding were significantly reduced in 2020. The expiry of long-term higher-interest borrowings and interest-rate hedging agreements as well as positive interest in the amount of EUR 16.8 million received for liabilities played a particularly significant role in this (prior year: EUR 11.2 million). In the previous year, the item “Profit earned for the account of others from the transferring legal entity” included WBP’s profit for the period from the retrospective merger date July 1, 2019, under commercial law up to the date of entry in the commercial register in late November 2019. Overall, the net interest income growth was in line with the previous year’s forecast.

NET COMMISSION INCOME

EUR m	2020	2019	Changes	Changes (%)
Securities business and asset management	41.0	29.6	11.4	38.4
Account maintenance and transaction fees	29.9	27.1	2.8	10.4
Insurance, home loan and savings, and real estate business	17.4	18.1	– 0.7	– 4.0
Lending business	15.9	20.0	– 4.0	– 20.2
Foreign business	2.8	3.7	– 0.9	– 25.4
Other	6.3	5.0	1.3	25.4
Net commission income	**113.3**	**103.6**	**9.7**	**9.4**

Overall, taking into account WBP’s net income in the previous year within the scope of commission business, in the amount of EUR 8.5 million, net commission income increased moderately compared with the previous year, in line with expectations.

Due to the integration of BHN and WBP, over the past two years securities business has become the key factor in net commission income, with most of this income resulting from stable existing business. The integration of WBP’s business played a particularly significant role in the strong growth of net commission income in this business segment. The Bank also further improved its profit in its account maintenance and transaction fees business. As well as the increased number of customers, this was also attributable to the introduction of new account models.

Commission income in lending business declined in 2020. This was attributable to factors including the coronavirus pandemic-related delays to transactions in the first half of 2020 in the Specialized Lending business segment especially.

OPERATING EXPENSES

EUR million	2020	2019	Changes	Changes (%)
Personnel expenses	– 173.2	– 177.6	4.4	– 2.5
Other administrative expenses	– 108.1	– 119.0	10.8	– 9.1
Depreciation, amortization and impairment of intangible and tangible fixed assets	– 13.8	– 14.8	1.0	– 6.8
Operating expenses	**– 295.1**	**– 311.3**	**16.3**	**– 5.2**
Employees as of December 31	2,019	2,106	– 87	– 4.1
Full-time equivalents as of December 31	1,777	1,860	– 83	– 4.5
Cost–income ratio (in %)	65.6 %	74.0 %	n / a	n / a

OLB made further progress in fiscal year 2020 in the digitalization of its business processes, the reduction of its network of branches and its adjustment in line with customers' changed needs and the integration of WBP which had merged with the Bank in 2019. This enabled a further decrease in the required workforce which was mainly implemented by means of phased retirement. In line with the previous year's forecast, costs were significantly reduced. In the area of other administrative expenses 12, in particular the fact that extraordinary expenses were no longer incurred for the merger of WBP meant that material costs were reduced despite further investments in the modernization of the IT platform and the improvement of business processes. These savings more than made up for increased costs such as for the bank levy (EUR 6.9 million, compared to EUR 4.4 million in the previous year). Thanks to the significant reduction of its operating expenses coupled with an increase in its volume of income, as expected OLB significantly reduced its cost–income ratio 13 to 65.6 percent.

COST–INCOME RATIO in %

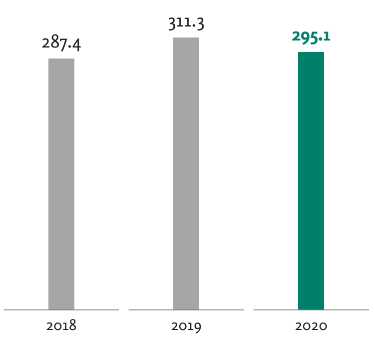
65.6

Thanks to the significant reduction of its operating expenses coupled with an increase in its volume of operating income, as expected OLB significantly reduced its cost–income ratio to 65.6 percent.

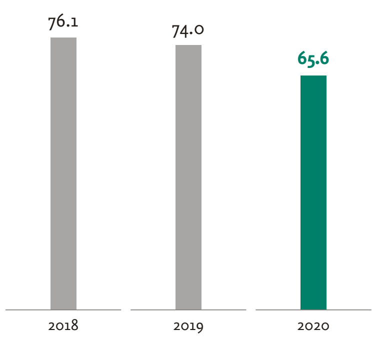
RISK PROVISIONS FOR LENDING BUSINESS

Since the start of the coronavirus pandemic, OLB has consistently kept a very close eye on the pandemic's economic effects on lending business and the need for appropriate risk provisioning. In doing so, the Bank has not eased its valuation standards. All information available regarding the need

OPERATING EXPENSES EUR m 12 | PAGE 46



COST–INCOME RATIO in % 13 | PAGE 46



for provisioning in material individual cases was taken into consideration in the period up to the preparation of the annual financial statements. Due to the unpredictability of the further course of the coronavirus pandemic, the assessment of borrowers' debt service capacity as of this date was subject to significant estimation uncertainty. The Bank has taken this into account by establishing additional risk provisions in the amount of EUR 23.7 million. Its risk provisions 14 thus totaled EUR 50.7 million (gross before release of reserve under Sec. 340g of the German Commercial Code [HGB]). The risk provisioning requirement was thus significantly higher than in previous years and fell within the range of the forecast produced for an overall economic cycle on the basis of statistical expectations.

RISK PROVISIONING EUR m

50.7

The Bank has taken into account risks associated with the further course of the coronavirus pandemic by establishing additional risk provisions in the amount of EUR 23.7 million. Its risk provisions thus totaled EUR 50.7 million.

The Bank partly compensated for the burden resulting from the necessary risk provisions by almost entirely releasing the fund for general banking risks per Sec. 340g of the German Commercial Code (HGB). This fund was reduced by EUR 20.0 million to the minimum amount of EUR 0.1 million required under Sec. 340e (4) of the German Commercial Code (HGB).

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

While in the previous year OLB utilized market opportunities in a targeted manner in order to realize pending profits in order to strengthen its capital base, in 2020 the result from financial investments 15 was generated through regular restructuring of the liquidity reserve portfolio within the scope of the Bank's asset / liability management and is in line with expectations.

RESULT FROM FINANCIAL INVESTMENTS EUR m

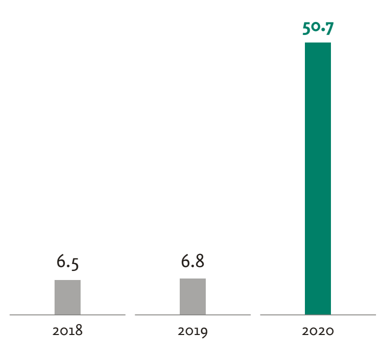
41.3

"On balance, EUR 41.3 million of existing reserves were realized within the scope of financial investments. The positive net income from the sale of some securities treated as fixed assets is reported under the item 'Other result.'"

EXTRAORDINARY RESULT

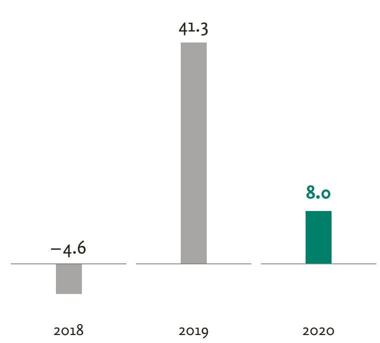
The coronavirus pandemic has significantly accelerated the changes in customers' behavior in relation to their use of digital offerings. The process of the adjustment and modernization of business processes initiated by OLB has likewise acquired further momentum as a result of the measures needed in the context of the coronavirus pandemic. Within the scope of an efficiency and modernization program launched in 2020, the Bank has identified additional potential for improvements which enable, among other possibilities, a further reduction of its required headcount. The costs for the socially responsible execution of these measures were accounted for by establishing a restructuring provision in the amount of EUR 17.1 million which was 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 [BilMoG] effect") increased slightly, from EUR 2.8 million to EUR 3.0 million, due to the WBP obligations which the Bank assumed.

RISK PROVISIONS EUR m 14 | PAGE 47



Gross figures, before release of reserve under Sec. 340g of the German Commercial Code (HGB)

RESULT FROM FINANCIAL INVESTMENTS[1] EUR m 15 | PAGE 47



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)

OVERALL SUMMARY

In fiscal year 2020, the development of the Bank's net assets, financial position and results of operations was shaped, on the one hand, by the continuation of its growth strategy in its customer business, further investments in the modernization of the Bank and its product and service offerings as well as restructuring expenses associated with the necessary personnel changes. On the other hand, the effects of the coronavirus pandemic also affected OLB's situation.

In the context of the huge government support measures, no significant increase in default indicators was apparent in individual cases in the overall portfolio as a result of the pandemic. The Bank's results of operations were not therefore characterized by any significantly increased burdens due to specific loan loss provisions. OLB responded to the acute increase in loan loss risks by means of an additional provision which was determined on the basis of intensive analysis of the risks identified and the expected development of the situation and was partly offset by a release of the fund for general banking risks pursuant to Sec. 340g of the German Commercial Code (HGB). All in all, the relevant risk factors relating to the Bank's net assets position increased over the course of 2020 due to the coronavirus pandemic, and their assessment is subject to a heightened level of uncertainty. An evaluation of the Bank's positive course of business in terms of its results of operations and financial position is thus subject to the uncertainty affecting an accurate assessment of the economic impact of the pandemic on the Bank's customers. OLB ended what was overall a highly challenging fiscal year 2020 with a net income for the fiscal year of EUR 78.6 million. This result is thus in line with the previous year's forecast, taking into consideration the one-off effects associated with the release of the reserve under Sec. 340g of the German Commercial Code (HGB) as well as the establishment of a restructuring provision.

NET INCOME FOR THE FISCAL YEAR EUR m

78.6

OLB ended what was overall a highly challenging fiscal year 2020 with a net income for the fiscal year of EUR 78.6 million.

REPORT ON ANTICIPATED DEVELOPMENTS, OPPORTUNITIES AND RISK

The report on the principal opportunities and risks for OLB's expected development has been incorporated into the following report 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. The Bank's projected business performance in fiscal year 2021 will be affected primarily by the following factors and the resulting opportunities and risks:

For 2021, the IMF expects a relatively rapid +5.5 percent upswing in global economic output. On the other hand, with a predicted growth rate of +4.7 percent the European economy will probably not yet regain its pre-crisis level in 2021. In the IMF's forecast, the negative economic effects of the coronavirus pandemic will have a lasting effect on the developed economies as well as the emerging markets for a period of some years. In the medium term, the IMF therefore expects global growth to slow to an average annual rate of +3.5 percent.

For Germany, the leading economic research institutes predict a "V-shaped" recovery process, particularly since various vaccines have been available since the start of 2021. The economic assistance and interim aid packages provided by the government, which are due to be distributed over the course of the year, will also buoy the economy. However, as various catch-up effects fade away what will likely initially be a strong recovery will subsequently suffer a loss of impetus. Two factors in particular will dampen the economic momentum. On the one hand, business sectors which have been particularly badly affected by the social distancing measures are currently subject to significant restrictions (e.g., restaurants and tourism, over-the-counter retail, aviation, the events industry). Apart from the long-lasting structural impact of the coronavirus pandemic on these sectors, they will only participate in the recovery process once the measures implemented for protection against infections are largely no longer applicable. On the other hand, it is likely to be some time before sales of capital goods completely get back to normal, since many companies will continue to exercise restraint in terms of their capital expenditure due to the deterioration of their equity positions. The most significant risk for the economic forecast is the continuing uncertainty over the course of the pandemic. In 2021, the leading economic research institutes expect that Germany's gross domestic product will grow by +4.7 percent and will only regain its pre-crisis level in 2022.

In principle, the further course of the coronavirus pandemic and the pandemic's economic impact are highly uncertain factors; this must be taken into consideration when predicting the Bank's business performance. The key risks and opportunities for OLB associated with the development of the economy will mainly relate to the impact on the level of demand for credit as well as customers' debt service capacity. The Bank's planning is based on the assumed recovery process outlined above. On this basis, OLB expects demand for credit to continue in both the private and commercial sectors. A failure of the recovery to materialize or a further deterioration of the situation would jeopardize the envisaged continuation of the Bank's growth strategy in its lending business and thus the further improvement of its net interest income. In view of the required risk provisions, the Bank expects that the crisis will have knock-on and follow-up effects, despite a strong economic recovery. OLB's calculation of the resulting burden is based on an assessment which exceeds what would previously have been expected from a statistical point of view and represents a significant increase by comparison with its planning in fiscal year 2020. Depending on the actual course of the coronavirus pandemic, the success of the vaccination efforts and government assistance for the economy, a significant deviation in the risk provisioning trend is possible, which may constitute either a risk or an opportunity.

An interest rate forecast for the planning period depends, above all, on the development of the interest rate policy of the European Central Bank (ECB). To mitigate the economic consequences of the coronavirus pandemic, in December 2020 the ECB announced that it would increase its Pandemic Emergency Purchase Program (PEPP) by EUR 500 billion to EUR 1.85 trillion and extend its duration until late March 2022.

In this connection, the “Targeted Long-Term Refinancing Operations” (TLTRO II) loans granted by the ECB to banks at interest rates of up to –1.0 percent were extended for a period of twelve months until mid-2022. In view of the low rate of inflation, which the leading economic research institutes expect to remain below the ECB’s inflation target of slightly less than 2 percent in 2021, interest rates are likely to remain at their current, low level for some time to come.

TLTRO II in %

–1.0

The ECB extended until mid-2022 the “Targeted Long-Term Refinancing Operations” (TLTRO II) loans which it granted to banks at interest rates of up to –1.0 percent.

In its planning, OLB therefore 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. In view of the importance of the deposit business for stable funding, in general the Bank does not intend to introduce custodian fees in order to fully compensate for this on the funding side. Based on its current balance sheet structure, the Bank would benefit from a potential rise in the yield curve. 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.

OLB primarily refinances its lending business by means of customer deposits. In addition, the Bank has widened its funding options by issuing bearer and registered covered bonds. From a structural perspective, this means that the Bank has a low level of vulnerability to disturbances in the money and capital markets that would make raising liquidity difficult or else merely result in potentially high interest markups. In terms of its LCR, the Bank intends to significantly exceed the statutory minimum level at all times. In principle, OLB assumes that in 2021 the ECB will continue to support the economy by means of huge liquidity assistance. Depending on the nature of its programs, this may result in opportunities for the Bank’s asset/liability management.

The Bank does not expect the regulatory environment to have any significant impact on its business development. The necessary adjustments and expansions of processes due to new or revised regulations do not pose any significant cost risks. New regulations are not expected to give rise to any additional restrictions or limits. In 2021, the Bank will continue to support its envisaged lending growth by further strengthening its capital base. On the basis of the expected effects of the coronavirus pandemic on borrowers’ economic situation, the Bank expects that its risk-weighted assets will increase significantly. In the context of its envisaged volume growth, this will result in a slight decrease in its Tier 1 capital ratio.

As well as the external environment outlined above, customer business and thus OLB’s core value-adding activities will be shaped in particular by changing customer behavior, continuing digitalization and ongoing competition. In the Private Clients business segment in particular, existing trends are being accelerated by the effects of the coronavirus pandemic. Declining use of cash, growing acceptance of advice and services provided over the telephone or via online channels and a continuing low interest-rate phase are the outline conditions which OLB is responding to by making forward-looking investments in further digitalization and automation of its customer and business processes. As well as its Private Clients business, the Bank will also focus on providing a modern offering for small and medium-sized enterprises. OLB therefore expects to be able to offer a variety of consulting services regardless of locations and opening hours and to reduce staffing needs through automated business processes and workflows. With its Specialized Lending business segment, OLB also has a highly specialized offering for those areas where individual solutions play a key role. Here, the Bank differentiates itself from its competitors by means of its advisory expertise, its specific market knowledge and its complex products. In 2021, it considers that it will once again have decent prospects of achieving a further increase in its volume of total lendings and growing commission business in this segment.

The Bank is in intense competition with savings banks and cooperative banks in its private and business customer segments, and also with private large-scale and state banks as well as specialized commercial banks in its corporate client and specialized lending segments. Overall, the situation is characterized by fierce competition – particularly in terms of the up-to-dateness and security of digital offerings – and continuing margin pressure. This market situation entails risks, on the one hand, particularly with regard to the success of achieving planned growth targets and margin claims. On the other hand, growth opportunities may arise for OLB due to competitors' withdrawal from the market or restructuring measures.

In summary, for fiscal year 2021 OLB assumes that it will achieve a further moderate increase in its earnings from its customer and lending business as well as its various areas of commission business.

The Bank will continue to modernize its business and administrative processes. It will focus on the digitalization of business processes and workflows, the reduction of its branch network, modernizing its IT platform and its cooperation with external partners. The successful implementation of projects which are already underway will enable continued downsizing of its workforce in 2021 and subsequent years and thus a significant decrease in its personnel expenses. In the following year, the necessary one-off investments and expenses associated with material costs will result in a significant increase in other administrative expenses. As a result, overall the Bank expects a slight increase in operating expenses and a stable cost–income ratio.

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 as well as tax audits. The Bank has established adequate provisions in order to reflect the specific risks associated with such events. 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. This is also true of two specific cases whose tax treatment raised issues of interpretation in the past fiscal year. On the one hand, this concerns the issue 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 have been substantively fulfilled. On the other hand, in the Bank's view the additional risk provisions established in 2020 for risks resulting from the coronavirus pandemic constitute an impairment for tax purposes which is not subject to the tax limit on the establishment of general loan loss provisions. OLB has discussed both of these questions with its tax advisor and stated its legal position in the declarations which it has submitted to the tax authorities. However, the assessment of these two issues in a future tax audit cannot be established or predicted with absolute certainty. In the event of an unexpected outcome in both cases, the Bank might be faced with an additional tax burden slightly short of the eight-figure range.

In view of the unusual conditions as a result of the coronavirus pandemic, the overall forecast for fiscal year 2021 is subject to considerably greater uncertainty than in previous years. The infection trend, the measures to combat infections and the economic assistance programs launched will play a particularly important role in the development of credit risks especially. Subject to the above assumptions, OLB expects a stable operating result before risk provisions. The envisaged burden arising from significantly increased risk provisions will mainly be compensated for by the fact that the one-off expenses resulting from the establishment of a restructuring provision will no longer be incurred. The Bank therefore expects a net profit and net income for fiscal year 2021 within a range which will moderately fluctuate around the earnings level achieved in fiscal year 2020.

OTHER MANDATORY DISCLOSURES

BRANCH OFFICES
(As of 12/31/2020)

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. 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 75 branches (prior year: 126) and 94 self-service branches (prior year: 87) 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 ends on December 2, 2023.

Details of the composition of the Supervisory Board in the reporting year 2020 can be found in the disclosures concerning additional offices held by members of governing bodies per Sec. 285 No. 10 HGB.

RISK REPORT

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.

PRINCIPLES OF BANK-WIDE RISK MANAGEMENT

BASIC PRINCIPLES OF RISK CONTROL

OLB AG (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, or NPNM) ensures that all concerned functions of OLB are able to participate in the risk and earnings analysis before planned new business activities begin.

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 and Treasury Officer, the head of Credit Risk Management and the heads of the Risk Controlling, 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 proactively. 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 already taken many steps that have further refined and lastingly reinforced a risk culture as part of its corporate culture.

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. For instance, it analyzes the effects of a protracted drought on the affected sectors in its credit portfolio. These risks do not constitute a separate risk category. They may instead affect all known risk types and are factored into strategic planning.

Credit risk

Credit risk is subdivided into default risk, migration risk, liquidity and credit spread risk and country risk, as well as risk resulting from warehousing activities:

- *Default risk*
  Default risk is defined as the potential loss inherent in the default of a business partner – whether a counterparty or another partner to a contract, or an issuer of a security – in other words, the party's potential inability or unwillingness to meet contractual obligations.
- *Migration risk*
  Migration risk is defined as the potential change in the present value of a claim as a result of a deterioration in creditworthiness, i.e. in particular in case of a change in the rating for the non-default classes.
- *Liquidity and credit spread risk*
  The liquidity and credit spread risk is defined as a potential change in present value due to changes in liquidity spreads or credit spreads on the market.
- *Country risk*
  The country risk as an element of credit risk is defined as the assumption of a cross-border risk, in particular a transfer and conversion risk, i.e. the risk that the transfer or the convertibility of the amounts paid by the debtor will not be made or will be delayed due to payment problems as a result of official or legislative measures.
- *Risk resulting from warehousing activities*
  Risks arising from warehousing activities result from the acquisition of assets as part of asset management for the benefit of third parties. The risk for the Bank is that the customer fails to fulfill its contractual obligations, e.g. due to default.

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 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 under 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 / external fraud*
  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 [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. Compliance risk also includes the risk of losses based on other criminal acts of third parties (external fraud).
- *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 and supervisory 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 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 (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.

CORONAVIRUS PANDEMIC

The coronavirus pandemic has had a significant impact on risk management and controlling. Possible future effects as well as effects which have already been realized in relation to all risk types are continuously observed, analyzed and managed by means of additional analyses and measures and within the scope of existing processes.

Since March 2020, OLB has regularly prepared and updated coronavirus stress scenarios covering issues such as risk-bearing capacity and specific portfolios. The findings are factored into various planning and management processes and have been taken into consideration in the determination and assessment of risk provisioning. The most far-reaching analysis process and its effects on risk provisioning are described in chapter II of the Report on Economic Conditions.

Materialized risks are considered individually as well as at the level of the overall portfolio. The Bank works closely with affected customers. For instance, in case of coronavirus-related liquidity squeezes government assistance packages or deferrals (where justified) are promptly applied for or agreed. In case of a discernible deterioration in the economic situation, where appropriate new ratings will be drawn up which reflect the changed risk situation.

Effects at the level of the overall portfolio are analyzed within the scope of the risk reporting, including in relation to concentrations. As of the reporting date, noticeable deteriorations in risk parameters and an increased volume of defaults have primarily arisen in the areas of Commercial Real Estate and Acquisition Financing. No significant negative effects are apparent for Private Clients, on the other hand.

The Bank mainly makes use of documents under Sec. 18 of the German Banking Act (KWG) for risk assessment purposes in its corporate client portfolio. Within the scope of the Bank's ongoing monitoring activities and in close dialog with its customers, in its Corporates & SME segment the changed nature of the risk situation for individual customers who had been affected by the pandemic was evaluated on the basis of suitable current documents and assessments. On the basis of these analysis and the documents available to the Bank, as of the reporting date no significant deterioration in the corporate client portfolio is discernible.

Due to factors including the measures adopted by the ECB, there was no significant disruption in the supply of liquidity on the financial markets.

The Report on Economic Conditions provides further information on coronavirus, such as the expected further course of the pandemic, the effects on the Bank's business situation and the volume of coronavirus assistance granted.

ORGANIZATION OF RISK MANAGEMENT AND CONTROLLING

As part of its overall responsibility, and under the terms of Sec. 25c KWG, OLB's Board of Managing Directors is responsible for defining the Bank's strategies and for establishing and maintaining an appropriate, consistent and up-to-date risk management system. 16 It defines the principles for risk management and controlling, together with the organizational structure, and monitors their implementation.

RISK MANAGEMENT SYSTEM 16 | PAGE 58

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. Subcommittees of the Risk Committee are the Risk Methods and Process Committee, the Operational Risk Committee and the Credit Portfolio Committee, each of which is headed by the Chief Risk Officer. Changes in methods and risk parameters are assessed with expert knowledge by the Risk Methods and Process Committee. The Operational Risk Committee is the corporate committee for managing operational risks within OLB. The full Board of Managing Directors makes the final decision on aspects strategically relevant to risk. Its decisions are bound by the rules of procedure issued by the Supervisory Board, which define the required conditions. Any decisions outside the authority of the full Board of Managing Directors are coordinated with the Risk Committee and decided upon by the Supervisory Board.

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 (Operational 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 Controlling department, and in the case of operational risks, additionally by the Compliance and Organization 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 Risk Controlling is to fully and consistently analyze, measure and monitor risks. It provides the risk analyses and risk information that risk management needs for active management adequate to the risk at hand.

The compliance 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 Organization department is responsible for identifying operational risks throughout the Bank (with the exception of operational risks relating to the systems environment [which are the responsibility of IT] and reputation risks [which are the responsibility of Corporate Communications]). This department is also involved in controlling operational risks by participating in the Operational Risk Committee, and supports Risk Controlling in assessing and reporting on operational risks.

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

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

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

MANAGEMENT AND CONTROLLING OF SPECIFIC RISKS

RISK-BEARING CAPACITY IN THE ECONOMIC AND NORMATIVE PERSPECTIVES

The following risk positions are used in determining OLB's risk-bearing capacity in the *economic perspective:*

EUR million	12/31/2020	12/31/2019
Credit risk	450.9	412.2
Market price risk	154.1	151.6
Liquidity cost risk	—	—
Operational risk	21.0	25.7
Bank-wide risk	**626.0**	589.5

The available risk coverage potential covered 191 percent of Bank-wide risk as of December 2020 (prior year: 193 percent). The risk coverage potential covered 165 percent of the allocated limits on the same reporting date (prior year: 137 percent).

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

The increase in the *credit risk* from EUR 412.2 million at the end of 2019 to EUR 450.9 million as of December 31, 2020, has mainly resulted from investments made within the scope of the pension fund from January 2020. A significant portion of the Bank's pension obligations were transferred to this pension fund on December 31, 2019.

Market price risk in the non-trading portfolio amounted to EUR 154.1 million on December 31, 2020, and thus changed only slightly by comparison with the end of the previous year (EUR 151.6 million as of December 31, 2019).

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, 2020, this ratio amounts to EUR 21.0 million (prior year: EUR 25.7 million).

Liquidity cost risk throughout 2020 was EUR 0.0 million. At no time did the Bank fall below the liquidity risk limit.

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, 2020, came to EUR 626.0 million (prior year: EUR 589.5 million). This trend reflects the increased credit risk.

In the *normative perspective* for risk-bearing capacity, the minimum capital required under supervisory law in the risk scenario of a "severe economic downturn" was met at all times in 2020.

CREDIT RISK

Risk measurement

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

Based on the loss risks for each individual item, the model calculates a collective loss allocation for all items and thus assigns a value to the portfolio. The changes in value in the entire portfolio are then used to derive the key figures and limit values needed for risk management. A credit value at risk (99.9 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 on December 31, 2019 – is provided by an external company and taken into consideration. This value is determined by means of a credit risk model using a Credit Metrics™ approach, with the same confidence level and risk horizon as for OLB.

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

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

Although the Bank does no trading on its own account, it does conduct transactions – especially in its business with customers – that are classified for regulatory purposes as "small trading book business." "Small trading book business" (according to Art. 94 CRR) is trading portfolio business that is generally less than 5 percent of total assets or less than EUR 15 million and never exceeds 6 percent of total assets or EUR 20 million.

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

The Bank 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 that are integral parts of business that OLB defines as not relevant to risk (equivalent to the homogeneous portfolio) are subject to simplified approval, decision-making and monitoring processes. Exposures that are part of business that the Bank categorizes as risk-relevant (equivalent to the non-homogeneous portfolio) are approved and decided under shared authority between front and back office, on the basis of their specific risk content and in compliance with firmly defined rules.

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

During the life of the credit, all exposures are monitored at all times. As a rule, a manual update of the rating is performed annually. 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, Risk Controlling reviews the evolution of credit risks as a whole each quarter. It performs structural analyses of the portfolio (rating, collateral, size classes, economic sectors, new business, etc.), and investigates the impact on expected loss and on both economic and regulatory equity requirements. The results are incorporated into the quarterly risk report to the Bank's Risk Committee, the full Board of Managing Directors and the Supervisory Board.

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

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

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.

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

The customer loans of OLB and the former WBP were largely granted to private clients and small and medium-sized corporate clients, expanded by the credit portfolio of the former BKB with an emphasis on the business areas of Commercial Real Estate and Acquisition Financing. 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.

CREDIT RATINGS

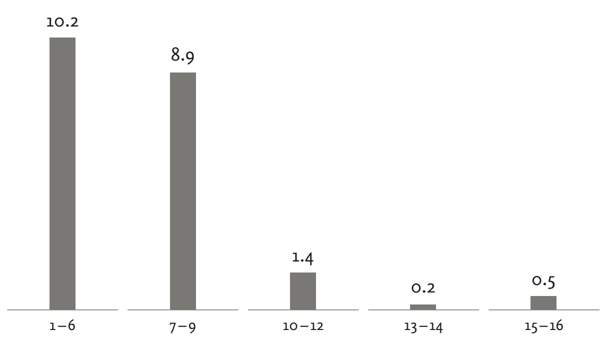
Credit rating	PD range	Standard & Poor's	Assessment
1–6	< 0.02 % – 0.46 %	AAA – BB+	Ability to meet payment obligation
7–9	0.46 % – 2.45 %	BB – B+	Ability to meet payment obligation with limitations
10–12	2.45 % – 13.25 %	B – B-	Impaired ability to meet payment obligation
13–14	13.25 % – < 100 %	CCC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

The chart below 17 shows the distribution of credit ratings for the gross credit risk in the customer lending business as of December 31, 2020. 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 of the gross credit risk indicates that the major part of the portfolio, at 90 percent (prior year: 92 percent), is in very good to average categories (1–9). Just under 3 percent (prior year: 3 percent) are in critical credit ratings (13 – 16).

GROSS CREDIT RISK
IN THE CUSTOMER LENDING BUSINESS
EUR bn

17 | PAGE 63



Broken down into credit rating classes as of December 31, 2020

Risk concentrations

The distribution of the credit portfolio by sector is generally determined by the clientele resident in the Bank's business region. In addition, lending business constitutes an area of focus in the fields of project financing, commercial real estate and acquisition financing.

Collateral

All in all, about 40 percent of the gross credit risk in customer lending business is secured with collateral. Most of this collateral is liens on residential and commercial property. As a rule, residential and commercial property is not measured at fair value at OLB and is instead measured according to the more conservative German Lending Value Regulation (BelWertV), to ensure that it can be funded under the German Covered Bond Act (PfandBG). 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 in the amount of EUR 2.4 billion almost exclusively comprises the very good and good credit rating classes 1–6. The remainder of the volume of receivables falls within credit rating classes 7–11.

Country risk

OLB calculates the country risk 18 based on the country of the debtor's economic risk, in line with Delegated Regulation (EU) No. 1152/2014. Accordingly, as of December 31, 2020, Germany accounts for 91 percent of customer and bank lending business and the rest of the EU for 7 percent. Only 1 percent of the economic risk is situated outside of the EU. Brexit has not had any appreciable effect on the credit portfolio, since only 0.5 percent of its volume is situated in the United Kingdom and the Bank does not see this as having any significant impact on affected customers.

MARKET PRICE RISK

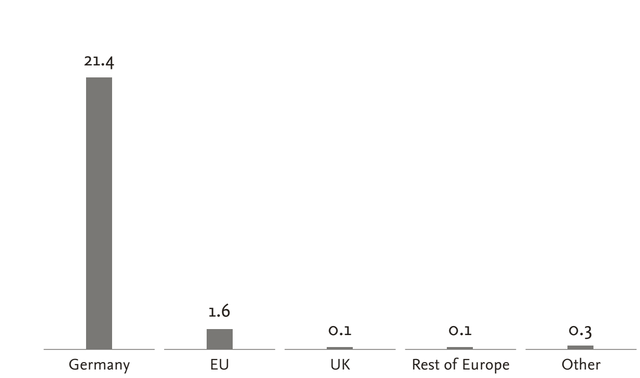
Risk measurement

OLB is exposed to market price risk 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.

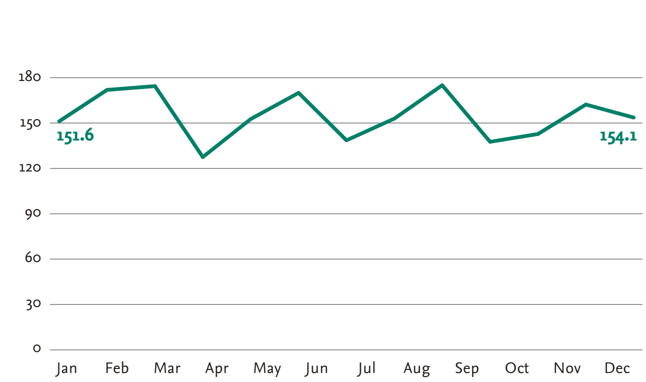
The risk from the non-trading portfolio derives primarily from changes in interest rates. An open foreign-currency position is possible only for very minor technical amounts. The limit for open foreign-currency positions is set at EUR 1 million.

COUNTRY RISK EUR bn 18 | PAGE 64



Customer and bank loans by region as of December 31, 2020

VAR FOR NON-TRADING PORTFOLIO EUR m 19 | PAGE 66



Basis: month-end values

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

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.

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 estimated in the interest rate book cash flow, on the basis of the products' historical interest-rate adjustment behavior. Special repayment rights in the lending business are also incorporated into the risk measurement as a model cash flow.

For 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 taking 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 Controlling 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, and is further allocated to the interest rate book.

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 million	2020 VaR (99.9 %)	2019
Minimum	127.7	114.3
Mean	155.4	139.7
Maximum	175.7	152.4

The market price risks for the non-trading portfolio 19 (VaR model 99.9 percent/1 year) for 2020 stayed largely above the previous year's level. The average value at risk, at EUR 155.4 million, was above the 2019 figure of EUR 139.7 million. The established limit of EUR 180 million was not exceeded in the course of the year. The utilization of limits in relation to market price risks is intentional in passive interest rate book management. 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 in 2020 was 16.44 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 under Sec. 340a in conjunction with Sec. 249 (1) Sentence 1 HGB, in compliance with opinion IDW RS BFA 3 of October 16, 2017, from the Institute of Public Auditors in Germany, and 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 a surplus of liabilities from the business in interest-rate-based financial instruments in the non-trading portfolio.

Foreign currency is converted in accordance with Sec. 340h HGB in conjunction with Sec. 256a HGB, also taking into account opinion IDW RS BFA 4 from the Institute of Public Auditors in Germany. 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 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.

There is no separate quantification of market liquidity risk. In combination with the evolution of individual credit spread risks, this risk class for the securities segment is reflected in counterparty risk. For OLB's funding, this risk is reflected together with liquidity cost risk. In addition to quantification, the Bank's ability to refinance is also monitored qualitatively. 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, and no dependencies on specific markets or counterparties.

Risk management

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

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

Liquidity risk is controlled by the Bank Management Committee and the Risk Committee of the Bank. The Treasury department can draw at any time on the securities held in the liquidity reserve, or cover additional liquidity needs through sales, pledges for Bundesbank refinancing facilities, or forward sales under repo agreements. Liquidity needs are covered through customer business, by taking out fixed deposits and refinancing loans or by placing promissory note loans and covered bonds.

Risk situation

LCR as key regulatory ratio

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.

LIQUIDITY COVERAGE RATIO

	2020	2019
Minimum	135 %	127 %
Mean	152 %	146 %
Maximum	170 %	183 %

The minimum value of 100 percent for the LCR was maintained throughout the year. On average, the liquidity coverage ratio was 52.2 percentage points higher than the minimum requirement of 100 percent. On December 31, 2020, this ratio amounted to 143 percent.

Liquidity cash flows as of December 31, 2020
The chart below shows the liquidity cash flows 20 for a ten-year period. Here it is assumed that the liquidity reserve, as soon as it is available, will be used to generate liquidity. The liquidity cash 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 quantity 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.

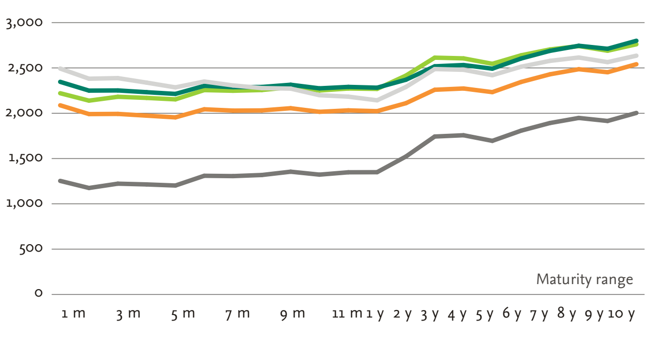
Risk indicators have been implemented for monitoring of negative risk trends within the scope of business processes and systems.

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.

LIQUIDITY CASH FLOWS 10 YEARS EUR m 20 | PAGE 68



Downgrade · Recession · Normal case · Top ten deposit customers · Combined

Risk situation

In the period from January to August 2020, the risk exposure amount was EUR 25.7 million. Since September 2020, the risk exposure amount has been EUR 21.0 million. This change has resulted from the revaluation of relevant threat scenarios in the course of the OpRisk assessment. Due to the BKB, BHN and WBP migrations which have now been completed, project risks have significantly decreased. OLB responds to potential risks and losses in the field of cyber criminality by means of extensive 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	Product Management
Change in legislation or case law	Legal
Epidemic / pandemic	Organization
Payment traffic fraud by outsiders	Compliance
Model risks	Risk Controlling

Oldenburg, February 25, 2021
OLB AG

The Board of Managing Directors

Dr. Wolfgang Klein
Chairman

Stefan Barth

Karin Katerbau

Hilger Koenig

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 2020, the full Supervisory Board had five meetings, most of which were held as telephone or video conference calls, in particular due to the corona-related contact restrictions. The meetings were held in February, March, June, October 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. Particular attention was devoted to involving the Supervisory Board 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. As a result, and for given reasons, the Board of Managing Directors revised the business plan during the year and discussed it with the Supervisory Board.

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 corona pandemic and as part of the regular annual consultations, the Supervisory Board repeatedly discussed the Board of Managing Directors' business planning for 2020 and 2021 as well as the medium-term plans for each of the following two years. As part of the business strategy discussion, the Supervisory Board repeatedly received reports on the progress of the "Private Clients Initiative" as well as the initiation and goals of the new strategic program "Broom."

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 OF THE SUPERVISORY BOARD COMMITTEES

The Supervisory Board has formed a number of committees to enhance its efficiency in performing its duties. These are the Credit Committee, the General and Compensation Supervision Committee, the Audit Committee, the Risk Committee, the Nominating Committee and 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 predominantly held as telephone or video conference calls.

The *Executive and Compensation Committee* held four meetings in the 2020 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.

The *Audit Committee* met four times in the fiscal year 2020. 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. The committee also received the report of the 2019 German Securities Trading Act (WpHG) audit of Wüstenrot Bank AG Pfandbriefbank, which has since been merged into OLB, confirming the results of the due diligence.

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-carrying capacity and credit, market-price, liquidity and operational risks, especially against the background of the corona pandemic. Furthermore, in light of regulatory developments, the approaches to the risk assessment of the loan portfolio were discussed with the Board of Managing Directors and the results of the Bundesbank audit pursuant to Sec. 44 of the German Banking Act (KWG) were discussed.

During the year under review, the *Credit Committee* deliberated 54 times by way of conference calls, concerning decisions on individual credit exposures and fundamental aspects of lending business. In these meetings, the committee repeatedly exchanged views with the Board of Managing Directors on the impact of the corona pandemic on the loan portfolio and mitigating measures.

The *Nominating Committee* met once during the past fiscal year, jointly with the Executive and Compensation Committee, in preparation for the Supervisory Board's self-assessment.

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, 2020, 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 2020 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 3, 2020, and March 11, 2021, and at the meeting of the full Supervisory Board on March 18, 2021. 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, 2020, as required by Sec. 289b of the German Commercial Code. The Supervisory Board reviewed this report; the review found no cause for objections.

CHANGES IN THE SUPERVISORY BOARD AND BOARD OF MANAGING DIRECTORS

Horst Reglin, who had been elected to the Supervisory Board as an employee representative on behalf of the Vereinte Dienstleistungsgewerkschaft (ver.di, United Services Trade Union), resigned from office for personal reasons on December 31, 2020. Since the member originally elected to replace him did not take up the mandate, the Supervisory Board of OLB provisionally consisted of eleven members from January 1, 2021. The ver.di trade union then informed OLB that it would apply to appoint Dirk Felstehausen to the Supervisory Board. In a letter dated January 4, 2021, the OLB Board of Managing Directors then filed an application at the competent district court for the judicial appointment of Dirk Felstehausen as a member of the Supervisory Board. This application was approved by the resolution of January 19, 2021, so that the Supervisory Board has had twelve members again since that date.

In its meeting on March 26, 2020, the Supervisory Board confirmed the appointment of Dr. Rainer Polster, which was made in 2018, as a member of the Board of Managing Directors with effect from April 1, 2020.

The member of the Board of Managing Directors Jens Rammenzweig left Oldenburgische Landesbank AG by mutual agreement on February 29, 2020. After his departments had been transferred to Dr. Wolfgang Klein and Karin Katerbau in the meantime, on January 1, 2021, Stefan Barth, who was appointed as a member of the Board of Managing Directors on this date by the Supervisory Board resolution of July 29, 2020, became Chief Risk Officer.

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

Oldenburg, March 18, 2021

For the Supervisory Board

Axel Bartsch
Chairman

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BALANCE SHEET OF OLB AG AS OF DECEMBER 31, 2020

Assets EUR		12/31/2020	12/31/2019
1.	Cash reserve	**1,654,607,175.27**	**1,230,920,028.95**
	a) Cash in hand	465,782,376.67	476,621,325.80
	b) Balances with central banks	1,188,824,798.60	754,298,703.15
	of which: with the Deutsche Bundesbank	1,170,850,980.44	754,298,703.15
	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	**764,652,889.03**	**552,624,235.90**
	a) Due on demand	764,652,889.03	540,672,540.06
	b) Other receivables	—	11,951,695.84
4.	Receivables from customers	**15,540,941,825.57**	**15,141,875,364.33**
	a) of which: secured by mortgages	7,409,606,353.05	6,885,230,238.19
	of which: public-sector loans	232,773,110.03	52,343,388.69
5.	Bonds and other fixed-income securities	**2,903,973,805.09**	**2,458,744,292.30**
	a) Money market instruments	—	—
	b) Bonds and debt instruments	2,713,397,114.63	2,358,858,280.30
	ba) from public-sector issuers	1,153,737,939.11	1,116,456,840.98
	of which: acceptable as collateral by the Deutsche Bundesbank	1,153,737,939.11	1,116,456,840.98
	bb) from other issuers	1,559,659,175.52	1,242,401,439.32
	of which: acceptable as collateral by the Deutsche Bundesbank	1,507,027,031.09	1,192,401,439.32
	c) Own debt instruments	190,576,690.46	99,886,012.00
	Nominal amount	190,000,000.00	100,000,000.00
6.	Shares and other non-fixed-income securities	**845,657.50**	**845,657.50**
6a.	Trading portfolio assets	**2,653,392.49**	**1,807,129.33**
7.	Investment securities	**620,428.96**	**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	**103,129.19**	**103,129.19**
	of which: in banks	—	—
	of which: in other financial services institutions	—	—
9.	Trust assets	**18,424,970.72**	**1,252,020.54**
	of which: trust loans	17,335,459.10	399,537.78
10.	Equalization claims on public authorities incl. bonds originating from the conversion of such claims	—	—
11.	Intangible fixed assets	**7,750,180.74**	**8,252,415.48**
	a) Internally generated intangible assets	509,967.00	669,234.37
	b) Purchased intangible assets	7,240,213.74	7,583,181.11
	c) Goodwill	—	—
	d) Advance payments	—	—
12.	Tangible fixed assets	**61,495,838.63**	**63,284,235.71**
13.	Capital called but not yet paid	—	—
14.	Other assets	**498,758,260.30**	**169,428,714.59**
	a) Current assets	72,746,936.15	65,187,164.00
	b) Noncurrent assets	426,011,324.15	104,241,550.59
15.	Prepaid expenses	**16,749,039.96**	**10,275,680.80**
16.	Deferred tax assets	—	—
17.	Net pension assets	**3,594,484.95**	**4,312,324.15**
18.	Deficit not covered by equity	—	—
	Total assets	**21,475,171,078.40**	**19,644,345,657.73**

Equity & Liabilities EUR	12/31/2020	12/31/2019
1. Liabilities to banks	**5,257,148,154.52**	**4,772,781,647.84**
a) Due on demand	74,357,521.96	96,051,471.54
b) With agreed maturity or notice period	5,182,790,632.56	4,676,730,176.30
2. Liabilities to customers	**13,011,418,960.08**	**12,715,174,417.30**
a) Savings deposits	1,809,048,495.38	1,780,164,514.49
aa) With agreed withdrawal notice period of three months	1,679,930,013.14	1,603,705,819.22
ab) With agreed withdrawal notice period of more than three months	129,118,482.24	176,458,695.27
b) Other liabilities	11,202,370,464.70	10,935,009,902.81
ba) Demand deposits	9,646,431,618.02	8,551,920,947.34
bb) With agreed maturity or notice period	1,555,938,846.68	2,383,088,955.47
3. Securitized liabilities	**272,186,260.27**	**203,165,000.00**
a) Bonds issued	272,186,260.27	203,165,000.00
b) Other securitized liabilities	—	—
3a. Trading portfolio liabilities	—	—
4. Trust liabilities	**18,424,970.72**	**1,252,020.54**
of which: trust loans	17,335,459.10	399,537.78
5. Other liabilities	**1,361,009,964.66**	**423,133,276.59**
6. Deferred income	**29,308,538.70**	**14,611,409.14**
6a. Deferred tax liabilities	—	—
7. Provisions	**170,045,694.16**	**157,180,333.93**
a) Provisions for pensions and similar obligations	28,006,671.22	35,675,677.48
b) Provisions for taxes	45,990,877.66	31,537,433.35
c) Other provisions	96,048,145.28	89,967,223.10
9. Subordinated debt	**198,300,225.14**	**228,307,285.26**
10. Participatory capital	—	—
of which: due within two years	—	—
11. Fund for general banking risks	**100,809.71**	**20,094,590.76**
of which: special item per Sec. 340e (4) HGB	18,512.68	12,293.73
12. Equity	**1,157,227,500.44**	**1,108,645,676.37**
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	470,786,774.69	391,056,007.99
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	470,615,708.19	390,884,941.49
d) Net retained profits / net accumulated losses	78,639,823.55	109,788,766.18
Contingent capital (balance sheet note)	17,922,018.46	17,922,018.46
Total equity and liabilities	**21,475,171,078.40**	**19,644,345,657.73**

Off-balance-sheet items EUR	12/31/2020	12/31/2019
1. Contingent liabilities	**629,915,136.17**	**546,532,016.55**
a) Contingent liabilities from rediscounted bills of exchange	—	—
b) Obligations under guarantees and warranties	629,915,136.17	546,532,016.55
c) Liability from collateral furnished for third-party liabilities	—	—
2. Other obligations	**1,915,513,411.62**	**1,925,830,378.69**
a) Repurchase commitments under reverse repurchase transactions	—	—
b) Placement and underwriting commitments	—	—
c) Committed credit facilities	1,915,513,411.62	1,925,830,378.69

INCOME STATEMENT OF OLB AG FOR THE PERIOD JANUARY 1 – DECEMBER 31, 2020

EUR	2020	2019
1. Interest income from	**444,414,421.06**	**444,125,574.61**
a) Lending and money market transactions	417,405,775.42	415,596,230.53
of which: negative interest from lending and money market transactions	–12,291,189.27	–9,194,628.63
b) Bonds and other fixed-income securities	27,008,645.64	28,529,344.08
of which: negative interest from bonds and other fixed-income securities claims	—	—
2. Interest expenses	**–108,331,942.62**	**–136,522,052.64**
of which: positive interest	16,837,815.19	11,171,439.61
3. Current income from	**52,146.86**	**51,746.84**
a) Shares and other non-fixed-income securities	35,000.08	17,520.06
b) Investment securities	17,146.78	34,226.78
c) Shares in affiliated companies	—	—
4. Income from profit pooling, profit transfer or partial transfer agreements	**156,919.56**	**854,888.04**
4a. Profit earned for the account of others from the transferring legal entity	—	**8,676,038.10**
5. Commission income	**164,413,617.54**	**125,051,851.24**
6. Commission expense	**–51,104,429.93**	**–21,486,716.92**
7. Net trading (+) income / (–) expense	**55,970.58**	**20,959.13**
of which: allocation to (–) or reversal from (+) the fund for general banking risks per Sec. 340g HGB	–6,218.95	2,328.79
8. Other operating income	**15,628,164.04**	**16,655,160.87**
10. General administrative expenses	**–281,296,598.22**	**–296,578,699.67**
a) Personnel expenses	–173,179,200.39	–177,614,567.81
aa) Wages and salaries	–143,355,267.69	–142,785,295.76
ab) Social security, pension provisions and other employee benefit costs	–29,823,932.70	–34,829,272.05
of which: for pension provisions	–7,952,286.49	–12,879,167.68
b) Other administrative expenses	–108,117,397.83	–118,964,131.86
11. Depreciation, amortization and impairment of intangible and tangible fixed assets	**–13,766,568.61**	**–14,768,047.82**
12. Other operating expenses	**–12,006,824.84**	**–11,624,468.44**
13. Write-offs and impairments of loans and certain securities and additions to loan loss provisions	**–22,714,825.76**	—
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	—	**14,295,315.07**
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	**13,886.00**	**20,249,339.34**
17. Expenses for assumption of losses	**–14,208.09**	**–10,311.92**
19. Result from ordinary activities	**135,499,727.57**	**148,990,575.83**
20. Extraordinary income	16,770,957.08	199,503,554.91
21. Extraordinary expenses	–37,413,922.05	–197,520,911.44
22. Extraordinary result	–20,642,964.97	1,982,643.47
23. Income tax expense	–35,394,474.05	–40,139,998.50
24. Other taxes not included under Item 12	–822,465.00	–1,044,454.62
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	**78,639,823.55**	**109,788,766.18**
28. Retained profits / accumulated losses brought forward from the previous year	—	—
29. Withdrawals from capital reserves	—	—
30. Withdrawals from revenue reserves	—	—
31. Withdrawals from participatory capital	—	—
32. Allocations to revenue reserves	—	—
33. Replenishment of participatory capital	—	—
34. Net retained profits / net accumulated losses	**78,639,823.55**	**109,788,766.18**

STATEMENT OF CHANGES IN EQUITY OF OLB AG
FOR THE PERIOD JANUARY 1 – DECEMBER 31, 2020

EUR	12/31/2019	Net profit for the fiscal year	Dividend distribution	Allocations to (+) / withdrawals from (–) reserves	Other changes in capital	12/31/2020
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	390,884,941.49	—	—	79,787,051.71	–56,285.01	470,615,708.19
Net retained profits	109,788,766.18	78,639,823.55	–30,001,714.47	–79,787,051.71	—	78,639,823.55
Equity	**1,108,645,676.37**	**78,639,823.55**	**–30,001,714.47**	**—**	**–56,285.01**	**1,157,227,500.44**

CASH FLOW STATEMENT OF OLB AG FOR THE PERIOD JANUARY 1 – DECEMBER 31, 2020

EUR		2020	2019
1.	Profit for the period (net profit / net loss for the fiscal year)	78,639,823.55	109,788,766.18
2.	Depreciation (+), amortization (+) and write-offs and impairments (+) / reversals (–) of impairments of loans and fixed assets	63,006,155.64	24,188,186.43
3.	Increase (+) / decrease (–) in provisions	12,865,360.23	– 46,052,362.68
4.	Other noncash expenses (+) / income (–)	– 41,558,324.86	63,189,612.13
5.	Gain (–) / loss (+) on disposal of fixed assets	– 135,449.48	– 43,521,219.64
6.	Other adjustments (net; – / +)	6,802,634.89	– 1,603,960.43
7.	Increase (–) / decrease (+) in receivables from banks	– 212,081,159.40	– 285,951,734.84
8.	Increase (–) / decrease (+) in receivables from customers	– 446,491,905.87	– 1,190,182,741.58
9.	Increase (–) / decrease (+) in securities (other than long-term financial assets)	215,658,631.97	534,497,728.83
10.	Increase (–) / decrease (+) in other assets from operating activities	– 30,456,466.53	– 26,769,010.11
11.	Increase (+) / decrease (–) in liabilities to banks	481,269,031.79	– 806,454,503.58
12.	Increase (+) / decrease (–) in liabilities to customers	299,964,312.39	1,374,065,792.44
13.	Increase (+) / decrease (–) in securitized liabilities	68,599,000.00	86,932,000.00
14.	Increase (+) / decrease (–) in other liabilities from operating activities	940,530,428.53	– 58,971,605.15
15.	Interest expense (+) / interest income (–)	– 336,291,544.86	– 317,186,194.95
16.	Expenses for (+) / income from (–) extraordinary items	20,642,964.97	– 1,982,643.47
17.	Income tax expense (+) / income (–)	35,394,474.05	40,139,998.50
18.	Interest and dividend payments received (+)	419,167,826.54	429,543,645.18
19.	Interest paid (–)	– 91,571,492.29	– 120,585,365.12
20.	Extraordinary cash receipts (+)	—	9,249,701.11
21.	Extraordinary cash payments (–)	– 16,670,392.48	– 193,759,553.38
22.	Income tax paid (+ / –)	– 18,223,516.59	– 12,699,990.31
23.	**Cash flows from operating activities (total of lines 1 to 22)**	**1,449,060,392.19**	**– 434,125,454.44**
24.	Proceeds from disposal of fixed assets (+)	174,298,198.08	757,868,008.12
25.	Payments to acquire fixed assets (–)	– 1,158,259,071.16	– 602,591,821.20
26.	Proceeds from disposal of tangible fixed assets (+)	260,850.76	24,678.35
27.	Payments to acquire tangible fixed assets (–)	– 9,789,404.79	– 6,358,673.71
28.	Proceeds from disposal of intangible fixed assets (+)	—	—
29.	Payments to acquire intangible fixed assets (–)	– 1,825,819.28	– 1,966,289.80
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)**	**– 995,315,246.39**	**146,975,901.76**
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	—
44.	Change in cash funds from other capital (net; + / –)	– 56,285.01	2,328.79
45.	**Cash flows from financing activities (total of lines 36 to 44)**	**– 30,057,999.48**	**2,328.79**
46.	**Net change in cash funds (total of lines 23, 35, 45)**	**423,687,146.32**	**– 287,147,223.89**
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 (+)**	**1,230,920,028.95**	**1,518,067,252.84**
50.	**Cash funds at end of period (total of lines 46 to 49)**	**1,654,607,175.27**	**1,230,920,028.95**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS OF OLB AG FOR FISCAL YEAR 2020

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 accordance with the German Accounting Regulation for Banks and Financial Services Institutions (Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute – 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.

Outsourcing of some of the pension liabilities to a pension fund

Outsourcing of WBP pensions to Allianz Pensionsfonds

OLB has company pension commitments to its employees in the form of a direct commitment as well as deferred compensation commitments. 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 had changed over to a different model for significant components of its pension liabilities.

Following the entry in the commercial register on November 29, 2019, Wüstenrot Bank AG Pfandbriefbank merged with Oldenburgische Landesbank AG; within the scope of this transaction, in 2020 the model also changed for significant components of the 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. Funding was provided in the maximum amounts permitted for tax purposes. A residual shortfall in the amount of EUR 0.8 million will continue to be recognized among the liabilities.

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.

OLB did not take part in any coronavirus-related private moratoria. Deferrals of consumer loans in the statutory moratorium period from April 1, 2020 to June 30, 2020 do not in themselves constitute a default signal for the establishment of risk provisions.

Further information on the effects of the coronavirus pandemic on loan loss provisions can be found in section "VI. Notes to the Income Statement" in these notes.

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 adjusted 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. 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 profit or loss from 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 1,216.7 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 according to the "amortized cost valuation" (see above) less any presumed permanent impairment. At the reporting date, no securities whose fair value was lower than their carrying amount were treated as fixed assets. Procedures have been established to ensure that presumed permanent impairments of value due to credit ratings can be distinguished from temporary changes in trading price due to interest rates.

The Bank legally assigned customer receivables with a nominal value of EUR 233.4 million (Compartment 1) and EUR 1,100.0 million (Compartment 2) 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, 2020:

EUR million	Carrying amount		
Compartment 1			
Senior tranche	143.4	exchange-tradable	ISIN XS1609257875
Junior tranche	97.6	non-exchange-tradable	Subordinate
Compartment 2			
Senior tranche	726.7	exchange-tradable	ISIN XS2156515848
Mezzanine tranche	52.6	exchange-tradable	ISIN XS2156516226
Junior tranche	328.5	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, OLB continues to carry them 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 1,333.4 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 4.15 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 banking book 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 opinion IDW RS BFA 3 (new version) of October 16, 2017, from the Institute of Public Auditors in Germany, applying the net present value approach. Equity as a refinancing resource is not recognized as part of the interest-bearing assets and liabilities. The fair value of the banking book 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 for a provision for a surplus of liabilities from the business in interest-rate-based financial instruments in the banking book at the reporting date. From an economic perspective, the interest claims contractually allocable to the statutory moratorium period and the subsequent interest claims are uniformly recognized in the income statement over the entire deferral period.

For the *determination of the fair value* of non-derivative financial instruments in the trading portfolio, the applicable exchange or market price at the reporting date is generally applied. These non-derivative 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 cash-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 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.

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 legal requirements amended by the German Accounting Law Modernization Act (Bilanzrechtsmodernisierungsgesetz – BilMoG) is recognized straight-line over 15 years. In fiscal year 2020, 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 6.9 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 36.5 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 of the Introductory Act to the German Commercial Code (EGHGB) in conjunction with opinion IDW RS HFA 30 RZ 47 issued by the Institute of Public Auditors in Germany.

In 2018, the transition was made to the "Heubeck Mortality Tables 2018 G." According to Sec. 6a (4) Sentence 2 EStG, the increase or decrease to the provision due to the first-time application of the "Heubeck Mortality Tables 2018 G" is divided evenly across three fiscal years and allocated to the respective tax retirement provision.

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.

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 framework reporting concept to be applied 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 (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" – "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 income for the fiscal year"/(23,257,143 no-par shares – average holdings of own shares)

"Return on equity post tax" (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 (non-performing)/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 non-performing receivables + collateral assigned to non-performing receivables + deferred interest [for non-performing receivables])/(Receivables from customers [non-performing])

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., the German Accounting Regulation for Banks and Financial Services Institutions, the "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 2.5 million (prior year: EUR 1.7 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 426.0 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	12/31/2020	12/31/2019
Receivables from banks	**764,652,889.03**	**552,624,235.90**
b) Other receivables	—	11,951,695.84
of which: with a remaining time to maturity of three months or less	—	11,951,695.84
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	—	—
Receivables from customers	**15,540,941,825.57**	**15,141,875,364.39**
of which: with an indefinite maturity	1,110,645,098.40	1,492,466,419.65
of which: with a remaining time to maturity of three months or less	760,339,377.42	814,353,380.21
of which: with a remaining time to maturity of more than three months to one year	1,221,140,649.87	1,036,816,613.70
of which: with a remaining time to maturity of more than one year to five years	4,847,926,994.21	4,424,112,858.59
of which: with a remaining time to maturity of more than five years	7,600,889,705.67	7,374,126,092.24
Bonds and other fixed-income securities	**2,903,973,805.09**	**2,458,744,292.30**
of which: maturing in fiscal year 2021 (2020)	469,108,419.50	396,087,639.10
Liabilities to banks	**5,257,148,154.52**	**4,772,781,647.84**
b) With agreed maturity or notice period	5,182,790,632.56	4,676,730,176.30
of which: with a remaining time to maturity of three months or less	500,721,520.74	673,932,219.54
of which: with a remaining time to maturity of more than three months to one year	334,244,588.52	1,157,875,788.97
of which: with a remaining time to maturity of more than one year to five years	3,012,253,488.84	1,423,850,386.21
of which: with a remaining time to maturity of more than five years	1,335,571,034.46	1,421,071,781.58
Liabilities to customers	**13,011,418,960.08**	**12,715,174,417.30**
a) Savings deposits	1,809,048,495.38	1,780,164,514.49
ab) With agreed withdrawal notice period of more than three months	129,118,482.24	176,458,695.27
of which: with a remaining time to maturity of three months or less	2,564,254.91	1,904,140.83
of which: with a remaining time to maturity of more than three months to one year	126,554,227.33	155,540,108.08
of which: with a remaining time to maturity of more than one year to five years	—	19,014,446.36
of which: with a remaining time to maturity of more than five years	—	—
b) Other liabilities	11,202,370,464.70	10,935,009,902.81
bb) With an agreed maturity or notice period	1,555,938,846.68	2,383,088,955.46
of which: with a remaining time to maturity of three months or less	807,263,387.40	1,008,050,528.43
of which: with a remaining time to maturity of more than three months to one year	160,968,935.94	562,251,454.02
of which: with a remaining time to maturity of more than one year to five years	281,226,242.34	362,542,192.01
of which: with a remaining time to maturity of more than five years	306,480,281.00	450,244,781.00
Securitized liabilities	**272,186,260.27**	**203,165,000.00**
a) Bonds issued	272,186,260.27	203,165,000.00
of which: maturing in fiscal year 2021 (2020)	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	12/31/2020	12/31/2019
Assets	206,971,629.54	206,315,014.91
Liabilities	236,227,368.60	227,344,802.58

The liabilities specified include nominal values in the amount of EUR 16.0 million (prior year: EUR 18.4 million) for guarantees and letters of credit.

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

BREAKDOWN BY BALANCE SHEET ITEM

EUR	12/31/2020	12/31/2019
Receivables from banks	—	—
Receivables from customers	1,000,000.00	1,027,974.39
Bonds and other fixed-income securities	922,744,254.00	310,000,000.00
Total receivables due from or to affiliated companies	**923,744,254.00**	**311,027,974.39**
Liabilities to banks	—	—
Liabilities to customers	8,571,237.30	785,000.72
Securitized liabilities	—	—
Subordinated debt	16,613,779.50	1,565,256.60
Total liabilities owed to or by affiliated companies	**25,185,016.80**	**2,350,257.32**

Receivables from other companies which have participating interests and investors which are recognized as “Receivables from customers” came to EUR 0.5 million (prior year: EUR 0.6 million).

Liabilities to other companies which have participating interests which are recognized as “Liabilities to customers” came to EUR 1.1 million (prior year: EUR 0.1 million).

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

THE FOLLOWING BALANCE SHEET ITEMS INCLUDE MARKETABLE SECURITIES

	12/31/2020		
EUR	Total	Quoted in a market	Not quoted in a market
Bonds and other fixed-income securities	2,903,973,805.09	2,903,973,805.09	—
Shares and other non-fixed-income securities	845,657.50	—	845,657.50
Trading portfolio assets	2,653,392.49	2,640,588.25	12,804.24
Total	**2,907,472,855.08**	**2,906,614,393.34**	**858,461.74**

DISCLOSURES ON THE DEVELOPMENT OF NONCURRENT ASSETS ACCORDING TO SEC. 34 (3) RECHKREDV IN CONJUNCTION WITH SEC. 284 (3) SENTENCES 1 THROUGH 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	644,809,244.94	1,001,890.01	103,129.19	144,351,315.89	124,335,788.28	47,006,437.99
Historical write-ups	—	—	—	—	—	—
Historical depreciation, amortization, write-offs and impairments	—	–381,461.05	—	–107,503,345.05	–97,899,523.41	–38,754,022.51
Carrying amount at January 1, 2020	**644,809,244.94**	**620,428.96**	**103,129.19**	**36,847,970.84**	**26,436,264.87**	**8,252,415.48**
Additions measured at cost	1,157,995,076.82	—	—	—	9,789,404.79	1,825,819.28
Disposals measured at cost	–174,284,612.09	—	—	–85,377.28	–11,650,495.20	—
Write-ups included in disposals for the year	—	—	—	—	—	—
Depreciation, amortization and impairments included in disposals for the year	—	—	—	—	11,596,585.20	—
Additions through reclassification	14,241,550.59	—	—	—	—	—
Disposals through reclassification	—	—	—	—	—	—
Changes in portfolio during the year	**997,952,015.32**	**—**	**—**	**–85,377.28**	**9,735,494.79**	**1,825,819.28**
Write-ups during the year	—	—	—	—	—	—
Depreciation and amortization during the year	—	—	—	–2,564,366.00	–8,657,371.92	–2,328,054.02
Write-offs and impairments during the year	—	—	—	—	–216,776.67	—
Changes in measurement during the year	**—**	**—**	**—**	**–2,564,366.00**	**–8,874,148.59**	**–2,328,054.02**
Carrying amount at December 31, 2020	**1,642,761,260.26**	**620,428.96**	**103,129.19**	**34,198,227.56**	**27,297,611.07**	**7,750,180.74**
Write-offs and impairments at January 1, 2020	**—**	**–381,461.05**	**—**	**–107,503,345.05**	**–97,899,523.41**	**–38,754,022.51**
Depreciation and amortization during the year	—	—	—	–2,564,366.00	–8,657,371.92	–2,328,054.02
Write-offs and impairments during the year	—	—	—	—	–216,776.67	—
Depreciation, amortization and impairments included in disposals for the year	—	—	—	—	11,596,585.20	—
Reclassification of write-downs	—	—	—	—	—	—
Changes in depreciation, amortization, write-offs and impairment	**—**	**—**	**—**	**–2,564,366.00**	**2,722,436.61**	**–2,328,054.02**
Write-offs and impairments at December 31, 2020	**—**	**–381,461.05**	**—**	**–110,067,711.05**	**–95,177,086.80**	**–41,082,076.53**

In the amount of nominal EUR 426.0 million (prior year: EUR 104.2 million), securities treated as fixed assets comprise the junior tranches from two ABS securitizations, which were reported in the Bank's balance sheet as other assets.

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. As of December 31, 2020, an interest-rate-driven valuation yielded a fair value of EUR 1,226.2 million (fair value in prior year: EUR 551.2 million), with a carrying amount of EUR 1,216.7 million (carrying amount in prior year: EUR 554.8 million). As of the reporting date, no marketable securities whose fair values were below the carrying amounts were included in the securities treated as fixed assets (prior year: EUR 9.5 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	12/31/2020	12/31/2019
Liabilities to banks	5,164,276,121.43	4,355,597,730.07
Liabilities to customers	116,000,000.00	116,000,000.00
Total amount of collateral furnished	**5,280,276,121.43**	**4,471,597,730.07**

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 within the framework of the loan submission procedure (KEV). In addition, loans were transferred to a cover fund for the issuance of registered covered bonds and bearer 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, 2020, liabilities to the Bundesbank totaled EUR 1,790.0 million (prior year: EUR 594.0 million) from open-market transactions, of which EUR 1,600.0 million with a maturity of up to June 28, 2023, and EUR 190.0 million with a maturity of up to September 27, 2023, all bearing an interest rate of –0.5 %. For this, loans in the loan submission procedure in the amount of EUR 442.5 million (prior year: EUR 422.5 million) and securities, among other items, from the securitization in the nominal amount of EUR 1,036.7 million (prior year: EUR 310.0 million) were deposited with the Bundesbank. For the purpose of the securitization, corresponding loans (EUR 893.0 million) and securities (EUR 732.3 million) were transferred to the two compartments of SPV Weser Funding S.A. On the basis of banking supervisory law, upon the initial inclusion of the Weser Funding securitization in the reporting system, only the transferred receivables are considered charged, to avoid double charging of securities and loans.

As of December 31, 2020, liabilities from registered covered bonds amounted to EUR 181.0 million (prior year: EUR 181.0 million), of which EUR 65.0 million (prior year: EUR 65.0 million) related to banks and EUR 116.0 million (prior year: EUR 116.0 million) to non-banks. For this purpose, loans amounting to EUR 244.1 million (prior year: EUR 274.0 million) were transferred to the cover fund.

In addition, bearer covered bonds in the amount of EUR 190.0 million (prior year: EUR 100.0 million) were issued, hedged by loans of EUR 241.3 million (prior year: EUR 136.0 million) as well as securities in the amount of EUR 15.0 million (prior year: EUR 15.0 million), which were also deposited in the cover fund. These covered bonds have been deposited with the Bundesbank in full but are considered to be unencumbered unless they are used as collateral for corresponding open-market transactions. To avoid double charging of securities and loans under supervisory law, only the transferred receivables are considered as charged.

III. NOTES TO THE BALANCE SHEET – ASSETS

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

EUR	12/31/2020	12/31/2019
Money market instruments	—	—
Bonds and debt instruments	**2,713,397,114.63**	**2,358,858,280.30**
from public-sector issuers	1,153,737,939.11	1,116,456,840.98
from other issuers	1,559,659,175.52	1,242,401,439.32
Own debt instruments	**190,576,690.46**	**99,886,012.00**
Bonds and other fixed-income securities	**2,903,973,805.09**	**2,458,744,292.30**
of which: securities in the liquidity reserve	1,687,223,868.98	1,903,935,047.36
of which: securities treated as fixed assets	1,216,749,936.11	554,809,244.94

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

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. 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. 9 (3) No. 2 RechKredV

Bonds and other fixed-income securities include securities with a value of EUR 469.1 million that mature in fiscal year 2021.

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 2,037.6 million (prior year: EUR 796.1 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 13.0 million (prior year: EUR 8.0 million) were deposited with BNP Paribas S.A. As part of the loan submission procedure, loan receivables worth EUR 442.5 million (prior year: EUR 422.5 million) were deposited with the Bundesbank.

At the reporting date, there were repurchase obligations with a carrying amount of EUR 466.8 million (prior year: carrying amount of EUR 912.2 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 item (prior year: all securities in this item) were valued at the lower of cost or market.

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

6A. TRADING PORTFOLIO ASSETS

EUR	12/31/2020	12/31/2019
Shares and other non-fixed-income securities	42,135.41	27,845.97
Own debt instruments	2,611,257.08	1,846,756.22
Risk discount	—	– 67,472.86
Total	**2,653,392.49**	**1,807,129.33**

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 2021 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	12/31/2020	12/31/2019
Receivables from customers	17,428,410.60	533,582.54
Bonds and other fixed-income securities	241,548.02	226,187.01
Shares and other non-fixed-income securities	755,012.10	492,250.99
Total trust assets	**18,424,970.72**	**1,252,020.54**

Receivables from customers mainly comprise development funds subject to full release from liability by the development bank. These funds were granted 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 426.0 million (prior year: EUR 104.2 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 1 and Compartment 2) are recognized as other assets, in the noncurrent assets sub-item. In addition, irrevocable payment obligations from deposit and liability obligations that have already been made but have not yet been called upon are shown as a current assets sub-item in the amount of EUR 18.4 million (prior year: EUR 14.8 million). In addition, this sub-item contains not only tax refund claims against the tax office in the amount of EUR 2.3 million (prior year: EUR 2.3 million) but also receivables from an accident insurance policy with a premium refund in the amount of EUR 24.3 million (prior year: EUR 22.9 million). Various receivables for commissions were also recognized in this sub-item.

EXPLANATORY NOTES FOR "ASSETS ITEM 15. PREPAID EXPENSES"

Disclosures per Sec. 250 (3) HGB

The item for prepaid expenses includes discounts on liabilities in the amount of EUR 1.3 million (prior year: EUR 1.1 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 paper with a nominal value of EUR 47.8 million that will mature in fiscal year 2021.

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

Breakdown per Sec. 6 (1) Sentence 2 RechKredV

BREAKDOWN BY BALANCE SHEET ITEM

EUR	12/31/2020	12/31/2019
Liabilities to banks	17,388,506.87	327,497.39
Liabilities to customers	1,036,463.85	924,523.15
Total trust liabilities	**18,424,970.72**	**1,252,020.54**

Liabilities to banks mainly comprise passed-on development funds, subject to full release from liability by the development agency. These funds were granted 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 the obligation due to the SPV associated with the two true-sale receivables sold as part of the ABS transaction (SPV Weser Funding S.A.), Compartments 1 and 2, in the amount of EUR 1,333.4 million, as well as tax liabilities in the amount of EUR 14.3 million, and liabilities from portfolio commissions and front-end fees for securities transactions which must be passed on in the amount of EUR 6.0 million.

EXPLANATORY NOTES FOR "EQUITY & LIABILITIES ITEM 6. DEFERRED INCOME"

Disclosures per Sec. 340e (2) HGB

Deferred income includes EUR 15.7 million (prior year: EUR 4.9 million) in discounts and processing fees for receivables in accordance with Sec. 340e (2) HGB.

Of this, EUR 1.1 million (prior year: EUR 2.7 million) relates to discounts from the acquisition of a credit portfolio, which will be realized as interest income in the period up to 2021.

EXPLANATORY NOTES FOR "EQUITY & LIABILITIES ITEM 7. PROVISIONS"

STATEMENT OF CHANGES IN PROVISIONS

EUR	12/31/2019	Used	Reversed	Additions	Mathematical interest rate	Conversions	12/31/2020
a) Provisions for pensions and similar obligations	**35,675,677.48**	**−2,215,108.95**	**−16,764,713.00**	**4,993,921.66**	**6,561,904.71**	**−245,010.68**	**28,006,671.22**
b) Provisions for taxes	**31,537,433.35**	**−2,710,501.93**	**−228,821.92**	**17,392,768.16**	**—**	**—**	**45,990,877.66**
c) Other provisions	**89,967,223.10**	**−45,349,499.41**	**−5,628,800.90**	**65,065,907.23**	**852,666.87**	**−8,859,351.61**	**96,048,145.28**
Uncertain liabilities	71,483,363.64	−44,038,047.83	−3,419,555.57	53,455,645.24	843,214.84	−8,859,351.61	69,465,268.71
Provisions for lending business	13,376,900.36	—	−1,372,633.67	6,872,142.61	—	—	18,876,409.30
Other	5,106,959.10	−1,311,451.58	−836,611.66	4,738,119.38	9,452.03	—	7,706,467.27
Total	**157,180,333.93**	**−50,275,110.29**	**−22,622,335.82**	**87,452,597.05**	**7,414,571.58**	**−9,104,362.29**	**170,045,694.16**

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 the offset asset items is used.

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

%	12/31/2020	12/31/2019
Discount rate (10-year average)	2.31	2.71
Discount rate (7-year average)	1.60	1.96
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).

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 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	12/31/2020	12/31/2019
Cost of offset assets	47,702,120.74	45,634,476.66
Fair value of offset assets	47,881,571.34	45,853,404.31
Fulfillment amount of offset liabilities	82,805,603.88	91,406,854.07

The unrecognized provision amount per Art. 67 (2) of the Introductory Act to the German Commercial Code (Einführungsgesetz zum Handelsgesetzbuch – EGHGB) came to EUR 6.9 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	12/31/2020	12/31/2019
Fair value of offset assets	2,272,795.91	2,173,231.55
Fulfillment amount of offset liabilities	6,710,575.91	13,674,986.55
Unrecognized provision amount per Art. 67 (2) EGHGB	53,578.60	918,796.88
Pension provision	4,384,201.40	10,582,958.12

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 96.0 million (prior year: EUR 90.0 million) largely include provisions for restructuring measures, severance payments and 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	12/31/2020	12/31/2019
Cost of offset assets	28,721,080.28	19,942,662.33
Fair value of offset assets	28,800,128.68	19,957,717.74
Fulfillment amount of offset liabilities	25,205,643.73	15,732,919.59

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 NOTE LOANS

Nominal amount EUR	Nominal interest rate %	Maturity Year	Issue currency	Early repayment obligation
20,000,000.00	3.2	2023	EUR	No
25,000,000.00	7	2023	EUR	No
20,000,000.00	4.4	2028	EUR	No
30,000,000.00	2.255	2029	EUR	No

Borrowing with a nominal volume of EUR 25.0 million relates to a subordinated convertible bond with a conversion option for shares on the part of the Bank. ↗

Subordinated debt has a nominal value of EUR 194.6 million (prior year: EUR 223.8 million).

EUR	12/31/2020	12/31/2019
Subordinated convertible bonds	42,047,875.73	42,047,875.73
Subordinated debt instruments	20,000,000.00	25,000,000.00
Subordinated promissory note loans	128,500,000.00	153,500,000.00
Subordinated customer deposits	4,009,500.00	3,242,500.00
Nominal redemption value	**194,557,375.73**	**223,790,375.73**

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 8.6 million (prior year: EUR 17.0 million).

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

THE BANK'S EQUITY AND RESERVES UNDER SEC. 340G HGB CHANGED AS FOLLOWS:

EUR	12/31/2019	Net income for the year	Change in special item per Sec. 340e (4) HGB	Dividend distribution	Allocation (+) Withdrawal (–)	Other changes in capital	12/31/2020
Fund for general banking risks	**20,094,590.76**	**—**	**6,218.95**	**—**	**–20,000,000.00**	**—**	**100,809.71**
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	390,884,941.49	—	—	—	79,787,051.71	–56,285.01	470,615,708.19
Net retained profits	109,788,766.18	78,639,823.55	—	–30,001,714.47	–79,787,051.71	—	78,639,823.55
Equity	**1,108,645,676.37**	**78,639,823.55**	**—**	**–30,001,714.47**	**—**	**–56,285.01**	**1,157,227,500.44**
Total	**1,128,740,267.13**	**78,639,823.55**	**6,218.95**	**–30,001,714.47**	**–20,000,000.00**	**–56,285.01**	**1,157,328,310.15**

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 2019

The Annual Shareholders' Meeting resolved on March 26, 2020, to appropriate the net retained profits of Oldenburgische Landesbank AG shown in the annual financial statements for fiscal year 2019 in the amount of EUR 109,788,766.18 as follows:

a) Distribution of a EUR 1.29 dividend to each of the 23,257,143 no-par shares – payable on September 30, 2020,
b) Allocation of an amount of EUR 79,787,051.71 to the other revenue reserves.

The Extraordinary Shareholders' Meeting resolved on September 24, 2020, to change the maturity and the payment date of the EUR 1.29 dividend for each of the 23,257,143 no-par shares to December 30, 2020.

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

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, and is to be recognized separately under that item in accordance with Sec. 340e. This item may be reversed to settle net operating trading expenses. A total of EUR 6,218.95 for the year was allocated to this special item (prior year: allocation in the amount of EUR 2,328.79).

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, 2020, it held no treasury shares in its portfolio. There were no additions or withdrawals in fiscal year 2020.

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	12/31/2020	12/31/2019
Income from capitalization of internally generated intangible fixed assets	509,967.00	669,234.37
Income from fair valuation above cost of assets covering phased retirement	73,446.33	15,055.41
Income from fair valuation above cost of assets covering pension plans	179,450.60	218,927.65
Total	**762,863.93**	**903,217.43**

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

AMOUNT BARRED FROM DISTRIBUTION

EUR	12/31/2020	12/31/2019
Positive difference from calculation of provision for pension obligations per Sec. 253 (6) HGB	10,836,256.65	11,808,025.00
Total	**10,836,256.65**	**11,808,025.00**

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	12/31/2020	12/31/2019
Credit guarantees	206,001,366.63	145,103,416.91
Other guarantees and warranties	420,606,700.79	395,672,885.32
Letters of credit	11,134,641.54	12,629,027.55
Obligations under guarantees and warranties	**637,742,708.96**	**553,405,329.78**
Less provisions on guarantees and warranty contracts	–7,827,572.79	–6,873,313.22
Obligations under guarantees and warranties less provisions	**629,915,136.17**	**546,532,016.56**

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	12/31/2020	12/31/2019
Loans	1,659,024,756.54	1,712,733,223.82
Guarantee lines	267,537,491.59	219,600,742.07
Committed credit facilities	**1,926,562,248.13**	**1,932,333,965.89**
Less provisions on loan commitments	–11,048,836.51	–6,503,587.20
Irrevocable credit commitments less provisions	**1,915,513,411.62**	**1,925,830,378.69**

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	2020	2019
Interest income	**444,414,421.06**	**444,125,574.61**
From lending and money market transactions	417,405,775.42	415,596,230.53
of which: negative interest from lending and money market transactions	– 12,291,189.27	– 9,194,628.63
From bonds and other fixed-income securities	27,008,645.64	28,529,344.08
of which: negative interest from bonds and other fixed-income securities claims	—	—
Interest expenses	**– 108,331,942.62**	**– 136,522,052.64**
of which: positive interest	16,837,815.19	11,171,439.61
Current income	**52,146.86**	**51,746.84**
From shares and other non-fixed-income securities	35,000.08	17,520.06
From investment securities	17,146.78	34,226.78
From shares in affiliated companies	—	—
Income from profit pooling, profit transfer or partial transfer agreements	**156,919.56**	**854,888.04**
Profit earned for the account of others from the transferring legal entity	**—**	**8,676,038.10**
Net interest income	**336,291,544.86**	**317,186,194.95**

Net interest income includes EUR 1.9 million in discounts due to the acquisition of a credit portfolio, which was realized in fiscal year 2020 as interest income.

Interest income from lending and money market transactions includes EUR 2.1 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	2020	2019
Securities business and asset management	40,971,422.44	29,609,510.05
Account maintenance and transaction fees	29,924,908.32	27,104,999.21
Insurance, home loan and savings, and real estate business	17,379,359.97	18,109,792.27
Lending business	15,939,485.05	19,979,417.65
Foreign business	2,780,634.79	3,725,472.43
Other	6,313,377.04	5,035,942.71
Net commission income	**113,309,187.61**	**103,565,134.32**

Commission income from the brokerage business in the amount of EUR 3.7 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.

The other operating income also includes EUR 4.3 million in income from the reversal of provisions and another EUR 5.3 million of income which is attributable to prior fiscal years.

The other operating income also includes EUR 0.8 million for the reimbursement of third-party costs, EUR 0.8 million of additions for assets and EUR 0.6 million of income from the “Glückssparen” prize-linked savings account product.

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:

	2020	
EUR	Pensions and similar obligations	Other obligations
Income from fair valuation of offset assets	—	—
Notional interest income on fulfillment amount of offset liabilities	—	—
Effect from change in discount rate for fulfillment amount	—	9,376.34
Net total of offset income (+) and expenses (–)	**—**	**9,376.34**

Foreign currency is converted in accordance with Sec. 340h HGB in conjunction with Sec. 256a HGB, also taking into account opinion IDW RS BFA 4 issued by the Institute of Public Auditors in Germany. 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.

Other operating income and expenses comprise income from foreign currency translation in the amount of EUR 2.1 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	2020	2019
Personnel expenses	–173,179,200.39	–177,614,567.81
Other administrative expenses	–108,117,397.83	–118,964,131.86
Depreciation, amortization and impairment of intangible and tangible fixed assets	–13,766,568.61	–14,768,047.82
Operating expenses	**–295,063,166.83**	**–311,346,747.49**

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 2020 pertain in particular to payments of EUR 3.6 million made 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:

	2020	
EUR	Pensions and similar obligations	Other obligations
Income (–) from fair valuation of offset assets	–1,225,888.93	—
Notional interest income on fulfillment amount of offset liabilities	2,597,568.89	564,420.45
Effect from change in discount rate for fulfillment amount	5,190,224.75	297,622.76
Net total of offset income (+) and expenses (–)	**6,561,904.71**	**862,043.21**

Other operating income and expenses comprise income from foreign currency translation in the amount of EUR 2.1 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	2020	2019
Risk provisions for lending business	– 30,684,290.52	– 6,754,638.41
Gain (+) / loss (–) on securities in the liquidity reserve	7,969,464.76	21,049,953.48
Income (+) / expenses (–) from the lending business and liquidity reserve	**– 22,714,825.76**	**14,295,315.07**

Realizing price reserves from the sale of fixed-income securities in the liquidity reserve resulted in income in the amount of EUR 6.4 million in fiscal year 2020.

CHANGES IN RISK PROVISIONS FOR LENDING BUSINESS

EUR	SLLP	PLLP	GLLP	Value adjustment	Provisions [1]	Total portfolio
At January 1	**108,646,702.11**	**5,788,463.48**	**24,257,736.57**	**138,692,902.16**	**13,376,900.36**	**152,069,802.52**
Used	– 24,902,896.77	– 3,705,030.09	—	– 28,607,926.86	—	– 28,607,926.86
Allocations	41,926,359.67	3,548,681.62	21,934,161.41	67,409,202.70	6,872,142.61	74,281,345.31
Reversals	– 18,554,574.82	—	—	– 18,554,574.82	– 1,372,633.67	– 19,927,208.49
Reversals through unwinding	– 487,222.00	—	—	– 487,222.00	—	– 487,222.00
At December 31	**106,628,368.19**	**5,632,115.01**	**46,191,897.98**	**158,452,381.18**	**18,876,409.30**	**177,328,790.48**

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.

RISK PROVISIONS FOR LENDING BUSINESS – INCOME STATEMENT VIEW

EUR	2020	2019
Net result of impairment provisions	**– 48,854,627.88**	**– 10,653,100.91**
Additions to impairment provisions	– 67,409,202.70	– 42,077,763.55
Reversals of impairment provisions	18,554,574.82	31,424,662.64
Net result from provisions	**– 5,499,508.94**	**995,113.79**
Additions to provisions	– 6,872,142.61	– 1,326,218.76
Reversals of provisions	1,372,633.67	2,321,332.55
Net result of changes to reserves per Sec. 340f and g HGB	**20,000,000.00**	—
Allocations to reserves per Sec. 340f and g HGB	—	—
Reversals of reserves per Sec. 340f and g HGB	20,000,000.00	—
Direct write-offs	**– 384,959.15**	**– 87,077.54**
Receipts on written-off customer receivables	**4,054,805.45**	**2,990,426.25**
Risk provisions for lending business	**– 30,684,290.52**	**– 6,754,638.41**

Risk provisions for lending business include EUR 4.1 million in out-of-period receipts on written-off customer receivables.

EFFECTS OF THE CORONAVIRUS PANDEMIC ON RISK PROVISIONS FOR LENDING BUSINESS

The changes in the economic environment as a result of the coronavirus pandemic and the uncertainty regarding the future course of the pandemic made an assessment of the risk situation for lending business significantly more difficult. For the purpose of the determination of risk provisions, the key assumptions regarding the possible consequences of the coronavirus pandemic and the assessment process are presented below.

At the start of the second quarter of 2020, OLB initiated a process in order to examine the likely effects of the coronavirus pandemic on its net assets, financial position and results of operations as well as its risk-bearing capacity. On the basis of the existing planning, the responsible persons assessed the likely impact on new business, administrative expenses as well as risk provisions and the risk weighting of the loan book. The Bank analyzed the future trend for credit risks on two different levels. For significant credit exposures, the front office and back office units assessed the economic effect at the level of individual exposures. This assessment was regularly reviewed and updated over the course of the year. In the case of smaller credit exposures and loans to private and business clients, the effect for borrowers was assessed on the basis of which industry they belonged to, with a scale running from “neutral” to “very high.” Specialists in the capital market analysis and credit management divisions were responsible for this assessment. Issues such as the huge volume of government support provided in the form of liquidity aid and support payments were taken into consideration. With regard to the state of the overall economy, the Bank expected gross domestic product to collapse in 2020, followed by a strong economic recovery in 2021 and beyond, with a return to the pre-crisis level in early 2022 (“lop-sided V”). The value of collateral – of real estate, in particular – was not expected to change significantly, since the Bank applies high valuation discounts here and there are no indications of any decline in the market price level. The parameters thus identified were summarized in a simulation which modelled the expected changes in default probabilities. As well as general provisions for concrete individual cases and for latent credit risks, the Bank established additional provisions in the amount of EUR 23.7 million for defaults expected due to the coronavirus pandemic. This amount resulted from the described changes in the statistical default predictions for the coming year, taking into consideration the respective borrowers’ credit-related default probabilities which had increased as a result of the coronavirus pandemic. The burden resulting from the necessary risk provisions in an overall amount of EUR 50.7 million was partly compensated for by reducing the fund for general banking risks per Sec. 340g HGB in the amount of EUR 20.0 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).

No income was achieved from the realization of price reserves in fiscal year 2020 (prior year: EUR 20.2 million).

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 outsourcing of pension obligations to a pension fund resulted in extraordinary income due to reversals of provisions in the amount of EUR 16.8 million. The endowment of the pension fund resulted in extraordinary expenses of EUR 16.8 million.

The scheduled allocation of the difference from the valuation of pension obligations within the scope of the first-time application of the German Accounting Law Modernization Act (BilMoG) yielded an extraordinary expense of EUR 3.0 million (prior year: EUR 2.7 million).

Within the scope of an efficiency and modernization program launched in 2020, the Bank has identified additional potential for improvements which enable, among other possibilities, a further adjustment of its required headcount. The costs for the socially responsible execution of these measures were accounted for by establishing a restructuring provision in the amount of EUR 17.1 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 35.4 million (prior year: EUR 40.1 million). Of this total tax expense, EUR 18.0 million (prior year: EUR 20.5 million) was for corporate income tax (incl. solidarity surcharge) ↗ and EUR 17.4 million (prior year: EUR 19.6 million) was for local business income tax ("trade tax"). On balance, a total of EUR 0.5 million in reimbursements was attributable to previous fiscal years.

Disclosures on deferred taxes

Deferred tax assets, which on balance yield a net refund, were not recognized, thus exercising the option under Sec. 274 (1) Sentence 2 HGB.

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.

	12/31/2020		
EUR	Deferred tax assets	Deferred tax liabilities	Net
Receivables from customers	2,669,237.00	—	2,669,237.00
Shares in affiliated companies	—	—	—
Tangible fixed assets	2,789,334.00	—	2,789,334.00
Other assets	14,931,591.00	158,090.00	14,773,501.00
Pension provisions	18,590,098.00	—	18,590,098.00
Other provisions	9,425,349.00	321,578.00	9,103,771.00
Total balance sheet item	**48,405,609.00**	**479,668.00**	**47,925,941.00**

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 Covered Bond Act (PfandBG):

Information on the total amount and maturity structure (EUR m)

SEC. 28 (1) NOS. 1 AND 3 PFANDBG

	Nominal value			
(Reporting date at quarter-end)	Q1/2020	Q2/2020	Q3/2020	Q4/2020
Nominal value				
Total amount of the covered bonds in circulation incl. derivatives	371.0	371.0	371.0	371.0
Total amount of cover pool incl. derivatives	448.1	450.6	464.9	500.1
% 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**
Present value				
Total amount of the covered bonds in circulation incl. derivatives	388.3	388.3	388.8	389.3
Total amount of cover pool incl. derivatives	530.3	531.5	550.1	594.1
% 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**
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
Total amount of cover pool incl. derivatives	437.0	438.9	452.8	489.7
% 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**

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

	Covered bonds in circulation (maturity structure)			
(Reporting date at quarter-end)	Q1/2020	Q2/2020	Q3/2020	Q4/2020
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	—
More than 5 years up to 10 years	101.0	101.0	101.0	101.0
Over 10 years	170.0	170.0	170.0	170.0
Total covered bonds in circulation	**371.0**	**371.0**	**371.0**	**371.0**
Cover pool (fixed-interest period)				
Up to six months	6.8	6.3	5.3	5.9
More than six months up to twelve months	5.4	6.0	6.0	5.9
More than twelve months up to 18 months	6.0	6.1	5.8	6.1
More than 18 months up to 2 years	6.0	5.9	6.5	7.3
More than 2 years up to 3 years	13.3	13.4	13.9	14.8
More than 3 years up to 4 years	28.2	28.4	27.9	29.6
More than 4 years up to 5 years	17.0	17.3	19.3	21.3
More than 5 years up to 10 years	108.2	119.4	129.3	139.8
Over 10 years	257.2	247.9	250.8	269.4
Total cover pool	**448.1**	**450.6**	**464.9**	**500.1**

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
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
Share of fixed-interest cover pool assets	100.0	100.0	100.0	97.0
Share of fixed-interest covered bonds	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
Up to EUR 300 thousand	430.7	432.6	446.6	480.6
More than EUR 300 thousand up to EUR 1 million	2.4	3.0	3.3	4.5
More than EUR 1 million up to EUR 10 million	—	—	—	—
More than EUR 10 million	—	—	—	—
Total	**433.1**	**435.6**	**449.9**	**485.1**

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
For residential purposes	433.1	435.6	449.9	485.1
For commercial purposes	—	—	—	—
Total	**433.1**	**435.6**	**449.9**	**485.1**

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
Federal Republic of Germany				
Owner-occupied flats	13.0	12.6	12.3	11.9
Detached and semi-detached houses	420.0	423.0	437.6	473.2
Apartment buildings	—	—	—	—
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**
All states				
Owner-occupied flats	13.0	12.6	12.3	11.9
Detached and semi-detached houses	420.0	423.0	437.6	473.2
Apartment buildings	—	—	—	—
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**

(Reporting date at quarter-end)	Q1/2020	Q2/2020	Q3/2020	Q4/2020
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
Sec. 28 (2) No. 3 PfandBG – average weighted loan-to-value ratio (in %)	54.7 %	55.1 %	55.4 %	55.67 %
Ordinary cover (nominal) (EUR m)	433.1	435.6	449.9	485.1
Share of total in circulation (in %)	116.7 %	117.4 %	121.3 %	130.8 %

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
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
Total Federal Republic of Germany	**15.0**	**15.0**	**15.0**	**15.0**
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
Total all states	**15.0**	**15.0**	**15.0**	**15.0**

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
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
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	
(Reporting date at quarter-end)	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, 2020:

ASSETS

EUR	12/31/2020	12/31/2019
Receivables from banks	**764,652,889.03**	**552,624,235.90**
a) Mortgage loans	—	—
b) Public-sector loans	—	—
c) Other receivables	764,652,889.03	552,624,235.90
of which: demand deposits	764,652,889.03	540,672,540.06
of which: collateralized by securities	—	—
Receivables from customers	**15,540,941,825.57**	**15,141,875,364.33**
a) Mortgage loans	7,409,606,353.05	6,885,230,238.19
b) Public-sector loans	232,773,110.03	52,343,388.69
c) Other receivables	7,898,562,362.49	8,204,301,737.45
of which: demand deposits	1,110,645,098.40	1,492,466,419.65
of which: collateralized by securities	21,033,439.45	27,506,303.23
Prepaid expenses	**16,749,039.96**	**10,275,680.80**
a) From the issuing business	1,318,746.26	1,130,831.14
b) Other	15,430,293.70	9,144,849.66

The loans listed in the mortgage cover register (nominal amount: EUR 485.1 million) are reported under the balance sheet item “Receivables from customers”; the securities to cover the mortgage covered bonds (nominal amount: EUR 15.0 million) are reported under the balance sheet item “Bonds and other fixed-income securities.”

EQUITY & LIABILITIES

EUR	12/31/2020	12/31/2019
Liabilities to banks	**5,257,148,154.52**	**4,772,781,647.84**
a) Issued registered mortgage covered bonds	65,531,088.98	65,530,788.12
b) Issued public registered covered bonds	—	—
c) Other liabilities	5,191,617,065.54	4,707,250,859.72
of which: demand deposits	74,357,521.96	96,051,471.54
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	**13,011,418,960.08**	**12,715,174,417.30**
a) Issued registered mortgage covered bonds	117,073,220.00	117,072,893.15
b) Issued public registered covered bonds	—	—
c) Savings deposits	1,809,048,495.38	1,780,164,514.49
ca) With agreed withdrawal notice period of three months	1,679,930,013.14	1,603,705,819.22
cb) With agreed withdrawal notice period of more than three months	129,118,482.24	176,458,695.27
d) Other liabilities	11,085,297,244.70	10,817,937,009.66
of which: demand deposits	9,646,431,618.02	8,551,920,947.34
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	**272,186,260.27**	**203,165,000.00**
a) Bonds issued	272,186,260.27	203,165,000.00
aa) Mortgage covered bonds	190,422,260.27	100,000,000.00
ab) Public covered bonds	—	—
ac) Other bonds	81,764,000.00	103,165,000.00
b) Other securitized liabilities	—	—
of which: money market instruments	—	—
Deferred income	**29,308,538.70**	**14,611,409.14**
a) From the issue and loan business	15,734,225.43	2,424,433.02
b) Other	13,574,313.27	12,186,976.12

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 thousand	12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Caps	1,079,798	1,387,299	130	365	–130	–365
Floors	120,404	126,178	638	605	–637	–605
Swaps (customer business)	1,813,336	1,843,950	70,644	50,074	–56,681	–37,800
Swaps (non-trading portfolio)	2,538,000	2,432,000	34,844	37,258	–155,225	–100,415
Interest rate risks (OTC contracts)	**5,551,538**	**5,789,427**	**106,256**	**88,303**	**–212,674**	**–139,185**
Cross-currency swaps	29,174	30,558	693	937	–665	–845
Currency options (long)	104,307	161,750	3,497	2,097	—	—
Currency options (short)	104,307	161,750	—	2	–3,497	–2,096
FX swaps and currency forwards	2,500,741	1,556,444	38,743	12,876	–36,566	–11,823
Foreign currency risks (OTC contracts)	**2,738,530**	**1,910,502**	**42,933**	**15,913**	**–40,728**	**–14,764**

DERIVATIVE TRANSACTIONS – COUNTERPARTY BREAKDOWN

	Nominal values		Positive fair values		Negative fair values	
EUR thousand	12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020	12/31/2019
OECD banks	5,647,758	5,177,007	52,220	56,253	–237,906	–137,407
Other counterparties	2,642,311	2,522,921	96,969	47,962	–15,496	–16,542
Total derivatives	**8,290,068**	**7,699,929**	**149,189**	**104,215**	**–253,402**	**–153,949**

DERIVATIVE TRANSACTIONS – NOMINAL VALUES BY TIME REMAINING TO MATURITY

	Interest rate risks		Foreign currency risks	
EUR thousand	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Three months or less	150,730	117,135	1,250,841	682,606
Over 3 months to 1 year	367,355	487,769	1,106,055	999,396
Over 1 year to 5 years	1,753,719	1,954,813	381,634	228,500
Over 5 years	3,279,734	3,229,709	—	—
Total derivatives	**5,551,538**	**5,789,427**	**2,738,530**	**1,910,502**

At December 31, 2020, 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 2,538.0 million (prior year: EUR 2,432.0 million). The negative fair value of these interest rate swaps at the reporting date was EUR –155.2 million (prior year: EUR –100.4 million); the positive fair value was EUR +34.8 million (prior year: +37.3 million). Additionally, interest rate contracts resulting from the customer business were included for a total of EUR 1,813.3 million (prior year: EUR 1,843.9 million). These had positive fair values of EUR+70.6 million (prior year: EUR +50.1 million) and negative fair values of EUR –56.7 million (prior year: EUR –37.8 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	12/31/2020	12/31/2019
Obligations under rental and lease agreements	165,831,500.38	144,132,572.78
Obligations for maintenance of information technology	4,680,000.00	4,488,000.00
Obligations under commenced capital spending projects	1,160,941.00	4,370,401.00
Other financial obligations	**171,672,441.38**	**152,990,973.78**
of which: liabilities to affiliated companies	100,386.00	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	12/31/2020	12/31/2019
Compensation Scheme of German Private Banks (EdB)	8,390,309.69	6,683,803.68
Federal Agency for Financial Market Stabilization	6,845,546.26	5,630,173.48
Deposit protection fund	3,153,909.65	2,484,626.76
Total	**18,389,765.60**	**14,798,603.92**

In connection with the bank levy, payments in the amount of EUR 3.6 million (prior year: EUR 4.4 million) were made in fiscal year 2020 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:

- defined-benefit pension plans,
- 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 36.5 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 of the Introductory Act to the German Commercial Code (EGHGB) in conjunction with opinion IDW RS HFA 30 RZ 47 issued by the Institute of Public Auditors in Germany.

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 2020, 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).

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 2,065 employees (prior year: 2,125). The staff breakdown is as follows:

	2020		
Average for year	**Male**	**Female**	**Total**
Full-time employees	952	468	1,420
Part-time employees	73	572	645
Total	**1,025**	**1,040**	**2,065**

On December 31, 2020, the number of employees was 2,019 (prior year: 2,106).

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 2020 was EUR 5.5 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 0.6 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 6.7 million.

Total compensation paid to the Supervisory Board under Sec. 285 No. 9a HGB for fiscal year 2020 came to EUR 1.4 million.

Credit was granted to members of the Board of Managing Directors as of December 31, 2020, as follows: The use of credit lines totaled EUR 0.0 thousand. Credit card limits of EUR 0.2 thousand were utilized on the reporting date. Loan commitments in the amount of EUR 414.0 thousand existed as of December 31, 2020.

Credit was granted to members of the Supervisory Board as of December 31, 2020, as follows: The use of credit lines totaled EUR 6.9 thousand. Credit card limits were used up to EUR 2.5 thousand as of the reporting date. In addition, loan commitments amounted to EUR 200.6 thousand, of which EUR 200.6 thousand were utilized as of December 31, 2020.

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 EUR	Book value 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
Vermögensverwaltungsgesellschaft Merkur mbH, Bremen	100.00	51,129.19	51,129.19
QuantFS GmbH, Hamburg [1]	100.00	51,129.19	— [1]
Total		**154,258.38**	**103,129.19**

1 Indirectly via Vermögensverwaltungsgesellschaft Merkur mbH, Bremen

Profit-and-loss transfer agreements exist with the three listed direct subsidiaries. QuantFS GmbH, Hamburg, is a wholly owned subsidiary of Vermögensverwaltungsgesellschaft Merkur mbH, Bremen. No profit-and-loss transfer agreement exists with this company. ↗

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 EUR thousand	Book value EUR thousand	Equity EUR thousand	Profit EUR thousand
Bürgschaftsbank Bremen GmbH, Bremen	5.75	190	106	3,300	494
AKA Ausfuhrkredit-Gesellschaft mbH, Frankfurt am Main	0.42	85	256	253,193	10,621
Niedersächsische Bürgschaftsbank (NBB) Gesellschaft mit beschränkter Haftung, Hanover	3.08	92	40	30,102	1,818
EURO Kartensysteme GmbH, Frankfurt am Main	1.51	39	22	12,187	151
Parkhaus am Waffenplatz Gesellschaft mbH, Oldenburg	3.43	30	30	6,278	674
Mittelständische Beteiligungsgesellschaft Niedersachsen (MBG) mbH, Hanover	5.50	51	102	14,731	422
TGO Besitz GmbH & Co.KG, Oldenburg	8.91	102	0	1,307	n / a
Paydirekt Beteiligungsgesellschaft privater Banken mbH i. L., Munich	2.02	2	0	– 6,053	– 26
Wirtschaftsförderung Wesermarsch GmbH, Brake	2.50	1	1	19	419
MFP Munich Film Partners GmbH & Co.I. Produktions KG i. L., Grünwald	0.19	230	0	1,531	– 136
Society for Worldwide Interbank Financial Telecommunication S. C. R. L. (S. W. I. F. T.), La Hulpe	0.04	5	62	442,950	39,830
Total		**829**	**620**	**759,546**	**54,267**

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	2020	2019
Audit of financial statements	572,600.00	626,000.00
Other assurance and valuation services	272,300.00	227,000.00
Total	**844,900.00**	**853,000.00**

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.

Other assurance and valuation services included, in particular, the audit of security deposit holdings and the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) audit and the review of OLB's declaration submitted to the Deutsche Bundesbank in calendar year 2020 (loan receivables – filing and management – loan submission procedure [KEV]).

DISCLOSURES ON MEMBERS OF GOVERNING BODIES PER SEC. 285 NO. 10 HGB

SUPERVISORY BOARD

Axel Bartsch
Chairman
Retired, Ritterhude

Jens Grove
Vice Chairman
Bank clerk and Chairman of the General Works Council, Oldenburg

Claus-Jürgen Cohausz
Corporate consultant, Münster

Dirk Felstehausen (from 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
Investment professional, London (United Kingdom)

Dr. Manfred Puffer
Senior investment advisor, Meerbusch

Horst Reglin (until December 31, 2020)
Union Secretary, Oldenburg

Sascha Säuberlich
Chartered accountant (South Africa), London (United Kingdom)

Christine de Vries
Project Manager, Oldenburgische Landesbank AG, Oldenburg

BOARD OF MANAGING DIRECTORS

Dr. Wolfgang Klein
Chairman of the Board of Managing Directors, Oldenburgische Landesbank AG

Stefan Barth (from January 1, 2021)
Member of the Board of Managing Directors, Oldenburgische Landesbank AG

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

Hilger Koenig
Member of the Board of Managing Directors, Oldenburgische Landesbank AG

Dr. Rainer Polster from (April 1, 2020)
Member of the Board of Managing Directors, Oldenburgische Landesbank AG

LEFT DURING THE YEAR

Jens Rammenzweig (until February 29, 2020)
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

As of the preparation of these annual financial statements, no 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 2020

The income statement for 2020 shows net retained profits of EUR 78,639,823.55. The Board of Managing Directors and the Supervisory Board propose that a total amount of EUR 48,638,109.08 be allocated to the other revenue reserves and to carry forward the remaining amount of EUR 30,001,714.47 to new account.

Oldenburg, February 25, 2021
OLB AG

The Board of Managing Directors

Dr. Wolfgang Klein
Chairman

Stefan Barth

Karin Katerbau

Hilger Koenig

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 of the Banking Act (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	2020	2019
Net interest income	336,291,544.86	317,186,194.95
Net commission income	113,309,187.61	103,565,134.32
Net trading (+) income / (–) expense	55,970.58	20,959.13
Operating income / revenue	**449,656,703.05**	**420,772,288.40**

NUMBER OF RECIPIENTS OF WAGES AND SALARIES IN FULL-TIME EQUIVALENTS

On average for the year, OLB AG had 2,065 employees (prior year: 2,125). This corresponds to an average employee capacity of 1,822 full-time equivalents (prior year: 1,875).

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	2020	2019
Net profit for the fiscal year	78,639,823.55	109,788,766.18
Taxes on profit or loss	36,216,939.05	41,184,453.12
Profit before taxes	**114,856,762.60**	**150,973,219.30**

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	2020	2019
Income tax expense	–35,394,474.05	–40,139,998.50
Other taxes not included under Item 12	–822,465.00	–1,044,454.62
Taxes on profit or loss	**–36,216,939.05**	**–41,184,453.12**

GOVERNMENT ASSISTANCE RECEIVED

During the year, as in the prior year, Oldenburgische Landesbank Aktiengesellschaft received no government assistance.

RATIO OF NET PROFIT 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 profit to total assets.

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

EUR	2020	2019
Net profit / net income for the fiscal year	78,639,823.55	109,788,766.18
Total assets / total of equity & liabilities	21,475,171,078.40	19,644,345,657.73
Ratio of net profit to total assets (return on capital)	**0.37 %**	**0.56 %**

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, 2020, the income statement, the cash flow statement and the statement of changes in equity for the fiscal year from January 1 to December 31, 2020, 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, 2020. We have not audited the content of the nonfinancial report pursuant to Secs. 289b (3) and 289c to 289e of the German Commercial Code (HGB) referred to in the management report, the disclosures pursuant to Sec. 289f HGB (women's quota) in the management report and the other information in the financial report in accordance with German legal requirements.

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, 2020, and of its financial performance for the fiscal year from January 1 to December 31, 2020, 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 of the German Commercial Code (HGB) referred to in the management report and 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 Se. 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 Institut der Wirtschaftsprüfer (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, 2020. 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. Accounting and valuation of the securitiszation of loan receivables

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 31 December 2020 discloses loans and receivables from customers from the customer lending business of EUR 15.5 billion (72.3 percent of the balance sheet total). In addition, there are contingent liabilities and irrevocable loan commitments from the customer lending business totalling EUR 2.5 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 provisioning is included in the section "Accounting and valuation principles" of the notes as well as in the section "Management of the coronavirus pandemic effects" of the management report.

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. ACCOUNTING AND VALUATION OF THE SECURITISZATION OF LOAN RECEIVABLES

a) The Bank securitized further loan receivables in the fiscal year 2020 to expand its refinancing options (ABS transaction). The securitization of the loan receivables in the amount of EUR 1.1 billion is structured as a revolving legal true sale. The Bank has sold the loan receivables to a special-purpose vehicle. For refinancing purposes, the SPV has issued several tranches of an ABS bond with a total nominal value of EUR 1.1 billion, which are fully held by the Bank as at the balance sheet date. During the revolving phase of the transaction, the Bank economically indemnifies the SPV against losses from the default of securitized loan receivables by replacing receivables that exceed a contractually agreed creditworthiness threshold with other receivables. Under the securitization, the risk of default of receivables remains with the Bank. In accordance with Sec. 246 (1) Sentence 2 HGB, the Bank thus remains the economic owner of the loan receivables, so that these continue to be disclosed within the Bank's balance sheet and here under the loans and advances to customers. The same internal valuation and value adjustment principles apply to the securitized receivables as to loan receivables not included in the securitization. The receivables included in the securitization are marked separately in the Bank's accounting-relevant IT systems and can thus be distinguished from the Bank's other customer receivables at any time.

The securities issued by the SPV comprise a senior tranche in a notional amount of EUR 726.7 million, a mezzanine tranche in a nominal amount of EUR 52.6 million as well as a junior tranche of nominal EUR 328.5 million. The Bank has assigned the acquired respective ABS tranches to the fixed assets and discloses those under the balance sheet items "Bonds and other fixed-income securities" (senior tranche and mezzanine tranche in an amount of EUR 779.3 million in total) and "Other assets" (equity tranche [first loss piece] in an amount of EUR 328.5 million). Corresponding to this, liabilities to the SPV in the amount of EUR 1.1 billion are shown as "Other liabilities", which result from the contractual obligation to pass on the interest and redemption payments made to the Bank by the borrowers.

The information provided by the executive directors on the accounting and valuation of the securitization transaction is included in the section "Accounting and valuation principles" of the notes.

We have determined the accounting and valuation of the securitization of loan receivables and the ABS tranches as a key audit matter, as the securitization is material for the amount of the balance sheet total and the structure of the balance sheet and income statement of the Bank due to the amount of the securitized receivables, the valuation of the securities issued by the SPV and their presentation in the annual financial statements. As a result of the securitization transaction, there are also additional requirements for the presentation in the notes and the management report.

b) We involved our securitization specialists in our audit. First, we critically assessed the material contracts underlying the securitization and other relevant documents with regard to the impact of the contractual agreements on the accounting treatment of the securitization transaction. In doing so, we in particular assessed whether the conditions for a legal true sale existed and whether the economic ownership of the underlying loan receivables remained with the Bank.

We audited the accounting-related processes of the securitization transaction in particular as well as the Bank's credit processes in general with regard to their adequacy and the effectiveness of established controls.

Furthermore, we randomly tested the securitized loan receivables for their verity. For this purpose, we obtained evidence on a sample basis of the credit agreements and the value date of the customer receivables securitized as at the balance sheet date as proof of the verity.

In addition, we checked whether the individual tranches of the ABS bond were accounted for in accordance with the accounting and valuation regulations under commercial law.

We checked the completeness and accuracy of the information on the securitization transaction in the notes.

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 of the German Commercial Code (HGB) referred to in the management report,
- the disclosures pursuant to Sec. 289f HGB (women's quota) 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 other information and, in so doing, to consider whether the 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 assets, liabilities, financial position and financial performance 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 Institut der Wirtschaftsprüfer (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 assets, liabilities, financial position and financial performance 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 March 26, 2020. We were engaged by the Supervisory Board on October 20, 2020. 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, February 26, 2021
Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed:	Signed:
Andreas Feige	Stephan Dreeßen
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

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