Turning ideas into plans.

OLB BANK

TWO THOUSAND AND NINETEEN

OLB AG Financial Report

EUR m	12/31/2019	12/31/2018	Change	Change (%)
Cash reserve	1,230.9	1,518.1	– 287.1	– 18.9
Receivables from banks	552.6	267.1	285.5	n/a
Receivables from customers	15,141.9	13,959.9	1,182.0	8.5
Securities	2,461.4	3,110.8	– 649.4	– 20.9
Tangible fixed assets	63.3	69.2	– 5.9	– 8.5
Trust assets	1.3	1.0	0.3	28.2
Other assets	193.0	167.0	26.0	15.6
Total assets	**19,644.3**	**19,093.0**	**551.3**	**2.9**
Liabilities to banks	4,772.8	5,583.9	– 811.1	– 14.5
Liabilities to customers	12,715.2	11,345.9	1,369.3	12.1
Securitized liabilities	203.2	116.2	86.9	74.8
Subordinated debt	228.3	274.5	– 46.2	– 16.8
Trust liabilities	1.3	1.0	0.3	28.2
Other liabilities	594.9	752.6	– 157.7	– 21.0
Equity and reserves per Sec. 340g HGB	**1,128.7**	**1,018.9**	**109.8**	**10.8**
Equity held	1,108.6	998.9	109.8	11.0
Fund for general bank risks	20.1	20.1	0.0	—
Total equity and liabilities	**19,644.3**	**19,093.0**	**551.3**	**2.9**

EUR m	01/01/2019 – 12/31/2019	01/01/2018 – 12/31/2018	Change	Change (%)
Net interest income	317.2	293.3	23.9	8.1
Net commission income	103.6	84.4	19.2	22.8
Net operating trading income/expense	0.0	– 0.1	0.1	n/a
Operating income	**420.8**	**377.6**	**43.2**	**11.4**
Personnel expenses	– 177.6	– 164.0	– 13.6	8.3
Other administrative expenses	– 119.0	– 107.1	– 11.9	11.1
Write-downs of intangible and tangible fixed assets	– 14.8	– 16.3	1.5	– 9.3
Operating expenses	**– 311.3**	**– 287.4**	**– 23.9**	**8.3**
Net other operating income (+) and expenses (–)	5.0	2.0	3.0	n/a
Operating result before risk provisions	**114.5**	**92.2**	**22.3**	**24.2**
Risk provisions for credit business	– 6.8	– 6.5	– 0.3	4.5
Gain (+)/loss (–) on securities in the liquidity reserve	21.0	– 4.5	25.5	n/a
Expenses (–)/income (+) from credit business and liquidity reserve	**14.3**	**– 10.9**	**25.2**	**n/a**
Net operating result	**128.8**	**81.2**	**47.5**	**58.5**
Other result	20.2	– 0.1	20.4	n/a
Extraordinary result	2.0	– 38.5	40.5	n/a
Profit before taxes	**151.0**	**42.6**	**108.3**	**n/a**
Taxes on income	– 40.1	– 18.1	– 22.0	n/a
Other taxes	– 1.0	– 4.0	2.9	– 73.6
Net income for the fiscal year	**109.8**	**20.6**	**89.2**	**n/a**
Cost–income ratio (in %)	**74.0 %**	**76.1 %**	**n/a**	**n/a**

	12/31/2019	12/31/2018		
Common Equity Tier 1 capital ratio (in %)	11.8	11.4		
Tier 1 capital ratio (in %)	12.3	11.9		
Aggregate capital ratio (in %)	14.1	14.5		
Number of employees	2,106	2,154		
Full-time equivalents	1,860	1,901		
Locations of Oldenburgische Landesbank AG	214	208		

FEBRUARY

FIRST PFANDBRIEF BOND ISSUE
OLB issues Pfandbrief bonds for the first time. This debut offering meets with strong demand from pension funds, utilities companies, insurance firms, savings banks and other banks.

MARCH

A WELL-CAPITALIZED INSTITUTION WITH SOLID FOUNDATIONS
Following the merger of Bremer Kreditbank, Bankhaus Neelmeyer and OLB, the Bank posts a net profit of EUR 20.6 million for 2018. Its volume of total assets increases considerably.

APRIL

OUTSTANDING YOUNG RESEARCHERS
The OLB Foundation's EUR 32,000 research prize is presented to eight young researchers from Bremen, Oldenburg and Osnabrück.

SECURE AND FUNCTIONAL ONLINE BANKING WHICH IS EASY TO USE
OLB becomes the first financial institution in Germany to undergo a new audit process and receives a "TÜV-tested online banking service portal" certificate.

Awards Page 22

OPENING A NEW ACCOUNT IS A RAPID AND SIMPLE PROCESS
With just a few mouse clicks and without the need to print out any paperwork, customers can quickly and easily open their new current accounts directly – with authentication by means of the "Postident" system or else a video chat.

JUNE

MAKING PROGRESS WITH THE NEW ADVISORY CENTER OLDENBURG
The foundations are laid for the future of banking: OLB establishes its new Advisory Center Oldenburg (BCO). BCO combines competent personal client advisory services with digital channels.

Advisory Center Page 10

AUGUST

AN ATTRACTIVE TRAINING SCHEME
OLB has always had one of the best training offerings in Northwest Germany, and the Bank's training scheme remains as sought after as ever – as the intake for the Bank's new training year demonstrates.

SEPTEMBER

A SPECIAL CELEBRATION FOR A BIG BIRTHDAY
150 years of OLB, and 25 years of the OLB Foundation: The Bank celebrates its anniversary year with a public festival in Oldenburg. Around 20,000 visitors enjoy music, theater, great food and drink, as well as a large number of interactive activities for all ages (see photo above).

HOLLYWOOD COMES TO OLDENBURG
The Oldenburg International Film Festival is one of the projects promoted by the Bank. Cinema fans are captivated as famous actors are awarded stars on the OLB Walk of Fame (Amanda Plummer can be seen in the photo below).

OCTOBER

CHANGES TO THE LEADERSHIP OF THE SUPERVISORY BOARD AND THE BOARD OF MANAGING DIRECTORS
The Bank continues its positive development with a new line-up: Axel Bartsch takes over as Chairman of the Supervisory Board, while Dr. Wolfgang Klein becomes Chairman of the Board of Managing Directors.

Management Team Page 17

INVESTMENT-GRADE RATING BAA2 FROM MOODY'S
The Bank undergoes a rating process for the first time. Moody's awards OLB a "Baa2 deposit and issuer rating (outlook stable)" and confirms its solid credit standing.

Investor Relations Page 23

NOVEMBER

WÜSTENROT BANK BECOMES OLB
Wüstenrot Bank AG Pfandbriefbank merges with OLB. OLB thus gains around 100 employees and roughly 300,000 clients throughout Germany.

DECEMBER

EMPLOYEE LOYALTY
Overall, they have provided OLB with 2,280 years of service: The Board of Managing Directors thanks 75 employees who are celebrating their 25th or 40th year of employment with the Bank.

PREVIOUS YEAR'S RESULT AND EXPECTATIONS EXCEEDED
The Bank generates a net profit of more than EUR 100 million for the first time in fiscal year 2019. This represents a significant improvement on the previous year and exceeds expectations.

Management Report Page 42

SOLID CAPITAL BASE – SUCCESSFUL CUSTOMER BUSINESS

OLB in figures

(as of: December 31, 2019)

+ Total assets

EUR **19.6** BILLION

+ Common Equity Tier 1 capital

EUR **1.0** BILLION

+ Common Equity Tier 1 capital ratio

11.8 %

+ Net income for the fiscal year

EUR **109.8** MILLION

+ Profit before taxes

EUR **151.0** MILLION

+ Net operating result

EUR **128.8** MILLION

+ Total customer lendings

EUR **15.1** BILLION

+ Customer deposit volume

EUR **12.7** BILLION

+ Customers

750,000

DIGITAL BANK PLUS

270,000
Active online banking users
per month on average in 2019

8,300,000
Visits to the OLB website
in 2019

LOCATIONS

214

At the end of 2019, OLB had a total of 214 locations, divided into 126 branches, 87 self-service branches and its Bankhaus Neelmeyer branch in Bremen.

Locations Pages 4/5

The new OLB – turning your ideas into plans

Previously: Oldenburgische Landesbank AG, Bremer Kreditbank AG, Bankhaus Neelmeyer AG and Wüstenrot Bank AG Pfandbriefbank – now: the new OLB.

We have combined the **expertise and strengths of several different banks under one roof.** Our heart continues to beat in northern Germany, but **our customers can benefit from our expertise** as well as our products and services under the OLB Bank and Bankhaus Neelmeyer **brands throughout Germany.**

We are a **dynamic digital bank** which also offers **personal client advisory services.** We are a bank which makes things happen: We **turn our clients' ideas into plans** and we enable their realization.

OUR CLIENTS CAN REACH US AT ANY TIME

Face to face or digitally: The customer decides on the communication channel

At one of our branches, by landline, cellphone or online: You, our customers, can reach us in the way that best suits you and your current needs.

We are there for you 24/7, online and on the move: around the clock, every day of the year. You decide when you need our services.

Thanks to our well-coordinated multichannel offering, you can conduct your banking business with us wherever you are and you can reach your competent personal contact.

We are happy to provide you with advice at our locations throughout Germany as well as at our competence centers and branches in the Northwest, and also – by appointment – outside our hours of business.

Our telephone customer service is available for customers from Monday to Friday, between 7 a.m. and 10 p.m.

ADDED VALUE FOR OUR CLIENTS

285,000

Client meetings

approx. / per year (thereof specific advisory meetings: approx. 135,000)

7,000,000

Credit transfers made via online banking

approx. / per year

885,000

Calls to our customer service

approx. / per year

OUR COMPETENCE CENTERS

For 2020, we are planning to pool our expertise in new regional competence centers. This service will be available at least 45 hours per week (business hours: Monday to Friday , 9 a.m. to 6 p.m.; advisory meetings by appointment, from 8 a.m. to 7 p.m.). In addition to their personal advisors, our clients can also consult our investment, securities, construction financing and real estate specialists, as well as our service personnel.

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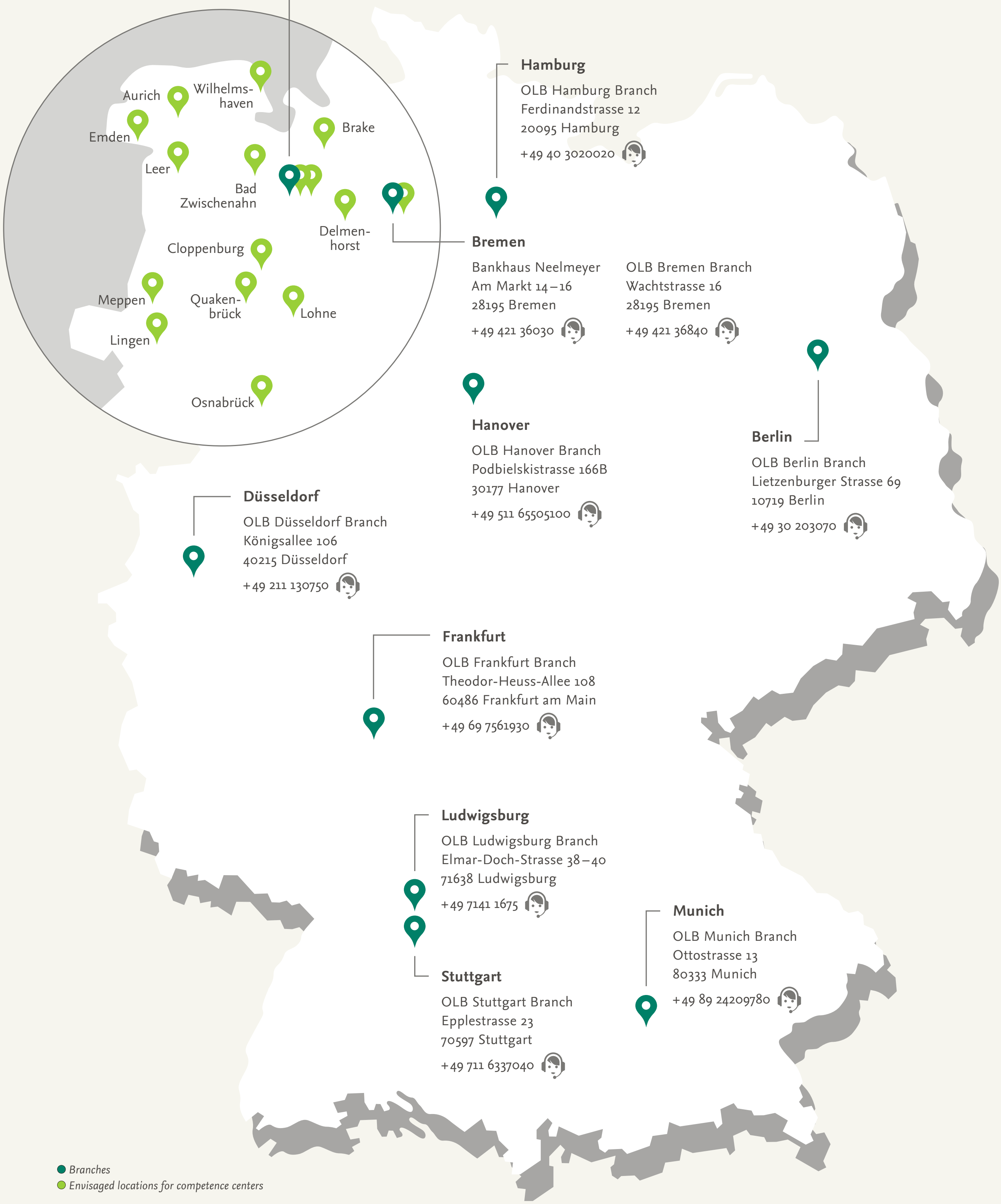

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● *Branches*
● *Envisaged locations for competence centers*

WE ARE YOUR IDEAL PARTNER FOR ALL OF YOUR FINANCIAL NEEDS

Competent advice and modern services

Providing competent, reliable and professional advice to our clients is of fundamental importance to us. In a highly competitive market characterized by a large number of providers, high-quality personal advice still enables you to stand out from the crowd – we have no doubt about that. In our experience, few things are more important than good advice in ensuring customers' loyalty to their bank. That is why our standards are so high. Our business model is specifically designed in order to enable us to focus on our customers and their needs and to ensure our ongoing development in line with our customers' needs and requirements.

We provide support for our customers in the following business segments:

- Private Clients
- Corporates & SMEs
- Specialized Lending

What types of services do we offer for our various clients?

PRIVATE CLIENTS

Current accounts and credit cards, private construction loans, investments and insurance, secure online banking and our convenient OLB banking app are the topics most frequently covered when talking to our private clients. We also assist our clients with their private real estate purchase and sales activities.

We are there for you not only in our traditional core business area, the Weser-Ems region, but also throughout Germany. You, our customers, decide how you would like to contact us: through one of our branches or via our telephone-based customer service or else a chat, online or by cellphone. Thanks to the ongoing development of our digital offerings, our services are suited to the needs of the modern 24/7 world: You can sign up for our products flexibly online, anytime and anywhere. Our new Advisory Center in Oldenburg represents the latest in customer service.

Our services for members of the liberal professions and business customers include loans and insurance, pensions and investments.

And under the Bankhaus Neelmeyer brand, which has been renowned for decades in the field of private banking and wealth management, we are happy to assist you with asset investment and structuring, managed investment forms and asset management. Our wealth management team implements your goals, starting with your liquidity plan, your risk assessment, your scenario analysis and your asset position.

CORPORATES & SMES

Together with companies and business owners, in our Corporates & SMEs segment we develop tailor-made solutions in fields such as financing, forfaiting, export business and foreign payment transactions. We offer attractive interest rates, currency and liquidity management, we support businesses in their start-up phase and we provide project financing for renewable energy.

In addition to the service sector and the energy and agriculture industries, which are particularly strongly represented in the Weser-Ems region, we offer customer support services throughout Germany focusing on mechanical engineering and commerce. In general, we are broadly positioned thanks to our expertise in the Corporates & SMEs sector. At our branches in Berlin, Bremen, Düsseldorf, Frankfurt, Hamburg, Hanover, Munich, Oldenburg and Stuttgart, we offer our corporate and business customers expertise, a trusting relationship, and a local presence : With our specialist units, you will always find the right contacts offering you the know-how and products which are suited to your needs.

SPECIALIZED LENDING

Our Specialized Lending activities focus on three different areas: acquisition financing, commercial real estate financing and ship financing.

In the area of acquisition financing, we focus on arranging and structuring debt financing for the takeover of medium-sized enterprises in Germany, Austria and Switzerland as well as (on a selective basis) other western European markets. We have supported corporate acquisitions in this context for more than ten years.

We have also been active and established for over ten years in the field of commercial real estate finance on the German market. In addition, we have been active in the Dutch market for a number of years and, since 2018, we have begun to provide financing on a selective basis in Austria. We focus on short-term interim financing for developers and property development companies as well as medium- and long-term investor financing in equal measure.

We have extensive, industry-specific know-how in the market segment of financing for sea-going vessels, including professional risk analysis and risk monitoring systems. In the area of freight-rate-dependent sea-going vessels (i.e. exclusively multi-purpose freighters), we pursue new business in Germany and in neighboring countries on a highly selective and conservative basis.

+ Multichannel offering
+ Through Germany
+ Brands
+ Mergers
Corporate customers
+ Business segments

MEETING CHALLENGES PROACTIVELY AND HEAD-ON: FOR THE PAST 150 YEARS AND INTO THE FUTURE

A strong starting position for further development

Transparent and open communication, a high level of reliability and speed – these are the hallmarks of OLB according to Jens Bieniek, CFO of the international seaport and logistics service provider BLG LOGISTICS GROUP: “OLB fits in perfectly with our corporate values, such as our sense of responsibility, our willingness to embrace change and our commitment. With OLB as our financial partner, we can grow together and tap into new markets.”

The BLG LOGISTICS GROUP has existed for over 140 years, while OLB has been around for more than 150 years. These values continue to hold true in our professional relationship. Virtually everything else has changed in this period: from the political framework conditions to the market environment, our customers’ needs and, in general, business opportunities. For instance, in the 1950s the wheelbarrow’s replacement by the forklift truck represented a revolution in dock work. The banking business is currently changing and moving away from traditional branch-based services toward online and mobile banking.

A CHALLENGING MARKET ENVIRONMENT

Besides digitalization, the ongoing low-interest phase and the regulatory requirements for the financial sector are continuing to have an impact. The legislator and the supervisory authorities have enacted a wide range of regulations in order to strengthen banks’ equity and liquidity. This has primarily entailed more stringent quantitative and qualitative requirements in terms of banks’ liable equity capital and liquidity positions. Intense competition (including new FinTech entrants to the market) is also exerting strong pressure.

FUTURE-PROOF THROUGH MERGERS

We are actively facing up to these challenges. Following two successful mergers in 2018, with Bremer Kreditbank AG and Bankhaus Neelmeyer AG, and through the migration of Wüstenrot Bank AG Pfandbriefbank in 2019, our equity, liquidity, business volume and our client base have grown significantly. Our balance sheet is therefore solid.

Strategically, our activities are based upon a future-oriented business model that brings together within OLB the very best that these various combined banks have to offer: Private Client business as well as Corporate and Specialized Lending under the OLB Bank brand, Private Banking and Wealth Management under the Bankhaus Neelmeyer brand.

ACROSS GERMANY

As a result of these mergers, OLB's business focus has expanded beyond its traditional core business area of Northwest Germany and now covers the entire German market. Like many banks, we are registering fewer branch visits and increasing use of digital channels. In view of this trend, we are establishing new foundations by means of our multichannel strategy, in the form of our Advisory Center Oldenburg.

STRONG DEMAND FOR ADVISORY SERVICES

Both private clients and corporate decision-makers are increasingly using the Internet to find out more about products and conditions or even to sign up for products and services directly online. Intuitively designed and rapid end-to-end processes are nowadays taken for granted. At the same time, the need for advisory services remains extremely high. When major decisions need to be made, the expertise of a competent contact is essential.

That is exactly what we stand for. We are transparent and we are reliable. Those are the values which we have maintained for more than 150 years and which we will continue to stand by in the future.

ADVISORY CENTER OLDENBURG

Direct, face to face, online: Our Advisory Center Oldenburg (BCO) brings together the Bank's various distribution channels (i.e. branches, telephone-based services and the Internet) under one roof. With extended business hours, our competent bank employees are available to assist you with any topics relating to finance, pensions or real estate. Locally and throughout Germany. The BCO also includes space for smaller events and catering, thus offering our customers and visitors added value on top of the competent advice which they receive.


+ Future viability
+ Customer experience
+ 150 years
+ Business performance
+ Location concept
+ Merger

THE BOARD OF MANAGING DIRECTORS' PERSPECTIVE

Interview with Dr. Wolfgang Klein

Dr. Klein, 2019 was OLB's 150th fiscal year. To what extent did this fiscal year provide cause for celebration, in your view?

Fiscal year 2019 has indeed given us many reasons to be happy – and that is mainly due to our committed and competent team of employees. Everyone can see that, overall, we have achieved excellent results. A net profit for the year in excess of 100 million euros is a historic milestone for the Bank. Various factors have contributed to this: among other things, a 15 percent increase in new private construction loans and 45 percent growth for new instalment loans. We are also pleased with these results, because they demonstrate that we obviously have a suitable and attractive offering for our clients.

With Bankhaus Neelmeyer and Wüstenrot Bank AG Pfandbriefbank, we have successfully integrated two institutions within a short period of time, and have grown significantly as a result. A great deal of work went into this behind the scenes, which will pay off in coming years in particular, because this means that we now have a stronger presence on the market throughout Germany.

We have launched our Private Clients initiative and established our Advisory Center Oldenburg, both of which will be crucial for the future of OLB. We have introduced new products and specialists in our Corporate Banking area. In terms of the capital market, we have made significant progress with the issue of our first OLB Pfandbrief bond and with our first official Moody's rating.

And we see ourselves as a "Digital Bank Plus." That is a key element of our Private Clients initiative, designed to respond to changing client behavior. Combining digital technology with the human touch, we offer modern online and mobile banking, apps, telephone and video chat services together with the high-quality advisory services that our clients rightly associate with us and expect from us. "Digital Bank" therefore stands for the all-round performance capability of our digital offerings and services, while "Plus" stands for our excellent advisory capacity across all of our sales channels.

And last but not least: We celebrated our 150th anniversary and the 25th anniversary of our OLB Foundation by holding a public festival in Oldenburg over a period of several days, with around 20,000 clients, guests and visitors. That was also a great success. So, all in all: 2019 was a year to celebrate.

What can we take from the Bank's history and what can we learn from it for the future?

For us, it is quite certain that no matter how eventful and turbulent various periods of time have been, OLB has ended each of its past 150 fiscal years on a positive note – that is something which cannot be taken for granted in the banking business. What has made OLB strong is its ability to operate with a clear sense of direction, to identify trends and to keep redefining itself.

I think that what has remained roughly the same over all these years is people's need for a qualified, reliable and attentive contact at their bank. Everything else – contact channels, how people handle payment transactions, legal and regulatory requirements, competitors, etc. – has undergone massive changes and continues to do so. So, we will continue to move forward in order to stay ahead of the game.

A new logo and a new corporate slogan are already visible signs of change. What is your motivation here?

OLB Bank is our brand profile – the inclusion of the word "Bank" is particularly aimed at those regions in Germany that are not yet all that familiar with OLB. "Turning your ideas into plans," our slogan, shows that we see ourselves as a bank which gets things done for our clients.

We see ourselves as a "Digital Bank Plus." "Digital Bank" stands for the all-round performance capability of our digital offerings and services, while "Plus" stands for our excellent advisory capacity.

Dr. Wolfgang Klein

What role does the new Advisory Center Oldenburg play in this context?

First of all: The client decides how they would like to contact us. With a focus on advice provided online, by telephone and by video, *our Advisory Center Oldenburg, or "BCO" as we call it in German for short,* serves as the cornerstone of our Germany-wide market presence. It essentially represents the interface between the online world and personal advisory services. It is the backbone of our offerings: Online, telephone, video chat, advice and support for our clients, support for staff in our branches – in the future, BCO will take care of all of this.

We will continue to invest in this context, such as in the expansion of our online offering and on continuous improvements to the usability of our applications. Especially in the case of our FinTech competitors, the level of innovation here is improving the entire banking business and we are looking at what we can make use of and build upon here ourselves.

All of this goes hand in hand with a new location concept. What does the Bank have planned exactly?

I said earlier that clients' need for expert advice is as strong as ever, probably now even more so than previously, because a large number of new and familiar providers are today offering a similarly wide range of new and established ways to borrow and invest money, for example. And when it comes to the sort of complex financial decisions in life which you don't make every day – such as building projects, buying a home, major investments and retirement provision – there is a need for highly qualified, professional and reliable advice. We have always been the right port of call for that, and that is precisely what we will remain. This is exactly what we are basing our location network on and we are greatly expanding our advisory capacity here.

We combine high-quality advisory services in our new competence centers that provide strong coverage of our core business region in Northwest Germany. In addition to this, through their personal advisors, clients have access to construction financing, securities and insurance experts, as well as specialists who can advise freelancers and the real estate business. Our competence centers are generally open 45 hours per week, which means that they are available much longer than any of our other current locations. Each competence center covers several branches, which remain the first point of contact for traditional client advisory business. Overall, we will therefore be offering fewer locations, but with longer opening hours in total and with a considerably sharper advisory focus.

What does OLB have to offer its corporate and business clients?

In the *Weser-Ems region*, we strongly focus on established partnerships with our medium-sized corporate clients. *Nationwide*, in our nine branches which can be found in major cities we offer tailor-made advisory services for larger companies especially.

In addition, we are planning to further expand our specialized lending portfolio in particular. This involves acquisition financing, commercial real estate financing and selective new business in the area of sea-going shipping. The latter in particular is an interesting market which we have re-entered and where we continue to benefit from the expertise which we have built up over many years.

Advisory Center Page 10

Business segments Page 10

We are very well positioned and are able to shape our future proactively and in line with our own wishes.

Dr. Wolfgang Klein

In terms of sales activities, you have outlined OLB's plans for the short and medium term. Can we draw any conclusions from this about future results?

It is still a little too early to be providing any detailed and reliable information on that at this moment in time. For the current fiscal year, 2020, we expect lower earnings than in 2019 due to the absence of one-off effects. Among other things, it remains to be seen how the lending business will be affected by external factors, and by the economic situation in particular. We are watching the *corona pandemic* very closely in this regard. We can already see how the pandemic is influencing our everyday lives and is impacting economic development. We have put the best possible safeguards in place for our clients and employees, but we cannot currently foresee the consequences that the virus will have for our business performance.*

However, what we can already clearly state today is our ambitious goal of reporting a Tier 1 core capital ratio of at least 12.0 percent in the medium term. To this end, we will require a high earnings retention rate and will need to closely monitor the development of our risk-weighted assets. We know that we have committed shareholders behind us, who are on this journey with us and who have already largely waived dividend payouts in order to strengthen our capital base instead. And a strong capital base is the number one rule for sound banking and the basic prerequisite for further growth in the lending business.

How significant is OLB's new size in that respect, i.e. the fact that four banks have now become one?

That is of fundamental importance. The merger of Bremer Kreditbank, Bankhaus Neelmeyer, Wüstenrot Bank and OLB means that we have grown significantly and are no longer simply operating regionally. We are now present on the national market. At the same time, we have incorporated the strengths of each of these four banks in the new combined bank. Our business model is based on several different pillars. We are therefore operating in various areas with a high level of expertise and a large number of long-term client relationships, on the basis of a robust balance sheet structure. We are very well positioned and are able to shape our future proactively and in line with our own wishes.

* Date of the interview: March 2020

Current information Page 24

THE MANAGEMENT TEAM AT OLB

Left to right: Karin Katerbau, Dr. Rainer Polster, Dr. Wolfgang Klein, Peter Karst, Hilger Koenig


+ Board of Managing Directors
+ The future
+ General Managers
Management team
+ Strategy
+ Competence

Our Management Team

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

Dr. Wolfgang Klein (born in 1964), studied economics after completing vocational training as a bank clerk and earned a doctorate in 1999 alongside his professional commitments. After an adviser position at McKinsey & Co., he moved to Dresdner Bank in 1996. Two years later, he became a member of the management board of Deutscher Sparkassen- und Giroverband (German Savings Bank and Giro Bank Association). In 2001, he was appointed to the management board of Deutsche Postbank (German Postal Bank), which he chaired from 2007 to 2009. From 2010 to 2015, he served on the management board of BAWAG PSK Bank in Austria. After a period as an independent management consultant, Dr. Wolfgang Klein joined the Board of Managing Directors of OLB in September 2018, and has served as Chairman of the Board of Managing Directors since October 2019.

KARIN KATERBAU – MEMBER OF THE BOARD OF MANAGING DIRECTORS

Karin Katerbau (born in 1963) 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). After four years at Société Générale, she worked in various executive and managerial positions in the Commerzbank Group from 1994 to 2012. In 2001, she joined comdirect bank and became a member of its management board in 2004. In 2008, she became deputy chairperson of the then BRE Bank SA Group's board of managing directors (now mBank), one of Poland's largest banks. Karin Katerbau has been a member of OLB's Board of Managing Directors since April 2012.

HILGER KOENIG – MEMBER OF THE BOARD OF MANAGING DIRECTORS

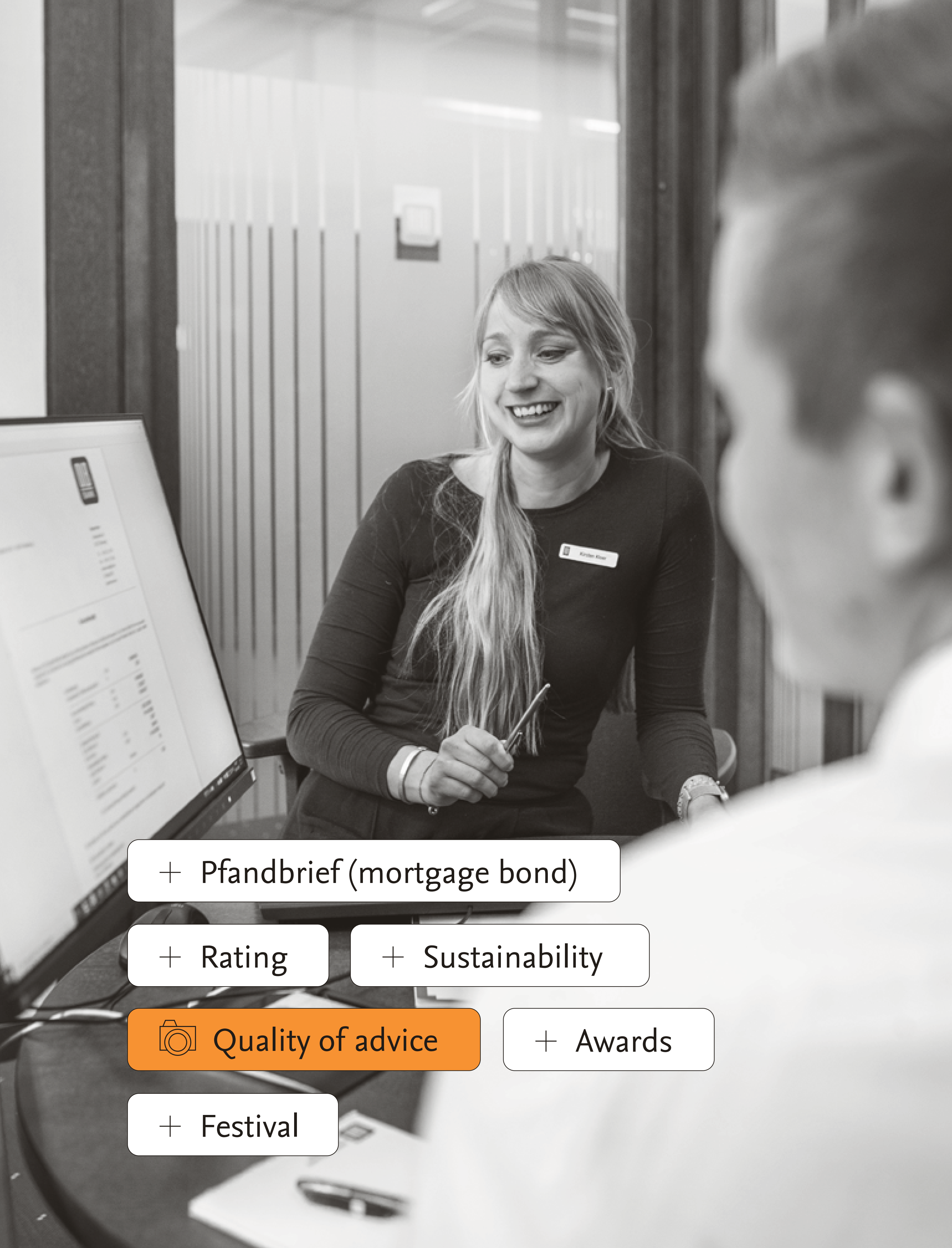
Hilger Koenig (born in 1967) completed training as a bank clerk at Commerzbank and studied business education in Göttingen. In 1995, he joined Commerzbank in the field of human resources. From 1996, he served as a human resources manager for its regional branches in Bremen / Hamburg. In 2000, he joined OLB and took on a group management position in the Bank's Human Resources department. From 2004 to 2011, he was head of Human Resources. In 2012, he was appointed a General Manager of the Bank with responsibility for regional customer business and the Bank's subsidiaries. Hilger Koenig has been a member of OLB's Board of Managing Directors since January 2014.

PETER KARST – GENERAL MANAGER

Peter Karst (born in 1963) acquired broad professional experience in the financial sector after studying business administration at the University of Applied Sciences Rhineland-Palatinate. From 2005 to 2007, he was responsible for marketing at Citibank Germany and was then Barclaycard's general manager for Germany, Switzerland and Austria, as well as managing director of an English insurance firm. From 2012 to 2014, he was head of the marketing and products division at BAWAG P. S. K. After three years as a management consultant, Peter Karst joined OLB in November 2018 and has served as a General Manager since January 1, 2020.

DR. RAINER POLSTER – GENERAL MANAGER / MEMBER OF THE BOARD OF MANAGING DIRECTORS SINCE APRIL 1, 2020

Dr. Rainer Polster (born in 1970) studied economics in Passau and Montréal (Canada) and obtained a PhD from the University of Passau. From 1997 he worked for Deutsche Bank AG, where he held positions including assistant to the CEO. From 2003 to 2018, he worked for the Financial Institutions Group, from 2010 as its director for Germany, Austria and Switzerland. From 2010 to 2018, he also served as Deutsche Bank's chief country officer in Austria. In October 2018, Dr. Rainer Polster joined OLB as a General Manager. He has been a member of the Board of Managing Directors since April 1, 2020.


+ Pfandbrief (mortgage bond)
+ Rating
+ Sustainability
Quality of advice
+ Awards
+ Festival

MORE THAN JUST A GREEN LOGO: SUSTAINABILITY AT OLB

Respectful use of resources

Environmental responsibility is an important pillar of sustainability at OLB. Respectful and careful handling of resources is very important to us as a company and to all of our employees, and it is officially enshrined in our Code of Conduct – even if we, as a financial service provider, use fewer natural resources per se than other economic sectors. In our nonfinancial report, we provide an annual report in accordance with the standards of the Global Reporting Initiative on our environmental and resources management and our corporate responsibility:
www.olb.de/olb/investor-relations/nachhaltigkeitsberichte

CO_2 EMISSIONS SIGNIFICANTLY REDUCED

Since 2006, we have measured and analyzed the figures for our use of essential natural resources, including heating energy, electricity, paper and water. Overall, we have reduced carbon dioxide (CO_2) emissions per employee by 45 percent, from 3,778 kg in 2006 to 1,702 kg in 2019.

100 percent of the electricity which we use is generated by means of renewable energy. We already introduced our electronic mailbox back in 2011. Since then, we have continuously increased our number of active online banking users and services available online, meaning that many orders are handled electronically, conserving paper and resources. Up to the end of 2019, we were thus able to avoid the printing and shipping of around 8.2 million letters.

INVESTING IN SUSTAINABLE FUNDS

Ecological and ethical financial investments are a real priority for an increasing number of clients. We have included corresponding products in our portfolio and can therefore offer suitable solutions. These include, for example, sustainable investment funds that place the client's fund assets in ecological or ethical investment universes. In addition to assessing profitability, liquidity and safety, which are part of the traditional investment criteria for investment funds, a sustainable fund is based on further strict investment criteria: For example, these include investing in companies in the fields of renewable energy, ethical and environmentally friendly products and services, environmentally sound food, restoration of the environment, regional economic activity, and humane working conditions.

Our many years of expertise in the area of public funding programs, particularly with regard to energy efficiency – which is reflected both in our construction financing business and in our investment financing – is another component of our approach to sustainability.

ASSUMING RESPONSIBILITY

For many years now, we have been a top employer in Germany and one of the biggest training providers in Northwest Germany, as well as acting as a patron and sponsor. We thus support projects from different areas every year – especially in relation to young people, culture and social affairs – which are mainly realized by non-profit institutions. In 2019, we supported more than 300 projects with a total volume of over EUR 1.1 million.

NONFINANCIAL KEY FIGURES

8,200,000
Reduction in mailing volume
since 2011

– 12 %
Decrease in paper consumption
2016 to 2019

– 45 %
Carbon dioxide emissions
2016 to 2019

The OLB Foundation participated in the cultural program for the festival held in September 2019 to mark “150 years of OLB” and “25 years of the OLB Foundation”. Over a period of several days, it took over the old Oldenburg city harbor with a festival area including tents, stages, activities areas and much more besides. Renowned artists such as Pohlmann, Tonbandgerät, the Moka Efti Orchestra from the TV series “Babylon Berlin” and Tobi Krell aka Checker Tobi, as well as several regional artists and institutions, drew around 20,000 visitors in total.

TÜV SEALS CONFIRM QUALITY

Recognition from independent parties

4.7 out of 5 – that's our average customer rating on the "Trusted Shops" platform. Users highlight the expert advice and friendly service, and they also emphasize a sense of being in good hands at OLB. And a company's clients are its most valuable critics.

Other independent bodies are likewise taking a closer look at the Bank. These include the TÜV (German Association for Technical Inspection). In order to do justice to the steadily growing importance of online banking, as the competent institution in this field TÜV Saarland set up a new certification system in 2019. This examines key processes in the area of online banking, including functions and applications, data security and data protection, IT infrastructure as well as the straightforwardness of the portal and its services.

We were the first bank in Germany to undergo this intensive audit process, and OLB was the first bank to be issued with a "TÜV-certified service portal for online banking" TÜV certificate.

In the field of investment advisory services, the auditors were particularly impressed with the level of trust shown by clients and the competence of the Bank's personal client advisory services. For this, we were awarded the seal "TÜV-certified client advisory services – valid for the investment concept." This confirms that the concept of structured advice, client-friendly service and reliability meets with a consistently positive response from clients.

The high quality of the advice which we provide in the area of construction financing is already something of a tradition for us. Our experts' qualifications, their advice which is both comprehensive and comprehensible, the inclusion of support funds and advice on risk coverage once again contributed to our positive rating in this field in 2019.

In addition to our construction financing experts, for example, our corporate client advisors also offer qualified and structured advice based on experience, expertise, a local presence and a thorough analysis of the industry and market situation. TÜV Saarland confirmed this with its seal for "strategic corporate client advisory services."

With our certifications in the areas of investment advice, construction financing and corporate client advisory services, we have subjected the key pillars of our banking business to an in-depth review and have demonstrated our outstanding quality in all of these areas.

SOUND REFINANCING OF LOANS

Successful Pfandbrief bond issue and rating

A successful Pfandbrief bond issue and an investment-grade rating from the international rating agency Moody's Investors Service both represented new milestones for us in fiscal year 2019. This was the first time that OLB had issued Pfandbrief bonds and the first time that the Bank had undergone an official bank rating process. The rating means that we satisfy the requirements of many institutional and public business partners in particular.

"Baa2 deposit and issuer rating (outlook stable)" – that is our official Moody's rating. This confirms our solid credit rating. In its analysis and assessment, Moody's particularly highlighted our solid capital base. In the eyes of this credit rating agency, we also benefit from our high proportion of stable customer deposits in relation to refinancing.

CONFIRMATION OF OUR SOUND FINANCIAL POSITION

EUR 281 million

Pfandbrief bond issue volume

As of: December 31, 2019

Baa2

Moody's rating

As of: October 2, 2019

Our Pfandbrief bonds are another important instrument which underpins sound refinancing. Our initial issue at the beginning of the reporting period amounted to more than EUR 100 million, and by the end of 2019 the volume had increased to EUR 281 million. Demand came from institutional investors such as pension funds, utilities companies and insurance companies and also, in particular, from savings banks and other banks. The cover fund is made up of high-quality German assets consisting 100 percent of mortgages on residential properties which are predominantly located in Northwest Germany.

The issuance of Pfandbrief bonds helps us to safeguard the growth of the Bank and to be there as a financing partner for our private and corporate clients with rising total lendings.

CURRENT INFORMATION

Dear reader,

The coronavirus pandemic (SARS-CoV-2 / Covid-19) is affecting our everyday lives and presenting us with extraordinary challenges. Much of this report had already been completed when the virus triggered far-reaching measures and restrictions at national and international levels. It is important to us to ensure optimal protection of the health of our employees and clients. For this reason, we fully support the goal of the German federal government and international health organizations to counteract the rapid spread of the virus, and we have implemented comprehensive measures that we will adapt and enhance as required.

We have immediately installed a crisis management team within the Bank. We will continuously inform you of the necessary safeguards and measures, including online at *www.olb.de/fuersieda.* The processes which underpin the Bank's business operations remain intact. We will support our clients during this situation and will assess the current position and any possible individual solutions.

As of the copy deadline for this report in March 2020, we would like to emphasize the following points:

- payment transactions and the full range of payment options remain available as before
- there are no problems in terms of the supply of cash
- individual branches are temporarily closed and opening times have been reduced for the general public at all our locations across Germany
- self-service zones are open as usual, and are being cleaned very frequently

The full extent and duration of the pandemic is currently unclear. It is therefore not possible to provide a reliable assessment of other consequences, particularly economic ones.

In these uncertain times, we would like to thank our clients and employees for their loyalty and for their trust in the Bank. With our 150 years of experience, we are doing everything we can to manage this situation together with our clients and employees.

Yours, OLB

About the Company

Oldenburgische Landesbank AG (OLB) is a financial institution that is rooted in northern Germany and serves its customers throughout Germany through its OLB Bank and Bankhaus Neelmeyer (BHN) brands. In the 150th year of its existence, with the acquisition and integration of Wüstenrot Bank AG Pfandbriefbank (WBP) OLB has taken another step toward becoming a nationwide financial institution with a comprehensive range of services and a wide customer base throughout Germany.

150 YEARS

150

"In the 150th year of its existence, with the acquisition and integration of Wüstenrot Bank AG Pfandbriefbank (WBP) OLB has taken another step toward becoming a nationwide financial institution with a comprehensive range of services and a wide customer base throughout Germany."

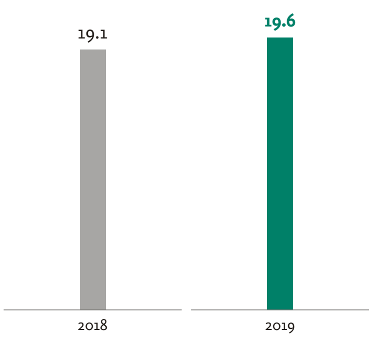
The purchase of WBP, agreed in March 2018, became effective following the approval of the supervisory authorities in late May 2019. WBP's business – which complements OLB's private and business client operations – was integrated into OLB within the scope of the change of ownership. On November 29, 2019, the merger of WBP and OLB – with retroactive effect from July 1, 2019 – was legally completed. For the period from the completion of the purchase of the shares in WBP up to the merger of OLB and WBP, OLB assumed the role of the parent under supervisory law within the meaning of the German Banking Act (KWG). The supervisory banking group ceased to exist following the merger of WBP and OLB.

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 an indirect 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 and also holds a share in a compartment of Weser Funding S.A. In 2019, the majority of the pension obligations and the cover funds allocated to fulfil these obligations were transferred to a pension fund. This is likewise a subsidiary special purpose entity under commercial law. 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, meaning that the preparation of consolidated financial statements is not necessary. The Bank surrendered its shares in two special funds – AGI-Fonds Ammerland and AGI-Fonds Weser-Ems – in fiscal year 2019. As neither the shares nor other securities issued by OLB are traded on an organized market within the meaning of Sec. 2 (11) of the German Securities Trading Act (WpHG), the Bank is not capital-market-oriented within the meaning of Sec. 264d of the German Commercial Code (HGB).

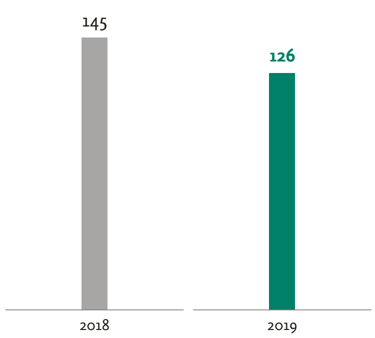
With a view to its target customers, products and services, and locations, OLB has positioned itself in the following strategic business segments:

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 Oldenburg Advisory Center (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 the retail business, the Bank concentrates on current accounts and credit cards, online banking and mobile banking via its OLB banking app, instalment credit, private construction loans and private financial investments. In addition, OLB offers insurance brokering and assistance with private real estate purchases and sales.

TOTAL ASSETS EUR bn 01 | PAGE 31



BRANCHES Number 02 | PAGE 45



Within this business field, OLB offers sustainably oriented asset development advice 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, real estate management, generation management and foundation management.

In its Business & Corporate Clients 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 territory in the Weser-Ems region, with branches throughout Germany in Berlin, Bremen, Düsseldorf, Frankfurt, Hamburg, Hanover, Munich and Stuttgart. This business segment is set to expand in 2020, to include the area of football finance.

Experienced teams concentrate on individual consulting for 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,
- 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
- Shipping, 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 for the Bank as a whole and within its strategic business segments ensures that when such discrepancies from performance targets are discovered, management can directly decide on corrective measures. The choice of KPIs for the Bank as a whole 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 after-tax return on equity[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 ability to meet payments. The cost–income ratio[5] is used to assess cost efficiency.

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, 2020, at
www.olb.de/nachhaltigkeitsberichte.

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

KEY PERFORMANCE INDICATORS

	2018	2019	Projection
(After-tax) return on equity[1]	2.0 %	10.4 %	↘ Significant decline
Tier 1 capital ratio[2]	11.9 %	12.3 %	↗ Slight improvement
Risk coverage ratio[3]	206.0 %	193.0 %	→ Stable
Liquidity coverage ratio[4]	171.7 %	158.6 %	→ Consistently above 100 %
Cost–income ratio[5]	76.1 %	74.6 %	↘ Marked improvement

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 international economy lost momentum in 2019. According to information from the International Monetary Fund (IMF), at +3.0 percent the global economy 03 grew significantly more slowly in 2019 than in the prior year (+3.6 percent). The trade conflicts that originated in the USA led to a decline in world trade and caused production in manufacturing industry to stagnate worldwide. The uncertainties surrounding the repeatedly rescheduled withdrawal of Great Britain and Northern Ireland from the European Union had a negative impact on intra-European trade and slowed down European economic growth. The IMF's projection envisages real gross domestic product growth in the European Union of +1.5 percent in 2019, compared to +2.2 percent in the prior year.

GROSS DOMESTIC PRODUCT in %

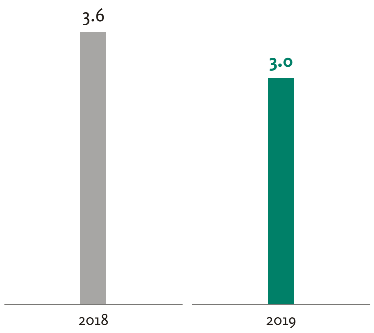
+0.5

"According to preliminary calculations by the German Federal Statistical Office, real gross domestic product growth in Germany was just +0.5 percent in 2019 (prior year: +1.5 percent)."

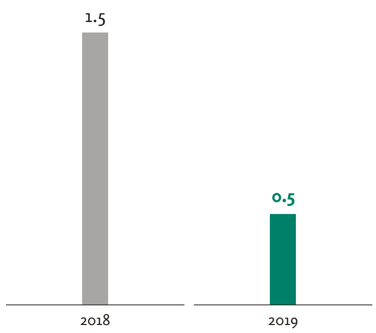
In this context, the German economy also experienced a slowdown in 2019. According to preliminary calculations by the German Federal Statistical Office, real gross domestic product growth 04 in Germany was just +0.5 percent in 2019 (prior year: +1.5 percent). The weakening global economic momentum was particularly evident in the exports segment, whose growth rate of +0.9 percent fell significantly year on year (prior year: +2.1 percent). Domestically, the lack of foreign-trade stimulus was reflected in declining industrial production. Due to the relatively high proportion of capital goods, this was especially apparent in the slight increase in investments in equipment, which was less than +0.7 percent (prior year: +4.4 percent). The weakness of industrial production also had an adverse impact on imports, which at +2.6 percent were one percentage point lower than the growth rate in 2018 (+3.6 percent). However, consumption once again proved to be a source of support for the economy. Private and state consumer expenditures increased steadily at +1.4 percent and +2.1 percent respectively (prior year: +1.3 percent and +1.4 percent respectively). The construction industry benefited from the level of demand from the private and commercial sector, driven by ongoing favorable financing conditions. At +3.7 percent, construction investments once again increased more strongly than in the previous year (+2.5 percent). At +1.2 percent, domestic use of gross domestic product – as the weighted total of consumer spending and capital expenditures – remained appreciably lower than the previous year's growth rate (+2.1 percent).

Due to the brighter outlook in a number of major emerging markets, the IMF expects a slight recovery for the global economy for 2020, with a growth rate of +3.4 percent. For the European Union, the IMF is forecasting a stabilization of the economy, with a growth rate of +1.6 percent in 2020. The IMF sees risks to global economic development, particularly in the potential disruption of existing supply chains as a result of international trade conflicts and in the looming increase in financial imbalances. In the short term, the coronavirus that originated in China at the turn of 2019/2020 may lead to setbacks for the Chinese economy and have a negative impact on the global economy due to interruptions to supply chains and in case of its further spread. In the medium term, the IMF

DEVELOPMENT OF THE GLOBAL ECONOMY in % 03 | PAGE 29



DEVELOPMENT OF REAL GROSS DOMESTIC PRODUCT IN GERMANY in % 04 | PAGE 29



anticipates subdued growth due to the slowing productivity gains and aging societies in the industrialized countries.

For 2020, the leading economic research institutes are forecasting a slight expansion of the German economy in the amount of 1.1 percent. However, this growth rate exaggerates the actual economic momentum, as around 0.4 percentage points are attributable solely to the greater number of working days compared with the previous year. The economic situation is supported by fiscal stimuli, which include, among other things, the announced increase in pension insurance benefits as well as increased child benefits and income tax relief, and which will continue to support purchasing power and thus private household consumption. The government's capital expenditures will also increase. The construction industry, in particular, will continue to benefit from this and from the private-sector demand driven by favorable financing conditions. Depending on the outcome of the unresolved international trade disputes and the framework for the United Kingdom's withdrawal from the European Union (Brexit), there are both risks and opportunities for the strongly export-oriented German economy. A further factor which hampers forecasting is that the e-mobility trend is giving rise to structural change processes in the vehicle construction sector whose impact on production and capital expenditures is difficult to estimate. The economic forecasts provided by economic research institutes thus vary considerably in relation to the above-mentioned average figure for all of these institutes.

EVOLUTION OF INTEREST RATES

Interest rates in Germany remained very low in 2019. The European Central Bank (ECB) reduced the interest rate for its deposit facility by ten basis points in September to –0.5 percent, while leaving its main refinancing rate and the interest rate for its marginal lending facility unchanged at 0 percent and +0.25 percent over the year. The yield on ten-year German government bonds fell steadily from +0.24 percent at the beginning of the year to an all-time low of –0.72 percent at the end of August. It amounted to –0.32 percent at the end of the year.

GOVERNMENT BONDS in %

–0.32

"The yield on ten-year German government bonds fell steadily from +0.24 percent at the beginning of the year to an all-time low of –0.72 percent at the end of August. It amounted to –0.32 percent at the end of the year."

The future interest rate trend is particularly dependent on the development of the ECB's interest rate policy. In September 2019, the ECB announced that it would not raise its key interest rates until inflation expectations are close to its inflation target of just under 2 percent and this is also reflected in the core inflation rate. As the leading economic research institutes forecast inflation rates for both the euro zone and Germany which are far below this mark, the yields on ten-year German government bonds in 2020 are expected to remain virtually unchanged at their current low level.

THE BANKING ENVIRONMENT

The development of the financial sector continues to be influenced by three factors: regulation, digitalization and the period of low interest rates. Legislators and the supervisory authorities have implemented numerous measures to strengthen banks' equity capitalization and liquidity and to protect consumers. Most notably, these rules have increased both the quantitative and qualitative requirements for liable equity capital and for banks' liquidity position. The digitalization of business models and processes due to changing customer behavior as well as intense competition – including new market entrants from the FinTech sector – are exerting strong adaptation pressure on existing banking institutions. In its annual report on the earnings situation of German credit institutions, which appeared in its monthly report for September 2019, the Deutsche Bundesbank pointed to the following key findings, based on its analysis of annual financial statements for 2018:

- The earnings situation of German credit institutions has deteriorated, and the net profit before taxes was 31.3 percent lower than in the previous year on average.
- Due to the strong economic situation, institutions only made a low level of risk provisions for their lending business.
- Net interest income remained below its long-term average despite dynamic credit growth; administrative expenses remained almost unchanged compared with the previous year.

TRANSACTIONS WITH SIGNIFICANT EFFECTS ON THE NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

The net assets, financial position and results of operations of OLB were influenced in the past fiscal year by the merger with WBP, the outsourcing of pension obligations to a pension fund and other special items.

The merger of WBP with OLB was entered in the Commercial Register on November 29, 2019, with a retroactive merger date of July 1, 2019.

TOTAL ASSETS EUR bn

19.6

"OLB's total assets at the end of 2019 amounted to EUR 19.6 billion."

The Bank's total assets 01 at the end of 2019 amounted to EUR 19.6 billion. The carrying amounts of the balance sheet assets and liabilities of WBP were carried forward in accordance with Sec. 24 of the German Act Regulating the Transformation of Companies (Umwandlungsgesetz – UmwG). Due to the structure of customer business, the main items affected by its inclusion were liabilities to customers and cash and cash equivalents. The profit (before tax) generated at WBP since the merger date in the amount of EUR 8.7 million was reported as a separate item in net interest income. WBP's result for the first half of the year is shown as an extraordinary result as part of the merger profit of EUR 9.2 million.

Within the scope of the merger, WBP's general accounting policies were changed over to the methods applied at OLB. There were no significant effects on earnings as a result of these adjustments.

At the end of 2019, OLB outsourced pension obligations with a necessary settlement amount of EUR 190.2 million to a non-insurance-based pension fund. This pension fund falls under the scope of the German Insurance Supervision Act (Versicherungsaufsichtsgesetz – VAG) and is used to finance the corresponding commitments to employees. This one-off effect is reflected in the balance sheet and income statement, and its impact is described below in various sections of the management report and the notes to the annual financial statements.

For more information on both transactions, please refer to the information provided in the notes to the annual financial statements.

NET ASSETS, FINANCIAL POSITION AND BUSINESS DEVELOPMENT

After two mergers in 2018, OLB started out in fiscal year 2019 with a significantly higher level of equity and liquidity as well as a considerably larger business volume and customer base compared with previous years.

Against the backdrop of the Bank's targeted growth rate, the significant increase in its customer loan business had a clear impact in the past fiscal year. The increase in the Bank's credit volume had a significant impact on its balance sheet structure 05 and liquidity, its results of operations and the equity capital required to cover the risks.

OLB's strategy and the supervisory requirements necessitate adequate equity capital-based coverage of existing risks. Credit growth was therefore underpinned by a significant increase in the equity capital base. This was due to the full retention of the previous year's net profit as well as fulfillment of the requirements in order to count the interim profit as of June 30, 2019 toward Tier 1 capital. In order to once again strengthen its capital base by means of retention of earnings in the following year, the Bank realized existing reserves within the scope of its long-term financial assets and considerably reduced the ongoing burden on earnings associated with pension liabilities by outsourcing them to a pension fund.

In 2019, OLB also seized the opportunity to realize additional growth potential through the acquisition and integration of a bank. The expenses required for the rapid implementation of the merger and the necessary capital expenditures to enhance synergies and to improve the business processes across the various distribution channels are reflected in the development of the earnings situation. However, significant savings were achieved compared with the previous year, particularly in terms of operating and administrative functions.

As outlined below, OLB has consistently pursued the growth strategy defined in the previous year for customer business, the integration and ongoing development of its business activities, and the use of potential synergies.

TOTAL LENDINGS

OLB offers a wide range of services across all of its business segments in its credit business 08. Driven by continued demand – particularly for private construction financing, instalment credit business and special financing – the credit volume in the past fiscal year increased significantly to EUR 15.1 billion (prior year: EUR 14.0 billion). The acquisition of WBP – with total customer lendings of significantly less than EUR 100 million – and the acquisition of a construction financing portfolio of EUR 81 million played a subordinate role in this credit growth.

TOTAL CUSTOMER LENDINGS EUR bn

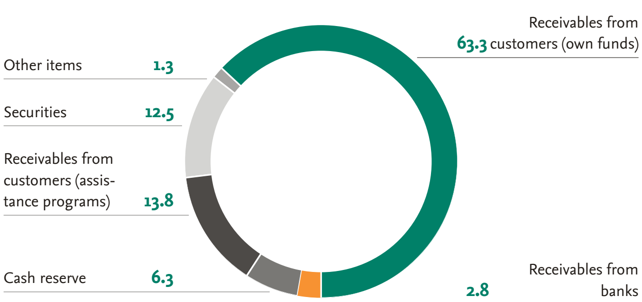
15.1

"Driven by continued demand – particularly for private construction financing, the instalment credit business and special financing – the credit volume in the past fiscal year increased significantly to EUR 15.1 billion (prior year: EUR 14.0 billion)."

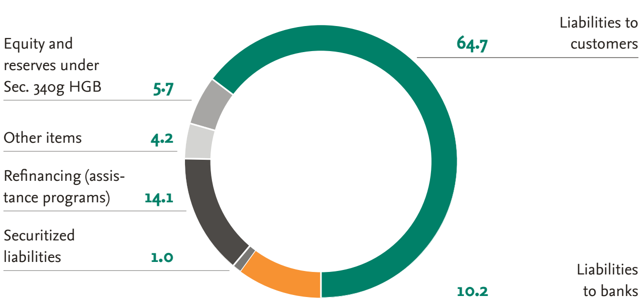
In the context of WBP's merger with OLB, impairments of EUR 3.1 million were included in the Bank's books. The adjustment of the methodology for determining impairments in line with OLB's method did not have any significant impact.

The proportion of non-performing loans ("NPL ratio") decreased to 2.5 percent (prior year: 2.7 percent).

BALANCE SHEET RATIOS FOR ASSETS in % 05 | PAGE 31



BALANCE SHEET RATIOS FOR EQUITY AND LIABILITIES in % 05 | PAGE 31



TOTAL PORTFOLIO

EUR m	12/31/2019	12/31/2018	Change EUR m / % points	Change (%)
Receivables from customers	15,301.8	14,153.1	1,148.7	8.1
Receivables from customers (non-troubled)	14,921.2	13,775.9	1,145.3	8.3
Receivables from customers (non-performing)	380.5	377.1	3.4	0.9
Postponed interest (for non-performing receivables)	– 21.2	– 23.2	2.0	– 8.5
Loans and advances to customers (gross before risk provisions)	**15,280.5**	**14,129.9**	**1,150.7**	**8.1**
General loan loss provisions (PLLP / GLLP)	– 30.0	– 26.1	– 3.9	15.1
Specific loan loss provisions (SLLP)	– 108.6	– 143.9	35.2	– 24.5
Loans and advances to customers (net after risk provisions)	**15,141.9**	**13,959.9**	**1,182.0**	**8.5**
For information:				
Proportion of non-performing customer receivables (“NPL ratio”)	2.5 %	2.7 %	– 0.2 %	n / a
Lump-sum specific loan loss provisions assigned to non-performing receivables (–)	– 7.0	– 5.7	– 1.2	21.6
Collateral assigned to non-performing receivables (–)	– 189.8	– 192.3	2.6	– 1.3
Coverage ratio taking collateral and postponed interest into account	85.8 %	96.8 %	– 11.0 %	n / a

The Bank largely completed the active restructuring of its shipping portfolio in 2018. In 2019, the Bank once again embarked upon conservative new business with freight-rate-dependent ocean-going vessels in Germany and neighboring countries. Remaining restructuring cases were further reduced in 2019, as planned.

THEREOF: FREIGHT-RATE-DEPENDENT SHIPPING PORTFOLIO

EUR m	12/31/2019	12/31/2018	Change EUR m / % points	Change %
Receivables from customers	242.2	237.5	4.7	2.0
Receivables from customers (non-troubled)	195.6	161.2	34.4	21.3
Receivables from customers (non-performing)	46.6	76.3	– 29.7	– 38.9
Postponed interest (for non-performing receivables)	– 2.6	– 6.3	3.7	– 58.2
Loans and advances to customers (gross before risk provisions)	**239.6**	**231.2**	**8.4**	**3.6**
General loan loss provisions (PLLP / GLLP)	– 2.4	– 2.0	– 0.4	20.0
Specific loan loss provisions (SLLP)	– 2.0	– 24.2	22.2	– 91.7
Loans and advances to customers (net after risk provisions)	**235.2**	**205.0**	**30.2**	**14.7**
For information:				
Proportion of non-performing customer receivables (“NPL ratio”)	19.4 %	33.0 %	– 13.6 %	n / a
Lump-sum specific loan loss provisions assigned to non-performing receivables (–)	– 2.0	– 0.7	– 1.3	n / a
Collateral assigned to non-performing receivables (–)	– 41.5	– 48.2	6.7	– 13.9
Coverage ratio taking collateral and postponed interest into account	103.3 %	104.1 %	– 0.7 %	n / a

ON-BALANCE-SHEET EQUITY

As a result of its retention of its net profit for 2018 of EUR 26.1 million, OLB further strengthened its equity capital shown on its balance sheet. Taking into account its current balance sheet profit, the Bank's equity increased to EUR 1,108.6 million and therefore significantly exceeded the threshold of one billion euros. Moreover, a fund for general bank risks under Sec. 340g HGB, endowed with EUR 20.1 million, is available for risk coverage. On this basis, the purchase and integration of WBP were achieved without any further corporate actions.

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

The supervisory Common Equity Tier 1 capital is mainly comprised of equity capital on the balance sheet and the fund for general banking risks under Sec. 340g HGB in the amount of EUR 20.1 million, taking into account regulatory deductions of EUR 31.2 million. In 2019, for the first time the Bank made use of the opportunity to allocate its semiannual profit in the amount of EUR 54.3 million to Common Equity Tier 1 capital during the year, in accordance with Art. 26 (2) CRR. Bonds in the amount of EUR 42.3 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 1,083.9 million (prior year: EUR 1,008.6 million) as of December 31, 2019.

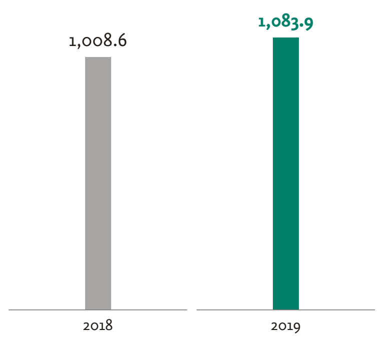
TIER 1 CAPITAL EUR m

1,083.9

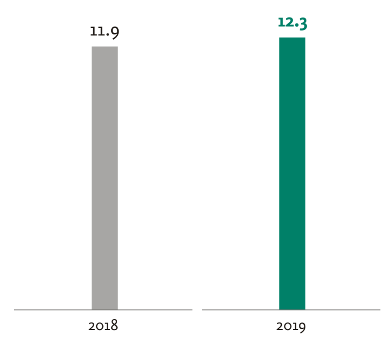
"Overall, Tier 1 capital amounted to EUR 1,083.9 million as of December 31, 2019 (prior year: EUR 1,008.6 million)."

With the legally effective merger of WBP with OLB, the banking group that was temporarily established during the past year no longer exists. As in the previous year, the capital ratios under Sec. 10 KWG were calculated for regulatory purposes at the individual bank level for OLB in accordance with the German Commercial Code.

TIER 1 CAPITAL EUR m 06 | PAGE 34



TIER 1 CAPITAL RATIO in % 07 | PAGE 36



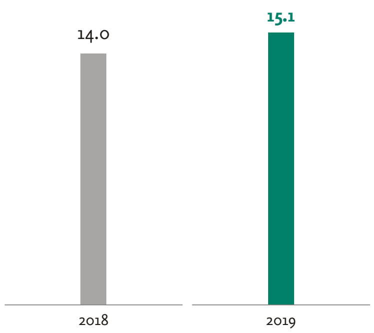
EUR m	12/31/2019	12/31/2018	Change	Change (%)
Common Equity Tier 1 capital	**1,041.6**	**966.3**	**75.3**	**7.8**
Additional Tier 1 capital (AT1)	42.3	42.3	—	—
Tier 1 capital	**1,083.9**	**1,008.6**	**75.3**	**7.5**
Tier 2 capital	154.4	225.4	–71.0	–31.5
Share capital and reserves	**1,238.3**	**1,234.0**	**4.3**	**0.3**
Risk assets for counterparty risks	8,043.3	7,790.7	252.6	3.2
Risk assets for market risks	—	—	—	—
Risk assets for operational risks	762.3	692.2	70.1	10.1
Risk assets	**8,805.6**	**8,482.9**	**322.7**	**3.8**

%	12/31/2019	12/31/2018
Common Equity Tier 1 capital ratio	11.8	11.4
Tier 1 capital ratio	12.3	11.9
Aggregate capital ratio	14.1	14.5

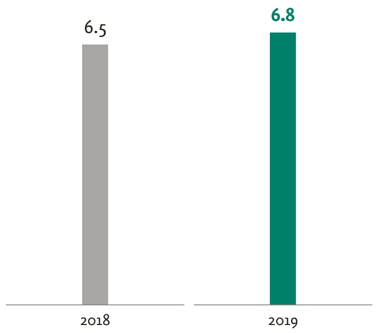
The eligible Tier 2 capital essentially consists of subordinated liabilities. The year-on-year decline from EUR 225.4 million to EUR 154.4 million is mainly attributable to the planned repayment of funds provided by shareholders.

As part of its active risk management, the Bank has taken various measures to counter the increase in risk-weighted assets for counterparty risks resulting from credit growth. The redemption of shares in two special funds released risk assets tied up here in the amount of around EUR 200 million.

CUSTOMER LOAN BOOK EUR bn 08 | PAGE 32



RISK PROVISIONS FOR CREDIT BUSINESS EUR m 09 | PAGE 41



In addition, the Bank has laid the foundations to be able to calculate the credit risks for the portfolio of BHN, which merged with OLB in the previous year, on the basis of internal models. Furthermore, certain types of real estate collateral became eligible for inclusion in the past fiscal year. The increase in risk assets – from EUR 8,482.9 million in the previous year to EUR 8,805.6 million – was thus limited.

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 only 0.32 percentage points for OLB as of December 31, 2019, based on BaFin's assessment of its risk management procedures and its risk situation. The Tier 1 capital ratio 07 as of December 31, 2019 thus remained unchanged at 12.3 percent and was therefore considerably higher than the required regulatory minimum value of 8.82 percent at OLB. For 2020, BaFin has announced a decrease in the institution-specific premium to 0.07 percentage points.

LIQUIDITY AND FINANCIAL INVESTMENTS

In 2019, OLB also maintained its strategic liquidity management focus, in order to ensure the Bank's ability to pay at any time, 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 2019 meant that it complied with both the regulatory minimum LCR value of 100 percent as well as internal liquidity risk limits.

In the previous year, the LCR was 171.7 percent as of December 31, 2018. This was attributable to the significantly increased liquidity position, due to the merger-related additions of cash and cash equivalents from BHN to OLB. WBP, which was integrated in late November 2019, also had a high level of liquidity. This resulted in an increase in the LCR figure 10 to 158.6 percent at the end of 2019.

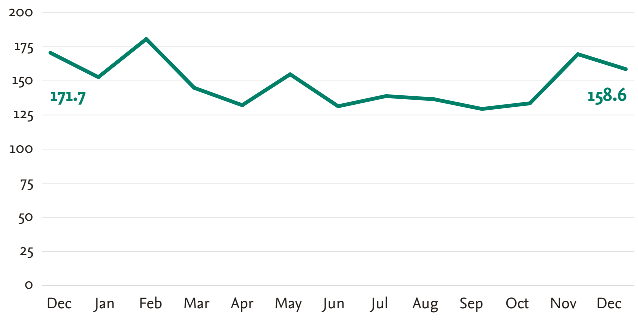
As of the reporting date, OLB maintained a financial investment portfolio of EUR 2.5 billion by way of a liquidity reserve. This portfolio consists mainly of investment-grade Pfandbrief bonds and government bonds.

DEPOSITS AND BORROWED FUNDS

The deposit business forms the key pillar for the refinancing of the credit business of OLB. In particular, the high proportion of granular, small-scale deposits from private customers is important on account of their relative stability. As part of the merger, WBP contributed a further EUR 1.0 billion in customer funds and further reinforced the liabilities side of the Bank's balance sheet. 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.

The Bank was able to strengthen its longer-term refinancing in 2019 through the first-time issue of Pfandbrief bonds. All in all, OLB has issued registered Pfandbrief bonds with a nominal volume of EUR 181.0 million and maturities of 5 to 20 years. In addition, a bearer Pfandbrief bond of EUR 100 million was issued, which is held by the Bank in its own portfolio as collateral for money market transactions.

LIQUIDITY RESERVE FOR LONG-TERM FINANCIAL ASSET PORTFOLIO in % 10 | PAGE 36



EUR m	12/31/2019	12/31/2018	Change	Change (%)
Liabilities to customers	**12,715.2**	**11,345.9**	**1,369.3**	**12.1**
Demand deposits	8,551.9	6,919.8	1,632.2	23.6
Term deposits	2,383.1	2,735.0	– 351.9	– 12.9
Savings deposits	1,780.2	1,691.1	89.0	5.3
Liabilities to banks	**4,772.8**	**5,583.9**	**– 811.1**	**– 14.5**
Demand deposits	96.1	78.7	17.4	22.1
Term deposits	4,676.7	5,505.3	– 828.5	– 15.0
Securitized liabilities	**203.2**	**116.2**	**86.9**	**74.8**
Subordinated debt	**228.3**	**274.5**	**– 46.2**	**– 16.8**
Total deposits and borrowed funds	**17,919.4**	**17,320.5**	**598.9**	**3.5**

EUR m	12/31/2019	12/31/2018	Change	Change (%)
Liabilities to banks	**4,772.8**	**5,583.9**	**– 811.1**	**– 14.5**
thereof: Development banks	2,774.9	2,811.6	– 36.7	– 1.3
thereof: Covered bonds	65.4	—	65.4	n / a
Liabilities to customers	**12,715.2**	**11,345.9**	**1,369.3**	**12.1**
thereof: Promissory notes	738.2	884.6	– 146.3	– 16.5
thereof: Covered bonds	117.1	—	117.1	n / a
Securitized liabilities	**203.2**	**116.2**	**86.9**	**74.8**
thereof: Covered bonds	100.0	—	100.0	n / a
Subordinated debt	**228.3**	**274.5**	**– 46.2**	**– 16.8**
Total deposits and borrowed funds	**17,919.4**	**17,320.5**	**598.9**	**3.5**

EARNINGS POSITION

As a result of the merger, the profit generated by WBP up to November 29, 2019 was also allocated to OLB. The net income (before tax) generated since the merger date of July 1, 2019 in the amount of EUR 8.7 million was recognized in net interest income. The net income of WBP in the first half of the year up to the merger date was reported as an extraordinary result as part of the merger profit of EUR 9.2 million. In regard to the development of the earnings situation compared with the previous year, it should be noted that the balanced result of what is now the Bank's BHN branch was reported as a separate item in net interest income in the previous year.

EUR m	2019	2018	Change	Change (%)
Net interest income	317.2	293.3	23.9	8.1
Net commission income	103.6	84.4	19.2	22.8
Net operating trading income / expense	0.0	– 0.1	0.1	n / a
Operating income	**420.8**	**377.6**	**43.2**	**11.4**
Personnel expenses	– 177.6	– 164.0	– 13.6	8.3
Other administrative expenses	– 119.0	– 107.1	– 11.9	11.1
Write-downs of intangible and tangible fixed assets	– 14.8	– 16.3	1.5	– 9.3
Operating expenses	**– 311.3**	**– 287.4**	**– 23.9**	**8.3**
Net other operating income (+) and expenses (–)	5.0	2.0	3.0	n / a
Operating result before risk provisions	**114.5**	**92.2**	**22.3**	**24.2**
Risk provisions for credit business	– 6.8	– 6.5	– 0.3	4.5
Gain (+) / loss (–) on securities in the liquidity reserve	21.0	– 4.5	25.5	n / a
Expenses (–) /income (+) from credit business and liquidity reserve	**14.3**	**– 10.9**	**25.2**	**n / a**
Net operating result	**128.8**	**81.2**	**47.5**	**58.5**
Other result	20.2	– 0.1	20.4	n / a
Extraordinary result	2.0	– 38.5	40.5	n / a
Profit before taxes	**151.0**	**42.6**	**108.3**	**n / a**
Taxes on income	– 40.1	– 18.1	– 22.0	n / a
Other taxes	– 1.0	– 4.0	2.9	– 73.6
Net income for the fiscal year	**109.8**	**20.6**	**89.2**	**n / a**
Cost–income ratio (in %)	**74.0 %**	**76.1 %**	**n / a**	**n / a**

NET INTEREST INCOME

EUR m	2019	2018	Change	Change (%)
Interest income	**444.1**	**432.0**	**12.2**	**2.8**
from credit and money market transactions	415.6	405.4	10.2	2.5
from fixed-income securities and book-entry securities	28.5	26.6	2.0	7.4
Interest expenses	**– 136.5**	**– 142.2**	**5.6**	**– 4.0**
Current interest income	**0.1**	**0.1**	**– 0.1**	**– 53.5**
Income from profit pooling, profit transfer or partial profit transfer agreements	**0.9**	**1.1**	**– 0.3**	**– 23.1**
Result obtained for third-party account from the transferring legal entity	**8.7**	**2.3**	**6.4**	**n / a**
Net interest income	317.2	293.3	23.9	8.1
Customer loan book	15,141.9	13,959.9	1,182.0	8.5

In order to implement the growth strategy adopted for its lending business, the Bank has consistently attempted to achieve its target margins for new business. The increase in interest income from loans was therefore accompanied by an improvement in the profitability of the Bank's lending business. In addition to organic growth, in 2019 OLB acquired a construction financing portfolio of EUR 81 million and integrated this in its private customer business. The accrual of interest in the portfolio between the date of economic transfer and the merger resulted in a positive one-off effect in the amount of EUR 3.8 million.

As a result of the ongoing low-interest period, the expiry of medium- and long-term borrowings and interest rate hedges led to a decline in interest expenses. The planned repayment of subordinated liabilities to the Bank's shareholders also contributed to the decrease in expenses.

Overall, net interest income – excluding the following special items – increased moderately compared with the previous year, as forecasted.

The net income of WBP, which was transferred to OLB within the scope of the merger, has been reported for the period since the merger date in the item "Result obtained for third-party account from the transferring legal entity." The increase in income resulted from the reported result of WBP in the amount of EUR 8.7 million. In the previous year, this item comprised income of EUR 2.3 million from BHN, which was transferred to OLB.

NET COMMISSION INCOME

EUR m	2019	2018	Change	Change (%)
Payment traffic	25.7	23.7	2.0	8.4
Securities business and asset management	29.6	22.6	7.0	30.8
Insurance, home loan and savings, and real estate business	18.1	15.7	2.4	15.4
Credit business	20.0	15.2	4.8	31.7
Other	5.0	3.0	2.0	66.7
Foreign business	3.7	2.9	0.9	30.1
Credit card business	1.4	1.2	0.1	11.1
Net commission income	**103.6**	**84.4**	**19.2**	**22.8**

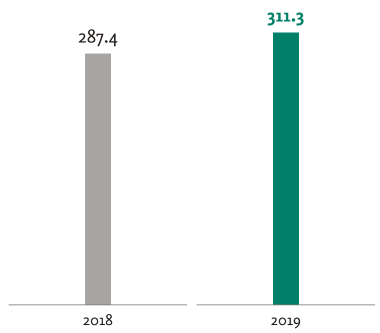
Overall, taking into account BHN's net income in the previous year within the scope of commission business, in the amount of EUR 13.8 million, net commission income increased moderately compared with the previous year, in line with expectations.

As in the previous year, the payment transaction business, securities trading including asset management and loan commissions – in particular, in connection with the structuring of complex financing solutions in the area of specialized lending – were the main factors which shaped net commission income. Like many competitors, OLB has adjusted its fee structures for payment transactions and increased its income from payment transactions to EUR 25.7 million. Customer behavior in the securities business continued to be influenced by economic uncertainty. This was reflected in the below-forecast performance in terms of the commission realized in this area of business. At EUR 20.0 million, commission income from the lending business (prior year: EUR 15.2 million) increased significantly. The consulting-intensive Specialized Lending business segment contributed significantly to this success, but the Bank also recorded an increase in the loan commissions received in its traditional business with corporate clients.

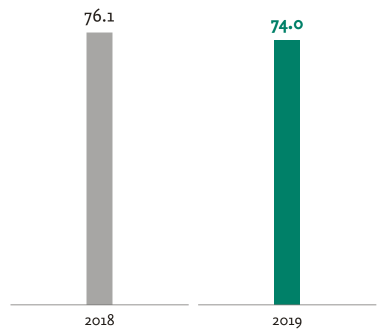
OPERATING EXPENSES

EUR m	2019	2018	Change	Change (%)
Personnel expenses	– 177.6	– 164.0	– 13.6	8.3
Other administrative expenses	– 119.0	– 107.1	– 11.9	11.1
Write-downs of intangible and tangible fixed assets	– 14.8	– 16.3	1.5	– 9.3
Operating expenses	**– 311.3**	**– 287.4**	**– 23.9**	**8.3**
Employees at December 31	2,106	2,154	– 48	– 2.2
Full-time equivalents at December 31	1,860	1,901	– 41	– 2.1
Cost–income ratio (in %)	74.0 %	76.1 %	n / a	n / a

OPERATING EXPENSES EUR m 11 | PAGE 41



COST–INCOME RATIO in % 12 | PAGE 41



After the merger of BKB, BHN and OLB in 2018, cost synergies in the non-sales units were generated in the past fiscal year. This had a considerable impact on personnel and material costs. Meanwhile, targeted investments were made in the further development of digital distribution channels, to integrate WBP and for further modernization of information technology. Taking into account the operating expenses of BHN in the amount of EUR 23.2 million – which were not included in this item in the previous year – administrative expenses 11 developed steadily despite the above-mentioned transformation costs. The cost–income ratio 12 improved in line with the forecast due to the significant increase in earnings, from 76.1 percent in the previous year to 74.0 percent in the year under review.

NET OTHER OPERATING INCOME AND EXPENSES

In 2019, the balance of other operating income and expenses was influenced, in particular, by the extensive outsourcing of pension obligations to Allianz Pensionsfonds AG. This transfer involves changes in accounting for the liability with regard to the valuation interest rate. This effect is the main factor behind the increase in other operating income.

RISK PROVISIONS FOR CREDIT BUSINESS

In general, the slight economic downturn did not have any noticeable impact in terms of customers' economic development. As a result, there was no increase in the number of defaults. In addition, there were no significant individual cases in the area of risk provisioning 09 in the past fiscal year. Overall, risk provisions in the amount of EUR 6.8 million were at the same level as in 2018 (EUR 6.5 million), and thus again significantly lower than the previous year's forecast, which had been made on the basis of the statistical expectations for an entire economic cycle.

RISK PROVISIONING EUR m

6.8

"Overall, risk provisions in the amount of EUR 6.8 million were at the same level as in 2018 (EUR 6.5 million), and thus again significantly lower than the previous year's forecast, which had been made on the basis of the statistical expectations for an entire economic cycle."

NET INCOME FROM SECURITIES OF THE LIQUIDITY RESERVE AND FROM LONG-TERM SECURITIES (OTHER INCOME)

OLB's strategy and the supervisory requirements necessitate adequate equity capital-based coverage of existing risks. In order to strengthen its capital base – also for subsequent years – by retaining earnings, in the context of liquidity management the Bank has specifically made use of market opportunities which have arisen due to the interest rate trend on the capital markets.

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 long-term securities is reported under the item 'Other income.'"

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 long-term securities is reported under the item "Other income." As a result, income significantly exceeded the 2018 forecast. In addition, OLB redeemed its shares in two special funds in the course of the first half of 2019, in order to free up tied risk assets and liquidity for the Bank's lending business.

EXTRAORDINARY RESULT

In the previous year, the extraordinary result had been dominated by the provisions made for liabilities for the planned restructuring of the Bank. In fiscal year 2019, extraordinary expenses and income mainly resulted from the outsourcing of pension obligations to a pension fund. This resulted in extraordinary income of EUR 190.2 million from the release of pension provisions for outsourced liabilities. The disposal of cash and cash equivalents that were transferred to the pension fund was recognized as an extraordinary expense of EUR 192.9 million. In addition, the extraordinary result included the additional ongoing costs for restructuring measures, amortization of the effect of the valuation change for pension provisions ("BilMoG effect") and the profit from the merger of WBP and OLB in the amount of EUR 9.2 million. An extraordinary result of EUR 2.0 million was thus achieved on balance.

TAXES

The significant decline in the tax rate from 47 percent in the previous year to 27 percent in 2019 is attributable, among other things, to tax-free income in connection with the merger of WBP and the surrender of the shares in the special fund. In addition, the tax burden from the valuation of pension provisions was reduced significantly.

EXECUTIVE SUMMARY

The development of the Bank's net assets, financial position and results of operations in the past fiscal year was marked by further growth in the lending business, the continued favorable development of risk provisioning, the integration of WBP and the transfer of pension liabilities to a pension fund. In addition, the Bank selectively realized reserves from its long-term financial assets, so as to be in a better position to strengthen its capital base by retaining earnings in 2020. As a result, net income amounted to EUR 109.8 million, which was significantly above the previous year's result of EUR 20.6 million and in excess of expectations. The Bank's business therefore developed very favorably in overall terms in the year under review.

NET INCOME FOR THE FISCAL YEAR EUR m

109.8

"As a result, net income amounted to EUR 109.8 million, which was significantly above the previous year's result of EUR 20.6 million and in excess of expectations."

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 2020 will be affected primarily by the following factors and the resulting opportunities and risks:

GROWTH FORECAST FOR 2020 in %

+ 1.1

"For 2020, the leading economic research institutes are forecasting a slight expansion of the German economy in the amount of 1.1 percent."

For 2020, the leading economic research institutes are forecasting a slight expansion of the German economy in the amount of 1.1 percent. The economic situation is being buoyed by fiscal stimuli and increasing government investment spending. This can be expected to provide long-term support for purchasing power and therefore private household consumption and should continue to benefit the construction industry in particular. Depending on the outcome of the unresolved international trade conflicts, the framework for Brexit and the structural changes in the vehicle construction sector, there are likely to be both risks and opportunities for the strongly export-oriented German economy. In the short term, the coronavirus that originated in China at the turn of 2019/2020 may lead to setbacks for the Chinese economy and have a negative impact on the global economy due to the disruption of supply chains and in case of its further spread. For fiscal year 2020, the Bank is anticipating continued demand in its lending business. This applies in particular to real estate financing for private and commercial clients, investment loans in transactions with business and corporate clients as well as the Bank's support for projects in the Specialized Lending business segment. In addition to general economic factors, particular structural or industry-specific issues – which have negative consequences for relevant individual markets – are the key factors shaping the Bank's risk situation.

The interest rate trend in the planning period depends, above all, on the development of the ECB's interest rate policy. Key interest rates are not likely to rise until inflation can be expected to reach a level close to the target of just under 2 percent. Since the leading economic research institutes predict inflation rates far below this level, OLB anticipates 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 refinancing, in general the Bank does not intend to introduce custodian fees in order to fully compensate for this on the refinancing side. Based on its current balance sheet structure, the Bank would benefit from a potential rise in the yield curve. A sharp fall in the interest rate level would intensify the pressure on earnings.

OLB primarily refinances its lending business by means of customer deposits. In addition, the Bank has widened its refinancing options by issuing bearer and registered Pfandbrief bonds with a nominal volume of EUR 281.0 million. 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 merely result in potentially high interest markups.

With regard to regulatory issues, in 2020 the Bank will continue to work intensively on the adaptation, updating and application of its own internal models for the measurement of credit risks, in order to significantly reduce the necessary capital backing required for this business. In addition, OLB expects to be requested to prepare a restructuring and recovery plan. Another core area of focus is the full implementation of the provisions of the German Remuneration Regulation for Institutions (Institutsvergütungsverordnung – InstitutsVergV) for major institutions and, in particular, the regulations for risk-takers. The Bank does not anticipate any significant expense risks in relation to the implementation of these two regulatory projects. In 2020 the Bank will continue to support its envisaged credit growth by further strengthening its capital base and implementing measures to improve its risk assessment, e.g. by means of suitable collateral. A slightly higher Tier 1 capital ratio is therefore expected overall for 2020. With the supervisory authority's publication of a circular on dealing with sustainability risks, the banks' existing minimum requirements for risk management (MaRisk) are being enhanced with respect to sustainability risks. BaFin's comments are intended to serve as guidance for institutions in terms of good practice and cover the full range of environmental, social and corporate governance (ESG) risks. OLB will face up to this challenge, analyze its internal risk management system and expand this accordingly.

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 as well as proceedings instituted by regulatory bodies. The Bank has established adequate provisions in order to reflect the specific risks which such proceedings represent.

The Bank is in intensive competition with Sparkasse savings banks and Volksbank cooperative banks, and also with private large-scale and state banks and specialized commercial banks in the corporate client and specialized lending business segment. All in all, competition is characterized by high intensity and persistent pressure on margins. At the same time, forward-looking investments are necessary in relation to further digitalization and automation of business processes and customer services. This market situation entails risks, on the one hand, particularly with regard to the success of achieving planned growth targets and margin targets. On the other hand, digitalization in particular makes it possible to offer a variety of consulting services regardless of locations and opening hours and to reduce staffing needs through automated business processes and workflows. Finally, growth opportunities may arise for OLB due to competitors' withdrawal from the market or restructuring measures.

The further development and modernization of the services offered and the improvement of process efficiency will be another key area of focus in relation to private clients in 2020. The industry-wide initiative launched in 2019 is set to continue. This entails a focus on improving business processes across different distribution channels, the customer-focused orientation of all distribution channels, including the creation of a central Advisory Center featuring telephone services and video-based advisory services, as well as the establishment of a brokerage platform for intermediary business. The aim is to ensure that customers have access to the Bank's entire range of products and services, anytime and anywhere.

OLB also sees additional growth opportunities over the next few years in those areas where individual solutions are the focus. Thanks to the systematic use of specialists, personal advice on complex products and its offering of multifaceted consulting services, OLB sees opportunities for growth in its Corporate Customers and Specialized Lending segments, as well as in its Private Banking & Wealth Management segments. Overall, for 2020 OLB anticipates further growth in its total lendings and attractive commission business and envisages, in general, moderate growth in its net interest and commission income.

In the area of administrative expenses, OLB is intensifying its efforts in relation to the digitalization of business processes and workflows, redesigning its branch network and modernizing its IT platform. As a result of the personnel reductions already carried out in 2019 and the extensive elimination of extraordinary expenses – including in connection with the integration of WBP – OLB expects a significant decline in personnel and material costs overall in fiscal year 2020. For the cost–income ratio, this likewise means a significant reduction in view of the increased earnings outlook.

Planning for risk provisions is based on the assumption that defaults in the credit portfolio will remain at the statistically expected level. As the year under review was characterized by a favorable trend in terms of risk provisioning, even against the backdrop of the economic risks described this represents a considerable increase in the burden associated with risk provisioning.

Due to the envisaged normalization of risk provisioning and the elimination of special income from long-term financial assets, despite a significant improvement in its operating income and a decrease in its operating expenses OLB predicts a significant decline in its profit before tax. With an assumed tax rate comparable to the rate in 2019, the planned net income for the year and the expected return on equity should thus be markedly lower than in the past fiscal year.

Other Mandatory Disclosures

BRANCH OFFICES
(As of 12/31/2019)

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 126 branches (prior year: 145) and 87 self-service branches (prior year: 62) with a focus on Northwest Germany and major cities throughout Germany.

BRANCHES 02

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"In addition, OLB maintains a total of 126 branches (prior year: 145) and 87 self-service branches (prior year: 62) 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 deadline set in 2017 for the targets for women's participation on the Board of Managing Directors and the two levels of management below the Board of Managing Directors was December 31, 2019.

The following overview shows the targets defined in 2017 and the level of achievement of these targets as of December 31, 2019:

TARGET VALUES FOR WOMEN'S PARTICIPATION

	Target as at 12/31/2019	Actual proportion on 12/31/2019	Explanation
Board of Managing Directors	25%	25%	This target was achieved.
First level of management below the Board of Managing Directors	25%	20%	Although the current proportion exceeds that of 2017, the ambitious objective of 25 percent was not achieved. Staffing decisions were affected by structural changes in connection with the mergers of OLB, BKB, BHN and WBP, in combination with very low staff turnover at this level.
Second level of management below the Board of Managing Directors	25%	20%	The current proportion is slightly below that of 2017, meaning that the ambitious objective of 25 percent was not achieved. As was the case for the first management level, the above-mentioned structural changes and a low level of turnover were also decisive on this level.

OLB has now set new targets for women's participation on the Board of Managing Directors and the two levels of management below the Board of Managing Directors (see table below). December 2023 was agreed as the deadline for the achievement of these targets.

TARGET VALUES FOR WOMEN'S PARTICIPATION

	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 the achievement of this target expires on December 2, 2023.

Details of the composition of the Supervisory Board in the reporting year 2019 can be found in the disclosures concerning additional offices held by members of governing bodies per Sec. 285 No. 10 HGB.

Risk report

PRINCIPLES OF BANK-WIDE RISK MANAGEMENT

BASIC PRINCIPLES OF RISK CONTROL

OLB 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 the lending business and treasury operations, additionally, a separation between the front and back office is maintained at all levels below the Board of Managing Directors.

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

Before changes are made to the Bank's structure and procedures, or in 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 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 MANAGEMENT AT THE GROUP LEVEL

On May 31, 2019, OLB completed its acquisition of Wüstenrot Bank AG Pfandbriefbank (WBP). The resolution approving the merger of WBP and OLB was passed at OLB's general meeting held on November 6, 2019. For the period from the completion of the purchase of the shares up to its merger with WBP, OLB assumed the role of the parent company under supervisory law within the meaning of the German Banking Act (KWG).

Prior to the merger with WBP, a risk analysis was carried out in accordance with MaRisk. During the year, the core areas of focus here were fulfilment of the supervisory requirements at Group level, such as risk management at Group level, Group reporting, the implementation of a Group-wide compliance and audit function as well as the establishment and expansion of organizational precautions at Group level (information security and data protection, emergency concepts, new products, new markets and outsourcing).

The Board of Managing Directors of OLB developed a Group risk strategy for the new Group in coordination with WBP. On a quarterly basis at Group level, detailed reports were provided on all major risks, and compliance with the risk-bearing capacity at the Group level was reviewed. Moreover, the market and liquidity risk was reported on every month. The risk situation for individual institutions and the Group risk reports were discussed on a quarterly basis in a joint Risk Committee at Group level. OLB's Board of Managing Directors forwarded the Group risk report to the members of the supervisory body.

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 ability to meet payments is assured at all times and monitored by way of limits, and
- that the Bank has appropriate risk reporting and monitoring capabilities in place.

OLB operates as a customer-oriented bank, doing business on a sustainable basis 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 sustainable.

From the viewpoint of business and risk strategy, an appropriate employee compensation system plays an especially important role, because in addition to other goals of human 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 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.

Credit risk

Credit risk is subdivided into default risk, migration risk, liquidity and credit spread risk and country risk, as well as warehouse risk:

- *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 the creditworthiness of the counterparty or debtor.
- *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.
- *Warehouse risk*
  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 fulfil its contractual obligations, e.g. due to default.

Market risk

Market 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 refinancing 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 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 corruption offenses, antitrust violations and violations of investor / consumer protection.
- *Compliance risk*
  Compliance risk is defined as the risk of criminal or administrative law penalties, fines (e.g., based on the General Data Protection Regulation or the German Money Laundering Act) 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"). Compliance risk also includes the risk of losses based on other criminal acts of third parties (externally).

- *Model risk*
  Model risk describes the potential for loss resulting from the incorrect prompting of management acts because of an improper application of a model, its unsuitability for the application, unsuitable or incorrect input parameters, or internal 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, shareholders, (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 derived from the balance sheet figures in the internal IFRS financial statements and does not take into account future profits.

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. It defines the principles for risk management and controlling, together with the organizational structure, and monitors their implementation.

The risk policy – as an embodiment of the requirements under the risk strategy – describes the principal aspects for organizing risk management. As part of that policy, below the Board of Managing Directors, the Risk Committee is established as the central body that monitors and manages the Bank's risk-bearing capacity. The risk committee includes the Chief Risk Officer, the Chief Financial Officer, the head of Credit Risk Management and the heads of Risk Control, Finance / Controlling and Treasury. Subcommittees of the Risk Committee are the Risk Methods and Process Committee and the Operational Risk 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 are responsible for managing the principal risk categories:

Risk category	Body / organizational unit
Credit risk	Risk Committee
Market 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 department is responsible for countering the risks that may result from noncompliance with legal rules and requirements. In doing so, it must work to implement effective methods to ensure compliance with the relevant requirements of law, and to provide the associated monitoring.

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 Human Resources and Communication). 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 m	12/31/2019
Credit risk	412.2
Market risk	151.6
Liquidity cost risk	—
Operational risk	25.7
Bank-wide risk	**589.5**

The available risk coverage potential covered 193 percent of Bank-wide risk as of December 2019 (prior year: 206 percent). The risk coverage potential covered 137 percent of the allocated limit on the same reporting date (prior year: 144 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 377.9 million at the end of 2018 to EUR 412.2 million as of the closing date of December 31, 2019 results from the growth of the Bank's credit portfolio, primarily due to the merger with WBP and new business.

Against the backdrop of the merger with WBP and the outsourcing of pension obligations, the *market risk* in the non-trading portfolio increased from EUR 125.2 million at the end of 2018 to EUR 151.6 million at the reporting date of December 31, 2019.

The risk position from *operational risks* was calculated at the end of 2018 on the basis of the standard approach according to the CRR. After updating the individual scenario analyses in the form of a risk assessment, the risk ratio has been calculated on the basis of an internal model since September 2019. This led to a significant reduction in the risk position as of December 31, 2019 to 25.7 million (prior year: EUR 55 million).

Liquidity cost risk throughout 2019 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 guarantee that it can meet payments at all times.

The *Bank-wide risk* results from adding together the risk positions for credit risk, market risk, liquidity cost risk and operational risk. This approach to calculating risk makes no allowance for risk-mitigating effects of diversification between risk categories. Based on this assumption, the Bank-wide risk as of December 31, 2019 came to EUR 589.5 million (prior year: EUR 558.5 million). This increase reflects the comments provided in the individual risk categories.

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 2019.

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.

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 incorporated 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. 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 determining it, OLB distinguishes between the standardized loan business, in which risk is distributed almost uniformly (homogeneous portfolio), the customized loan business, which has an individualized risk exposure, and the associated forms of provisioning: the PLLP (Portfolio Loan Loss Provision), SLLP (Specific Loan Loss Provision) and GLLP (General Loan Loss Provision).

There is also a fund for general bank risks in accordance with Sec. 340g HGB.

No interest is accrued for loans covered by an SLLP. The credit portfolio acquired on November 29, 2019 as a result of the merger with Wüstenrot Bank AG Pfandbriefbank has been taken over, together with existing risk provision balances. Due to the adjustment of impairments in line with OLB's methodology, no significant effects have arisen.

Written-down loans are measured individually at the expiry of defined maturities, at the latest, and are covered by a specific loan loss provision (SLLP). The length of the maturities depends, in particular, on the collateral and the Bank's experience. This does not affect the validity or prosecution of the Bank's legal claims.

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 retail 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	Valuation
I–VI	< 0.02 % – 0.46 %	Ability to meet payment obligation
VII–IX	0.46 % – 2.45 %	Ability to meet payment obligation with limitations
X–XII	2.45 % – 13.25 %	Impaired ability to meet payment obligation
XIII–XIV	13.25 % – < 100 %	Increased or severe vulnerability to delinquency
XV–XVI	100 %	Borrower is delinquent under CRR or is considered to have defaulted

The chart below 13 shows the distribution of credit ratings for the gross credit risk in the customer lending business as of December 31, 2019. Gross credit risk includes not only on-balance-sheet claims that might be asserted, but also revocable and irrevocable credit commitments, 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 92 percent, is in very good to average categories (I – IX). Just under 3 percent are in critical credit ratings (XIII – XVI).

Ship finance

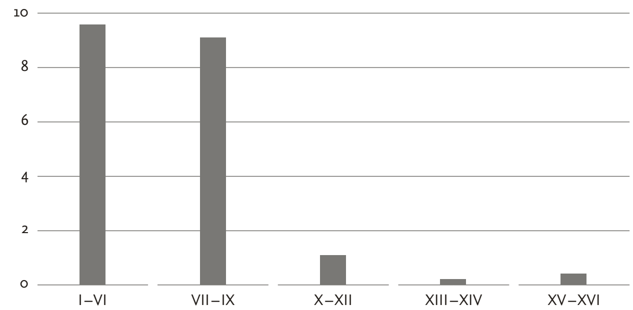
In 2019, ship finance did not result in any additional net burden with regard to risk provisioning. In the freight-rate-dependent ocean-going shipping portfolio, selective market opportunities were successfully pursued, subject to a manageable level of risk.

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, the credit business constitutes a focus in the area of project financing, commercial real estate and acquisition financing.

CREDIT RATING CATEGORIES OF THE GROSS CREDIT RISK IN THE CUSTOMER LENDING BUSINESS EUR bn

13 | PAGE 55



Broken down into credit rating classes as of December 31, 2019

Collateral

All in all, about 41 percent of the gross credit risk in the customer loan business is secured with collateral. Most of this collateral is liens on residential and commercial property. 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. Almost all receivables (99 percent) are within the very good to good credit ratings, I – VI. The remainder of total receivables fall within the credit ratings VII – IX.

The chart below 14 shows the distribution of credit ratings for receivables from banks and bank-issued bonds as of December 31, 2019.

Country risk

Since December 31, 2019, OLB has reported the country risk 15 based on the country of the debtor's economic risk, in line with Delegated Regulation (EU) No. 1152 / 2014. Accordingly, Germany accounts for 92 percent of customer and bank lending and the rest of the EU for 6 percent. Only 2 percent of the economic risk is situated outside of the EU.

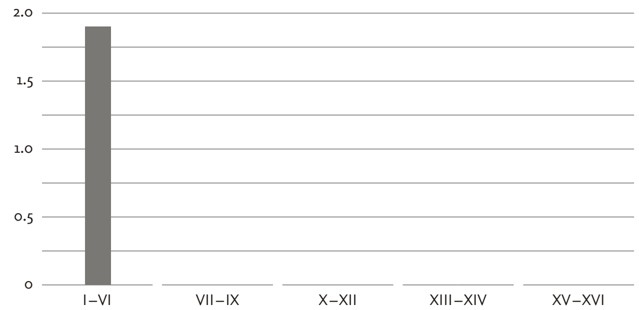
Market risk

Risk measurement

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

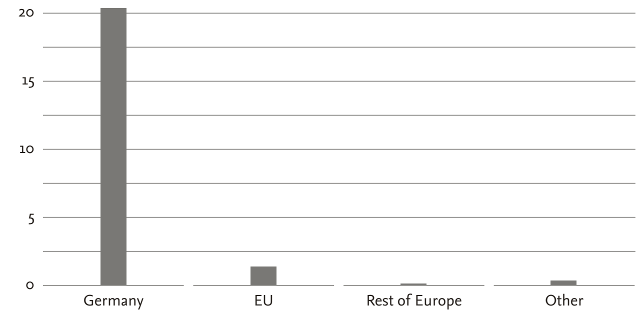
- changes in interest rates and yield curves,
- changes in currency exchange rates, and
- fluctuations (volatility) in these parameters.

CREDIT RATING CATEGORIES OF RECEIVABLES FROM BANKS AND BANK BONDS EUR bn 14 | PAGE 56



Broken down into credit rating classes as of December 31, 2019

COUNTRY RISK EUR bn 15 | PAGE 56



Customer and bank loans by region as of December 31, 2019

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

Risk positions are monitored by 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 risks are quantified and limited at the Bank-wide 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.

Foreign exchange risk is calculated on the basis of the standard method for market risks under CRR.

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

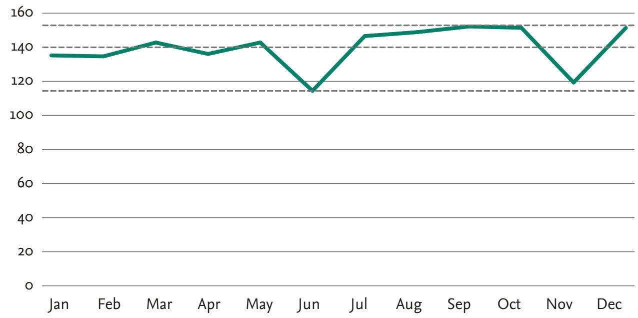
Risk management

The Bank Management Committee and the Risk Committee of the Bank are responsible for managing market risk. Positioning in the non-trading portfolio is deliberated and decided by the Bank Management Committee. Market 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 risks (99.9 percent / 1 year) serves to limit risk, and is further allocated to the interest rate book.

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

VAR FOR NON-TRADING PORTFOLIO
JANUARY TO DECEMBER 2019 EUR m 16 | PAGE 58



Minimum, maximum, mean *VaR 2019 (99.9 percent, 1 year), basis: Value at the end of the month*

Interest-rate risks in the non-trading portfolio are subject to benchmark-based management at OLB. The risk position essentially derives from developments in new lending business, highly liquid bond securities held within the scope of the required liquidity reserves, and the refinancing structure. Investments for the purpose of the Bank's liquidity reserve may be made only within a specifically defined range of product types. Treasury largely manages the risk of interest rate changes by means of interest rate derivatives. In addition, Treasury can influence the securities held in the liquidity reserve at any time with respect to the volume and the fixed interest rate.

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) in 2019:

EUR m	VaR (99.9%)
Minimum	114.3
Mean	139.7
Maximum	152.4

The market risks for the non-trading portfolio 16 (VaR model 99.9 percent / 1 year) for 2019 stayed largely above the previous year's level. The average value at risk, at EUR 139.7 million, was above the 2018 figure of EUR 118.2 million. The merger of OLB with WBP was completed at the end of November 2019. The established limit of EUR 180 million (up to May 31, 2019: EUR 150 million) was not exceeded in the course of the year. From August 2019 until the merger with WBP at the end of November 2019, this was managed at Group level. The utilization of limits in relation to market risks is intentional in passive interest rate book management. Market 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 2019 was 14.53 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 refinancing 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 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. Peak amounts from open foreign currency positions that do not net one another out are recognized in accordance with the general accounting policies.

Liquidity risk

Risk measurement

Short-term liquidity risks are measured and controlled on the basis of liquidity development summaries, made available daily, with a forward horizon of the next 30 days (with an eye to the risk of inability to meet payments). In addition to deterministic cash inflows and outflows, the method also applies assumptions on the further development of variable business. Assessments of future liquidity cash flow are performed using both normal market conditions and stress scenarios. The content of the scenarios is essentially the same as that for the medium and long-term views. Medium and long-term liquidity risks are measured and controlled on the basis of monthly assessments that analyze future liquidity cash flow with a forward horizon of the next ten years. The liquidity cash flow here is the net figure for all future incoming and outgoing payments up to the given date. The analysis takes account of business performance both under normal market conditions and under stress scenarios.

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 ability to meet payments, especially by maintaining an adequate liquidity reserve.

In assessing liquidity cost risk, funding matrices over the next ten years from the liquidity-risk stress scenarios are analyzed. If liquidity falls short of liquidity risk limits during this period in a given scenario, the shortfall between the actual liquidity and the required liquidity is remedied by means of liquid refinancing transactions 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 refinancing, 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 with access to all the major capital market segments: KEV (loan submitter) procedure, Pfandbrief bond issues, customer deposits and asset-backed securities. There are no concentrations, and no dependencies on specific markets or counterparties. Market liquidity risk has been significantly reduced by the Bank's admission to the Bundesbank's loan tender procedure in 2015, and to the anonymous, secured Eurex Repo GC Pooling Market.

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. Treasury 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 borrower's note loans. In addition, the initial issue of Pfandbrief bonds was carried out at the beginning of 2019.

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

	2019	2018
Minimum	127 %	106 %
Mean	146 %	138 %
Maximum	183 %	172 %

The minimum value of 100 percent for the LCR was maintained throughout the year. On average, the key figure was 45.8 percentage points higher than the minimum requirement of 100 percent. As of December 31, 2019, the figure after the merger with WBP was 159 percent.

Liquidity cash flows at December 31, 2019

The chart below shows the liquidity cash flows 17 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.

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. These determined quantitative values are also used as input parameters for the risk capital model.

In the first eight months of 2019, the conservative result from the standard method for measuring operational risks flowed into the risk-bearing capacity calculation, as the effects for the merged institutions (OLB, BKB and BHN) had not yet been taken into account in the scenario analyses. Since September 2019, risk capital has been calculated on the basis of an internal value at risk, with a confidence level of 99.9 percent and a holding period of one year.

As part of the OR stress test, based on expert estimates an assessment is made of the effects of a hypothetical failure of key controls in relation to the Bank's payment transaction process and, since the third quarter of 2019, of the effects of a severe influenza pandemic.

With the aim of being able to identify negative changes in the operational risk profile at an early stage, risk indicators are implemented and monitored within the scope of the Bank's business processes.

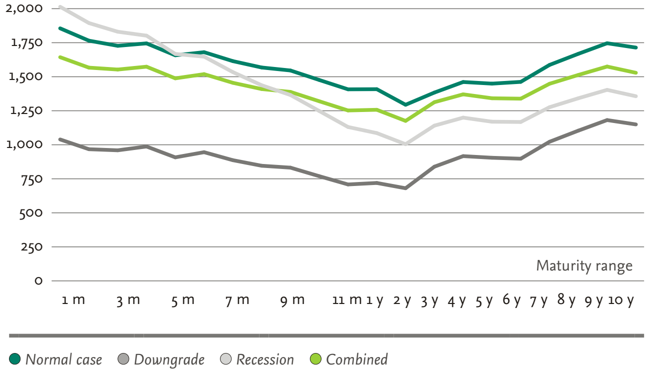
Risk management

Management of operational risks is essentially based on the scenario analyses, on analyses of losses actually incurred, and on the risk indicators for operational risks. Depending on the importance of the recognized risk fields, it may be necessary to take steps to limit risks, taking cost–benefit considerations into account. Such steps include optimizing processes and keeping employees adequately informed (incl. through continuing training and by using up-to-date communication methods), as well as taking out insurance against major losses (e.g., a fire at the Bank's headquarters) and establishing an appropriate backup system for computer data.

Risk situation

As part of the annual risk assessment, risk scenarios specific to the Bank are developed by the Risk Controlling department. The relevant scenarios are discussed at risk workshops with

LIQUIDITY CASH FLOWS 10 YEARS EUR m 17 | PAGE 59



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

experts from the specialized departments, who assess them for the potential level and frequency of losses. The value at risk for the operational risk is then determined using a Monte Carlo simulation. If changes occur under scenarios during the year, the corresponding scenarios are reassessed.

In August 2019, there was an increased volume of fraudulent transaction requests, which were initiated by organized cybercriminals from Brazil. Certain debit Mastercards of the Bank were misused. In this context, fraudulent revenues amounted to approximately EUR 1.7 million. The Bank immediately reimbursed the affected customers in full. OLB is in turn fully reimbursed for this damage by its card processor. At the same time, the Bank has initiated further measures to monitor fraud management and is continuously refining its mechanisms to guard against cybercrime in collaboration with its service providers.

In line with internal risk processes, in response to this loss event the specific risk scenario was reassessed and the VaR was recalculated during the year.

From January 2019 to August 2019, the risk exposure amount calculated according to the standard approach was EUR 57.5 million (addition of the individual amounts recognized for the merged institutions OLB, BKB, and BHN). Since September 2019, the risk exposure amount for the operational risk has been calculated on the basis of an internal model (VAR 99.9 percent/1 year). From September 2019 to November 2019, the VaR amounted to EUR 23.5 million. As of December 2019, this amount is EUR 25.7 million.

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
Failure of business-critical IT	Information Technology
Advisor liability	Product Management
Change in legislation or case law	Legal
Loss of building due to fire	Organization
Payment traffic fraud by outsiders	Compliance

Oldenburg, March 5, 2020
OLB AG

The Board of Managing Directors

Dr. Wolfgang Klein
Chairman

Karin Katerbau

Hilger Koenig

Report of the Supervisory Board

The Supervisory Board continuously monitored the management of the Bank during the year, advised the Board of Managing Directors on running the institution, and participated directly in decisions of fundamental importance. The Supervisory Board's activities and areas of responsibility are defined in the respective rules of procedure of the Supervisory Board and of the Board of Managing Directors.

MATTERS ADDRESSED BY THE FULL BOARD

The full Supervisory Board met six times in person in 2019, and held four additional meetings by conference call. Two meetings were held in March, followed by one each in May, June, July, August and September, two in October, and one in 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 Supervisory Board obtained reports on the Bank's business performance and the current risk situation, and discussed the development of business in detail with the Board of Managing Directors. The Supervisory Board also obtained an accounting of deviations of actual business developments from planned targets, together with an explanation of the reasons. 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 dealt repeatedly with matters of business strategy. It gave particular attention to the Bank's strategic focus, as revised and refined by the Board of Managing Directors. In this connection, the Supervisory Board considered the Board of Managing Directors' business plans for 2020, and its medium-term plans for 2021 and 2022. Prior to the successful merger of Wüstenrot Bank AG Pfandbriefbank (WBP) with OLB, the Supervisory Board regularly obtained reports from the Board of Managing Directors on the current status of activities covering the legal and technical migration of the merged bank.

The Supervisory Board dealt on multiple occasions with matters concerning the Board of Managing Directors and compensation. In particular, the Supervisory Board satisfied itself that the compensation system for the Board of Managing Directors complies with the relevant requirements of law. It assured itself that this system is well focused on OLB's objectives in terms of both business strategy and risk strategy, and that it offers no incentives to take unreasonable risks. The Supervisory Board also took part in determining the Bank's risk takers pursuant to the German Remuneration Regulation for Institutions.

WORK IN THE COMMITTEES OF THE SUPERVISORY BOARD

The Supervisory Board has formed a number of committees to enhance its efficiency in performing its duties. These are the Credit Committee, the 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 the groundwork for the full Supervisory Board's activities. Where permitted by law, the Board has also delegated decision-making authority on numerous topics to the committees. The committee chairs regularly informed the Supervisory Board of the committees' work.

The *General and Compensation Supervision Committee* held a total of five meetings in the 2019 reporting year, two of them by telephone. The meetings primarily consisted of preliminary discussions of matters to be decided by the full Supervisory Board concerning critical issues relating to the Board of Managing Directors and compensation. Decision recommendations were provided in this respect Effective January 1, 2020, the committee approved the appointment of Chris Eggert, Peter Karst and Adrian Reibert as general managers (Generalbevollmächtigte) of the Bank.

The *Audit Committee* met twice in fiscal year 2019. 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 independent auditors. It also examined the report on relations with affiliated companies and the associated auditors' report. The Audit Committee found no cause for objection in either the documentation for the financial statements or the report on relations with affiliated entities. Likewise, no objections were occasioned by the auditors' reports delivered during the year on the audits of the securities service business of OLB, including the former Bremer Kreditbank AG (BKB) and the former Bankhaus Neelmeyer (BHN).

The *Risk Committee* held a total of four meetings in person during the past fiscal year, at which it dealt in detail with the Bank's current risk situation. The quarterly risk reports addressed such matters as risk-bearing capacity and credit, market-price, liquidity and operational risks.

During the past year, the *Credit Committee* deliberated 38 times by way of conference calls and two meetings in person. This concerned decisions on individual credit exposures as well as fundamental aspects of lending business.

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

There were no grounds to convene the *Mediation Committee* formed under Sec. 31 (3) of the German Co-Determination Act (Mitbestimmungsgesetz – MitbestG) in the past year.

AUDIT OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements of Oldenburgische Landesbank AG for the period ended December 31, 2019, 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 documentation for the annual financial statements for fiscal year 2019 and the related auditor's reports from Deloitte were forwarded to all members of the Supervisory Board in good time. These documents were discussed in detail at the Audit Committee's meetings on December 2, 2019, and March 26, 2020, and at the meeting of the full Supervisory Board on March 26, 2020. The independent 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 its own 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 in 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 in the Board of Managing Directors' proposed appropriation of profits.

The Bank prepared a separate nonfinancial report for the year ended December 31, 2019, as required by Sec. 289b of the German Commercial Code. The Supervisory Board reviewed this report; its review found no cause for objections.

CHANGES TO THE SUPERVISORY BOARD AND BOARD OF MANAGING DIRECTORS

As of September 30, 2019, Dr. Ernst Thomas Emde resigned from his position as a member and Chairman of the Supervisory Board of Oldenburgische Landesbank AG on the most amicable terms. On the same date, the Shareholders' Meeting appointed the former CEO, Axel Bartsch, as a new member of the Supervisory Board. At the constituting meeting of the Supervisory Board held on October 1, 2019, Mr. Bartsch was elected Chairman of the Supervisory Board.

In this connection, with the consent of the Supervisory Board Axel Bartsch resigned from his position as a member of the Board of Managing Directors and his role as CEO of Oldenburgische Landesbank AG. The Supervisory Board appointed Dr. Wolfgang Klein as the new CEO. Dr. Klein has served as a member and as Deputy Chairman of the Board of Managing Directors since September 2018.

The member of the Board of Managing Directors Jens Rammenzweig left Oldenburgische Landesbank AG by mutual agreement on February 29, 2020. His areas of responsibility were transferred to Dr. Wolfgang Klein and Karin Katerbau.

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

Oldenburg, March 26, 2020

For the Supervisory Board

Axel Bartsch
Chairman

Balance Sheet of OLB AG as at December 31, 2019

Assets EUR	12/31/2019	12/31/2018
1. Cash reserve	**1,230,920,028.95**	**1,518,067,252.84**
a) Cash on hand	476,621,325.80	528,595,341.15
b) Balances with central banks	754,298,703.15	989,471,911.69
thereof: with the Deutsche Bundesbank	754,298,703.15	989,471,911.69
c) Credits with postal checking offices	—	—
2. Debt instruments from public entities and notes approved for refinancing with central banks	—	—
3. Receivables from banks	**552,624,235.90**	**267,118,566.03**
a) Demand deposits	540,672,540.06	165,304,384.76
b) Other receivables	11,951,695.84	101,814,181.27
4. Receivables from customers	**15,141,875,364.33**	**13,959,904,303.61**
a) thereof: Secured with land liens	6,885,230,238.19	6,288,784,569.48
thereof: Public-sector loans	52,343,388.69	58,316,281.95
5. Bonds and other fixed-income securities	**2,458,744,292.30**	**2,922,887,277.56**
a) Money market papers	—	—
b) Other bonds	2,358,858,280.30	2,922,887,277.56
ba) from public issuers	1,116,456,840.98	1,444,648,769.67
thereof: Acceptable as collateral by the Deutsche Bundesbank	1,116,456,840.98	1,444,648,769.67
bb) from other issuers	1,242,401,439.32	1,478,238,507.89
thereof: Acceptable as collateral by the Deutsche Bundesbank	1,192,401,439.32	1,478,238,507.89
c) Own debt instruments	99,886,012.00	—
Nominal amount	100,000,000.00	—
6. Stocks and other non-fixed-income securities	**845,657.50**	**186,997,974.30**
6a. Trading portfolio	**1,807,129.33**	**920,879.82**
7. Long-term equity investments	**620,428.96**	**620,431.96**
thereof: in banking institutions	402,174.00	402,174.00
thereof: in financial services institutions	—	—
8. Shares in affiliated companies	**103,129.19**	**103,129.19**
thereof: in banking institutions	—	—
thereof: in financial services institutions	—	—
9. Trust assets	**1,252,020.54**	**976,975.53**
thereof: Fiduciary loans	399,537.78	484,749.95
10. Compensation receivables from government entities, incl. debt instruments from the exchange of those receivables	—	—
11. Intangible fixed assets	**8,252,415.48**	**9,293,649.49**
a) Internally generated industrial rights and similar rights and assets	669,234.37	777,119.37
b) Purchased concessions, industrial and similar rights and assets, and licenses in such rights and assets	7,583,181.11	8,516,530.12
c) Goodwill	—	—
d) Prepayments	—	—
12. Tangible fixed assets	**63,284,235.71**	**69,154,837.74**
13. Capital called but not yet paid	—	—
14. Other assets	**169,428,714.59**	**144,865,844.47**
15. Deferred income	**10,275,680.80**	**11,623,557.92**
16. Deferred tax assets	—	—
17. Excess of plan assets over pension benefit liabilities	**4,312,324.15**	**500,922.25**
18. Deficit not covered by equity	—	—
Total assets	**19,644,345,657.73**	**19,093,035,602.71**

Equity & Liabilities EUR		12/31/2019	12/31/2018
1.	Liabilities to banks	**4,772,781,647.84**	**5,583,930,695.65**
	a) Demand deposits	96,051,471.54	78,668,424.10
	b) with agreed maturity or notice period	4,676,730,176.30	5,505,262,271.55
2.	Liabilities to customers	**12,715,174,417.30**	**11,345,866,560.51**
	a) Savings deposits	1,780,164,514.49	1,691,125,777.81
	aa) with agreed withdrawal notice of three months	1,603,705,819.22	1,493,713,963.98
	ab) with agreed withdrawal notice of more than three months	176,458,695.27	197,411,813.83
	b) Other liabilities	10,935,009,902.81	9,654,740,782.70
	ba) Demand deposits	8,551,920,947.34	6,919,770,767.44
	bb) with agreed maturity or notice period	2,383,088,955.47	2,734,970,015.26
3.	Securitized liabilities	**203,165,000.00**	**116,233,000.00**
	a) Bonds issued	203,165,000.00	116,233,000.00
	b) Other securitized liabilities	—	—
3a.	Trading portfolio	—	—
4.	Trust liabilities	**1,252,020.54**	**976,975.53**
	thereof: Fiduciary loans	399,537.78	484,749.95
5.	Other liabilities	**423,133,276.59**	**416,620,281.31**
6.	Deferred income	**14,611,409.14**	**35,033,686.58**
6a.	Deferred tax liabilities	—	—
7.	Provisions	**157,180,333.93**	**300,944,745.04**
	a) Provisions for pensions and similar obligations	35,675,677.48	196,527,010.07
	b) Provisions for taxes	31,537,433.35	11,823,199.60
	c) Other provisions	89,967,223.10	92,594,535.37
9.	Subordinated debt	**228,307,285.26**	**274,480,485.93**
10.	Profit participation rights outstanding	—	—
11.	Fund for general bank risks	**20,094,590.76**	**20,092,261.97**
	thereof: Special item per Sec. 340e (4) HGB	12,293.73	9,964.94
12.	Equity held	**1,108,645,676.37**	**998,856,910.19**
	a) Called capital	90,468,571.80	60,468,571.80
	Subscribed capital	90,468,571.80	60,468,571.80
	less: Outstanding deposits not called	—	—
	b) Capital reserves	517,332,330.40	517,332,330.40
	c) Revenue reserves	391,056,007.99	394,935,695.56
	ca) Legal reserve	171,066.50	171,066.50
	cb) Reserves for shares in a parent or majority investor	—	—
	cc) Reserves provided for by the Articles of Incorporation	—	—
	cd) Other revenue reserves	390,884,941.49	394,764,629.06
	d) Net retained profits / net accumulated losses	109,788,766.18	26,120,312.43
	Contingent capital (balance sheet note)	17,922,018.46	11,978,954.00
	Total equity and liabilities	**19,644,345,657.73**	**19,093,035,602.71**

Off-balance-sheet items EUR		12/31/2019	12/31/2018
1.	Contingent liabilities	**546,532,016.55**	**504,622,335.70**
	a) Contingent liabilities from rediscounted bills of exchange	—	—
	b) Obligations under suretyships and guarantees	546,532,016.55	504,622,335.70
	c) Liability from collateral furnished for third-party liabilities	—	—
2.	Other obligations	**1,925,830,378.69**	**1,782,400,900.87**
	a) Repurchase obligations from non-genuine sale and repurchase agreements	—	—
	b) Placement and underwriting commitments	—	—
	c) Committed credit facilities	1,925,830,378.69	1,782,400,900.87

Income Statement of OLB AG for the period January 1 – December 31, 2019

EUR		2019	2018
1.	Interest income from	**444,125,574.61**	**431,952,023.09**
	a) Credit and money market transactions	415,596,230.53	405,394,807.39
	thereof: Negative interest from credit and money market transactions	–9,194,628.63	–7,298,591.43
	b) Fixed-income securities and book-entry securities	28,529,344.08	26,557,215.70
	thereof: Negative interest from fixed-income securities and book-entry securities	—	—
2.	Interest expenses	**–136,522,052.64**	**–142,156,059.29**
	thereof: Positive interest	11,171,439.61	13,325,987.65
3.	Current income from	**51,746.84**	**111,249.48**
	a) Stocks and other non-fixed-income securities	17,520.06	77,022.70
	b) Long-term equity investments	34,226.78	34,226.78
	c) Shares in affiliated companies	—	—
4.	Income from profit pooling, profit transfer or partial profit transfer agreements	**854,888.04**	**1,111,329.82**
4a.	Result obtained for third-party account from the transferring legal entity	**8,676,038.10**	**2,295,363.33**
5.	Commission income	**125,051,851.24**	**100,219,648.20**
6.	Commission expense	**–21,486,716.92**	**–15,868,360.40**
7.	Net operating trading income / expense	**20,959.13**	**–94,170.14**
	thereof: Allocation to (–) or reversal of (+) special item per Sec. 340g HGB	2,328.79	—
8.	Other operating income	**16,655,160.87**	**25,507,534.48**
10.	General administrative expenses	**–296,578,699.67**	**–271,125,911.37**
	a) Personnel expenses	–177,614,567.81	–164,013,854.56
	aa) Wages and salaries	–142,785,295.76	–132,146,317.98
	ab) Social security, pension provisions and other employee benefit costs	–34,829,272.05	–31,867,536.58
	thereof: for pension provisions	–12,879,167.68	–11,259,189.94
	b) Other administrative expenses	–118,964,131.86	–107,112,056.81
11.	Write-downs of intangible and tangible fixed assets	**–14,768,047.82**	**–16,283,742.57**
12.	Other operating expenses	**–11,624,468.44**	**–23,498,765.68**
13.	Write-downs of receivables and certain securities and allocations to provisions in the credit business	**—**	**–10,920,794.62**
	thereof: Appropriated to the fund for general bank risks per Sec. 340g HGB	—	—
	thereof: Reversal from the fund for general bank risks per Sec. 340g HGB	—	4,700,000.00
14.	Income from additions to receivables and certain securities and from the reversal of provisions in the credit business	**14,295,315.07**	**—**
15.	Write-downs of long-term equity investments, shares in affiliated companies and securities treated as long-term financial assets	**—**	**–124,922.46**
16.	Income from additions to long-term equity investments, shares in affiliated companies and securities treated as long-term financial assets	**20,249,339.34**	**—**
17.	Expenses for assumption of losses	**–10,311.92**	**–4,565.58**
19.	**Result from ordinary activities**	**148,990,575.83**	**81,119,856.29**
20.	Extraordinary income	199,503,554.91	3,596,993.17
21.	Extraordinary expenses	–197,520,911.44	–42,071,997.72
22.	Extraordinary result	1,982,643.47	–38,475,004.55
23.	Taxes on income	–40,139,998.50	–18,117,083.09
24.	Other taxes not included under Item 12	–1,044,454.62	–3,950,883.97
25.	Income from assumption of losses	—	—
26.	Profits transferred under profit pooling or a profit transfer or partial profit transfer agreement	—	—
27.	**Net income / net loss for the fiscal year**	**109,788,766.18**	**20,576,884.68**
28.	Retained profits / accumulated losses brought forward	—	5,543,427.75
29.	Withdrawals from capital reserves	—	—
30.	Withdrawals from revenue reserves	—	—
	a) From legal reserve	—	—
	b) From reserves for shares in a parent or majority investor	—	—
	c) from reserves provided for by the Articles of Incorporation	—	—
	d) From other revenue reserves	—	—
31.	Withdrawals from profit participation capital	—	—
32.	Allocations to revenue reserves	—	—
	a) To the legal reserve	—	—
	b) To reserves for shares in a parent or majority investor	—	—
	c) To reserves provided for by the Articles of Incorporation	—	—
	d) To other revenue reserves	—	—
33.	Replenishment of profit participation capital	—	—
34.	**Net retained profits / net accumulated losses**	**109,788,766.18**	**26,120,312.43**

Statement of Changes in Equity of OLB AG for the period January 1 – December 31, 2019

EUR	12/31/2018	Net income for the fiscal year	Change in special item per Sec. 340e (4) HGB	Dividend distribution	Allocations to (+)/ withdrawals from (–) reserves	12/31/2019
Fund for general bank risks	**20,092,261.97**	**—**	**2,328.79**	**—**	**—**	**20,094,590.76**
Subscribed capital	60,468,571.80	—	—	—	30,000,000.00	90,468,571.80
Capital reserves	517,332,330.40	—	—	—	—	517,332,330.40
Legal reserve	171,066.50	—	—	—	—	171,066.50
Other revenue reserves	394,764,629.06	—	—	—	–3,879,687.57	390,884,941.49
Net retained profits	26,120,312.43	109,788,766.18	—	—	–26,120,312.43	109,788,766.18
Equity held	**998,856,910.19**	**109,788,766.18**	**—**	**—**	**—**	**1,108,645,676.37**
Total	**1,018,949,172.16**	**109,788,766.18**	**2,328.79**	**—**	**—**	**1,128,740,267.13**

Cash Flow Statement of OLB AG for the period January 1 – December 31, 2019

EUR		2019	2018
1.	Profit for the period (net income / net loss for the fiscal year)	109,788,766.18	20,576,884.68
2.	Depreciation (+), amortization (+) and write-downs (+) / reversals (–) of write-downs of receivables and fixed assets	24,188,186.43	27,329,461.65
3.	Increase (+) / decrease (–) in provisions	– 46,052,362.68	– 6,184,176.94
4.	Other noncash expenses (+) / income (–)	63,189,612.13	45,030,605.60
5.	Gain (–) / loss (+) on disposal of fixed assets	– 43,521,219.64	– 4,043,505.31
6.	Other adjustments (net + / –)	– 1,603,960.43	– 12,018,625.86
7.	Increase (–) / decrease (+) in receivables from banks	– 285,951,734.84	– 124,522,944.95
8.	Increase (–) / decrease (+) in receivables from customers	– 1,190,182,741.58	– 3,108,373,875.10
9.	Increase (–) / decrease (+) in securities (other than long-term financial assets)	534,497,728.83	– 495,158,424.02
10.	Increase (–) / decrease (+) in other assets from operating activities	– 26,769,010.11	345,481,739.75
11.	Increase (+) / decrease (–) in liabilities to banks	– 806,454,503.58	1,295,102,273.18
12.	Increase (+) / decrease (–) in liabilities to customers	1,374,065,792.44	2,918,411,762.83
13.	Increase (+) / decrease (–) in securitized liabilities	86,932,000.00	– 385,195,500.00
14.	Increase (–) / decrease (+) in other liabilities from operating activities	– 58,971,605.15	487,986,118.88
15.	Interest expense (+) / interest income (–)	– 317,186,194.95	– 293,313,906.43
16.	Expenses for (+) / income from (–) extraordinary items	– 1,982,643.47	38,475,004.55
17.	Income tax expense (+) / income (–)	40,139,998.50	18,117,083.09
18.	Interest and dividend payments received (+)	429,543,645.18	409,612,956.82
19.	Interest paid (–)	– 120,585,365.12	– 113,679,159.43
20.	Extraordinary cash receipts (+)	9,249,701.11	3,596,993.17
21.	Extraordinary cash payments (–)	– 193,759,553.38	– 3,150,600.07
22.	Income tax paid (+ / –)	– 12,699,990.31	– 22,625,877.21
23.	**Cash flows from operating activities (total of lines 1 to 22)**	**– 434,125,454.44**	**1,041,454,288.88**
24.	Proceeds from disposal of fixed assets (+)	757,868,008.12	90,269,643.87
25.	Payments to acquire fixed assets (–)	– 602,591,821.20	– 469,018,065.10
26.	Proceeds from disposal of tangible fixed assets (+)	24,678.35	4,171,236.61
27.	Payments to acquire tangible fixed assets (–)	– 6,358,673.71	– 12,121,389.62
28.	Proceeds from disposal of intangible fixed assets (+)	—	83,475.52
29.	Payments to acquire intangible fixed assets (–)	– 1,966,289.80	– 3,586,611.19
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)**	**146,975,901.76**	**– 390,201,709.91**
36.	Proceeds from capital contributions by shareholders of the parent entity (+)	—	309,025,643.63
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 (–)	—	– 270,858.00
44.	Change in cash funds from other capital (net + / –)	2,328.79	– 4,700,000.00
45.	**Cash flows from financing activities (total of lines 36 to 44)**	**2,328.79**	**304,054,785.63**
46.	**Net change in cash funds (total of lines 23, 35, 45)**	**– 287,147,223.89**	**955,307,364.60**
47.	Effect on cash funds of exchange rate movements and remeasurements (+ / –)	—	—
48.	Effect on cash funds of changes in the basis of consolidation (+ / –)	—	—
49.	**Cash funds at beginning of period (+)**	**1,518,067,252.84**	**562,759,888.24**
50.	**Cash funds at end of period (total of lines 46 to 49)**	**1,230,920,028.95**	**1,518,067,252.84**

Notes to the Annual Financial Statements of OLB AG for Fiscal Year 2019

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). The former Wüstenrot Bank AG Pfandbrief Bank (WBP) was registered in the commercial register at Stuttgart District Court (HRB 204567) until the merger on November 29, 2019.

OLB drew up its annual financial statements according to the rules of the German Commercial Code (Handelsgesetzbuch – HGB) in conjunction with the German Accounting Regulation for Banks and Financial Services Providers (Kreditinstituts-Rechnungslegungsverordnung – RechKredV) and in observance of the regulations of the German Stock Corporation Act (Aktiengesetz – AktG). The structure of the balance sheet and the income statement is based on RechKredV.

Merger of OLB with Wüstenrot Bank AG Pfandbriefbank (WBP)

Through the entry in the commercial register on November 29, 2019, OLB is considered to be the acquiring legal entity in accordance with

- the merger agreement of November 6, 2019
- and the approving resolutions of its Shareholders' Meeting of November 6, 2019
- and the Shareholders' Meeting of the transferring legal entity of November 6, 2019

following the Company's merger with WBP. The merger (to form a "NewCo") occurred as an "upstream merger" according to commercial law, with retroactive effect as of July 1, 2019.

As of the time of the merger taking effect, all rights and obligations of WBP existing on the respective date have been transferred to OLB by means of universal succession. The former WBP has thus ceased to exist.

This merger has been accounted for in accordance with commercial law in observance of the rules of the IDW position statement on accounting: effects of a merger on the annual financial statements under commercial law (IDW RS HFA 42). For further information, please see the section "Disclosures on accounting for the intra-year merger under commercial law" in these Notes.

Outsourcing of some pension liabilities to a pension fund

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 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. OLB will remain secondarily liable for the transferred liabilities in accordance with Sec. 1 (1) Sentence 3 of the German Company Pensions Act (BetrAVG). At the changeover of the form of pension provision in the year under review, the pension fund was 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.

Acquisition and integration of the EAA sub-portfolio

Transfer of the credit portfolio of Erste Abwicklungsanstalt, Düsseldorf (hereinafter EAA) to OLB within the scope of the outsourcing of the credit portfolio to Achte EAA Portfolio GmbH & Co. KG (hereinafter "KG"):

OLB joined the limited partnership as a limited partner by way of singular succession and prior to EAA's withdrawal from KG.

Transfer of some of the assets of EAA to KG, subject to the continued existence of EAA:

KG, entered in the commercial register of Düsseldorf District Court, HRA 25419, has in accordance with

- the outsourcing and takeover agreement of May 22, 2019,
- the approving resolutions of its general meeting of May 22, 2019,
- the approving resolution of EEA's owners' meeting of May 29, 2019,
- the approving declarations of the Federal Agency for Financial Market Stabilization of June 5, 2019,
- the declarations of consent provided by the Financial Market Stabilization Fund of June 5, 2019,
- the general meeting of the transferring legal entity (EAA) of May 22, 2019,

acquired some of the assets of EAA as a whole, within the scope of a transformation by way of outsourcing. This outsourcing took effect with the entry on the register page for the transferring legal entity (EAA) on August 15, 2019.

Withdrawal of EAA and integration in OLB:
Following registration of the outsourcing, OLB assumed EAA's limited partnership shares in KG by way of singular succession and has been entered as a limited partner of KG in the commercial register for KG. In a step immediately following this, the general partner of KG withdrew subject to the agreement of the shareholders. The assets and liabilities of KG have thus been integrated into OLB as the only remaining limited partner. The company was dissolved and no longer exists.

EXPLANATORY NOTES ON ACCOUNTING POLICIES

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

Cash reserves are recognized at their nominal value; holdings in foreign currency are measured using the European Central Bank's reference exchange rates applicable at year's end.

Receivables are generally recognized at their nominal value, applying the relevant write-downs where needed. Any difference between the amount paid and the nominal value – if it has the nature of interest – is allocated to prepaid expenses or deferred income, as the case may be, and reversed pro rata temporis in profit or loss. Non-interest-bearing receivables are recognized at their present value.

The total figure for *risk provisions* is composed of the risk provision for receivables, which is deducted from assets, and the risk provision for contingent liabilities, which is recognized among the liabilities, under provisions. Acute default risks in the credit business are allowed for by recognizing write-downs and provisions. The risk provision is determined using a discounted cash flow model. In determining it, OLB distinguishes between the standardized loan business, in which risk is distributed almost uniformly (homogeneous portfolio), the customized loan business, which has an individualized risk exposure, 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.

There is also a *fund for general bank risks* in accordance with Sec. 340g HGB.

Written-down loans are measured individually no later than the expiration of defined maturities, and are covered by a specific loan loss provision (SLLP). The length of the maturities depends in particular on the collateral and the Bank's experience. This does not affect the validity or prosecution of the Bank's legal claims.

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 among provisions.

As soon as a receivable becomes uncollectible, it is derecognized by taking a charge against any associated specific loan loss provision that has been established, or else by taking a charge directly against the income statement. A receivable is derecognized if it has been terminated and is uncollectible, and

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

Amounts received for written-off receivables are recognized in profit or loss under the item for "Write-downs of receivables and certain securities and allocations to provisions in the credit business."

The income statement *exercises the option under Sec. 340f (3) HGB,* and the net figure from expenses and income is recognized in the item for "Write-downs of receivables and certain securities and allocations to provisions in the credit business" or "Income from additions to receivables and certain securities and from the reversal of provisions in the credit business."

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

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

Positive interest for deposits received from the banking business is recognized 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 and / or income are reported in net 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.

Most of the securities held in the Bank’s own portfolio are maintained in the *liquidity portfolio*. This securities portfolio is measured by the strict lower of cost or market principle, at either its amortized cost or the lower market price or fair value, allowing for the requirement to reinstate original values. For balance sheet accounting purposes, a surcharge or discount is interpreted as an interest prepayment. Since interest is realized with the temporary transfer of use of capital, the surcharge 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 *portfolio of long-term investments* contained marketable bonds and other fixed-income securities for an amount of EUR 554.8 million (incl. accrued interest). These holdings of bonds and other fixed-income securities that are to be held for the long term are recognized using the moderate lower of cost or market principle. That means that the securities concerned are measured at amortized cost according to the “amortized cost valuation” (see above) less any presumed lasting impairment. At the reporting date, fixed assets thus included four securities whose fair value was lower than their carrying amount.

Procedures have been established to ensure that lasting impairments of value induced by credit ratings can be distinguished from temporary changes in trading price induced by interest rates.

The Bank legally assigned customer receivables with a nominal volume of EUR 400.0 million to the special purpose vehicle Weser Funding S.A. These receivables were securitized by Weser Funding S.A. in a senior tranche of EUR 310.0 million (ISIN XS1609257875) and a subordinated, non-marketable junior tranche of EUR 90.0 million (ABS notes) and were acquired by the former BKB in the context of an asset-backed security (ABS) transaction (so-called “on-balance legal true sale transaction”). 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 originator BKB. Since the economic ownership of the securitized receivables is with OLB (as the legal successor of the originator BKB), OLB continues to carry them on the balance sheet. The acquired ABS notes are valued at cost and recognized as fixed assets in the balance sheet items “Bonds and other fixed-income securities” (senior tranche) and “Other assets” (junior tranche). They will remain in OLB’s portfolio until the final maturity or until repaid. In the equivalent amount of EUR 400.0 million, liabilities from the securitization transaction are recognized as owed to Weser Funding S.A. under “Other liabilities.” To determine the fair value of the junior tranche, the projected cash flows were discounted. Taking into account negative discount yields, an interest-induced cash value over the nominal value resulted. This is offset by potential model default risks for securitized loans (based on very good credit ratings) amounting to EUR 1.2 million, which were recognized in the income statement as a lump-sum adjustment within the scope of the risk provision assessment.

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 fixed 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 (weighted).

The Bank examined whether *outstanding interest claims and interest obligations in the non-trading portfolio as a whole*, including derivatives, yield a surplus of liabilities that would have to be taken into account by forming a provision under Sec. 340a in conjunction with Sec. 249 (1) Sentence 1 HGB, in compliance with opinion IDW RS BFA 3 (new version) of October 16, 2017 from the Institute of Public Auditors in Germany, and applying the net present value approach. Equity as a refinancing 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 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.

For the *fair valuation* 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 bonds 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.

Long-term equity investments and investments in associates are measured at cost. They are written down to a lower fair value in the event of a presumably lasting impairment.

Items among *tangible* and *intangible fixed assets* that have a limited useful life are depreciated or amortized, as the case may be, 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 gathered in a summary item as provided in 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. Unscheduled write-downs are applied in the event of a lasting impairment.

Recoveries of value are recognized up to the original cost if the reasons for an impairment no longer apply.

Liabilities are measured at their performance amount. Discounts are recognized in prepaid expenses and written down in the income statement on a prorated basis. Prorated interest expenses for subordinated bonds are recognized among subordinate liabilities.

Provisions are recognized at the necessary fulfilment 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 that corresponds 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 from changes in the discount rate and time 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 spread over 15 years. In fiscal year 2019, 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 9.9 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 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 has resulted in shortfalls of EUR 11.9 million on the reporting date, for which no provision was recognized in accordance with Art. 28 (1) Sentence 2 EGHGB.

In 2018, the transition was made to the "Heubeck Mortality Tables 2018 G." According to Sec. 6a (4) Sentence 2 EStG, the difference based on 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 credit commitments and contingent liabilities are recognized in profit or loss by allocations to and reversals of provisions.

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

DISCLOSURES ON ACCOUNTING FOR THE INTRA-YEAR MERGER WITH WBP UNDER COMMERCIAL LAW

The merger of WBP with OLB (to form a NewCo) occurred as an upstream merger according to commercial law, with retroactive effect as of July 1, 2019.

This merger has been accounted for in accordance with commercial law in observance of the rules of the IDW position statement on accounting: effects of a merger on the annual financial statements under commercial law (IDW RS HFA 42).

The asset transfer as a result of a merger represented an acquisition from the viewpoint of OLB, as the acquiring party. The acquisition was recognized as a carrying amount carryover, exercising the option under Sec. 24 UmwG. For this purpose, the carrying amounts from the final balance sheet of the transferring WBP were recognized at cost.

The assets and debts were transferred to OLB through transactions on a current account basis. On the other hand, OLB did not assume assets and debts which ceased to exist as of the merger. This related to the receivables and liabilities between the companies involved, which expired due to the merger. From OLB's perspective, positive net assets were transferred as of the merger with WBP, since WBP's book equity exceeded the eliminated investment carrying amount of WBP. In the case of this upstream merger, the difference between the carrying amount of the eliminated shares and the carrying amount of the net assets taken over resulted in a positive difference, which was recognized in the income statement in an amount of EUR 9,249,701.11.

The transactions of WBP conducted for account of OLB as the acquiring legal entity since the merger date of July 1, 2019 were recognized by posting a net balance at OLB designated "Result obtained for third-party account from the transferring legal entity."

COMPARABILITY TO THE PRIOR YEAR FROM A MERGER IN THE COURSE OF THE YEAR

In order to enable financial comparability for the balance sheet in the prepared financial statements with the prior year, corresponding pro-forma values for the prior year were developed that are depicted here.

For the balance sheet, the aggregate balance sheet of the two individual companies (OLB and WBP), less consolidation items, represents a meaningful benchmark.

ASSETS

EUR		OLB	WBP	Consolidation	NewCo
		12/31/2018			
1.	**Cash reserve**	**1,518,067,252.84**	**201,359,507.43**	**—**	**1,719,426,760.27**
	a) Cash on hand	528,595,341.15	—	—	528,595,341.15
	b) Balances with central banks	989,471,911.69	201,359,507.43	—	1,190,831,419.12
	thereof: with the Deutsche Bundesbank	989,471,911.69	201,359,507.43	—	1,190,831,419.12
	c) Credits with postal checking offices	—	—	—	—
2.	**Debt instruments from public entities and notes approved for refinancing with central banks**	**—**	**—**	**—**	**—**
	a) Treasury notes, non-interest-bearing treasury warrants and similar debt instruments from public entities	—	—	—	—
	b) Bills	—	—	—	—
3.	**Receivables from banks**	**267,118,566.03**	**108,613,460.64**	**–45,794,587.49**	**329,937,439.18**
	a) Demand deposits	165,304,384.76	8,206,214.73	–39,981,366.67	133,529,232.82
	b) Other receivables	101,814,181.27	100,407,245.91	–5,813,220.82	196,408,206.36
4.	**Receivables from customers**	**13,959,904,303.61**	**70,046,007.19**	**—**	**14,029,950,310.80**
	a) thereof: Secured with land liens	6,288,784,569.48	—	—	6,288,784,569.48
	thereof: Public-sector loans	58,316,281.95	40,555,403.42	—	98,871,685.37
5.	**Bonds and other fixed-income securities**	**2,922,887,277.56**	**776,997,131.80**	**—**	**3,699,884,409.36**
	a) Money market paper	—	—	—	—
	b) Other bonds	2,922,887,277.56	776,997,131.80	—	3,699,884,409.36
	ba) From public issuers	1,444,648,769.67	430,272,792.46	—	1,874,921,562.13
	thereof: Acceptable as collateral by the Deutsche Bundesbank	1,444,648,769.67	430,272,792.46	—	1,874,921,562.13
	bb) From other issuers	1,478,238,507.89	346,724,339.34	—	1,824,962,847.23
	thereof: Acceptable as collateral by the Deutsche Bundesbank	1,478,238,507.89	296,917,926.29	—	1,775,156,434.18
	c) Own debt instruments	—	—	—	—
	Nominal amount	—	—	—	—
6.	**Stocks and other non-fixed-income securities**	**186,997,974.30**	**—**	**845,656.50**	**187,843,630.80**
6a.	**Trading portfolio**	**920,879.82**	**—**	**—**	**920,879.82**
7.	**Long-term equity investments**	**620,431.96**	**845,656.50**	**–845,656.50**	**620,431.96**
	thereof: in banking institutions	402,174.00	—	—	402,174.00
	thereof: in financial services institutions	—	—	—	—
8.	**Shares in affiliated companies**	**103,129.19**	**—**	**—**	**103,129.19**
	thereof: in banking institutions	—	—	—	—
	thereof: in financial services institutions	—	—	—	—
9.	**Trust assets**	**976,975.53**	**—**	**—**	**976,975.53**
	thereof: Fiduciary loans	484,749.95	—	—	484,749.95
10.	**Compensation receivables from government entities, incl. debt instruments from the exchange of those receivables**	—	—	—	—
11.	**Intangible fixed assets**	**9,293,649.49**	**2,215,727.00**	**—**	**11,509,376.49**
	a) Internally generated industrial rights and similar rights and assets	777,119.37	—	—	777,119.37
	b) Purchased concessions, industrial and similar rights and assets, and licenses in such rights and assets	8,516,530.12	2,215,727.00	—	10,732,257.12
	c) Goodwill	—	—	—	—
	d) Prepayments	—	—	—	—
12.	**Tangible fixed assets**	**69,154,837.74**	**320,826.00**	**—**	**69,475,663.74**
13.	**Capital called but not yet paid**	—	—	—	—
14.	**Other assets**	**144,865,844.47**	**16,125,234.29**	**—**	**160,991,078.76**
15.	**Deferred income**	**11,623,557.92**	**5,362,401.14**	**—**	**16,985,959.06**
16.	**Deferred tax assets**	—	—	—	—
17.	**Excess of plan assets over pension benefit liabilities**	**500,922.25**	**56,155.02**	**—**	**557,077.27**
18.	**Deficit not covered by equity**	—	—	—	—
	Total assets	**19,093,035,602.71**	**1,181,942,107.01**	**–45,794,587.49**	**20,229,183,122.23**

EQUITY & LIABILITIES

		12/31/2018			
EUR		OLB	WBP	Consolidation	NewCo
1.	**Liabilities to banks**	**5,583,930,695.65**	**60,377,743.42**	**–39,981,366.67**	**5,604,327,072.40**
	a) Demand deposits	78,668,424.10	56,661,372.73	–39,981,366.67	95,348,430.16
	b) With agreed maturity or notice period	5,505,262,271.55	3,716,370.69	—	5,508,978,642.24
2.	**Liabilities to customers**	**11,345,866,560.51**	**1,027,316,017.45**	**—**	**12,373,182,577.96**
	a) Savings deposits	1,691,125,777.81	—	—	1,691,125,777.81
	aa) With agreed withdrawal notice of three months	1,493,713,963.98	—	—	1,493,713,963.98
	ab) With agreed withdrawal notice of more than three months	197,411,813.83	—	—	197,411,813.83
	b) Other liabilities	9,654,740,782.70	1,027,316,017.45	—	10,682,056,800.15
	ba) Demand deposits	6,919,770,767.44	1,027,316,017.45	—	7,947,086,784.89
	bb) With agreed maturity or notice period	2,734,970,015.26	—	—	2,734,970,015.26
3.	**Securitized liabilities**	**116,233,000.00**	**—**	**—**	**116,233,000.00**
	a) Bonds issued	116,233,000.00	—	—	116,233,000.00
	b) Other securitized liabilities	—	—	—	—
3a.	**Trading portfolio**	**—**	**—**	**—**	**—**
4.	**Trust liabilities**	**976,975.53**	**—**	**—**	**976,975.53**
	thereof: Fiduciary loans	484,749.95	—	—	484,749.95
5.	**Other liabilities**	**416,620,281.31**	**4,988,698.00**	**—**	**421,608,979.31**
6.	**Deferred income**	**35,033,686.58**	**696,307.43**	**—**	**35,729,994.01**
6a.	**Deferred tax liabilities**	**—**	**—**	**—**	**—**
7.	**Provisions**	**300,944,745.04**	**29,855,927.58**	**—**	**330,800,672.62**
	a) Provisions for pensions and similar obligations	196,527,010.07	21,246,886.62	—	217,773,896.69
	b) Provisions for taxes	11,823,199.60	—	—	11,823,199.60
	c) Other provisions	92,594,535.37	8,609,040.96	—	101,203,576.33
9.	**Subordinated debt**	**274,480,485.93**	**5,813,220.82**	**–5,813,220.82**	**274,480,485.93**
10.	**Profit participation rights outstanding**	**—**	**—**	**—**	**—**
11.	**Fund for general bank risks**	**20,092,261.97**	**—**	**—**	**20,092,261.97**
	thereof: Special items per Sec. 340e (4) HGB	9,964.94	—	—	9,964.94
12.	**Equity held**	**998,856,910.19**	**52,894,192.31**	**—**	**1,051,751,102.50**
	a) Called capital	60,468,571.80	37,385,155.00	–37,385,155.00	60,468,571.80
	Subscribed capital	60,468,571.80	37,385,155.00	–37,385,155.00	60,468,571.80
	less outstanding deposits not called	—	—	—	—
	b) Capital reserves	517,332,330.40	15,451,270.00	–15,451,270.00	517,332,330.40
	c) Revenue reserves	394,935,695.56	—	—	394,935,695.56
	ca) Legal reserve	171,066.50	—	—	171,066.50
	cb) Reserves for shares in a parent or majority investor	—	—	—	—
	cc) Reserves provided for by the Articles of Incorporation	—	—	—	—
	cd) Other revenue reserves	394,764,629.06	—	—	394,764,629.06
	d) Net retained profits / net accumulated losses	26,120,312.43	57,767.31	52,836,425.00	79,014,504.74
	Contingent capital (balance sheet note)	11,978,954.00	—	—	11,978,954.00
	Total equity and liabilities	**19,093,035,602.71**	**1,181,942,107.01**	**–45,794,587.49**	**20,229,183,122.23**

OFF-BALANCE-SHEET ITEMS

	12/31/2018			
EUR	OLB	WBP	Consolidation	NewCo
1. Contingent liabilities	**504,622,335.70**	**17,589,358.94**	—	**522,211,694.64**
a) Contingent liabilities from rediscounted bills of exchange	—		—	—
b) Obligations under suretyships and guarantees	504,622,335.70	17,589,358.94	—	522,211,694.64
c) Liability from collateral furnished for third-party liabilities	—		—	—
2. Other obligations	**1,782,400,900.87**	**149,611,269.82**	—	**1,932,012,170.69**
a) Repurchase obligations from non-genuine sale and repurchase agreements	—	—	—	—
b) Placement and underwriting commitments	—	—	—	—
c) Committed credit facilities	1,782,400,900.87	149,611,269.82	—	1,932,012,170.69

For the income statement, it must be borne in mind that in 2019 the net income of WBP for the first half of the year was recognized at OLB in the audited balance sheet profit shown in the closing balance sheet and, for the second half of the year, up to the merger on November 29, 2019, by reporting a balance designated “Result obtained for third-party account from the transferring legal entity” in only one item (Item 4.a).

In the comparison with the adjusted prior-year figures on the balance sheet, the following development emerged:

ASSETS BENCHMARK NEWCO 2019 VS NEWCO 2018

EUR		12/31/2019	12/31/2018
1.	**Cash reserve**	**1,230,920,028.95**	**1,719,426,760.27**
	a) Cash on hand	476,621,325.80	528,595,341.15
	b) Balances with central banks	754,298,703.15	1,190,831,419.12
	thereof: with the Deutsche Bundesbank	754,298,703.15	1,190,831,419.12
	c) Credits with postal checking offices	—	—
2.	Debt instruments from public entities and notes approved for refinancing with central banks	—	—
3.	Receivables from banks	**552,624,235.90**	**329,937,439.18**
	a) Demand deposits	540,672,540.06	133,529,232.82
	b) Other receivables	11,951,695.84	196,408,206.36
4.	Receivables from customers	**15,141,875,364.33**	**14,029,950,310.80**
	a) thereof: Secured with land liens	6,885,230,238.19	6,288,784,569.48
	thereof: Public-sector loans	52,343,388.69	98,871,685.37
5.	Bonds and other fixed-income securities	**2,458,744,292.30**	**3,699,884,409.36**
	a) Money market paper	—	—
	b) Other bonds	2,358,858,280.30	3,699,884,409.36
	ba) From public issuers	1,116,456,840.98	1,874,921,562.13
	thereof: Acceptable as collateral by the Deutsche Bundesbank	1,116,456,840.98	1,874,921,562.13
	bb) From other issuers	1,242,401,439.32	1,824,962,847.23
	thereof: Acceptable as collateral by the Deutsche Bundesbank	1,192,401,439.32	1,775,156,434.18
	c) Own debt instruments	99,886,012.00	—
	Nominal amount	100,000,000.00	—
6.	Stocks and other non-fixed-income securities	**845,657.50**	**187,843,630.80**
6a.	Trading portfolio	**1,807,129.33**	**920,879.82**
7.	Long-term equity investments	**620,428.96**	**620,431.96**
	thereof: in banking institutions	402,174.00	402,174.00
	thereof: in financial services institutions	—	—
8.	Shares in affiliated companies	**103,129.19**	**103,129.19**
	thereof: in banking institutions	—	—
	thereof: in financial services institutions	—	—
9.	Trust assets	**1,252,020.54**	**976,975.53**
	thereof: Fiduciary loans	399,537.78	484,749.95
10.	Compensation receivables from government entities, incl. debt instruments from the exchange of those receivables	—	—
11.	Intangible fixed assets	**8,252,415.48**	**11,509,376.49**
	a) Internally generated industrial rights and similar rights and assets	669,234.37	777,119.37
	b) Purchased concessions, industrial and similar rights and assets, and licenses in such rights and assets	7,583,181.11	10,732,257.12
	c) Goodwill	—	—
	d) Prepayments	—	—
12.	Tangible fixed assets	**63,284,235.71**	**69,475,663.74**
13.	Capital called but not yet paid	—	—
14.	Other assets	**169,428,714.59**	**160,991,078.76**
15.	Deferred income	**10,275,680.80**	**16,985,959.06**
16.	Deferred tax assets	—	—
17.	Excess of plan assets over pension benefit liabilities	**4,312,324.15**	**557,077.27**
18.	Deficit not covered by equity	—	—
	Total assets	**19,644,345,657.73**	**20,229,183,122.23**

EQUITY & LIABILITIES BENCHMARK NEWCO 2019 VS NEWCO 2018

EUR		12/31/2019	12/31/2018
1.	**Liabilities to banks**	**4,772,781,647.84**	**5,604,327,072.40**
	a) Demand deposits	96,051,471.54	95,348,430.16
	b) With agreed maturity or notice period	4,676,730,176.30	5,508,978,642.24
2.	**Liabilities to customers**	**12,715,174,417.30**	**12,373,182,577.96**
	a) Savings deposits	1,780,164,514.49	1,691,125,777.81
	aa) With agreed withdrawal notice of three months	1,603,705,819.22	1,493,713,963.98
	ab) With agreed withdrawal notice of more than three months	176,458,695.27	197,411,813.83
	b) Other liabilities	10,935,009,902.81	10,682,056,800.15
	ba) Demand deposits	8,551,920,947.34	7,947,086,784.89
	bb) With agreed maturity or notice period	2,383,088,955.47	2,734,970,015.26
3.	**Securitized liabilities**	**203,165,000.00**	**116,233,000.00**
	a) Bonds issued	203,165,000.00	116,233,000.00
	b) Other securitized liabilities	—	—
3a.	Trading portfolio	—	—
4.	**Trust liabilities**	**1,252,020.54**	**976,975.53**
	thereof: Fiduciary loans	416,472.31	484,749.95
5.	**Other liabilities**	**423,133,276.59**	**421,608,979.31**
6.	**Deferred income**	**14,611,409.14**	**35,729,994.01**
6a.	Deferred tax liabilities	—	—
7.	**Provisions**	**157,180,333.93**	**330,800,672.62**
	a) Provisions for pensions and similar obligations	35,675,677.48	217,773,896.69
	b) Provisions for taxes	31,537,433.35	20,432,240.56
	c) Other provisions	89,967,223.10	92,594,535.37
9.	**Subordinated debt**	**228,307,285.26**	**274,480,485.93**
10.	Profit participation rights outstanding	—	—
11.	**Fund for general bank risks**	**20,094,590.76**	**20,092,261.97**
	thereof: Special items per Sec. 340e (4) HGB	12,293.73	9,964.94
12.	**Equity held**	**1,108,645,676.37**	**1,051,751,102.50**
	a) Called capital	90,468,571.80	97,853,726.80
	Subscribed capital	90,468,571.80	97,853,726.80
	Less outstanding deposits not called	—	—
	b) Capital reserves	517,332,330.40	532,783,600.40
	c) Revenue reserves	391,056,007.99	394,935,695.56
	ca) Legal reserve	171,066.50	171,066.50
	cb) Reserves for shares in a parent or majority investor	—	—
	cc) Reserves provided for by the Articles of Incorporation	—	—
	cd) Other revenue reserves	390,884,941.49	394,764,629.06
	d) Net retained profits / net accumulated losses	109,788,766.18	26,178,079.74
	Contingent capital (balance sheet note)	17,922,018.46	11,978,954.00
	Total equity and liabilities	**19,644,345,657.73**	**20,229,183,122.23**

OFF-BALANCE-SHEET ITEMS BENCHMARK NEWCO 2019 VS NEWCO 2018

EUR	12/31/2019	12/31/2018
1. Contingent liabilities	**546,532,016.55**	**522,211,694.64**
a) Contingent liabilities from rediscounted bills of exchange	—	—
b) Obligations under suretyships and guarantees	546,532,016.55	522,211,694.64
c) Liability from collateral furnished for third-party liabilities	—	—
2. Other obligations	**1,925,163,499.50**	**1,932,012,170.69**
a) Repurchase obligations from non-genuine sale and repurchase agreements	—	—
b) Placement and underwriting commitments	—	—
c) Committed credit facilities	1,925,163,499.50	1,932,012,170.69

In what follows, these aforementioned benchmarks for comparison are not applied, and in the further course of the Notes the respective values of OLB (NewCo) in 2019 are used with the value of OLB (old/without WBP) in 2018.

DISCLOSURES ON ACCOUNTING FOR THE INTRA-YEAR INTEGRATION OF THE EAA SUB-PORTFOLIO UNDER COMMERCIAL LAW

The technical migration of the assets and liabilities to the OLB balance sheet was carried out with continued use of the book values. In August 2019, customer receivables were posted in the amount of EUR 80,819,040.57. In total for 2019, income from this transaction was recognized in the amount of EUR 4,385,846.42 and an additional EUR 2,695,588.14 was posted as deferred income on the balance sheet as of December 31, 2019 in order to be released as scheduled by the end of August 2021, since this deferred income has the nature of interest.

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

(Disclosures pursuant to 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 must be explained that are not defined or specified in the framework reporting concept to be applied. In its presentation of the income statement in the financial statements and for selected parts of the balance sheet, the Bank is obliged to use the forms provided under RechKredV. The presentation of the income statement and other parts of the balance sheet in the management report also uses 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 under RechKredV:

"Net interest income" (per Items 1–2+3+4 under RechKredV) + addendum 4a.

1. Interest income from
   a) Credit and money market transactions
   b) Fixed-income securities and book-entry securities
2. Interest expenses
3. Current interest income from
   a) Stocks and other non-fixed-income securities
   b) Long-term equity investments
   c) Shares in affiliated companies
4. Income from profit pooling, profit transfer or partial profit transfer agreements

4a. Result obtained for third-party account from the transferring legal entity

"Net commission income"
(per Items 5–6 under RechKredV income statement)

5. Commission income
6. Commission expense

"Net operating trading income/expense"
(per Item 7 under RechKredV income statement)

7. Net operating trading income/expense

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

"Personnel expenses" (per Item 10.a under RechKredV income statement)

10. General administrative expenses
    a) Personnel expenses

"Other administrative expenses" (per Item 10.b under RechKredV income statement)

10. General administrative expenses
    b) Other administrative expenses

"Write-downs of intangible and tangible fixed assets" (per Item 11 under RechKredV income statement)
11. Write-downs of intangible and tangible fixed assets

"Operating expenses" (sub-total)
"Personnel expenses" + "Other administrative expenses" + "Write-downs of intangible and tangible fixed assets"

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

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

"Risk provisions for credit business" (per Items 13–14 under RechKredV income statement, of which pertaining to the credit business, without netting per Sec. 340f HGB)
13. Write-downs of receivables and certain securities and allocations to provisions in the credit business
14. Income from additions to receivables and certain securities and from the reversal of provisions in the credit business

"Gain (+)/loss (–) on securities in the liquidity reserve" (per Items 13–14 under RechKredV income statement, of which pertaining to the liquidity reserve, without netting per Sec. 340f HGB)
13. Write-downs of receivables and certain securities and allocations to provisions in the credit business
14. Income from additions to receivables and certain securities and from the reversal of provisions in the credit business

"Expenses (–)/income (+) from the credit business and liquidity reserve" (subtotal)
"Risk provisions for credit business" – "Gain (+)/loss (–) on securities in the liquidity reserve"

"Net operating result" (subtotal)
"Operating result before risk provisions" – "Expenses from the credit business and liquidity reserve"

"Other result" (per Items 16–15+25–17–26 under RechKredV income statement)
15. Write-downs of long-term equity investments, shares in affiliated companies and securities treated as long-term financial assets
16. Income from additions to long-term equity investments, shares in affiliated companies and securities treated as long-term financial assets
17. Expenses for assumption of losses
25. Income from assumption of losses
26. Profits transferred under profit pooling or a profit transfer or partial profit transfer agreement

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

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

"Taxes" (per Items 23+24 under RechKredV income statement)
23. Taxes on income
24. Other taxes not included under Item 12

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

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

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

"Deposits and borrowed funds" (per Items 1+2+3+9 under 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 treasury stock)

"Return on equity post tax" (ratio, stated as a percentage)
"Net income for the fiscal year" / average equity per Items 11 + 12 "Equity & Liabilities" under RechKredV liabilities

"NPL ratio" (ratio of parts of Item 4 under 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 postponed interest" (ratio, stated as a percentage)
[Specific loan loss provisions (SLLP) + general loan loss provisions (GLLP / PLLP) 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 Providers, 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" included a nominal EUR 1.7 million in subordinated bonds of OLB, which were bought back from the market in previous years.

Other assets include EUR 90 million from the subordinated junior note from the ABS transaction allocated to fixed 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	12/31/2019	12/31/2018
Receivables from banks	**552,624,235.90**	**267,118,566.03**
b) Other receivables	11,951,695.84	101,759,734.73
thereof: with a remaining time to maturity of three months or less	11,951,695.84	44,951,115.52
thereof: with a remaining time to maturity of more than three months to one year	—	5,735,744.60
thereof: with a remaining time to maturity of more than one year to five years	—	20,267,984.48
thereof: with a remaining time to maturity of more than five years	—	30,804,890.13
Receivables from customers	**15,141,875,364.39**	**13,959,904,303.62**
thereof: with indefinite maturities	1,492,466,419.65	1,136,360,928.06
thereof: with a remaining time to maturity of three months or less	814,353,380.21	558,798,257.04
thereof: with a remaining time to maturity of more than three months to one year	1,036,816,613.70	983,532,454.99
thereof: with a remaining time to maturity of more than one year to five years	4,424,112,858.59	4,234,718,772.25
thereof: with a remaining time to maturity of more than five years	7,374,126,092.24	7,046,493,891.28
Bonds and other fixed-income securities	**2,458,744,292.30**	**2,922,887,277.56**
thereof: maturing in fiscal year 2020 (2019)	396,087,639.10	602,324,807.02
Liabilities to banks	**4,772,781,647.84**	**5,583,930,695.65**
b) With agreed maturity or notice period	4,676,730,176.30	5,505,262,271.55
thereof: with a remaining time to maturity of three months or less	673,932,219.54	1,346,018,080.33
thereof: with a remaining time to maturity of more than three months to one year	1,157,875,788.97	1,000,598,233.32
thereof: with a remaining time to maturity of more than one year to five years	1,423,850,386.21	1,722,273,256.41
thereof: with a remaining time to maturity of more than five years	1,421,071,781.58	1,436,372,701.49
Liabilities to customers	**12,715,174,417.30**	**11,345,866,560.51**
a) Savings deposits	1,780,164,514.49	1,691,125,777.81
ab) with agreed withdrawal notice of more than three months	176,458,695.27	197,411,813.83
thereof: with a remaining time to maturity of three months or less	1,904,140.83	2,698,309.35
thereof: with a remaining time to maturity of more than three months to one year	155,540,108.08	162,046,596.70
thereof: with a remaining time to maturity of more than one year to five years	19,014,446.36	32,666,907.78
thereof: with a remaining time to maturity of more than five years	—	—
b) Other liabilities	10,935,009,902.81	9,654,740,782.70
bb) With an agreed maturity or notice period	2,383,088,955.46	2,734,970,015.26
thereof: with a remaining time to maturity of three months or less	1,008,050,528.43	798,002,871.01
thereof: with a remaining time to maturity of more than three months to one year	562,251,454.02	971,145,182.37
thereof: with a remaining time to maturity of more than one year to five years	362,542,192.01	598,857,180.88
thereof: with a remaining time to maturity of more than five years	450,244,781.00	366,964,781.00
Securitized liabilities	**203,165,000.00**	**116,233,000.00**
a) Bonds issued	203,165,000.00	116,233,000.00
thereof: Maturing in fiscal year 2020 (2019)	—	—
b) Other securitized liabilities	—	—
thereof: with a remaining time to maturity of three months or less	—	—
thereof: with a remaining time to maturity of more than three months to one year	—	—
thereof: with a remaining time to maturity of more than one year to five years	—	—
thereof: 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	12/31/2019	12/31/2018
Assets	224,721,123.62	140,476,754.86
Debts	227,344,802.58	180,623,657.58

The assets and liabilities specified include nominal values in the amount of EUR 18.4 million for guarantees and letters of credit.

DISCLOSURES ON RECEIVABLES FROM AND LIABILITIES TO ASSOCIATES AND LONG-TERM INVESTEES AND INVESTORS PER SEC. 3 SENTENCE 1 NOS. 1 AND 2 IN CONJUNCTION WITH SENTENCE 2 RECHKREDV

BREAKDOWN BY BALANCE SHEET ITEM

EUR	12/31/2019	12/31/2018
Receivables from banks	—	—
Receivables from customers	1,027,974.39	1,000,000.00
Bonds and other fixed-income securities	310,000,000.00	310,000,000.00
Total receivables due from or to affiliated companies	**311,027,974.39**	**311,000,000.00**
Liabilities to banks	—	—
Liabilities to customers	785,000.72	759,491.94
Securitized liabilities	—	—
Subordinated debt	1,565,256.60	1,518,192.62
Total liabilities owed to or by affiliated companies	**2,350,257.32**	**2,277,684.56**

Receivables from other long-term investees and investors which are recognized as “Receivables from customers” came to EUR 0.6 million (prior year: EUR 0.6 million).

Liabilities to other long-term investees and investors recognized as “Liabilities to customers” came to EUR 0.1 million (prior year: EUR 0.2 million).

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

THE FOLLOWING BALANCE SHEET ITEMS INCLUDE MARKETABLE SECURITIES:

	12/31/2019		
EUR	Total	Quoted in a market	Not quoted in a market
Bonds and other fixed-income securities	2,458,744,292.30	2,458,744,292.30	—
Stocks and other non-fixed-income securities	845,657.50	—	845,657.50
Trading portfolio	1,807,129.33	1,794,755.40	12,373.93
Other assets	—	—	—
Total	**2,461,397,079.13**	**2,460,539,047.70**	**858,031.43**

DISCLOSURES ON CHANGES IN ASSETS PER SEC. 34 (3) RECHKREDV IN CONJUNCTION WITH SEC. 284 (3) SENTENCES 1 THROUGH 3 HGB

EUR	Long-term securities	Long-term equity investments	Shares in affiliated companies	Land and buildings	Operating and business equipment	Intangible assets
Historical acquisition costs	629,842,207.42	1,001,893.01	103,129.19	144,340,433.89	126,960,716.78	49,981,994.62
Historical write-ups	—	—	—	—	—	—
Historical write-downs	—	−381,461.05	—	−104,546,101.05	−97,600,211.88	−40,688,345.13
Carrying amount at January 1, 2019	**629,842,207.42**	**620,431.96**	**103,129.19**	**39,794,332.84**	**29,360,504.90**	**9,293,649.49**
Addition of WBP as of July 1	547,817,190.44	845,656.50	—	—	236,220.23	284,449.60
Additions measured at cost	53,268.87	—	52,474,575.83	10,882.00	6,111,571.48	1,681,840.20
Disposals measured at cost	−685,143,589.95	—	−52,474,575.83	—	−8,972,720.21	−4,941,846.43
Write-ups included in disposals for the year	—	—	—	—	—	—
Write-downs included in disposals for the year	—	—	—	—	8,833,157.21	4,941,846.43
Additions through reclassification	152,240,168.16	—	—	—	—	—
Disposals through reclassification	—	−845,659.50	—	—	—	—
Changes in portfolio during the year	**14,967,037.52**	**−3.00**	**—**	**10,882.00**	**6,208,228.71**	**1,966,289.80**
Write-ups during the year	—	—	—	—	—	—
Write-downs during the year (scheduled)	—	—	—	−2,957,244.00	−9,132,468.74	−3,007,523.81
Write-downs during the year (unscheduled)	—	—	—	—	—	—
Valuation changes during the year	**—**	**—**	**—**	**−2,957,244.00**	**−9,132,468.74**	**−3,007,523.81**
Carrying amount at December 31, 2019	**644,809,244.94**	**620,428.96**	**103,129.19**	**36,847,970.84**	**26,436,264.87**	**8,252,415.48**
Write-downs at January 1, 2019	**—**	**−381,461.05**	**—**	**−104,546,101.05**	**−97,600,211.88**	**−40,688,345.13**
Addition of WBP as of July 1	—	—	—	—	—	—
Write-downs during the year (scheduled)	—	—	—	−2,957,244.00	−9,132,468.74	−3,007,523.81
Write-downs during the year (unscheduled)	—	—	—	—	—	—
Write-downs included in disposals for the year	—	—	—	—	8,833,157.21	4,941,846.43
Reclassification of write-downs	—	—	—	—	—	—
Changes in write-downs	**—**	**—**	**—**	**−2,957,244.00**	**−299,311.53**	**1,934,322.62**
Write-downs at December 31, 2019	**—**	**−381,461.05**	**—**	**−107,503,345.05**	**−97,899,523.41**	**−38,754,022.51**

In the amount of EUR 90.0 million, long-term securities comprise the junior tranche from an ABS securitization, which was reported in the Bank's balance sheet as other assets.

DISCLOSURES PURSUANT TO IDW RS HFA 42 NOTE 64

The additions from the carrying amount carryover for WBP as of July 1, are shown in a separate line of the fixed assets movement schedule. The original acquisition costs and accumulated depreciation and amortization of WBP are still statistically recorded and included in the fixed assets movement schedule.

The carrying amounts carried over as of July 1, 2019 represent part of the historical cost of acquisition. Additional historical acquisition costs correspond to historical depreciation and amortization on this asset and are included in the fixed assets movement schedule as follows: ↗

- Long-term securities: EUR 0.00
- Long-term equity investments: EUR 0.00
- Shares in affiliated companies: EUR 0.00
- Land and buildings: EUR 0.00
- Operating and business equipment: EUR 1,100,758.29
- Intangible assets: EUR 3,403,236.65

DISCLOSURES ON PORTFOLIO ALLOCATION OF LONG-TERM SECURITIES PER SEC. 35 (1) NO. 2 RECHKREDV

Marketable long-term securities are maintained in separate portfolios. As of December 31, 2019, an interest-rate-induced measurement yielded a fair value of EUR 551.2 million (carrying amount: EUR 554.8 million). As of the reporting date, four marketable securities were included in fixed assets, whose total fair values of EUR 9.5 million were below the carrying amounts. Procedures have been established to ensure that lasting impairments of value induced by credit ratings can be distinguished from temporary changes in trading price induced by interest rates.

DISCLOSURES ON SECURITY FURNISHED FOR OWN LIABILITIES PER SEC. 35 (5) RECHKREDV

SECURITY FURNISHED

EUR	12/31/2019	12/31/2018
Liabilities to banks	4,355,597,730.07	5,060,493,250.28
Liabilities to customers	116,000,000.00	24,000,000.00
Total amount of security furnished	**4,471,597,730.07**	**5,084,493,250.28**

The transferred collateral consists essentially of receivables as part of a true-sale receivables securitization by the SPV Weser Funding S.A. (ABS) and from the transfer of credits within the framework of the loan submission procedure (KEV). In addition, loans were transferred to a cover fund for the issuance of registered Pfandbrief bonds and one bearer Pfandbrief bond. Moreover, it consists of transferred securities as part of repo transactions and customer receivables as part of the refinancing business with development banks.

As of December 31, 2019, liabilities to the Bundesbank amounted to a total of EUR 594 million from open market transactions, of which EUR 200 million with a maturity of up to June 24, 2020, EUR 35 million with a maturity of up to December 16, 2020, and EUR 359 million with a maturity of up to March 24, 2021, all bearing an interest rate of –0.4%. On the other hand, loans in the loan submission procedure in the amount of EUR 422.5 million were deposited with the Bundesbank and securities, among other things, from the securitization in the amount of EUR 310 million, which result from the transfer of corresponding loans (EUR 375.6 million) to the SPV Weser Funding S.A. To avoid double charging of securities and loans, only the transferred receivables are considered charged.

OLB issued Pfandbrief bonds for the first time in 2019. As of December 31, 2019, liabilities from the registered Pfandbrief bonds amounted to EUR 181 million, of which EUR 65 million related to banks and 116 million to non-banks. For this purpose, loans amounting to EUR 274 million were transferred to the cover fund.

In addition, one bearer Pfandbrief bond in the amount of EUR 100 million was issued, hedged by loans of EUR 136 million euros, which were also deposited in the cover fund. This Pfandbrief bond was used for a repo transaction in the amount of EUR 100 million. To avoid double charging of securities and loans under supervisory law, once again only the transferred receivables are considered charged.

III. NOTES TO THE BALANCE SHEET – ASSETS

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

EUR	12/31/2019	12/31/2018
Money market paper	—	—
From public issuers	—	—
From other issuers	—	—
Other bonds	**2,358,858,280.30**	**2,922,887,277.56**
From public issuers	1,116,456,840.98	1,444,648,769.67
From other issuers	1,242,401,439.32	1,478,238,507.89
Own debt instruments	**99,886,012.00**	—
Bonds and other fixed-income securities	**2,458,744,292.30**	**2,922,887,277.56**
thereof: Securities in the liquidity reserve	1,903,935,047.36	2,383,045,070.14
thereof: Long-term securities	554,809,244.94	539,842,207.42

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

Items in the liquidity reserve are measured using the strict lower of cost or market principle. Long-term securities were measured using the moderate lower of cost or market principle. At the reporting date, marketable securities within the scope of this item in an amount of EUR 152.2 million were not measured at the lower of cost or market. The fair value of these securities was EUR 142.7 million. One write-down of EUR 9.5 was omitted, because the Bank assumed this was an interest-rate-induced change in fair value that will very likely be reversed by the maturity date.

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

Bonds and other fixed-income securities include securities with a value of EUR 396.1 million that mature in fiscal year 2020.

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

At the reporting date, the Bank had pledged securities with a nominal value of 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. To secure own-account trading on the Eurex exchange, securities with a nominal value of EUR 8 million were deposited with BNP Paribas S.A. As part of the loan presentation procedure, loan receivables worth EUR 422.5 million were deposited with the Bundesbank.

At the reporting date, there were repurchase obligations of EUR 912.2 million (carrying amount) for assets sold under repurchase agreements (OTC). There were no transactions via the GC pooling platform as of the reporting date.

EXPLANATORY NOTES FOR "ASSETS ITEM 6. STOCKS 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 marketable securities in this item were measured at the lower of cost or market. ↗

Disclosures per Sec. 285 No. 26 HGB on shares of domestic investment funds within the meaning of Sec. 1 (6) of the German Investment Code (KAGB)

In 2019, the two special funds (AllianzGI funds "Weser-EMS" and "Ammerland") were fully disposed of.

EXPLANATORY NOTES FOR "ASSETS ITEM 6a. TRADING PORTFOLIO

BREAKDOWN PER SEC. 35 (1) NO. 1a RECHKREDV

EUR	12/31/2019	12/31/2018
Stocks and other non-fixed-income securities	27,845.97	20,146.96
Own debt instruments	1,846,756.22	900,732.86
Risk discount	–67,472.86	—
Total	**1,807,129.33**	**920,879.82**

The asset item for the trading portfolio primarily contains redeemed own debt instruments of OLB. The bonds in the trading portfolio are measured using an internal model ↗ (less a credit spread for OLB). No securities maturing in 2020 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	12/31/2019	12/31/2018
Receivables from customers	533,582.54	976,975.53
Bonds and other fixed-income securities	226,187.01	—
Stocks and other non-fixed-income securities	492,250.99	—
Total trust assets	**1,252,020.54**	**976,975.53**

EXPLANATORY NOTES FOR "ASSETS ITEM 14. OTHER ASSETS"

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

The junior tranche in the amount of EUR 90 million, not available for charging, arising from the transfer of receivables as part of a true-sale receivables securitization by SPV Weser Funding S.A. (ABS), and the cash deposit of EUR 14.2 million with Société Générale Bank and Trust S.A., Luxembourg in connection with the securitization, were likewise recognized under other assets.

In addition, irrevocable payment obligations from deposit and liability obligations that have already been made but have not yet been called upon are shown in the amount of EUR 14.8 million. In addition, this item contains not only tax refund claims against the tax office in the amount of EUR 2.3 million, but also receivables from an accident insurance policy with a premium refund in the amount of EUR 22.9 million (prior year: EUR 21.4 million). Various receivables for commissions were also recognized in this item.

EXPLANATORY NOTES FOR "ASSETS ITEM 15. DEFERRED INCOME"

Disclosures per Sec. 250 (3) HGB

The item for prepaid expenses includes discounts on liabilities in the amount of 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 no paper that will mature in fiscal year 2020.

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

Breakdown per Sec. 6 (1) Sentence 2 RechKredV

BREAKDOWN BY BALANCE SHEET ITEM

EUR	12/31/2019	12/31/2018
Liabilities to banks	327,497.39	484,749.95
Liabilities to customers	924,523.15	492,225.58
Total trust liabilities	**1,252,020.54**	**976,975.53**

EXPLANATORY NOTES FOR "EQUITY & LIABILITIES ITEM 5. OTHER LIABILITIES"

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

This item mainly relates to liabilities from the ABS transaction (SPV Weser-Funding S.A.) in the amount of EUR 400 million, as well as liabilities from portfolio commissions and front-end fees for securities transactions which must be passed on in the amount of EUR 6.7 million, as well as outstanding payments from the purchase of WBP in the amount of EUR 3.4 million.

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

Disclosures per Sec. 340e (2) HGB

Deferred income includes EUR 4.9 million in discount amounts and processing fees for receivables in accordance with Sec. 340e (2) HGB.

Of this, EUR 2.7 million relates to discounts from the acquisition of a credit portfolio, which will be realized as interest income in the following years up to 2021.

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

STATEMENT OF CHANGES IN PROVISIONS

EUR	01/01/2019	Addition of WBP	Used	Reversed	Additions	Mathematical interest rate	Conversions	12/31/2019
a) Provisions for pensions and similar obligations	**196,527,010.07**	**21,474,209.79**	**−9,082,220.84**	**−190,450,333.65**	**9,942,757.73**	**9,619,345.84**	**−2,355,091.46**	**35,675,677.48**
b) Provisions for taxes	**11,823,199.60**	**2,597,200.00**	**−12,491,313.80**	**−978,953.25**	**30,587,300.80**	**—**	**—**	**31,537,433.35**
c) Other provisions	**92,594,535.37**	**8,708,237.12**	**−49,067,112.09**	**−8,338,873.98**	**51,270,179.62**	**636,528.46**	**−5,836,271.40**	**89,967,223.10**
Uncertain liabilities	71,225,618.11	7,155,160.63	−46,931,976.58	−2,301,478.38	47,134,660.11	621,007.92	−5,419,628.17	71,483,363.64
Provisions for credit business	13,355,580.89	1,433,076.49	—	−2,321,332.55	1,326,218.76	—	−416,643.23	13,376,900.36
Other	8,013,336.37	120,000.00	−2,135,135.51	−3,716,063.05	2,809,300.75	15,520.54	—	5,106,959.10
Total	**300,944,745.04**	**32,779,646.91**	**−70,640,646.73**	**−199,768,160.88**	**91,800,238.15**	**10,255,874.30**	**−8,191,362.86**	**157,180,333.93**

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 forms pension provisions. The fulfilment 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:

%	12/31/2019	12/31/2018
Discount rate (10-year average)	2.71	3.20
Discount rate (7-year average)	1.96	2.32
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 10-year average instead of a 7-year average as before. Furthermore, any positive difference that results from measuring post-employment obligations with the 10-year average rate instead of the 7-year average rate is subject to a block on distribution (Sec. 253 (6) Sentence 2 HGB).

The above changes apply only for the measurement of pension obligations, but not for the measurement 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 fair-valued on the basis of the asset value or market value of the trust assets, as applicable.

EUR	12/31/2019	12/31/2018
Cost of offset assets	45,634,476.66	42,619,538.13
Fair value of offset assets	45,853,404.31	42,764,467.06
Fulfilment amount of offset liabilities	91,406,854.07	251,215,533.56

Further explanations of the recognition of pensions and similar 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	12/31/2019	12/31/2018
Fair value of offset assets	2,173,231.55	1,513,794.06
Fulfilment amount of offset liabilities	13,674,986.55	16,630,621.06
Unrecognized provision amount per Art. 67 (2) EGHGB	918,796.88	905,328.22
Pension provision	10,582,958.12	14,211,498.78

Offset assets are fair-valued on the basis of the asset value of the associated reinsurance policies.

Disclosures on provisions for taxes

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

Disclosures on other provisions

The "Other provisions" of EUR 90.0 million largely include provisions for restructuring measures, severance payments and provisions for the credit business and for legal risks.

The Company has obligations under phased-retirement agreements that are recognized under "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 fair-valued 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	12/31/2019	12/31/2018
Cost of offset assets	19,942,662.33	10,847,630.84
Fair value of offset assets	19,957,717.74	10,758,389.25
Fulfilment amount of offset liabilities	15,732,919.59	10,257,467.00

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

Disclosures per Sec. 35 (3) RechKredV

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

OLB BEARER BONDS AND BORROWER'S NOTE LOANS

Nominal amount EUR	Nominal interest rate %	Maturity Year	Issue currency	Early repayment obligation
25,000,000.00	7	2023	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 total nominal value of EUR 223.8 million.

EUR	12/31/2019	12/31/2018
Subordinated debt instruments	67,047,875.73	143,547,875.73
Subordinated borrower's note loans	153,500,000.00	123,500,000.00
Subordinated customer deposits	3,242,500.00	2,172,500.00
Nominal redemption value	**223,790,375.73**	**269,220,375.73**

The following applies to all 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 under the German Banking Act.

The total interest expense for subordinated debt during the year was EUR 17.0 million (prior year: EUR 15.0 million).

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

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

EUR	12/31/2018	Net income for the fiscal year	Change in special item per Sec. 340e (4) HGB	Dividend distribution	Allocations to (+)/withdrawals from (–) reserves	12/31/2019
Fund for general bank risks	**20,092,261.97**	**—**	**2,328.79**	**—**	**—**	**20,094,590.76**
Subscribed capital	60,468,571.80	—	—	—	30,000,000.00	90,468,571.80
Capital reserves	517,332,330.40	—	—	—	—	517,332,330.40
Legal reserve	171,066.50	—	—	—	—	171,066.50
Other revenue reserves	394,764,629.06	—	—	—	–3,879,687.57	390,884,941.49
Net retained profits	26,120,312.43	109,788,766.18	—	—	–26,120,312.43	109,788,766.18
Equity held	**998,856,910.19**	**109,788,766.18**	**—**	**—**	**—**	**1,108,645,676.37**
Total	**1,018,949,172.16**	**109,788,766.18**	**2,328.79**	**—**	**—**	**1,128,740,267.13**

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

The Shareholders' Meeting of July 22, 2019 decided to increase the share capital by means of the Company's own resources: In accordance with the provisions of the German Stock Corporation Act on capital increases from company funds (Secs. 207 et seq. AktG), the share capital of the Company was increased by EUR 30,000,000.00 to EUR 90,468,571.80 by means of the share-capital conversion of a partial amount of EUR 30,000,000.00 of the other retained earnings reported in the annual balance sheet as of December 31, 2018. The capital increase is carried out without new shares being issued.

Disclosures per Sec. 285 No. 34 HGB on the resolution for allocation of profits for fiscal year 2018

The income statement for 2018 showed net income for the year of EUR 26.1 million. As there were no carry-forwards or changes in reserves, this corresponded to the net retained profits. On March 29, 2019, the Shareholders' Meeting resolved to allocate the entire amount to other revenue reserves.

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 bank 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 2,328.79 for the year was allocated to this special item.

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

The Company's share capital comes 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 authorized capital per Sec. 160 (1) No. 4 AktG

The Board of Managing Directors was authorized, with the consent of the Supervisory Board, to increase the share capital until October 1, 2019 through one or more issues by a total of up to EUR 6,184,927.00 by issuing new no-par shares in exchange for cash contribution, and to decide the conditions of the share issue. This option was not used.

Disclosures on contingent capital per Sec. 152 (1) No. 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 no-par shares, which will carry dividend rights from the fiscal year when 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 fulfil 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 liabilities), 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, 2019, it held no treasury shares in its portfolio. There were no additions or withdrawals in 2019.

Disclosures on the bar 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	12/31/2019	12/31/2018
Income from capitalization of internally generated intangible fixed assets	669,234.37	777,119.37
Income from fair valuation above cost of assets covering phased retirement	15,055.41	—
Income from fair valuation above cost of assets covering pension plans	218,927.65	144,928.93
Total	**903,217.43**	**922,048.30**

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

AMOUNT BARRED FROM DISTRIBUTION

EUR	12/31/2019	12/31/2018
Positive difference from calculation of provision for pension obligations under Sec. 253 (6) HGB	11,808,025.00	33,643,636.00
Total	**11,808,025.00**	**33,643,636.00**

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	12/31/2019	12/31/2018
Credit suretyships	145,103,416.91	33,347,128.17
Other suretyships and guarantees	395,672,885.32	416,413,935.84
Documentary credits	12,629,027.55	60,549,147.89
Obligations under suretyships and guarantees	**553,405,329.78**	**510,310,211.90**
Less provisions on guarantees and warranty contracts	–6,873,313.22	–5,687,876.20
Obligations under suretyships and guarantees less provisions	**546,532,016.56**	**504,622,335.70**

Where there are risks that recourse might be taken against the Bank as a consequence of underlying customer relationships, these risks were covered by forming 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	12/31/2019	12/31/2018
Loans	1,712,733,223.82	1,629,221,968.56
Guarantee lines	219,600,742.07	160,075,637.00
Committed credit facilities	**1,932,333,965.89**	**1,789,297,605.56**
Less provisions on loan commitments	–6,503,587.20	–6,896,704.69
Irrevocable credit commitments less provisions	**1,925,830,378.69**	**1,782,400,900.87**

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

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 INTEREST INCOME" AND "INCOME STATEMENT ITEM 4. INCOME FROM PROFIT POOLING, PROFIT TRANSFER OR PARTIAL PROFIT TRANSFER AGREEMENTS"

EUR	2019	2018
Interest income	**444,125,574.61**	**431,952,023.09**
From credit and money market transactions	415,596,230.53	405,394,807.39
thereof: Negative interest	–9,194,628.63	–7,298,591.43
From fixed-income securities and book-entry securities	28,529,344.08	26,557,215.70
thereof: Negative interest	—	—
Interest expenses	**–136,522,052.64**	**–142,156,059.29**
thereof: Positive interest	11,171,439.61	13,325,987.65
Current interest income	**51,746.84**	**111,249.48**
From stocks and other non-fixed-income securities	17,520.06	77,022.70
From long-term equity investments	34,226.78	34,226.78
From shares in affiliated companies	—	—
Income from profit transfer agreements	**854,888.04**	**1,111,329.82**
Result obtained for third-party account from the transferring legal entity	**8,676,038.10**	**2,295,363.33**
Net interest income	**317,186,194.95**	**293,313,906.43**

Net interest income includes EUR 1.1 million in discounts due to the acquisition of a credit portfolio, which was realized in 2019 as interest income.

Interest income from credit and money-market transactions includes EUR 2.0 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	2019	2018
Payment traffic	25,729,653.36	23,738,090.18
Securities business and asset management	29,609,510.05	22,628,592.86
Insurance, home loan and savings, and real estate business	18,109,792.27	15,693,702.64
Credit business	19,979,417.65	15,169,048.57
Other	5,035,942.71	3,020,928.02
Foreign business	3,725,472.43	2,863,109.54
Credit card business	1,375,345.85	1,237,815.99
Net commission income	**103,565,134.32**	**84,351,287.80**

By assigning the ATM fees to the area of payment traffic, the previous year's figures have been adjusted in the amount of EUR 0.5 million between the payment traffic and credit card business items.

Commission expenses from the brokerage business in the amount of EUR 0.6 million are 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. In the area of income, in fiscal year 2019, in particular, positive valuation adjustments were made for the credit risk relating to derivatives in the amount of EUR 3.0 million.

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

	2019	
EUR	Pensions and similar obligations	Other obligations
Income from fair valuation of offset assets	—	—
Notional interest income on fulfilment amount of offset liabilities	—	45,911.54
Effect from change in discount rate for fulfilment amount	—	– 12,456.13
Net total of offset income (+) and expenses (–)	**—**	**33,455.41**

The other operating income also includes EUR 5.4 million in income from the reversal of provisions and another EUR 1.5 million of non-operating income which is attributable to prior fiscal years.

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. Peak amounts from open foreign currency positions that do not net one another out are recognized in accordance with the general accounting policies. ↗

Other operating income and expenses comprise income from foreign currency translation in the amount of EUR 2.0 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. AMORTIZATION AND WRITE-DOWNS OF INTANGIBLE FIXED ASSETS AND WRITE-DOWNS OF TANGIBLE FIXED ASSETS"

EUR m	2019	2018	Change (EUR)	Change (%)
Personnel expenses	– 177.6	– 164.0	– 13.6	8.3
Other administrative expenses	– 119.0	– 107.1	– 11.9	11.1
Write-downs of intangible and tangible fixed assets	– 14.8	– 16.3	1.5	– 9.3
Operating expenses	**– 311.3**	**– 287.4**	**– 23.9**	**8.3**

Other administrative expenses include EUR 1.0 million in the form of non-operating 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 2019 pertain in particular to payments of EUR 1.5 million made because of potential legal obligations from litigation 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:

	2019	
EUR	Pensions and similar obligations	Other obligations
Income (–) from fair valuation of offset assets	– 1,193,691.30	—
Notional interest income on fulfilment amount of offset liabilities	8,090,958.51	290,435.55
Effect from change in discount rate for fulfilment amount	1,860,799.10	360,192.09
Net total of offset income (+) and expenses (–)	**8,758,066.31**	**650,627.64**

Other operating income and expenses comprise income from foreign currency translation in the amount of EUR 2.0 million. (See also "Income statement Item 8. Other operating income.")

EXPLANATORY NOTES FOR "INCOME STATEMENT ITEMS 13 AND 14. WRITE-DOWNS AND INCOME FROM WRITE-UPS OF RECEIVABLES AND CERTAIN SECURITIES AND ADDITIONS TO OR REVERSALS OF PROVISIONS IN THE CREDIT BUSINESS"

EUR	2019	2018
Risk provisions for credit business	–6,754,638.41	–6,464,354.07
Gain (+)/loss (–) on securities in the liquidity reserve	21,049,953.48	–4,456,440.55
Expenses (–)/income (+) from the credit business and liquidity reserve	**14,295,315.07**	**–10,920,794.62**

The sale of the two special funds (the AllianzGI funds "Weser-Ems" and "Ammerland") in 2019 resulted in a net profit before tax of EUR 1.1 million due to ongoing changes in market value.

By realizing price reserves from the sale of fixed-income securities in the liquidity reserve, as well as partial compensation by means of close-out payments for swaps, income in the amount of EUR 22.2 million resulted in fiscal year 2019.

CHANGES IN RISK PROVISIONS IN THE CREDIT BUSINESS

EUR	SLLP	PLLP	GLLP	Value adjustment	Provisions [1]	Total provisions
At January 1	**143,894,484.56**	**4,030,570.60**	**22,083,059.91**	**170,008,115.07**	**13,355,580.89**	**183,363,695.96**
Addition of WBP as of July 1	458,002.48	516,028.19	—	974,030.67	1,433,076.49	2,407,107.16
Transfers	–412,721.92	1,290,173.25	267,525.27	1,144,976.60	–1,144,976.60	—
Used	–42,598,967.65	–1,332,814.30	—	–43,931,781.95	—	–43,931,781.95
Allocations [2]	39,555,954.80	1,293,317.35	2,513,529.85	43,362,802.00	2,060,390.53	45,423,192.53
Reversals [2]	–31,736,784.75	–8,811.61	–606,378.46	–32,351,974.82	–2,327,170.95	–34,679,145.77
Reversals through unwinding	–513,265.41	—	—	–513,265.41	—	–513,265.41
At December 31	**108,646,702.11**	**5,788,463.48**	**24,257,736.57**	**138,692,902.16**	**13,376,900.36**	**152,069,802.52**

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

2 Incl. EUR –1.0 million in expenses for WBP, shown as part of income statement Item 4.a "Result obtained for third-party account from the transferring legal entity"

RISK PROVISIONS FOR CREDIT BUSINESS – INCOME STATEMENT VIEW

EUR	2019	2018	Change (EUR)	Change (%)
Net result of impairment provisions	**–10,653,100.91**	**–2,405,148.30**	**–8,247,952.61**	**n/a**
Additions to impairment provisions	–42,077,763.55	–40,898,938.47	–1,178,825.08	2.9
Reversals of impairment provisions	31,424,662.64	38,493,790.17	–7,069,127.53	–18.4
Net result from provisions	**995,113.79**	**–6,140,110.61**	**7,135,224.40**	**n/a**
Additions to provisions	–1,326,218.76	–6,983,077.44	5,656,858.68	–81.0
Reversals of provisions	2,321,332.55	842,966.83	1,478,365.72	n/a
Direct write-downs (off-balance-sheet)	**–87,077.54**	**–1,429,021.37**	**1,341,943.83**	**–93.9**
Receipts on written-off customer receivables (off-balance-sheet)	**2,990,426.25**	**3,509,926.21**	**–519,499.96**	**–14.8**
Risk provisions for credit business	**–6,754,638.41**	**–6,464,354.07**	**–290,284.34**	**4.5**

Risk provisions for the credit business include EUR 3.0 million in out-of-period receipts on written-off customer receivables.

EXPLANATORY NOTES FOR "INCOME STATEMENT ITEM 16. INCOME FROM ADDITIONS TO LONG-TERM EQUITY INVESTMENTS, SHARES IN AFFILIATED COMPANIES AND SECURITIES TREATED AS LONG-TERM FINANCIAL 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 long-term equity investments, income from shares in affiliated companies, and income from securities treated as long-term financial assets).

By realizing price reserves in the investment portfolio as well as partial compensation by means of close-out payments for swaps, income in the amount of EUR 20.2 million resulted for fiscal year 2019.

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 190.2 million. The endowment of the pension fund resulted in extraordinary expenses of EUR 192.9 million.

The extraordinary result contains the profit from the WBP merger in the amount of EUR 9.2 million, which results from the addition of the net income in the same amount. ↗

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 2.7 million (prior year: EUR 2.5 million).

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

The income tax expense for the reporting year is EUR 40.1 million. Of this total tax expense, EUR 20.5 million was for corporate income tax (incl. solidarity surcharge) and EUR 19.6 million was for local business income tax ("trade tax"). On balance, a total of EUR 1.6 million in reimbursements was attributable to previous fiscal years.

Due to the M&A transactions in fiscal year 2018, a real-estate transfer tax obligation for land and buildings of the participating companies was incurred to some degree. In 2018, corresponding provisions were formed for taxes that had not yet been determined, which essentially explains the decline in other tax expenses by EUR 2.9 million for the year under review.

Disclosures on deferred taxes

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

The most extensive 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.

	12/31/2019		
EUR	Deferred tax assets	Deferred tax liabilities	Net
Receivables from customers	2,708,205.00	—	2,708,205.00
Shares in affiliated companies	—	—	—
Tangible fixed assets	3,106,138.00	207,463.00	2,898,675.00
Other assets	14,472,165.00	—	14,472,165.00
Pension provisions	18,678,204.00	—	18,678,204.00
Other provisions	5,013,244.00	344,301.00	4,668,943.00
Total balance sheet item	**43,977,956.00**	**551,764.00**	**43,426,192.00**

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 PFANDBRIEF ACT (PFANDBG) ON MORTGAGE PFANDBRIEF CIRCULATION

The Bank has issued mortgage Pfandbrief bonds. The following disclosures are made per Sec. 28 of the German Pfandbrief Act (PfandBG):

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

SEC. 28 (1) NO. 1 AND 3 PFANDBG

	Nominal value			
(Reporting date at quarter-end)	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Nominal value				
Total amount of the Pfandbrief bonds in circulation incl. derivatives	111.0	180.0	180.0	281.0
Total amount of cover pool incl. derivatives	251.7	325.4	391.8	421.8
% foreign currency derivatives of liabilities	—	—	—	—
% interest-rate derivatives of liabilities	—	—	—	—
% foreign currency derivatives of assets	—	—	—	—
% interest rate derivatives of assets	—	—	—	—
Overfunding (in %)	**126.7**	**80.8**	**117.7**	**50.1**
Present value				
Total amount of the Pfandbrief bonds in circulation incl. derivatives	112.9	187.8	193.6	299.4
Total amount of cover pool incl. derivatives	290.0	386.7	474.0	509.6
% foreign currency derivatives of liabilities	—	—	—	—
% interest-rate derivatives of liabilities	—	—	—	—
% foreign currency derivatives of assets	—	—	—	—
% interest rate derivatives of assets	—	—	—	—
Overfunding (in %)	**156.8**	**105.9**	**144.9**	**70.2**
Risk-adjusted present value incl. currency stress [1]				
Total amount of the Pfandbrief bonds in circulation incl. derivatives	91.8	146.9	152.2	251.7
Total amount of cover pool incl. derivatives	240.7	320.2	391.7	421.8
% foreign currency derivatives of liabilities	—	—	—	—
% interest-rate derivatives of liabilities	—	—	—	—
% foreign currency derivatives of assets	—	—	—	—
% interest rate derivatives of assets	—	—	—	—
Overfunding (in %)	**162.1**	**118.0**	**157.4**	**67.6**

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

	Pfandbrief bonds in circulation (maturity structure)			
EUR million (reporting date at quarter-end)	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Pfandbrief 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	—	—	—	—
More than 4 years up to 5 years	—	—	—	100.0
More than 5 years up to 10 years	80.0	95.0	100.0	101.0
Over 10 years	31.0	85.0	80.0	80.0
Total Pfandbrief bonds in circulation	**111.0**	**180.0**	**180.0**	**281.0**
Cover pool (fixed-interest period)				
Up to six months	3.8	5.0	5.9	6.6
More than six months up to twelve months	3.2	4.2	6.0	5.8
More than twelve months up to 18 months	3.4	4.3	4.7	5.6
More than 18 months up to 2 years	3.1	4.3	5.2	5.5
More than 2 years up to 3 years	6.6	8.3	10.9	12.0
More than 3 years up to 4 years	7.1	9.8	11.7	12.3
More than 4 years up to 5 years	23.6	27.2	28.6	29.8
More than 5 years up to 10 years	55.5	74.0	91.3	97.3
Over 10 years	145.5	188.3	227.4	246.9
Total cover pool	**251.6**	**325.4**	**391.8**	**421.8**

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 2019	Q2 2019	Q3 2019	Q4 2019
Interest rate stress-adjusted present value of the cover pool	—	—	—	—
Interest rate stress-adjusted present value of the Pfandbrief 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 2019	Q2 2019	Q3 2019	Q4 2019
Share of fixed-interest cover pool assets	100.0	100.0	100.0	100.0
Share of fixed-interest Pfandbrief 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 2019	Q2 2019	Q3 2019	Q4 2019
Up to EUR 300 thousand	236.0	308.8	375.1	404.4
More than EUR 300 thousand up to EUR 1 million	0.6	1.6	1.7	2.4
More than EUR 1 million up to EUR 10 million	—	—	—	—
More than EUR 10 million	—	—	—	—
Total	**236.6**	**310.4**	**376.8**	**406.8**

BY TYPE OF USE (I) (SEC. 28 [2] NO. 1B AND 1C PFANDBG)

EUR m (reporting date at quarter-end)	Q1 2019	Q2 2019	Q3 2019	Q4 2019
For residential purposes	236.6	310.4	376.8	406.8
For commercial purposes	—	—	—	—
Total	**236.6**	**310.4**	**376.8**	**406.8**

BY TYPE USE (II) (SEC. 28 [2] NO. 1B AND 1C PFANDBG)

EUR m (reporting date at quarter-end)	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Federal Republic of Germany				
Owner-occupied flats	1.1	9.1	11.6	12.0
Detached and semi-detached houses	235.6	301.3	365.2	394.8
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	**236.6**	**310.4**	**376.8**	**406.8**
All states				
Owner-occupied flats	1.1	9.1	11.6	12.0
Detached and semi-detached houses	235.6	301.3	365.2	394.8
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	**236.6**	**310.4**	**376.8**	**406.8**

(Reporting date at quarter-end)	Q1 2019	Q2 2019	Q3 2019	Q4 2019
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)	2.91	2.92	3.04	3.15
Sec. 28 (2) No. 3 PfandBG – average weighted loan-to-value ratio (in %)	51.7 %	54.4 %	55.0 %	55.03 %
Ordinary cover (nominal) (EUR m)	236.7	310.4	376.8	406.8
Share of total in circulation (in %)	213.2 %	172.5 %	209.3 %	144.8 %

Composition of the other cover pool assets (EUR m)

SEC. 28 (1) NO. 4, 5 AND 6 PFANDBG TOTAL AMOUNT OF THE REGISTERED RECEIVABLES

EUR m (reporting date at quarter-end)	Q1 2019	Q2 2019	Q3 2019	Q4 2019
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	—	—	—	—
thereof: 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	—	—	—	—
thereof: 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

EUR million (reporting date at quarter-end)	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Sec. 19 (1) No. 2 PfandBG	—	—	—	—
Sec. 19 (1) No. 3 PfandBG	—	—	—	—

Overview of overdue payments (EUR m)

SEC. 28 (2) NO. 2 PFANDBG

EUR m (reporting date at quarter-end)	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Federal Republic of Germany				
Total amount of payments outstanding for at least 90 days	—	—	—	—
thereof: 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	—	—	—	—
thereof: 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 2019	
(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 Pfandbrief banks per Sec. 2 (1) RechKredV

The breakdown of individual balance sheet items according to the regulations applicable to Pfandbrief banks shows the following additional information as of December 31, 2019:

ASSETS

EUR	12/31/2019	12/31/2018
Receivables from banks	**552,624,235.90**	**267,118,566.03**
a) Mortgage loans	—	—
b) Public-sector loans	—	—
c) Other receivables	552,624,235.90	267,118,566.03
thereof: Demand deposits	540,672,540.06	165,304,384.76
thereof: Collateralized by securities	—	—
Receivables from customers	**15,141,875,364.33**	**13,959,904,303.61**
a) Mortgage loans	6,885,230,238.19	6,288,784,569.48
b) Public-sector loans	52,343,388.69	58,316,281.95
c) Other receivables	8,204,301,737.45	7,612,803,452.18
thereof: Collateralized by securities	27,506,303.23	25,994,687.81
Deferred income	**10,275,680.80**	**11,623,557.92**
a) From the issuing business	1,130,831.14	2,871,411.51
b) Other	9,144,849.66	8,752,146.41

The loans listed in the mortgage cover register (nominal amount: EUR 406.8 million) are reported under the balance sheet item “Receivables from customers”; the securities to cover the mortgage Pfandbrief bonds (nominal amount: EUR 15.0 million) are reported under the balance sheet item “Bonds and other fixed-income securities.”

EQUITY & LIABILITIES

EUR	12/31/2019	12/31/2018
Liabilities to banks	**4,772,781,647.84**	**5,583,930,695.65**
a) Issued registered mortgage Pfandbrief bonds	65,530,788.12	—
b) Issued public registered Pfandbrief bonds	—	—
c) Other liabilities	4,707,250,859.72	5,583,930,695.65
thereof: Demand deposits	96,051,471.54	78,668,424.10
thereof: Registered mortgage Pfandbrief bonds issued to the lender to secure loans taken	—	—
thereof: Public registered Pfandbrief bonds issued to the lender to secure loans taken	—	—
Liabilities to customers	**12,715,174,417.30**	**11,345,866,560.51**
a) Issued registered mortgage Pfandbrief bonds	117,072,893.15	—
b) Issued public registered Pfandbrief bonds	—	—
c) Savings deposits	1,780,164,514.49	1,691,125,777.81
ca) With agreed withdrawal notice of three months	1,603,705,819.22	1,493,713,963.98
cb) With agreed withdrawal notice of more than three months	176,458,695.27	197,411,813.83
d) Other liabilities	10,817,937,009.66	9,654,740,782.70
thereof: Demand deposits	8,551,920,947.34	6,919,770,767.44
thereof: Registered mortgage Pfandbrief bonds issued to the lender to secure loans taken	—	—
thereof: Public registered Pfandbrief bonds issued to the lender to secure loans taken	—	—
Securitized liabilities	**203,165,000.00**	**116,233,000.00**
a) Bonds issued	203,165,000.00	116,233,000.00
aa) Mortgage Pfandbrief bonds	100,000,000.00	—
ab) Public Pfandbrief bonds	—	—
ac) Other bonds	103,165,000.00	116,233,000.00
b) Other securitized liabilities	—	—
thereof: Money market papers	—	—
Deferred income	**14,611,409.14**	**35,033,686.58**
a) From the issue and loan business	2,424,433.02	2,448,344.07
b) Other	12,186,976.12	32,585,342.51

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 value		Positive market value		Negative market value	
EUR m	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Stock/index-related risks	**—**	**3.6**	**—**	**0.3**	**—**	**–0.3**
Caps	1,387.3	1,545.3	0.4	1.2	–0.4	–1.2
Floors	126.2	104.6	0.6	0.5	–0.6	–0.5
Forward rate agreements (FRAs)	—	—	—	—	—	—
Swaptions	—	—	—	—	—	—
Swaps (customer business)	1,843.9	1,654.0	50.1	23.1	–37.8	–13.7
Swaps (non-trading portfolio)	2,432.0	2,253.0	37.3	31.7	–100.4	–84.7
Interest rate risks (OTC contracts)	**5,789.4**	**5,556.9**	**88.3**	**56.4**	**–139.2**	**–99.9**
Cross-currency swaps	30.6	44.6	0.9	2.1	–0.8	–1.9
Currency options (long)	161.7	238.9	2.1	4.3	—	—
Currency options (short)	161.7	238.9	0.0	—	–2.1	–4.3
FX swaps and currency forwards	1,556.4	1,226.7	12.9	12.9	–11.8	–12.7
Foreign currency risks (OTC contracts)	**1,910.5**	**1,749.1**	**15.9**	**19.3**	**–14.8**	**–18.9**

DERIVATIVE TRANSACTIONS – COUNTERPARTY BREAKDOWN

	Nominal value		Positive market value		Negative market value	
EUR m	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018
OECD banks	5,177.0	4,871.3	56.3	51.0	–137.4	–101.6
Other counterparties	2,522.9	2,438.3	48.0	25.0	–16.5	–17.5
Total derivatives	**7,699.9**	**7,309.6**	**104.2**	**76.0**	**–153.9**	**–119.1**

DERIVATIVE TRANSACTIONS – NOMINAL VALUES BY TIME REMAINING TO MATURITY

	Interest rate risk		Foreign currency risk		Stock and index-related risks	
EUR m	12/31/2019	12/31/2018	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Three months or less	117.1	252.0	682.6	693.5	—	0.4
Over 3 months to 1 year	487.8	427.5	999.4	939.8	—	2.7
Over 1 year to 5 years	1,954.8	2,190.1	228.5	115.9	—	0.6
Over 5 years	3,229.7	2,687.2	—	—	—	—
Total derivatives	**5,789.4**	**5,556.9**	**1,910.5**	**1,749.1**	**—**	**3.6**

At December 31, 2019, there were no derivatives in the trading portfolio.

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 includes interest rate swaps for management of the non-trading portfolio, for a total of EUR 2,432.0 million. The negative fair value of these interest rate swaps at the reporting date was EUR –100.4 million; the positive value was EUR +37.3 million. Additionally, interest rate contracts resulting from the customer business are included for a total of EUR 1,843.9 million. These had positive fair values of EUR +50.1 million and negative fair values of EUR –37.8 million. The market values of these interest rate swaps are not shown in the balance sheet. ↗

Derivatives are 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 is quoted (OTC derivatives), the estimation methods established in the financial markets (incl. present valuing and option pricing models) are applied. The market value of a derivative here is equivalent to the total of all future cash flows discounted to the measurement date (present value or dirty closeout value), as automatically calculated by the Bank's PRIME trading system. The above tables show the nominal values and the positive and negative market 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	12/31/2019	12/31/2018
Obligations under rental and lease agreements	144,132,572.78	121,531,633.02
Obligations for maintenance of information technology	4,488,000.00	4,728,000.00
Obligations under commenced capital spending projects	4,370,401.00	2,253,000.00
Other financial obligations	**152,990,973.78**	**128,512,633.02**
thereof: Liabilities to affiliated companies	—	—

The obligations measured at nominal value include maturities up to 2031, primarily under long-term leases.

Call commitments and joint liability

OBLIGATION TO DEPOSIT PROTECTION AND MARKET STABILIZATION SCHEMES

EUR	12/31/2019	12/31/2018
Compensation Scheme of German Private Banks (EdB)	6,683,803.68	3,766,316.29
Federal Agency for Financial Market Stabilisation	5,630,173.48	3,126,226.07
Deposit protection fund	2,484,626.76	—
Total:	**14,798,603.92**	**6,892,542.36**

In connection with the bank levy, payments in the amount of EUR 4.4 million were made in 2019 as an irrevocable payment obligation. Existing payment obligations of Wüstenrot Bank AG Pfandbriefbank from previous years were taken over in the amount of EUR 3.5 million.

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. 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 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 has resulted in shortfalls of EUR 11.9 million on the reporting date, for which no provision was recognized in accordance with Art. 28 (1) Sentence 2 of the Introductory Act to the German Commercial Code (EGHGB).

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 2019, this compensation amount totaled EUR 1.3 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
- Investment business

Disclosures on employees per Sec. 285 No. 7 HGB

On average for the year, the Bank had 2,125 employees (prior year: 2,136). The staff breakdown is as follows:

	2019		
Average for year	Male	Female	Total
Full-time employees	976	492	1,468
Part-time employees	68	589	657
Total	**1,044**	**1,081**	**2,125**

On December 31, 2019, the number of employees was 2,106 (prior year: 2,154).

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 2019 was 10.7 million (also incl. pay and severance for members of the Board of Managing Directors who left during the year or members of the board of management of the legal predecessor company Wüstenrot Bank AG Pfandbriefbank).

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 total amount of EUR 2.2 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 13.7 million. In the year under review, some of the pension obligations were transferred to a pension fund. The transferred obligations are no longer reported in the balance sheet of OLB. ↗

Total compensation paid to the Supervisory Board under Sec. 285 No. 9a HGB for fiscal year 2019, including meeting honoraria, came to EUR 1.6 million, of which EUR 63.5 thousand was attributable to the subsequent remuneration for work on the Credit Committee in 2018 (the remuneration of members of the Supervisory Board who left during the year and the supervisory board members of the predecessor company Wüstenrot Bank AG Pfandbriefbank is also taken into account).

Credit was granted to members of the Board of Managing Directors as of December 31, 2019 as follows: The use of credit lines totaled EUR 0.0 thousand. Credit card limits of EUR 0.5 thousand were utilized on the reporting date. Loan commitments in the amount of EUR 0.0 thousand existed as of December 31, 2019.

Credit was granted to members of the Supervisory Board as of December 31, 2019 as follows: The use of credit lines totaled EUR 6.2 thousand. Credit card limits were used up to EUR 6.8 thousand as of the reporting date. In addition, loan commitments amounted to EUR 273.9 thousand, of which EUR 273.9 thousand were utilized as of December 31, 2019.

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 %	Equity held 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
Quant FS 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 long-term equity investments:

NAME AND REGISTERED OFFICE OF THE COMPANY

	Share of capital held %	Nominal value EUR	Book value EUR
Bürgschaftsbank Bremen GmbH, Bremen	5.75	189,800.00	106,487.48
AKA Ausfuhrkredit-Gesellschaft mbH, Frankfurt am Main	0.42	85,400.00	255,645.94
Niedersächsische Bürgschaftsbank (NBB) Gesellschaft mit beschränkter Haftung, Hanover	3.08	92,400.00	40,040.58
EURO Kartensysteme GmbH, Frankfurt am Main	1.51	39,400.00	22,251.54
Parkhaus am Waffenplatz Gesellschaft mbH, Oldenburg	3.43	30,000.00	30,000.00
Mittelständische Beteiligungsgesellschaft Niedersachsen (MBG) mbH, Hanover	5.50	51,200.00	102,400.00
TGO Besitz GmbH & Co.KG, Oldenburg	8.91	102,258.38	1.00
Paydirekt Beteiligungsgesellschaft privater Banken mbH i. L., Munich	2.02	2,104.00	1.00
Wirtschaftsförderung Wesermarsch GmbH, Brake	2.50	1,278.23	1,278.23
MFP Munich Film Partners GmbH & Co. I. Produktions KG i. L., Grünwald	0.19	230,081.35	1.00
Society for Worldwide Interbank Financial Telecommunication S. C. R. L. (S. W. I. F. T.), La Hulpe / Belgium	0.04	4,987.36	62,322.19
Total		**828,909.32**	**620,428.96**

The profit or loss for the period and the equity capital of the long-term equity investments were not yet available for the reporting year as of the time of preparation of the statements.

Disclosure on fees paid to the independent auditors per Sec. 285 No. 17 HGB

EUR	2019	2018
Audit of financial statements	751,000.00	724,970.00
Other confirmation and valuation services	102,000.00	14,600.00
Total	**853,000.00**	**739,570.00**

The fee for audit services of Deloitte GmbH Wirtschaftsprüfungsgesellschaft mainly related to the audit of the annual financial statements as well as the management report, the audit of security deposit holdings, the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) audit and the audit of interim financial statements. Other audit services included, in particular, audit activities in connection with the preparation of a securities prospectus and the review of OLB's declaration submitted to the Deutsche Bundesbank in calendar year 2019 (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 (from October 1, 2019)
Chairman
Retired, Ritterhude

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

Claus-Jürgen Cohausz
Corporate consultant, Münster

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 Region Oldenburg/Ammerland/Friesland and Headquarters, Oldenburg

Gernot Wilhelm Friedrich Löhr
Investment professional, London (United Kingdom)

Dr. Manfred Puffer
Senior investment adviser, Meerbusch

Horst Reglin
Union Secretary for Financial Services,
Vereinte Dienstleistungsgewerkschaft ver.di, Oldenburg

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

Christine de Vries
Project Manager, Oldenburgische Landesbank AG, Oldenburg

LEFT DURING THE YEAR

Dr. Ernst Thomas Emde (until September 30, 2019)
Chairman
Attorney-at-Law, Frankfurt am Main

BOARD OF MANAGING DIRECTORS

Dr. Wolfgang Klein
Chairman of the Board of Managing Directors,
(from October 1, 2019),
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

LEFT DURING THE YEAR

Axel Bartsch (until September 30, 2019)
Chairman of the Board of Managing Directors,
Oldenburgische Landesbank AG

Jens Rammenzweig (until February 29, 2019)
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

Jens Rammenzweig, Chief Risk Officer until February 29, 2020, left OLB by mutual agreement on February 29, 2020.

DISCLOSURES PER SEC. 285 NO. 34 HGB ON THE PROPOSAL FOR ALLOCATION OF PROFITS FOR FISCAL YEAR 2019

The income statement for 2019 shows net retained profits of EUR 109.8 million. The Board of Managing Directors and the Supervisory Board propose that an amount of EUR 30.0 million be used to pay a dividend of EUR 1.29 per share with a maturity date for the dividend entitlement of September 30, 2020 and to allocate the remaining amount of EUR 79.8 million to the other revenue reserves.

Oldenburg, March 5, 2020
OLB AG

The Board of Managing Directors

Dr. Wolfgang Klein Chairman	Karin Katerbau	Hilger Koenig

ANNEX TO THE ANNUAL FINANCIAL STATEMENTS PER SEC. 26A KWG, DISCLOSURE 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 operating trading income or 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	2019	2018
Net interest income	317,186,194.95	293,313,906.43
Net commission income	103,565,134.32	84,351,287.80
Net operating trading income / expense	20,959.13	– 94,170.14
Operating income / revenue	**420,772,288.40**	**377,571,024.09**

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

On average for the year, OLB AG had 2,125 employees (prior year: 2,136). This corresponds to an average employee capacity of 1,875 full-time equivalents (prior year: 1,884).

PROFIT OR LOSS BEFORE TAXES

The "net income" for the year recognized in the annual financial statements of OLB AG is presented less "taxes on profit or loss" ("taxes on income" and "other taxes, unless recognized under Item 12") as "profit before taxes":

EUR	2019	2018
Net income for the fiscal year	109,788,766.18	20,576,884.68
./. Taxes on profit or loss	41,184,453.12	22,067,967.06
Profit before taxes	**150,973,219.30**	**42,644,851.74**

TAXES ON PROFIT OR LOSS

The “Taxes on income” and the “Other taxes,” unless recognized under Item 12, are recognized in the annual financial statements of OLB AG as “Taxes on profit”:

EUR	2019	2018
Taxes on income	–40,139,998.50	–18,117,083.09
Other taxes not included under Item 12	–1,044,454.62	–3,950,883.97
Taxes on profit or loss	**–41,184,453.12**	**–22,067,967.06**

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 income for the year in the annual financial statements as its net profit. The Bank defines the total of assets or liabilities in the annual financial statements as its total assets:

EUR	2019	2018
Net profit / net income for the year	109,788,766.18	20,576,884.68
Total assets / total of equity & liabilities	19,644,345,657.73	19,093,035,602.71
Ratio of net profit to total assets (return on capital)	**0.56 %**	**0.11 %**

Independent Auditors' Report

To Oldenburgische Landesbank AG, Oldenburg

REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND MANAGEMENT REPORT

AUDIT JUDGMENTS

We have audited the annual financial statements of Oldenburgische Landesbank AG, Oldenburg, consisting of the balance sheet to December 31, 2019, the income statement, the cash flow statement and the statement of changes in equity for the fiscal year from January 1 to December 31, 2019 and the notes to the financial statements, including the presentation of the accounting and measurement policies. We have also audited the management report of Oldenburgische Landesbank AG, Oldenburg, for the fiscal year from January 1 to December 31, 2019. In conformity with German statutory provisions, we have not audited the content of the nonfinancial report required under Secs. 289b (3) and 289c to 289e of the German Commercial Code (HGB), to which reference is made in the management report, the information required under Sec. 289f HGB (proportion of women) in the management report or the other information in the financial report.

It is our assessment, based on the findings obtained in the audit, that

- the enclosed annual financial statements comply in all material aspects with the provisions of German commercial law and provide a true and fair view of the net assets and financial position of the Company on December 31, 2019 and the results of its operations for the fiscal year from January 1 to December 31, 2019 that is consistent with German accepted accounting principles, and that

- overall the attached management report provides a pertinent view of the position of the Company. In all material aspects this management report is consistent with the financial statements, conforms to German statutory provisions and pertinently presents the risks and opportunities of future development. Our audit judgment on the management report does not extend to the content of the nonfinancial report required under Secs. 289b (3) and 289c to 289e HGB, the information required under Sec. 289f HGB or the other information in the financial report.

In accordance with Sec. 322 (3) Sentence 1 HGB, we declare that our audit did not lead to any reservations concerning the adequacy of the annual financial statements and management report.

BASIS FOR THE AUDIT JUDGMENTS

We conducted our audit of the annual financial statements and management in accordance with Sec. 317 HGB and the EU Audit Regulation (No.) 537/2014 and in compliance with the German principles established by the Institute of Public Auditors in Germany (IDW) for the due performance of audits of financial statements. Our responsibility under these regulations and principles is set out in further detail in the section of our audit report entitled "Responsibility of the auditor for the audit of the annual financial statements and management report."

In accordance with the provisions of European and German commercial law and professional codes of practice, we are independent of the Company and have fulfilled our other professional obligations under German law in accordance with these requirements. We further declare pursuant to point (f) of Art. 10 (2) of the EU Audit Regulation that we have not provided any prohibited non-audit services referred to in Art. 5 (1) of the Regulation. We believe that the audit evidence obtained by us is sufficient and capable of serving as a basis for our audit judgments on the annual financial statements and management report.

KEY AUDIT MATTERS IN THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS

Key audit matters are those matters which in our best judgment were the most significant in our audit of the annual financial statements for the fiscal year from January 1 to December 31, 2019. These matters were considered in connection with our audit of the annual financial statements as a whole and in the formation of our audit judgment; we do not offer any separate judgment on these matters.

What we consider to be the key audit matters are set out below:

1. Presentation of the merger of Wüstenrot Bank AG Pfandbriefbank (WBP) with Oldenburgische Landesbank AG (OLB)

2. Transfer of pension obligations to a pension fund

We have structured our comments on these key audit events as follows:

a) Description of the matters (incl. reference to relevant information in the annual financial statements)

b) Audit procedures

PRESENTATION OF THE MERGER OF WÜSTENROT BANK AG PFANDBRIEFBANK (WBP) WITH OLDENBURGISCHE LANDESBANK AG (OLB)

a) In the fiscal year 2019, WBP was merged with OLB in the form of an upstream merger. WBP transferred the entirety of its assets to OLB by way of merger by absorption pursuant to Sec. 2 No. 1 of the German Transformation Act, with retroactive effect from July 1, 2019. Transfer of the assets and liabilities to OLB under civil law was effected with entry of the relevant notice on the commercial register on November 29, 2019, at which time WBP ceased to exist. The closing balance sheet of WBP prepared to June 30, 2019 formed the basis for the merger process, which was technically completed in the current account by data migration on November 30, 2019 in application of the book value method.

   The net earnings realized by WBP for the period from July 1 to November 29, 2019 are stated in the income statement of OLB as a balanced separate item.

   Since transformation processes such as mergers are complex transactions and are associated with risks in relation to correct posting and proper presentation in the annual financial statements of the acquiring legal entity, the presentation of the merger of WBP with OLB is among the most significant matters in the audit of the annual financial statements.

   The information provided by the legal representatives concerning the merger is set out in the sections of the notes to the financial statements entitled "Principles for the preparation of the annual financial statements and accounting regulations" and "Information on the commercial presentation of the in-year merger with WBP" and the section of the management report entitled "Transactions having a material effect on the net worth, financial position and results of operations."

b) As a first step, we inspected and critically appraised the merger agreement underlying the merger. In the further course of the audit we assessed the regulations and measures implemented in connection with the proposed merger of OLB in respect of their appropriateness for the due recording and presentation of the merger in the annual financial statements of OLB. We then reviewed the recording and presentation of the merger for correctness and completeness and assessed the measurement of the assets and liabilities accrued as a result of the merger for adequacy by conducting meaningful audit operations. In addition, we investigated whether mutual payables and receivables had been set off in full, whether expenses and income from transactions between WBP and OLB within the year had – where necessary – been eliminated within the income statement and whether accounting and measurement policies had been applied consistently in the annual financial statements to December 31, 2019. We also verified the material measurement effects (in profit and loss) from the adaptation of the accounting and measurement policies of WBP to the consistent accounting and measurement policies after the merger, checking these effects with regard to their amount and proper determination. Furthermore, we assessed the information and explanations provided by the legal representatives on the merger – particularly concerning the establishment of comparability with the previous year's figures in the notes to the financial statements – for adequacy and completeness. We conducted the technical migration of the data of WBP to OLB with the assistance of our IT specialists and on the basis of IDW PS 850. In doing so, we particularly verified the appropriateness of the internal control system specifically implemented for the project and carried out functional checks in relation to the due transfer of the data of WBP to the systems of OLB.

TRANSFER OF PENSION OBLIGATIONS TO A PENSION FUND

a) In the fiscal year 2019, OLB transferred the majority of its pension commitments existing as of the key transfer date and pension entitlements accrued by its staff (past service) from a total of four pension plans and 33 pension commitments as of December 31, 2019 in the amount of EUR 190.2 million to a pension fund against payment of a redemption amount (liquid assets) in the amount of EUR 192.9 million. This entailed a change in the way the occupational pension scheme is implemented through the conversion of previously direct pension commitments into indirect pension commitments. In exercise of the passive option allowed under Art. 28 (1) Sentence 2 of the Introductory Act to the German Commercial Code (EGHGB), the provisions for the transferred pension obligations are not stated in the balance sheet of OLB. Since the reason for the formation of provisions has thus fallen away, OLB has released the provisions as income. The whole transfer process results in an extraordinary income in the amount of EUR 190.2 million, which compares with an extraordinary expense of EUR 192.9 million to resource the pension fund. The reported pension obligations on the balance sheet date have fallen sharply by EUR 160.8 million to EUR 35.7 million, due in particular to the derecognition of the transferred pension obligations.

The future service and the past service obligations of individual pension beneficiaries remain on the balance sheet of OLB. The redemption amount and the amount of the remaining pension obligations were calculated on the basis of actuarial reports. Benefits to the pension beneficiaries were paid from the pension fund for the first time in January 2020.

Due to the subsidiary liability of OLB, the obligations of OLB toward the pension beneficiaries do not finally cease to exist.

Transfer of the pension obligations thus has a material bearing on the net assets, financial position and results of operations. Given the many underlying pension regulations, the number of pension beneficiaries affected, the change in the method of implementation and the subsidiary liability of OLB in relation to the requirements under commercial and employment law, the exclusion process is enormously complex.

For these reasons, and in light of the relative significance of the pension provisions for the annual financial statements of OLB, this was a key matter for the purposes of our audit.

The information provided by the legal representatives concerning the transfer process is set out in the section of the notes to the financial statements entitled "Principles for the preparation of the annual financial statements and accounting regulations." Supplementary information on the exclusion of the pension provisions is also provided in the section of the management report entitled "Transactions having a material effect on the net worth, financial position and results of operations."

b) In the course of our audit we first inspected and critically appraised the contractual bases for the transfer of the pension obligations. To that end we analyzed the contract with the pension fund and an expert legal report provided to us on the legal assessment of the transferability of the pension obligations with the assistance of experts in our network. We satisfied ourselves of the expertise, capabilities and objectivity of the expert providing the legal report for our audit. With the findings of these analyses, we appraised the presentation of the transfer of the pension obligations to the pension fund in the accounts of OLB on the key transfer date and the forward projection of the remaining pension provisions on the balance sheet date. We also verified the computational correctness and completeness of the excluded pension obligations, the pension obligations remaining on the balance sheet and the amount of the provisions not stated in exercise of the option under Art. 28 (1) Sentence 2 EGHGB.

We then recorded the internal administrative procedure of OLB in relation to the process of transferring the pension obligations to the pension fund, including accounting-related controls implemented for the transfer of the pension obligations and the redemption amount, and appraised the audit-related internal controls in respect of their appropriateness. In addition, we inspected the confirmation from the pension fund of receipt of the redemption amount and compared it against the redemption amount agreed in the pension contract.

With the assistance of the expert we instructed, we appraised the expert actuarial reports which were obtained by OLB and underlie the transfer of the pension obligations. We satisfied ourselves of the expertise, capabilities and objectivity of the external actuarial expert providing this report for our audit and critically appraised the measurement procedures and assumptions applied. In doing so we checked the plausibility of the quantity structure, the actuarial parameters and the calculation of the provisions for both the transferred pension obligations and those remaining on the balance sheet of OLB.

We reviewed the explanations provided for the transfer of the pension obligations in the notes to the financial statements and verified them for correctness and completeness.

OTHER INFORMATION

The legal representatives are responsible for the other information. The other information comprises:

- the nonfinancial report required under Secs. 289b (3) and 289c to 289e HGB, to which reference is made in the management report;
- the information required under Sec. 289f HGB (proportion of women);
- all remaining parts of the financial report with the exception of the audited annual financial statements and management report and of our auditors' report.

Our audit judgments on the annual financial statements and management report do not extend to the other information, and accordingly we offer neither an audit judgment nor any other form of audit conclusion concerning the other information.

In connection with our audit, it is our responsibility to read the other information and to assess whether the other information

- contains material inconsistencies with the annual financial statements, the management report or the findings we obtained in our audit, or
- appears to contain any other material misstatements.

RESPONSIBILITY OF THE LEGAL REPRESENTATIVES AND SUPERVISORY BOARD FOR THE ANNUAL FINANCIAL STATEMENTS AND MANAGEMENT REPORT

The legal representatives are responsible for preparing the annual financial statements so that they conform in all material aspects to the provisions of German commercial law and for ensuring that the annual financial statements provide a true and fair view of the net assets, financial position and results of operations of the Company that is consistent with German accepted accounting principles. The legal representatives are also responsible for the internal controls they have deemed necessary in conformity with the German accepted accounting principles in order to enable the preparation of annual financial statements that are free of material misstatements, whether intended or unintended.

In preparing the annual financial statements, the legal representatives are responsible for assessing the ability of the Company to continue its business activities. They also have the responsibility to disclose facts associated with the continuation of the business activities, where relevant. In addition, they are responsible for reporting on the basis of the accounting principle of a continuation of business activities unless prevented from doing so by material or legal circumstances.

The legal representatives are also responsible for preparing the management report so that overall it provides a pertinent view of the position of the Company, is consistent in all material aspects with the annual financial statements, conforms to the provisions of German law and pertinently presents the risks and opportunities of future development. The legal representatives are additionally responsible for the precautions and measures (systems) which they have considered to be necessary in order to enable preparation of the management report in conformity with the applicable provisions of German law and to provide sufficient suitable evidence for the statements in the management report.

The Supervisory Board is responsible for monitoring the accounting processes of the Company used to prepare the annual financial statements and management report.

RESPONSIBILITY OF THE AUDITOR FOR THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND MANAGEMENT REPORT

It is our objective to bring about sufficient certainty as to whether the annual financial statements as a whole are free of material misstatement, whether intended or unintended, and whether the management report overall provides a pertinent view of the position of the Company, is consistent in all material aspects with the annual financial statements and with the findings obtained in the course of the audit, conforms to the provisions of German law and pertinently presents the risks and opportunities of future development, and to issue an auditors' report that contains our audit judgments on the annual financial statements and the management report.

Sufficient certainty is a high degree of certainty, but not a guarantee, that an audit carried out in conformity with Sec. 317 HGB and the EU Audit Regulation and in accordance with the German principles established by the Institute of Public Auditors in Germany (IDW) for the due performance of audits of financial statements will always uncover a material misstatement. Misstatements may result from infringements or inaccuracies and be regarded as material if it could reasonably be expected that, whether individually or together, they influence the business decisions made by addressees on the basis of these annual financial statements and the management report.

We exercise our statutory discretion during the audit and maintain a critical stance. In addition,

- we identify and assess the risks of material misstatement, whether intended or unintended, in the annual financial statements and management report, plan and conduct audit operations in reaction to these risks and obtain audit evidence that is sufficient for and capable of serving as the basis for our audit judgments. The risk that a material misstatement will not be discovered is greater in the case of infringements than in the case of inaccuracies, as infringements may involve fraudulent conspiracy, distortion, intended incompleteness, misleading statements or the disabling of internal controls.

- we gain an understanding of the internal control systems of relevance for the audit of the annual financial statements and the precautions and measures relevant for the audit of the management report in order to plan audit operations that are appropriate in the particular circumstances, but not with the aim of giving an audit judgment on the effectiveness of these systems of the Company.

- we assess the appropriateness of the accounting methods applied by the legal representatives and the tenability of the estimated values and associated disclosures made by the legal representatives.

- we draw conclusions as to whether the preparation by the legal representatives in application of the going-concern assumption is appropriate and, on the basis of the audit evidence obtained, whether there is material uncertainty with regard to events or circumstances that could cast significant doubt on the ability of the Company to continue its business activities. If we come to the conclusion that there is material uncertainty, we are obliged to draw attention in the auditors' report to the relevant disclosures in the annual financial statements and management report or, if such disclosures are inappropriate, to modify our respective audit judgment. We draw our conclusions on the basis of the audit evidence obtained up to the date of our auditors' report. However, future events or circumstances may lead to the Company being unable to continue its business activities.

- we assess the overall presentation, the structure and the content of the annual financial statements including the disclosures and we assess whether the annual financial statements present the underlying events and business transactions in such a way that the annual financial statements provide a true and fair view of the net assets, financial position and results of operations of the Company in accordance with the German accepted accounting principles.

- we assess the consistency of the management report with the annual financial statements, its conformity with the law and the view of the position of the Company it provides.

- we conduct audit operations on the forward-looking statements presented by the legal representatives in the management report. Relying on sufficient suitable audit evidence, we verify in particular the meaningful assumptions made by the legal representatives underlying the forward-looking statements and assess the appropriate derivation of the forward-looking statements from these assumptions. We do not offer an independent audit judgment on the forward-looking statements or on the underlying assumptions. There is a considerable and unavoidable risk that future events will deviate materially from the forward-looking statements.

We discuss with those responsible for monitoring the planned scope and timetabling of the audit, among other things, as well as significant audit findings, including any deficiencies in the internal control system, that we discover in the course of our audit.

We give those responsible for monitoring a declaration that we have complied with the relevant requirements of independence, and discuss with them all relationships and other matters which may reasonably be assumed to have an influence on our independence, and the protective measures taken to that end.

Of the matters which we have discussed with those responsible for monitoring, we determine those matters which were the most significant in the audit of the annual financial statements for the current period under report and are therefore key audit matters. We describe these matters in the auditors' report unless laws or other legal provisions preclude public disclosure of the matter.

OTHER LEGAL AND STATUTORY REQUIREMENTS

OTHER INFORMATION PURSUANT TO ART. 10 OF THE EU AUDIT REGULATION

We were appointed auditors by the Shareholders' Meeting on March 29, 2019. We were instructed by the Supervisory Board on April 30, 2019. We have been the auditors of Oldenburgische Landesbank AG, Oldenburg, since the fiscal year 2018.

We declare that the audit judgments set out in this auditors' report are consistent with the additional report to the Audit Committee pursuant to Art. 11 of the EU Audit Regulation (audit report).

RESPONSIBLE AUDITOR

The auditor responsible for the audit is Stephan Dreeßen.

Hanover, March 9, 2020
Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

(Andreas Feige)	(Stephan Dreeßen)
Public Auditor	Public Auditor

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DATE OF PUBLICATION
March 27, 2020

This report is available in German and English.
Both versions may be downloaded from the Internet
at: www.olb.de.

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