

Speech to the  
Annual General Meeting  
of OVB Holding AG  
on 6 June 2014

OVB Allfinanz – simply better





# Speech to the Annual General Meeting of OVB Holding AG

Chairman of the Executive Board

Check against delivery!

Dear shareholders,  
ladies and gentlemen, dear guests,  
dear friends of OVB,

On behalf of myself, my colleagues on the Executive Board of OVB Holding AG, all the managers and staff, I bid you a warm welcome to this year's Annual General Meeting.

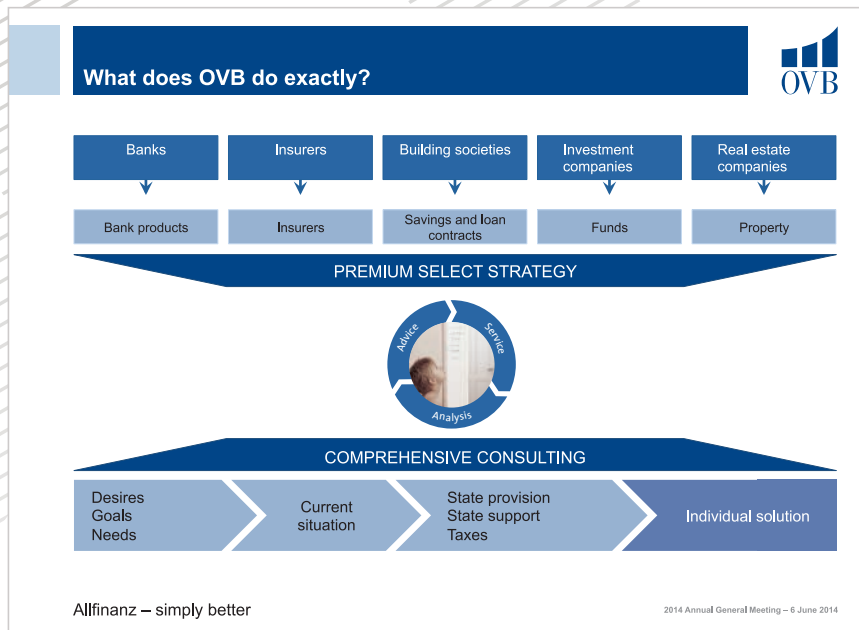
I am delighted to see so much interest in OVB. I thank you for attending and appreciate that some of you have been with us for many years, showing us how much you value the company. Appreciation and values – material and non-material values – are more important in today's world than ever before. They are crucial for people and society. These terms have a diverse and rich meaning for our company, too.

First I'd like to show you a brief outline of my presentation today. It's important to me that we start by looking at the unique profile of our business model. Then we'll look at the business performance in 2013, followed by the current environment and the start to the 2014 financial year, before I talk about our strategy and outlook.

## Report of the Executive Board – Agenda



1. Our business model
2. 2013 business operations
3. Current environment
4. Q1/2014 business operations
5. Strategy
6. Outlook



## Our service is actually quite simple

We talk with people about their desires and goals, understand their current situation and develop individual solutions for their private financial planning, taking into account state provision and support. Securing livelihoods has been OVB's focus for more than 40 years.

With our Premium Select strategy, we help our customers make the right choices between different product types and providers for their respective needs.

Our comprehensive consulting approach protects customers from specific provider interests, under which needs-based consulting may not always take first priority.

In addition to the necessary technical qualification, the OVB ACS system (Analysis – Consulting – Service) enables our financial consultants to better penetrate the often complex “financial service jungle” together with the customer, and thus find the right solution for the customer.

In Europe, a demographic time bomb is ticking. Unfortunately, for some time now we've seen efforts by politicians moving backwards with this incredibly important issue. After Monsieur Hollande won the elections in France by promising to reduce the retirement age to 60, in Germany we're going through not only the most expensive pension reform of all time, but also the most questionable. It's all being done under the guise of fairness.

In any case, the fact remains that there is no alternative to long-term, private pension savings. Otherwise we face the risk of old-age poverty. We're not talking about generally, but individually and personally. Many people know this, and still pension savings products will not be in demand without educational information. Investment savings contracts and pension insurance aren't products that you can display in a shop window, or see, feel and taste.

These are products that people only buy not just if they are aware of their needs, but also if they realise and understand that they really can solve their problems individually. So financial advisors motivate customers to save, but they also present unpleasant truths that may cause people to consume less, so that they have a chance to maintain their standard of living in the future. Thus, for 44 years, OVB's corporate commitment to private pensions has performed an important social role.

Ladies and gentlemen, a few days ago we elected a new European Parliament and set the course for Europe's future. Unfortunately, this election result also reflects the discussion about fairness, which the moderate parties in particular have been using for years to "trap" voters although they know that all EU countries have agreed to mutual solidarity in the Treaty of Lisbon. Only in this way can Europe function, our prosperity flourish, and OVB's business model be expanded.

After the financial industry has been overrun for five years with excess regulation, some of which has taken place without any real plan, it is nevertheless still being used by election campaigns as the enemy in order to polarise the voters.

Often this is done under the guise of consumer protection as well. Sadly, this makes people forget how important banks and insurance companies are to a functioning economy – Europe's social market economy. This is one of the clear goals in the Treaty of Lisbon as well. Unfortunately, many discussions also show that decision-makers apparently haven't read Ludwig Erhard's book "Prosperity for All", and so this social market economy is being interpreted in a wide variety of ways. Erhard would be spinning in his grave! The approach is similar to that seen with the topic of pension insurance.

## Annual Report 2013

**»» In our view...**

In the "In our view" chapter of our annual report, we tackle old and new prejudices and criticisms of the business model of financial sales organisations and also of course the risk of excessive government regulation.

At the same time, we want to point the way

- to a common Europe,
- to private responsibility and entrepreneurship and
- to the OVB Allfinanz model based on comprehensive consulting.

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Not only do most people not know that Otto von Bismarck set the retirement age at 70, but it was never intended to secure our standard of living, boost retirement income, or anything else. These "new definitions" from politics are broadcast in our media age and they take on ideas, judgments or prejudices until everyone starts to believe you could turn a tractor into a Ferrari.

This brings me to our 2013 annual report, which you can get a copy of today. In the chapter titled "In our View", we take a long and profound look at criticisms and prejudices, and state our clear position on topics that concern us.

As a European company, we are firmly committed to Europe. If you look at OVB not from a purely German standpoint, but from a European standpoint, you'll see our true magnitude. We generate 70 percent of our revenues internationally. More than 70 percent of our clients live outside Germany. Maybe we're not quite as well



known and appreciated as we should be, but we are the only true European financial services provider. We have more than three million customers and around 5,100 financial consultants in 14 countries. More than 20 years ago, we started to gain international recognition from our home base in Germany. We exported our business model early on, in a consistent and successful manner, to growth markets rich in opportunity, especially central and eastern Europe. Back then no one believed there could be success in this segment, which is so important for us today. In our industry, we are what other industries would proudly call a “hidden champion”.

OVB is unique. Our international position offers us a wide range of growth opportunities and a balanced opportunity/risk profile, which stabilises our business performance and balances out country-specific market developments. Our international scope provides our financial advisors and employees with unique European career options.

From our day-to-day activities, we know the value that we gain from a strong European Union as a continent without borders, from a strong common currency, and from comparable European conditions.

We think it's obvious that we must remain on a European path. That's why, as a company for entrepreneurs, we support a Europe that does not tell its citizens what to do, but rather fosters them and trusts in them.

## OVB is a “company for entrepreneurs”

Frugality, efficiency and entrepreneurial thought are part of our DNA. We have always remained true to our proven business model. OVB is lean, flexible and solid. Today's annual general meeting is looking at a proposal based on these principles.

We ask that you approve the resolution to conclude a control agreement with the wholly owned subsidiary, OVB Vermögensberatung AG. This is part of our goal to further optimise the OVB group structure, to make us even more dynamic and to further reinforce the role of OVB Holding AG as the management holding company in charge. This will also provide a permanent sales tax structure between OVB Holding AG and OVB Vermögensberatung AG.

### 2013: OVB stays the course in a challenging environment and reinforces its market position



#### OVB's international position stabilises business performance and compensates for market developments in individual countries

- The number of clients advised increased again (+2.7 percent)
- Consultant organisation stable (5,082 financial consultants)

	2013	2012
▪ Total sales	EUR 204.8 million	(EUR 214.7 million)
▪ EBIT	EUR 10.2 million	(EUR 10.7 million)
▪ Consolidated net income	EUR 8.0 million	(EUR 8.3 million)
▪ Earnings per share	EUR 0.56	(EUR 0.58)

**Stable earnings and proposed dividend of EUR 0.55 (unchanged vs. prior year)**

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2013 was a challenging financial year in which our company expertly managed its strong market position as one of Europe's leading financial services providers, even in the face of negative industry performance.

The number of customers advised rose again by 2.7 percent to 3.1 million. The advisor organisation remained stable and expanded considerably in southern and western Europe. However, OVB was unable to break away completely from the negative general market trend. Sales were slightly down year-on-year at EUR 204.8 million, whereby there were negative currency effects of EUR 2.3 million.

The reason OVB did not see the slight growth it expected was primarily because of an unexpected but considerable decline in sales in the Czech Republic, following a failed pension reform. In Hungary, another country from our central and eastern Europe segment, OVB saw great success. Our sales grew in the segment of southern and western Europe in particular, where OVB achieved an increase of 23 percent to EUR 33 million. We generated dynamic sales growth especially in Italy and Spain.

We feel it's especially noteworthy that we've seen so much growth particularly in countries that have been completely stripped of any illusions about the capacity of government support systems in recent years.



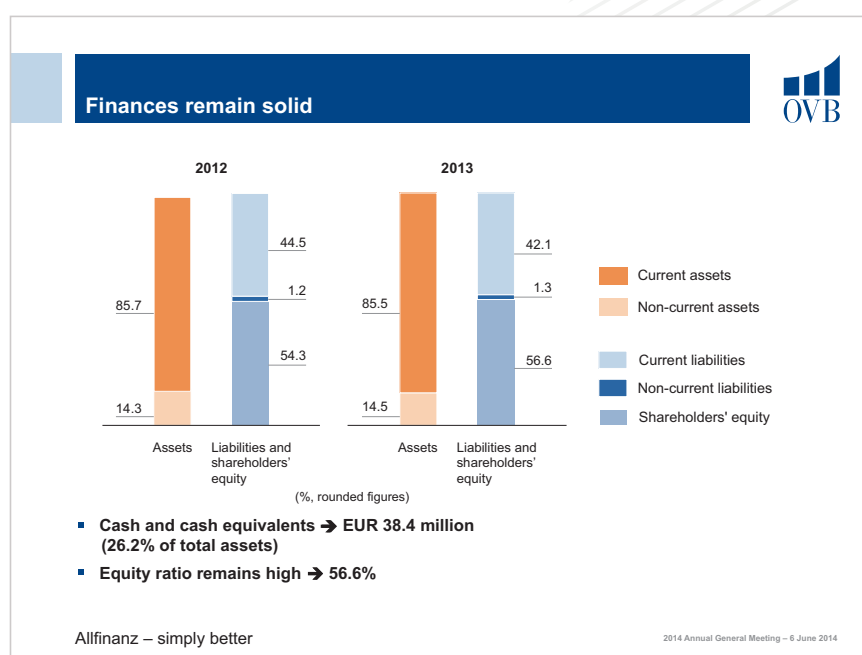
In Germany, the development of new business was affected by the general pension provision fatigue. Notably, however, OVB in the domestic market is still making stable and large contributions to group earnings.

At EUR 10.2 million, total operating income was nearly the same as the prior year, after a leap of 73 percent in 2013. Our consolidated net income was EUR 8.0 million, following EUR 8.3 million in the prior year. This results in basic earnings of 56 euro-cents per share.

Therefore, today the Executive Board and Supervisory Board of OVB Holding AG propose that the dividend remain at 55 eurocents per share, for a total dividend payment of EUR 7.8 million.

For 2013, OVB Holding AG's equity was EUR 83.0 million as of the balance sheet date – not much different from the prior-year figure of EUR 83.4 million. Current liabilities – used for business operations – dropped to EUR 61.8 million. Non-current liabilities remain very low. With an equity ratio of 56.6 percent as of 31 December, OVB is a stable, reliable partner for customers and financial advisors.

Its solid equity base means that we can continue to succeed in future and, by paying consistent dividends, create shareholder value. OVB's solid finances foster trust among customers, financial consultants and product providers. OVB also has sufficient leeway for strategic initiatives.



In view of the highly challenging environment, where neither the general economic situation nor politics provided impetus in most European countries, OVB is happy with the result achieved in 2013.

For more information about the 2013 financial year, you can consult the annual report. You can obtain a copy here today or we will mail it to you on request.

The financial services industry is facing a lot of headwind in Europe. Unfortunately, many people have lost sight of one of the most pressing problems: the threat of old-age poverty.

More and more, the willingness to take personal responsibility for retirement savings is being suppressed by a range of factors. These include the low interest levels pushed by politicians, which do not allow for much in the way of a return on investments. This is why I do not understand the European Central Bank's statement that the low inflation rate in Europe must be combatted.

Another factor that has caused people to neglect the importance of private retirement savings is the excessively negative bias that we feel has been going on for years in media reporting about the financial services industry. It's dangerous. Without personal consulting, people do not make sufficient private provisions. Our customers do appreciate our services.

What's more, thanks to several hundred thousand consultations per year, we know that contrary to the media's perception, high-quality consulting on multiple themes, using a commission-based system, continues to be well accepted by customers.

In fact, many consumers are even worried about whether they can retain access to good, affordable consulting. It's a justified fear when we look at Great Britain.

There we can definitely see the negative consequences of excess government regulation. Access to affordable, and socially just, pension advice is becoming more difficult or even impossible – especially for lower-income households.

This is why we are opposed to the growing influence from the government. The regulatory changes in the pipeline will not help consumers. Rather, they will protect providers that want to disarm the laws of the social market economy.

Making changes to maximum Zillmer adjustments, for instance, would primarily harm companies and brokers who centre their operations on customer interests, and therefore impede the needs-based consulting demanded by consumer advocates and politicians. However, this cannot fall victim to the "cheaper is better" mentality.

Luckily, the draft bill of the life insurance reform act, or LVRG for short, does not include the long-discussed legal cap on commissions for life insurance policies, or an extension to the cancellation liability period.

We welcome professional transparency in the area of closing and administration fees. While large financial advisory firms have been documenting their consultation meetings for more than 20 years now, we now hope that providers will also do their part using uniform, standardised product information sheets, thereby improving transparency and comparability as desired.

It is regrettable that at OVB, as at other financial sales organisations, the current discussions are taking up a considerable amount of resources and impairing operating business.

This means our tasks now include setting the record straight with our clients, alleviating any concerns that have arisen and reminding them of the necessity of private pension provision. In spite of this, we will continue to be an advocate and mouthpiece for our customers and brokers in order to ensure modern, sustainable financial services.

We demand that politicians remain clearly committed to the diversity of sales channels and stable regulatory and political conditions.

We are currently holding meetings with journalists, politicians and associations. At OVB, our doors are always open to anyone wanting to enter into objective and fair dialogue. OVB stands behind appreciative and respectful communication.

#### OVB calls for stable regulatory and political conditions that safeguard the diversity of sales channels



##### We know

Without personal consulting, people do not make sufficient private provisions. The level of private provision desired by the government is not achievable without financial consultants.

Restrictions on commission weaken companies and brokers who centre their operations on customer interests, i.e. the focus on demand desired by politicians.


Regulatory intervention in commissions is useless and therefore unnecessary, as can be clearly seen from the example of private health insurance.

##### We demand

That the transparency for consumers and brokers called for in the reform of the Insurance Contract Act finally be realised with standardised product information sheets.

That pricing for the provision of brokering services is not state-regulated again, but instead continues to be determined by supply and demand on the market.

**Q1 2014: Improved new business gives confidence for the year as a whole**



- Client numbers in Group continue to grow
- Currently 5,118 financial consultants (plus 3.7%)

Total sales	<b>€49.7 million</b> (€54.8 million)
EBIT	<b>€1.6 million</b> (€2.2 million)
Consolidated net income	<b>€1.4 million</b> (€1.7 million)
Earnings per share	<b>€0.10</b> (€0.12)

→ OVV proves robust in view of challenging environment

→ Improved new business year on year gives confidence for the year as a whole

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We are satisfied with the beginning of 2014 in spite of the challenges I mentioned. In the first quarter of 2014, the OVV Group generated total sales commissions of EUR 49.7 million, which, as expected, was 9.3 percent lower than the strong start of the previous year. The baseline effects included the “unisex” issue and pension reforms. These effects were seen in central and eastern Europe and Germany.

However, we saw major growth in southern and western Europe. Due to the differences in size, the excellent sales achievements in this segment were not enough for a complete offsetting.

As a result, in the first three months of the 2014 financial year the Group generated operating income of EUR 1.6 million, exceeding its own expectations. OVV increased its number both of clients and of financial advisors. 5,118 financial consultants currently advise 3.10 million clients.

Last year I had already reported that we were on the way to becoming the leading systems sales company for financial services in Europe. I would like to continue with this report today and touch on a few aspects.

First I would like to note that the OVV business model is unique, and has proven its worth for more than 40 years. OVV’s position is strong, and there is no need to

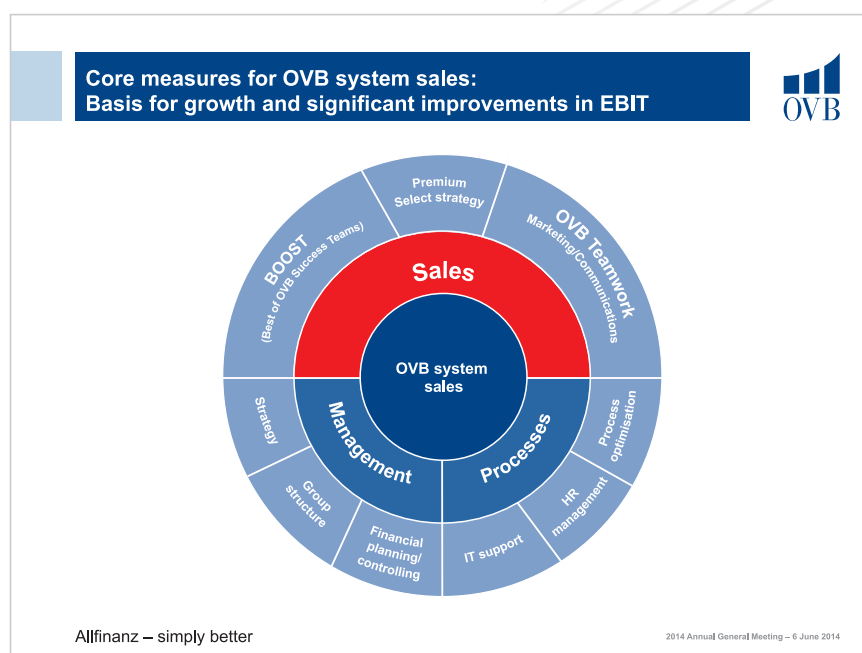
make a new company out of OVB. However, we want to very systematically improve, bit by bit. The cornerstones of our strategy are outstanding customer service, process optimisation and best-in-class management.

One of our strategic core measures is BOOST, which stands for “Best of OVB Success Teams”. In Europe, we are supporting successful business people in their careers with our “best of” approaches. We advertise and expand on these throughout the group. We are in the process of implementing these at the moment, which is one reason that our new business has gotten off to a good start in 2014.

The OVB Premium Select strategy plays a key role in the “2016 OVB Strategy”, which creates value for all of our stakeholders.

With our multi-theme “Allfinanz” consulting, our customers receive custom concepts that make the right selection for each customer using various product types and providers. This selection process in particular helps OVB lay the foundation for long-term, sustainable client relationships. The process will become more and more important in an environment of greater consumer interests.

Thanks to our Premium Select strategy, OVB’s advisors benefit from competitive advantages such as exclusivity and intelligent product bundles. By the way, the latter fosters more sustainable customer loyalty. OVB premium partners have access to their own and to OVB’s international expertise, which helps them create synergies. OVB shareholders receive stable dividends and are exposed to a relatively straight-forward corporate risk.




Financial advisors who decide to work with OVB today do so because of our excellent business model and our international scope. They do not choose us because of the IT support that OVB gives its salespeople, as we have not met the average here. This will change. The goal of our core IT support measure is to develop a high-profile work environment for our field sales staff.

Of course, the “myOVB” administration and billing system is the driving force behind our IT strategy. We will continue to invest in IT support for our advisors in the next years, and make major upgrades. This will help us make our OVB ACS system (analysis – consulting – service), as the basis for expert and multi-themed consulting, even more tangible for our customers. It will also allow us to demonstrate that our mission, “Allfinanz simply better!”, is suitably appreciated by our customers.

One current example of our innovation and growth strategy in terms of technology, with true value-added, is the new OVB Holding AG website. We are now offering streamlined navigation to provide simple, direct access to the main topics. It’s about quality and not quantity, to the tune of “content is king”.

Shareholders, customers and prospects who use our new website can navigate it much more easily and find answers to questions more quickly. We also consider our website to be a forum for open, constructive dialogue with all stakeholders.

**Summary and outlook for 2014 as a whole**



<b>Summary</b>	<ul style="list-style-type: none"> <li>■ Market environment persistently challenging: In light of this, business performance has been positive in 2014 so far</li> <li>■ Improved new business year on year</li> <li>■ Growth in clients and advisors</li> <li>■ Efficiency increases take effect</li> </ul>
<b>Outlook</b>	<ul style="list-style-type: none"> <li>■ Paradoxical situation: Huge need (old-age poverty) – private pension provision is being “talked into the ground” (incessantly)               <ul style="list-style-type: none"> <li>■ The low-interest phase is having far-reaching effects on the population’s retirement provision</li> <li>■ Media reports promote uncertainty and restraint on the part of consumers (constant system discussions, criticism of pension products, etc.)</li> </ul> </li> <li>■ OVB taking a clear public position on issues affecting the sector</li> </ul>

	<ul style="list-style-type: none"> <li>■ <b>Confirmation of our 2014 sales and earnings forecast for the OVB Group</b></li> <li>→ Sales      Slight increase in sales</li> <li>→ EBIT      Stable year on year</li> </ul>
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Ladies and gentlemen, I would like to summarise as follows:

The general conditions for our business are good, but the current environment remains tough. OVB is getting fit for the future with our strategy to become the leading systems sales provider in Europe. We want to depart from our position as a “hidden champion” using balanced but self-assured communications, and make it clear that we are a high-quality, stable provider – in other words, part of Europe’s social security systems. Our most important asset is, and will always be, our reputation.

We are satisfied with the beginning of 2014. Stable regulatory and political conditions are particularly important for our continued positive development. I hope the discussions on this topic will soon be concluded in Germany, but it is not really possible to make a forecast for the German market at this time.

Following the first quarter of 2014, the Group is on the right track to meet the goals it has set for this year. New business has been much better than in the previous year, which gives us reason to be optimistic.

Thanks to our European presence, we assume that we will be able to slightly increase sales in 2014, given stable market conditions on average in the other OVB segments.

Our operating income of EUR 1.6 million in the first quarter exceeded our forecast. Thus, OVB feels it is fully on target in terms of earnings. It confirms the forecast made at the end of March that its 2014 operating income will remain at the same level as in the previous year.

Ladies and gentlemen, allow me to make a few personal remarks in closing.

My utmost respect and gratitude goes to our financial advisors, who are doing an outstanding job in the current market environment.

I would also like to thank our managers and employees, who always show their unwavering commitment to OVB.

I would also like to express my heartfelt thanks to you, the shareholders, for your dedication and your loyalty to our company.

I hope that we can continue to count on your trust and loyalty.

Thank you very much for your attention.

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#### **Forward-looking statements**

This speech contains forward-looking statements. These statements are based on current estimates and projections of OVB management and currently available information. They are not guarantees of future performance, involve certain risks and uncertainties that are difficult to predict, and are based upon assumptions as to future events that may not prove to be accurate. Many factors could cause the actual results, performance or achievements of OVB to be materially different from those that may be expressed or implied by such statements. Such factors include those discussed in the OVB Annual Report 2013 from page 27 to 31. The OVB Annual Report is available in the internet under

[http://www.ovb.ag/InvestorRelations/Publications/Annual reports](http://www.ovb.ag/InvestorRelations/Publications/Annual%20reports)

We do not assume any obligation to update the forward-looking statements contained in this report.

