



Speech to the Annual General Meeting of OVB Holding AG on 2 June 2017

OVB Allfinanz – simply better





Annual General Meeting of OVB Holding AG

Speech by Mario Freis, CEO
Cologne, 2 June 2017

(Check against delivery)

Dear shareholders,
Shareholders' representatives,
Ladies and gentlemen,

Allow me to wish you a warm welcome to this year's Annual General Meeting, also on behalf of my colleagues on the Executive Board, Mr Oskar Heitz and Mr Thomas Hücker.

Executive Board report – agenda



- 1 The 2016 financial year – an overview
- 2 Overview of Q1 2017
- 3 Financial year 2017 outlook and current environment
- 4 Future strategic orientation

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In my speech, I will report on the OVV Group's good results in 2016 and the positive development in the first quarter of 2017.

Further, I'll give you our outlook for 2017 as a whole and describe our current environment in more detail.

Finally, I'll provide information about our future strategic orientation.

The 2016 financial year – an overview		OVV	
	2015	2016	Change
Total sales commissions	€224.7 million	€231.8 million	+3.1 %
EBIT	€14.0 million	€16.5 million	+17.7 %
Consolidated net income	€9.4 million	€12.5 million	+33.7 %
Earnings per share	€0.66	€0.88	+33.7 %

- OVB Group achieves sales increase and significant earnings growth
- Positive development supported by all segments
- Dividend proposal €0.75 per share – an increase of 15.4%

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2016: Profitable and sustainable growth in a challenging environment

OVV tackled the many different challenges of 2016 in Europe extremely well.

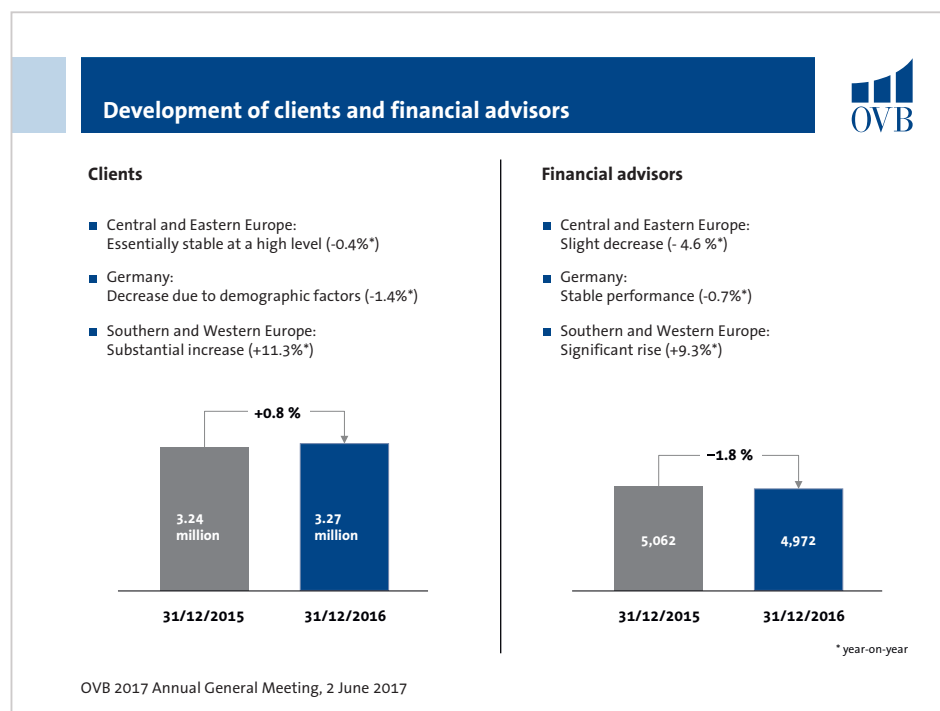
Although economic development was more favourable in several European countries than in previous years, the eurozone as a whole displayed little economic momentum. The financial situation of many private households, particularly in Southern, Central and Eastern European countries, left relatively little room for private financial preventive measures. The long-standing, low-interest phase is substantially diminishing the returns of several financial products. Clients are reacting with reticence, and the motivation for urgently necessary private pensions is being dampened.

Together with increasing regulation of the financial industry, this constitutes an exceedingly challenging environment for our services. Nevertheless, OVV has been able to maintain continuously positive business development over the past few years.

In the 2016 financial year, OVV fulfilled its forecast, which was increased during the year, and increased total sales commissions by 3.1 percent. Operating income grew considerably, to 16.5 million euros, a rise of 17.7 percent year-on-year. Consolidated net income and earnings per share even improved by 33.7 percent to 12.5 million euros and from 66 to 88 euro cents, respectively.

Since we have successfully taken our business model into a number of European countries, we possess a broad European positioning that reflects our significant strength and contributes towards ensuring that our business development is increasingly independent from temporary fluctuations in individual markets.

We are proposing to today's Annual General Meeting that a dividend increased by 10 euro cents, i.e. by 15.4 percent to 75 euro cents per share, be paid out from the improved earnings for 2016.

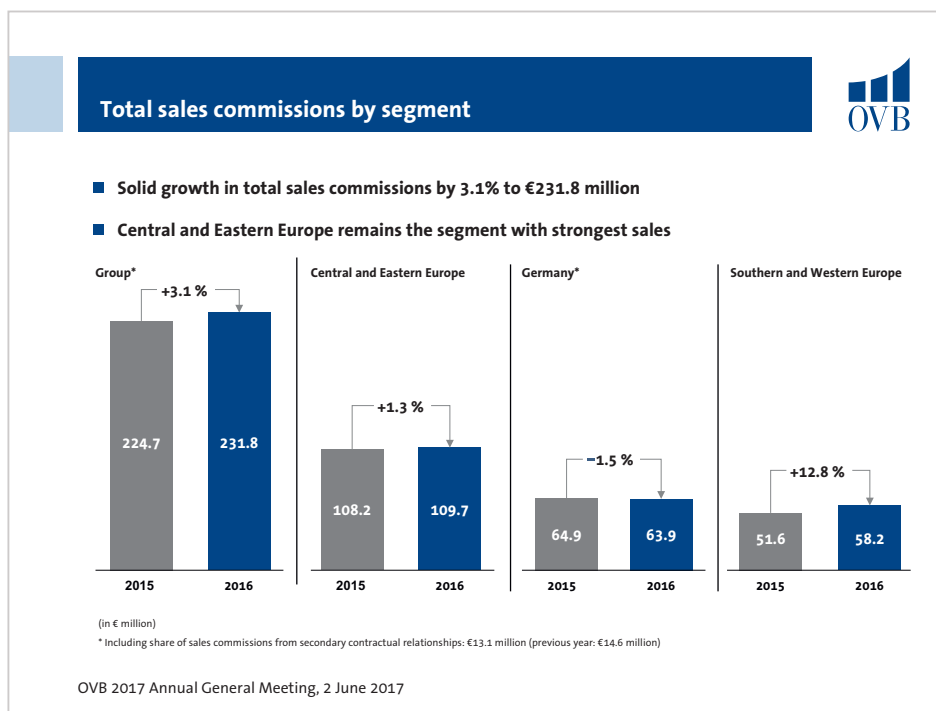


In 2016, we were able to increase the number of customers we advise across Europe to 3.27 million.

In Central and Eastern Europe, we recorded a slight overall decrease of 4.6 percent in the number of financial brokers working full time for us. Changes in regulatory framework conditions, primarily in the Czech Republic, led to decreases of financial brokers. However, we were able to achieve increases in Slovakia, Hungary, Croatia and Romania.

The number of financial brokers in Germany remained essentially stable at 1,300.

We have significantly increased the number of financial brokers working for us in the Southern and Western Europe segment. We achieved particularly pleasing increases in Austria and Spain.



Total sales commissions within the Group increased by 3.1 percent, from 224.7 million euros in 2015 to close to 232 million euros.

The Central and Eastern Europe segment remained the Group's strongest segment, with income from brokerage amounting to 109.7 million euros and an increase relative to the previous year of 1.3 percent.

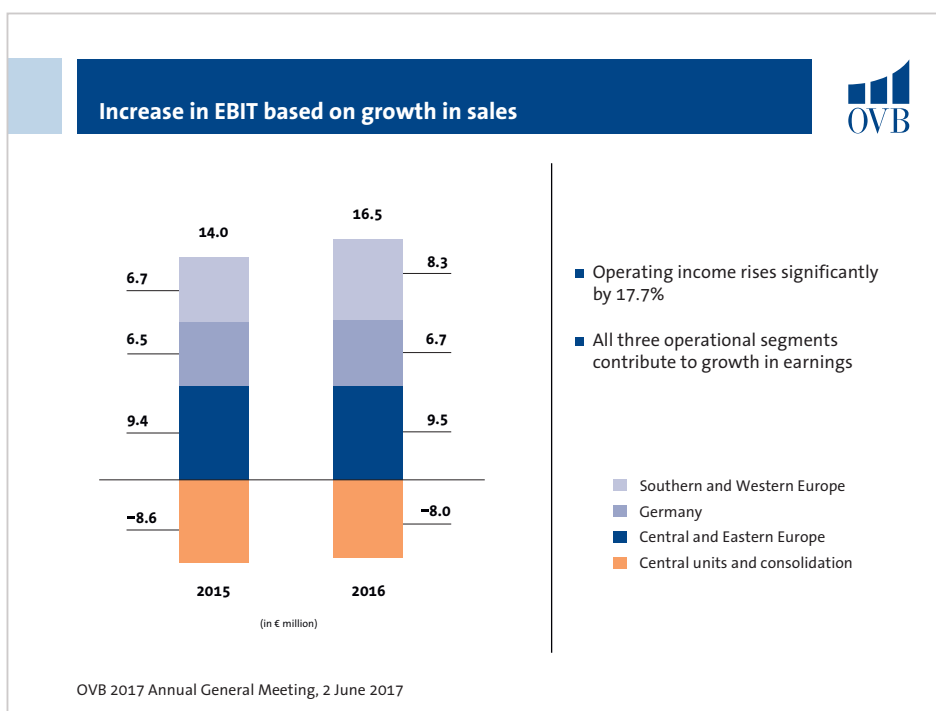
Due to the expected regulation in the critical Czech Republic national market, OVB had anticipated depressed performance at the beginning of the year. After the regulation entered into effect and turned out to be less detrimental than expected, OVB was actually able to achieve a slight gain for 2016 as a whole in the Czech market. In Hungary, Croatia and Romania, OVB generated significant sales increases.

In the Germany segment, total sales commissions in 2016 maintained approximately the same level as the previous year despite the noticeable impact of the German Life Insurance Reform Act. Total sales commissions only fell slightly, by 1.5 percent.

As in previous years, OVB grew dynamically in Southern and Western Europe in 2016. Total sales commissions rose significantly by 12.8 percent, from 51.6 million euros in the previous year to 58.2 million euros.

The Group's operating income rose by 17.7 percent to 16.5 million euros.

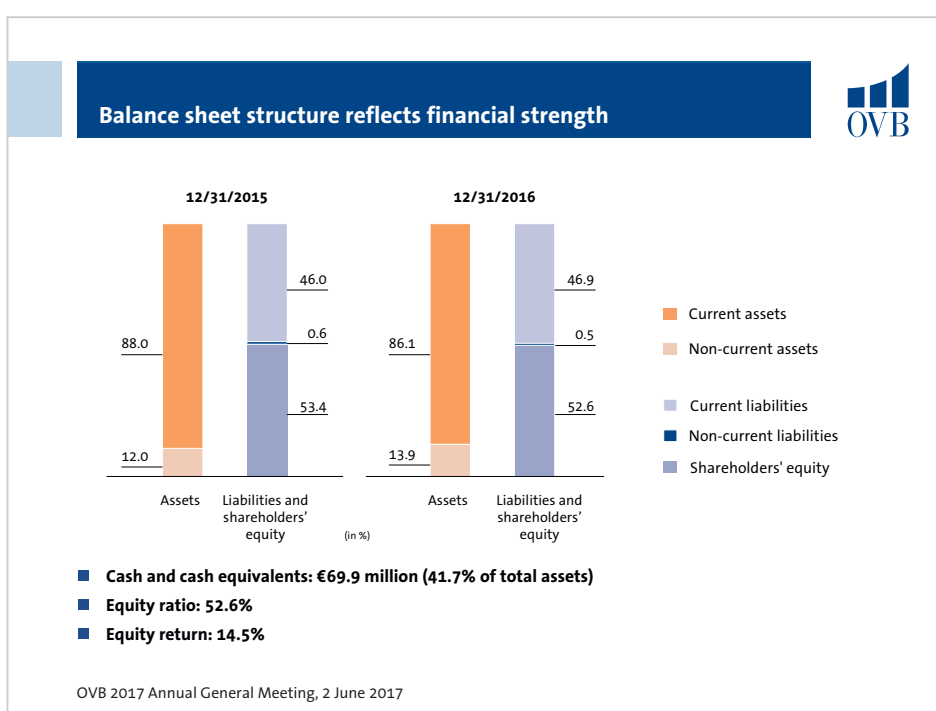
Although EBIT for the Central and Eastern Europe segment continued to fall below prior-year figures during the year, a slight increase of 9.5 million euros was achieved overall in the 2016 financial year.



In spite of the slight decrease in sales, EBIT of the Germany segment rose by 2.9 percent to 6.7 million euros.

Operating income in the Southern and Western Europe segment rose sharply by 22.7 percent, from 6.7 million euros to 8.3 million euros. The driving forces here were from Austria, Spain and Italy.

We substantially increased our operating margin relative to the previous year, to 7.1 percent.



At the end of 2016, the equity ratio of the OVB Group amounted to 52.6 percent. We were able to increase the equity capital return from 11.1 percent in the previous year to 14.5 percent.

Our solid balance sheet structure and liquidity reflect our financial strength, which makes OVB a reliable partner, ensures independence and opens up growth potential, even in increasingly stormy seas.

Dear shareholders: with the dividend increase proposed today, there would be a total dividend payment of 10.7 million euros. By doing so, we are continuing our profit-oriented dividend policy and increasing our profit distribution for the third time in a row.

In relation to the closing price of our share of 16.20 euros at the end of the financial year, this gives a dividend yield of 4.6 percent, making the OVB share a very attractive investment.

The price of the OVB share also shows an upward trend: While it registered at around 14 euros in the early months of 2016, the price moved to a level of roughly 16 euros in the second half of the year. In the first few months of 2017, an increase to a peak of over 22 euros was recorded. Here, we would like to note that due to the low free float, the trading volume of the share is restricted and the explanatory power of the share price is limited.

For further details and additional information about the financial year, please consult our 2016 annual report. You can obtain a copy here today or we will gladly mail it to you on request.

Fantastic team performance

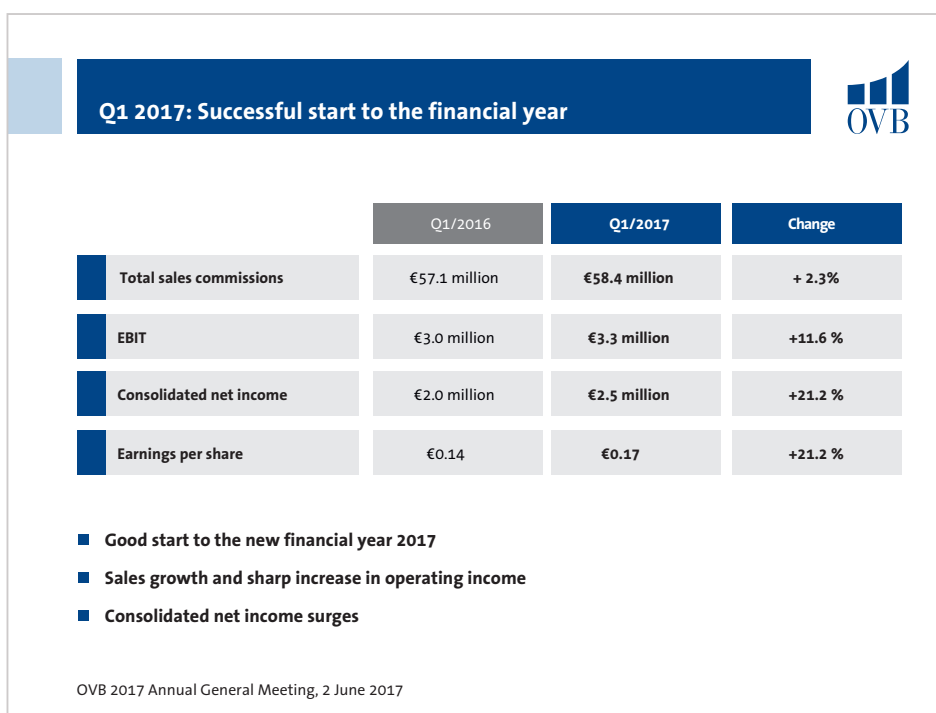
Behind the solid numbers stands a large number of people who have made a decisive contribution to this success through their high motivation, loyalty and passion. My utmost gratitude goes to all financial brokers and all employees of the Group for their incredible commitment. OVB's successful business development in recent years, as well as in the future, depends on your service.

My thanks also go in equal measure to our clients throughout Europe, who have given us their trust now and in the future.

The thanks of the Executive Board also go to the Supervisory Board for its trustworthy and constructive cooperation.

And we thank you, our honoured shareholders, for your interest in our company, and it would please us greatly if you would continue to accompany us on our way.

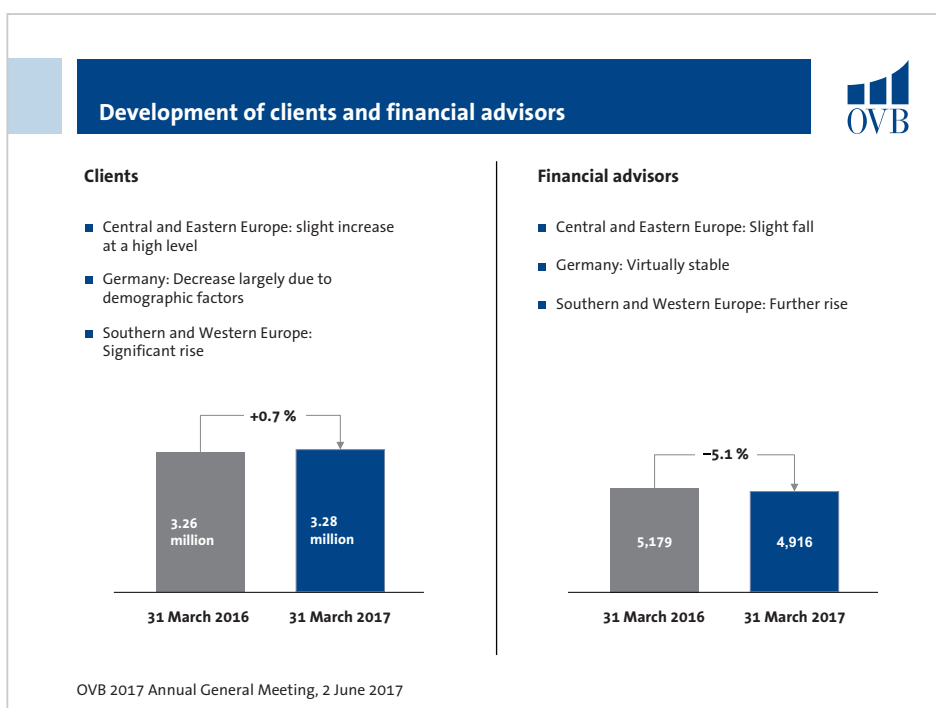
Successful start to the new financial year 2017



Now let's take a look at the first quarter of 2017, the results of which were published in detail in the interim report on 10 May.

OVB is also off to a good start for the 2017 financial year.

Compared with the same quarter of the previous year, the company increased total sales commissions as well as earnings.



Our consolidated net income reached 2.5 million euros, corresponding to a strong gain of 21.2 percent.

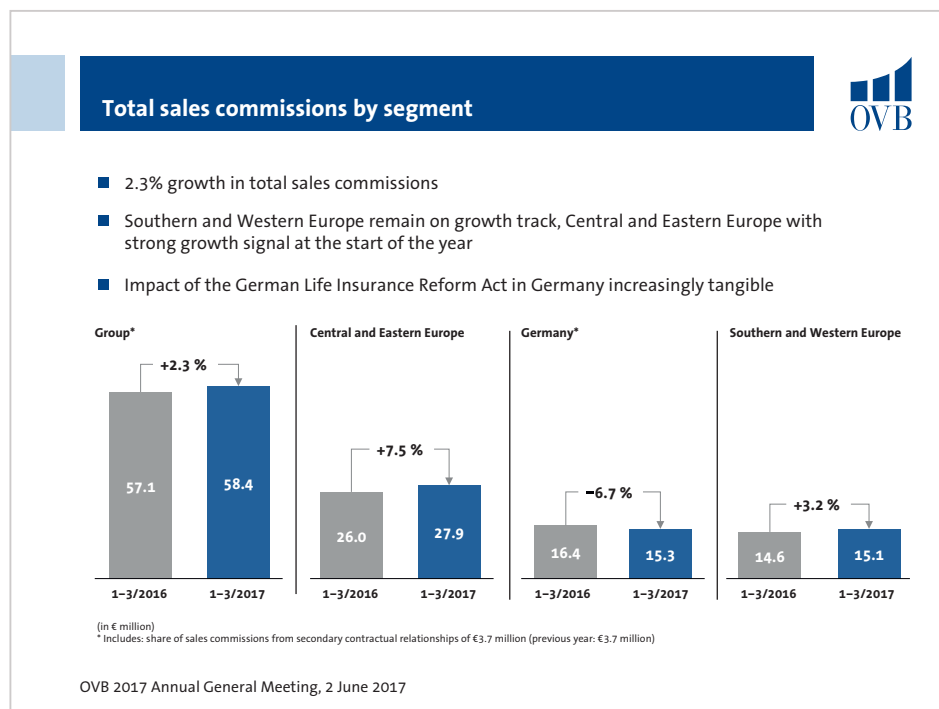
This means that our earnings per share increased from 14 to 17 euro cents.

As of the previous year's reference date, we were able to achieve Group-wide growth in the number of clients to reach 3.28 million clients.

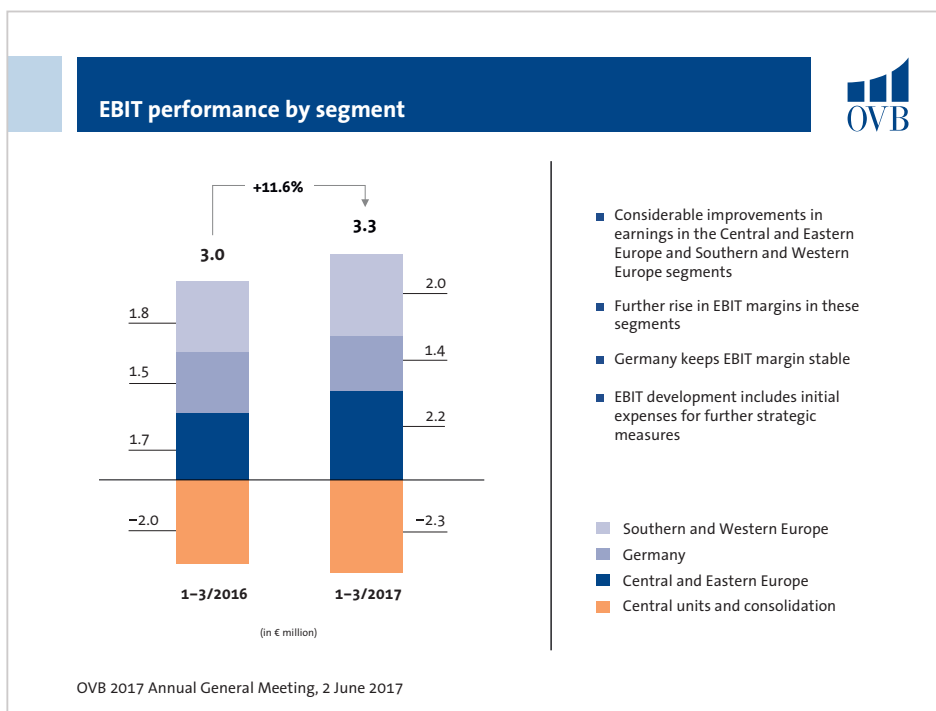
The number of financial brokers working for the Group full time amounted to 5.1 percent less than the reference value of the first quarter of 2016, with 4,916. OVB recorded a retreat in Central and Eastern Europe, which was primarily concentrated in the Czech Republic and can be attributed to the regulatory changes in the market.

The number of financial brokers in Germany remained essentially stable relative to the previous year at 1,309.

Following strong growth in the previous year, the number of full-time financial brokers continued to increase, climbing by 1.7 percent to 732.



In the first quarter of 2017, total sales commissions grew by 2.3 percent year-on-year to 58.4 million euros. The main factors in this rise were higher total sales commissions in the Central and Eastern Europe segment as well as the ongoing positive performance in the Southern and Western Europe segment: The Central and Eastern Europe segment increased sharply by 7.5 percent to nearly 28 million euros, thus sending a strong growth signal at the start of the year. Business in the national markets of Hungary, Poland, Slovakia, Croatia and Romania developed pleasingly.



In the Southern and Western Europe segment, total sales commissions rose by 3.2 percent to 15.1 million euros. It was particularly Austria, Switzerland and Spain which contributed to this growth. In the Germany segment, the impact of commission reductions as a result of the Life Insurance Reform Act is becoming more tangible. Overall sales commissions decreased by 6.7 percent to 15.3 million euros.

The Group's operating income rose significantly by 11.6 percent to 3.3 million euros. Due to sales, EBIT in the Germany segment declined from 1.5 million euros to 1.4 million euros. The Southern and Western Europe segment increased its operating result by 12.7 percent to 2.0 million euros.

The strongest segment, Central and Eastern Europe, was able to sharply increase its contribution to the Group's growth in sales and earnings and significantly increase EBIT by 32.3 percent to 2.2 million euros. Almost all national companies in the segment contributed to this.


Group: current environment and outlook for 2017

Looking forward, we can see that the general conditions for our services will remain challenging in 2017.

For this reason, we are standing by our forecast from late March 2017, and anticipate a slight increase in sales for the Group for the year as a whole.

Starting in 2017, OVB will carry out extensive strategic measures to further strengthen our readiness for the future. Even so, operating income is likely to be at around the same level as the previous year.

2017 outlook and current environment



Confirmation of the forecast for 2017 as a whole

As things stand, OVB's expectations for the entire year are:

- Sales up slightly on the previous year
- Operating income on par with the previous year

Unchanged conditions

Considerable changes to regulatory environment pose a major challenge; low interest rates are influencing our business

Long-term business potential in the area of private pension provision and insurance remains unchanged throughout Europe

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A number of challenges – as well as opportunities – await us in the future. One significant challenge for the entire industry is the increasing level of regulation in many European markets. Excessive and inappropriate regulation may have a negative impact on the growth momentum of OVB. The persistent low-interest phase will also continue to influence our business.

However, regulation and low interest rates do not change the needs of our clients. Throughout Europe, there is an increasing need for private insurance and pension provisions. No significant societal factor has been better predicted than demographic development. The proportion of people at retirement age will exceed the number of working-age people within the foreseeable future. In addition, the need for hedging of biometric risks is also increasing.

The major opportunity for us therefore lies unambiguously in the long-term business potential in the area of private insurance and pension provision, which will continue unabated for us throughout Europe.

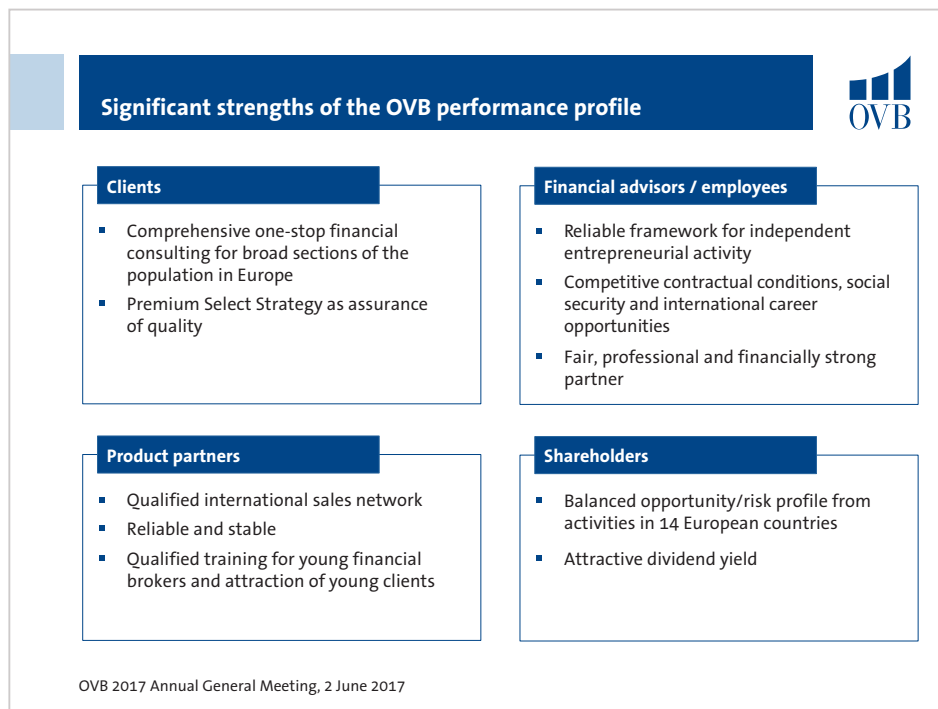
Our mission

Our qualified financial brokers perform a valuable social service by protecting clients from diverse risks in accordance with the one-stop financial consulting approach, and in doing so, help them to achieve their personal goals and aspirations. This has been our mission for 47 years.

We do this by following our maxim of “Quality leads to success,” which we also placed at the centre of our 2016 annual report.

Why are we so confident that we will be able to take advantage of the opportunities that present themselves to us in the future?

The answer is the strengths that set OVB apart from the competition in the eyes of clients, financial brokers, our product partners and shareholders:



For our **clients**, this is primarily our service, which provides broad sections of the population in Europe with access to high-quality, individualised and comprehensive one-stop financial consulting.

At the same time, the Premium Select Strategy ensures our product partners and product quality throughout Europe.

OVB provides its **financial advisors** with a reliable framework for their independent entrepreneurial activities, exceedingly competitive contractual conditions, extensive social security, prospects for an above-average income and international career opportunities.

Beyond this, OVB is an attractive partner for financial brokers and employees in Europe: fair, professional and financially strong.

For our **product partners**, we are a reliable and stable partner with a highly qualified international sales network.

OVB trains younger financial brokers to become competent professionals with strong entrepreneurial and business skills, thus ensuring the next generation our industry needs.

This makes us a guarantor for the attraction of younger new clients at ages from 20 to 35 years, the vaunted “Generation Y”.

Our presence in 14 countries and the associated broad international positioning provides our **shareholders** with a good balance of opportunity and risk, as well as an attractive dividend yield.

Our future strategic orientation: Evolution, not revolution

For all of the strengths mentioned, however, it is critical that OVB remain oriented towards future market requirements, and to ensure sustainable growth in this way. Digitalisation is spreading throughout every area of life and business.

We will continue to concentrate on our proven success factors; beyond these, OVB will tap into efficiency potential through digitalisation in order to combine its traditional strength of personal, trust-based contact with its customers with current technical possibilities. This applies whether with regard to consulting technology on-site with clients, communication through online media or in the streamlining of administrative processes. OVB also wants to be a valued point of contact for generations that grow up with digitalisation.



At the core, this means the evolution of our business model in the following subject areas:

- The expansion of IT-supported consulting processes with the goal of a continuous modernisation of advisor workplaces throughout Europe;
- The digital transformation of our business processes in order to facilitate highly efficient processing, reduce administration times for brokers and create additional free space for providing clients with personal consulting;
- The way to multi-channel capability: Accompanying our proven personal consultations, we will create new digital communication platforms – away from “either-or”, and towards “both”. We will expand options for interaction between clients, financial brokers and OVB – for example, through the implementation of our Europe-wide social media strategy, the establishment of service units and client portals. This will create additional contact possibilities within the scope of our service approach.
- In addition, we will expand online direct business for our financial brokers in non-consulting-intensive product areas such as car or travel insurance.

An additional decisive driving force of our future success is qualified training and continuing education for our financial brokers. In this area, we are continuing to develop and modernise the Europe-wide training system, e.g. with regard to teaching methods – not only due to regulatory requirements, but also against the background of our own quality standards. In addition, we provide our financial brokers with trained specialists for more complex topics.

- We will advance with the exploitation of the business potential that falls with our 3.3 million existing customers throughout Europe by leveraging the potential in the area of one-stop finance even more consistently. This primarily applies to the national markets in the Central and Eastern Europe segment which are expected to undergo above-average income growth in the coming years, meaning that citizens’ savings capacity will increase continuously.
- We will also be expanding our approach to target groups. In particular, we are focusing on Generations X and Y, in order to attract these as financial brokers or new clients;

It is also a part of OVB’s corporate culture to serve as a strong community in support of people in need. The OVB relief organisation has provided this support in Germany for nearly 35 years. It does this without great fanfare, through charitable organisations and concrete projects on-site. We are expanding these social activities internationally.

However, what sets OVB apart the most is the fact that we have succeeded in multiplying our business model internationally. In comparison to the competitive environment, I would venture to say that the successful transfer of our business model to other national markets is a unique selling point of OVB. For this reason, we will continue to advance with our expansion into additional promising European markets.

Our vision



We aspire to offer the best one-stop financial consulting with our highly qualified financial advisors.

Our service protects our clients in Europe from the financial consequences of a number of risks, and helps them to realise their personal goals and aspirations.

When people in Europe are asked who is there for them as a partner for all financial questions, the answer is **OVV**.



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Ladies and gentlemen,

All the measures described here are in order to ensure that our shared vision is fulfilled, and that OVV is the partner for all financial questions for people in Europe.

I thank you very much for your attention, and ask that you now welcome our Chairman of the Supervisory Board, Mr Michael Johnigk. My colleagues and I look forward to answering your questions.

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