

Statement on Corporate Governance and Corporate Governance Report

According to Section 289a HGB (German Commercial Code), listed stock corporations are obligated to issue a statement on corporate governance for the 2009 financial year for the first time. The corporate governance statement consists of the declaration of conformity pursuant to Section 161 AktG, relevant statements on corporate governance practices, a description of the working methods of Executive Board and Supervisory Board, and information on the membership and the working methods of existing Executive Board and Supervisory Board committees.

The joint report of Executive Board and Supervisory Board in accordance with No. 3.10 of the German Corporate Governance Code (GCGC) is also part of the statement on corporate governance.

Declaration of conformity

Section 161 AktG requires the executive board and the supervisory board of listed stock corporations to state annually to what extent the recommendations of the "Government Commission on the German Corporate Governance Code" as released by the Federal Ministry of Justice in the official section of the electronic Federal Gazette have been and are being complied with, and which recommendations are being or have been deviated from and for what reason. The declaration must be made permanently available to the shareholders. Beyond the mandatory disclosures, the declaration of conformity prepared by Executive Board and Supervisory Board also indicates which Code suggestions are not being or have not been complied with.

Executive Board and Supervisory Board of OVB Holding AG declare that the recommendations and suggestions under the German Corporate Governance Code in the version of 18 June 2009, released by the Federal Ministry of Justice in the electronic Federal Gazette on 5 August 2009, have been complied with since the issue of the last declaration of compliance in March 2009 and will be complied with in the future, subject to the following deviations:

Recommendations:

Directors & officers (D&O) insurance (Section 3.8 GCGC)

OVB Holding AG has not provided for a deductible in the D&O insurance concluded for the members of the Supervisory Board. In the opinion held by OVB Holding AG, a deductible would not have any noteworthy advantages in terms of encouraging the members of the Supervisory Board to fulfil their duties. In accordance with the Act on the Appropriateness of Executive Board Remuneration (Gesetz zur Angemessenheit der Vorstandsvergütung – VorstAG), the provision of a deductible for D&O insurance concluded for members of executive boards is mandatory as of 1 July 2010. The D&O insurance concluded by the company will allow for the statutory deductible for members of the Executive Board as of 1 July 2010.

Cap on severance pay (Section 4.2.3 (4) GCGC)

Upon the new appointment of an Executive Board member, OVB stipulates a cap on severance pay in the contract of employment, provided the term of appointment is at least three years. Correspondingly, the employment contract with Mario Freis contains such a provision. The Executive Board and the Supervisory Board have so far refrained from stipulating a cap on severance pay in the event that an Executive Board member's employment contract is extended. This follows the reasoning that the employment contract should continue unchanged as a sign of mutual trust and in order to ensure the continuation of the close and successful co-operation. Within the framework of future contract extensions, OVB will incorporate a cap on severance payments in case of premature termination of Executive Board membership without good cause in accordance with the recommendation of Section 4.2.3 GCGC.

Nomination committee (Section 5.3.3 GCGC)

The Supervisory Board of OVB Holding AG adheres to its view that no further committees are necessary besides the Audit Committee. The Supervisory Board considers it sufficient that the matters the Code recommends for the nomination committee are addressed by the Supervisory Board in full session.

Supervisory Board remuneration (Section 5.4.6 GCGC)

Committee chairmanship or membership is not taken into account when determining the remuneration of Supervisory Board members. The duties performed are adequately remunerated by the amount already determined.

Suggestions:*Proxies (Section 2.3.3 GCGC)*

The representative nominated by the Executive Board to exercise shareholders' voting rights will only be available on and before the day before the Annual General Meeting, but not during the meeting.

General Meeting online (Section 2.3.4 GCGC)

There are no plans for making it possible to follow the Annual General Meeting using new media forms (e.g. the Internet) as suggested by the Government Commission. However, the minutes, the presentation and the written version of the speech delivered by the Chairman of the Executive Board will be available on the Internet after the Annual General Meeting.

Committee to appoint Executive Board members (Section 5.1.2 GCGC)

Preparations for the appointment of Executive Board members and the stipulation of employment contract conditions including remuneration have not been delegated to a committee. Instead, the Supervisory Board of OVB Holding AG has dealt with these matters in full session.

Chairmanship of the audit committee (Section 5.2 DCGK)

The Chairman of the Supervisory Board is also the Audit Committee's Chairman.

Independence of the chairman of the audit committee (Section 5.3.2 GCGC)

The Chairman of the Audit Committee is Wolfgang Fauter, who is a member of the Executive Board of one of the principal shareholders of OVB Holding AG.

Formation of other committees (Section 5.3.4 GCGC)

Apart from the responsibilities delegated to the Audit Committee, the Supervisory Board has not delegated any other subjects to be handled by one or more other committees. Due to the Supervisory Board's size, the Board does not consider the formation of other committees necessary but deals with the issues in the Supervisory Board's regular meetings in full session.

Remuneration of the Supervisory Board (Section 5.4.6 GCGC)

Apart from a share in net income for the year, the performance-based remuneration of Supervisory Board members does currently not include any long-term components.

Cologne, 26 March 2010

On behalf of the
Executive Board



Wilfried Kempchen



Oskar Heitz



Mario Freis

On behalf of the
Supervisory Board



Wolfgang Fauter

Working methods of Executive Board and Supervisory Board

As required by German stock corporation law, OVB Holding AG has a dual board system that comprises Executive Board and Supervisory Board. Both Boards cooperate closely for the benefit of the company and maintain an intensive and open dialogue. The Executive Board is responsible for the company's management and business operations. The Executive Board membership has been expanded from two to three members as of 1 January 2010. The Supervisory Board assumes monitoring and advisory functions. Material business transactions are subject to the Supervisory Board's consent.

The Executive Board of OVB Holding AG

Appointed members of the Executive Board of OVB Holding AG are at present:

Wilfried Kempchen

(Born 1944, in office since 21 July 2009, appointed until 31 December 2010)
Chairman of the Executive Board, OVB Holding AG
Chairman of the Executive Board, OVB Vermögensberatung AG

Oskar Heitz

(Born 1953, in office since 2001, appointed until 31 December 2010)
Member of the Executive Board, Finances and Administration, OVB Holding AG
Member of the Executive Board, Finances and Administration, OVB Vermögensberatung AG

Mario Freis

(Born 1975, in office since 1 January 2010, appointed until 31 December 2012)
Member of the Executive Board, International Sales, OVB Holding AG

The Executive Board governs OVB Holding AG, which is the management holding company at the top of the OVB Group, on its own authority with the objective of sustainably increasing the shareholder value and reaching the determined business targets. The Board manages the

business in accordance with the legal provisions, the articles of association and the Executive Board's bylaws and cooperates with the company's Supervisory Board based on mutual trust. The Executive Board defines the long-term targets and strategies for the Group companies and determines the guidance as well as the principles as the basis of business policy.

The members of the Executive Board assume the responsibility for the entire management together. Overall responsibility of all Executive Board members notwithstanding, the individual members manage the responsibilities assigned to them within the scope of Executive Board resolutions on their own authority. The distribution of areas of responsibility to the members of the Executive Board derives from an organisational chart put down in writing and resolved by the Executive Board with the Supervisory Board's consent.

The Executive Board's information and reporting commitments are stipulated in detail in its bylaws, which also provide for the provision of the Supervisory Board's consent with respect to transactions of essential importance. Those include e.g. decisions or measures that essentially change the company's assets, liabilities, financial position and profit or loss.

The Executive Board as a whole decides all matters of fundamental importance and in all cases required by law or under other binding provisions. The Executive Board's bylaws provide for a catalogue of measures that require the whole Executive Board's consideration and decision making.

Executive Board meetings are held regularly – at least once a month. They are convened by the Chairman of the Executive Board. Furthermore, any member may call for the convening of a meeting. Insofar unanimous decisions are not required by law, the Executive Board decides by simple majority. In case of a tie of votes, the Chairman has the casting vote.

The Executive Board reports to the Supervisory Board on all relevant aspects of corporate planning and strategic development, the business performance and the Group's position regularly, timely and comprehensively. The Executive Board's regular reports to the Supervisory Board also include statements on the risk situation and risk management as well as the topic compliance.

Supervisory Board of OVB Holding AG

The Supervisory Board's responsibility is to give advice to and supervise the Executive Board. The Supervisory Board is directly involved in all decisions of essential importance to the company; it also brings the company's strategic orientation into agreement with the Executive Board and regularly discusses the status of the implementation of the corporate strategy with the Executive Board. The Chairman of the Supervisory Board coordinates the body's work and chairs the meetings. Maintaining constant exchange with the Executive Board, the Supervisory Board is always informed about the business policy, corporate planning and the strategy. The Supervisory Board approves the financial statements of OVB Holding AG and of the OVB Group as well as the associated management reports in consideration of the auditor's reports.

The Supervisory Board of OVB Holding AG currently consists of the following members:

*Wolfgang Fauter**

(Born 1951, in office since 2001, elected until 2013)
Chairman of the Supervisory Board
Deputy Chairman of the Executive Board of Deutscher Ring Krankenversicherungsverein a.G., Hamburg; SIGNAL Krankenversicherung a.G., Dortmund; IDUNA Vereinigte Lebensversicherung a.G. für Handwerk, Handel und Gewerbe, Hamburg; SIGNAL Unfallversicherung a.G., Dortmund; SIGNAL IDUNA Allgemeine Versicherung AG, Dortmund; SIGNAL IDUNA Holding AG, Dortmund and PVAG Polizeiversicherungs-Aktiengesellschaft, Dortmund

Jens O. Geldmacher

(Born 1963, in office since 2007, elected until 2013)
Deputy Chairman of the Supervisory Board
Member of the Executive Board of Deutscher Ring Krankenversicherungsverein a.G., Hamburg; SIGNAL Krankenversicherung a.G., Dortmund; IDUNA Vereinigte Lebensversicherung a.G. für Handwerk, Handel und Gewerbe, Hamburg; SIGNAL Unfallversicherung a.G., Dortmund; SIGNAL IDUNA Allgemeine Versicherung AG, Dortmund; SIGNAL IDUNA Holding AG, Dortmund and PVAG Polizeiversicherungs-Aktiengesellschaft, Dortmund

*Christian Graf von Bassewitz**

(Born 1940, in office since 2006, elected until 2013)
Retired banker, formerly general partner of Bankhaus Lampe KG

Marlies Hirschberg-Tafel

(Born 1949, in office since 2001, elected until 2013)
Member of the Executive Board of Deutscher Ring Krankenversicherungsverein a.G., Hamburg; SIGNAL Krankenversicherung a.G., Dortmund; IDUNA Vereinigte Lebensversicherung a.G. für Handwerk, Handel und Gewerbe, Hamburg; SIGNAL Unfallversicherung a.G., Dortmund; SIGNAL IDUNA Allgemeine Versicherung AG, Dortmund; SIGNAL IDUNA Holding AG, Dortmund and PVAG Polizeiversicherungs-Aktiengesellschaft, Dortmund

*Michael Johnigk**

(Born 1953, in office since 2001, elected until 2013)
Member of the Executive Board of Deutscher Ring Krankenversicherungsverein a.G., Hamburg; SIGNAL Krankenversicherung a.G., Dortmund; IDUNA Vereinigte Lebensversicherung a.G. für Handwerk, Handel und Gewerbe, Hamburg; SIGNAL Unfallversicherung a.G., Dortmund; SIGNAL IDUNA Allgemeine Versicherung AG, Dortmund; SIGNAL IDUNA Holding AG, Dortmund and PVAG Polizeiversicherungs-Aktiengesellschaft, Dortmund

Winfried Spies

(Born 1953, in office since 1 January 2010, appointed by court order until the company's Annual General Meeting of 11 June 2010)
Chairman of the Executive Board of Generali Versicherung AG, Chairman of the Executive Board of Generali Lebensversicherung AG, member of the Executive Board of Generali Deutschland Holding AG

An overview of the members of the Executive Board and the Supervisory Board of OVB Holding AG in the 2009 financial year as well as their memberships of comparable corporate bodies can be found in this Annual Report starting on page 96.

Due to the relatively small number of six Supervisory Board members, the Supervisory Board has only established the Audit Committee and no other committees.

* Members of the Audit Committee

Audit Committee

The members of the Audit Committee are Wolfgang Fauter, Christian Graf von Bassewitz and Michael Johnigk. Wolfgang Fauter is the Chairman of the Audit Committee. On behalf of the Supervisory Board as a whole, the Audit Committee particularly prepares issues of financial accounting, risk management, compliance and the required independence of the auditor. The retainer of the auditor, the definition of priorities of the audit and the agreement of the auditor's fee are assigned to the Audit Committee for final decision. The Audit Committee also discusses interim reports with the Executive Board prior to their publication.

Statements on relevant corporate governance practices

The compliance of guidelines determined for operations, company and Group provides for an increase of the transparency and efficiency of all business processes. The Group's management defines the basic principles for compliance and makes the essential decisions. Furthermore, the managements of the subsidiaries are responsible for compliance with the respective national regulations and provisions. Compliance standards were implemented in the course of the 2008 financial year. Apart from the implementation and observation of all Group-internal compliance guidelines, the subsidiaries are responsible for the processing of compliance relevant incidences, the continuous analysis of operating processes with regard to potential compliance risks and the regular training and counselling of the employees.

Borrowing from the GCGC, OVB Holding AG developed and resolved its own Corporate Governance Principles in the year 2007. They safeguard the greatest possible transparency for the company's corporate governance structures and thus underline the commitment of Executive Board and Supervisory Board to responsible corporate governance. The Corporate Governance Principles are available on the website of OVB Holding AG (www.ovb.ag > Investor Relations > Corporate Governance). They are compared annually to the amendments to the GCGC and adjusted if considered necessary.

Corporate Governance Report

Responsible corporate governance is given high priority by the Executive Board and Supervisory Board of OVB Holding AG. The GCGC comprises standards for structures and processes for the management and supervision of listed stock corporations, making a contribution to value-oriented corporate governance. The Corporate Governance Principles drawn up by OVB are another component towards increasing the transparency and efficiency of corporate governance and strengthening the confidence of the investors, clients, financial advisors, employees and the public. The Corporate Governance Report completes the Statement on Corporate Governance and indicates additional basic cornerstones and developments of the corporate governance of OVB Holding AG.

Amendments to the German Corporate Governance Code

Amendments to the German Corporate Governance Code resulted especially from statutory changes in the year 2009. The provisions of the Act on the Appropriateness of Executive Board Remuneration particularly went beyond the Code's recommendations. A case in point, the deductible in D&O insurances has now become mandatory for Executive Board members after merely being one of the Code's recommendations. New GCGC recommendations address the issue of diversity with respect to the memberships of Executive Board and Supervisory Board. The memberships of the Executive Board and the Supervisory Board of OVB Holding AG are based primarily on expert knowledge and skills. Complementary expertise is taken into consideration so that sufficient diversity is guaranteed. Moreover, the number of memberships of Supervisory Boards of other listed stock corporations memberships held by a listed stock corporation's Supervisory Board member has been reduced from five to three. OVB Holding AG has examined its Corporate Governance Principles as well and adjusted accordingly.

Compliance with the GCGC

OVB's declaration of conformity shows four deviations from the recommendations of the GCGC. The recommendation under Section 7.1.2 (discussion of interim reports) has been complied with since the beginning of the 2009 financial year. There are seven deviations from the suggestions of the GCGC.

Remuneration report

This remuneration report is an integral part of the management report. The remuneration report outlines the basic components of OVB Holding AG's remuneration system in accordance with Section 315 (2) no. 4 HGB and states the remuneration paid to each member of the Executive Board and Supervisory Board out of the total remuneration reported in accordance with Section 314 (1) no. 6 HGB. The presentation is based on the recommendations and suggestions of the German Corporate Governance Code and complies with the Act on the Disclosure of Executive Board Remuneration (Gesetz über die Offenlegung der Vorstandsvergütung – VorstOG) and considers the Act on the Appropriateness of Executive Board Remuneration.

Executive Board remuneration

The Executive Board's remuneration is determined by the Supervisory Board. The Supervisory Board regularly reviews the Executive Board remuneration. There were no material changes in the 2009 financial year.

The remuneration paid to Executive Board members reflects their respective responsibilities and functions, the remuneration structure of the company as a whole and customary remuneration paid in the financial services industry. The company's financial situation is taken into account as well. The members of the Executive Board thus receive remuneration consisting of a fixed annual basic salary, paid monthly in fixed rates, and an annual bonus that depends on the achievement of individual targets. This variable remuneration component did not consider a

multi-year assessment basis in the 2009 financial year; the Supervisory Board will concern itself with the issue of the arrangement of suitable remuneration schemes.

The variable annual bonus depends on the extent to which certain company-specific operating ratios (such as the performance of sales and earnings) and personal targets (such as the successful realisation of significant projects in terms of corporate strategy) have been achieved. The target figures are determined and weighted each year in advance on the basis of the budget adopted by the Supervisory Board – company targets are rated at 70 percent and individual targets at 30 percent. If the targets are met or exceeded, the contractually agreed maximum bonus is paid. If the targets are met partially, the bonus is determined on a pro-rata basis.

The contracts concluded with Executive Board members do not include any special commitments in the event of termination of employment or so-called change of control clauses. OVB Holding AG does not pay pensions, benefits or retirement annuities. The pension obligations towards a former member of management amount to Euro 355,769.00 as of 31 December 2009 (2008: Euro 336,212.00). In the event of death, the member's remuneration continues to be paid to his or her surviving dependants for a period of six months. The total remuneration paid to the Executive Board in 2009 was approx. Euro 0.95 million, after Euro 1.17 million in 2008. The Executive Board's remuneration covers all remuneration received for services to parent and subsidiary companies. The following table shows the remuneration paid to the members of the Executive Board, broken down into the respective components:

in Euro Executive Board member	Basic salary (not performance-based)		Variable remuneration (performance-based)		Total	
	2008	2009	2008	2009	2008	2009
Wilfried Kempchen	0.00	124,268.60	0.00	187,778.33	0.00	312,046.93
Oskar Heitz	262,514.50	272,054.66	85,500.00	81,000.00	348,014.50	353,054.66
Michael Frahnert (until 21 July 2009)	561,556.19	289,718.88	256,548.80	0.00	818,104.99	289,718.88
Total	805,543.05	686,042.14	360,576.44	268,778.33	1,166,119.49	954,820.47

The D&O insurance concluded for Executive Board members will include the statutory deductible as of 1 July 2010.

Supervisory Board remuneration

The Supervisory Board's remuneration is governed by Section 14 of the articles of association of OVB Holding AG and comprises in accordance with the recommendations of the Code:

- a fixed annual salary

The fixed annual salary is Euro 5,000 per Supervisory Board member. The Supervisory Board Chairman receives double and the Deputy Chairman receives 1.5 times that amount.

- a variable cash component

The variable component consists of a payment to each Supervisory Board member of 0.08 percent of the net income for the year as reported in the consolidated

financial statements of OVB Holding AG, having been issued with an unqualified auditor's opinion and formally adopted. The Supervisory Board Chairman receives 1.5 times that amount.

Supervisory Board members also receive reimbursement for out-of-pocket expenses incurred in connection with their work. No additional remuneration is paid for committee memberships. Based on the consolidated financial statements of OVB Holding AG, issued with an unqualified auditor's opinion and formally adopted and stating net income for the year at Euro 8.8 million, total remuneration paid to Supervisory Board members in the past financial year was roughly Euro 83 thousand. Based on a consolidated net income of OVB Holding AG in the amount of Euro 24.4 million, the previous year's Supervisory Board remuneration came to roughly Euro 164 thousand. In accordance with the guidelines, the following fixed and variable components were paid to the members of the Supervisory Board:

in Euro Supervisory Board member	Fixed salary		Variable component		Total	
	2008	2009	2008	2009	2008	2009
Wolfgang Fauter	10,000.00	10,000.00	29,230.53	10,516.70	39,230.53	20,516.70
Jens O. Geldmacher	7,500.00	7,500.00	19,487.02	7,011.14	26,987.02	14,511.14
Christian Graf von Bassewitz	5,000.00	5,000.00	19,487.02	7,011.14	24,487.02	12,011.14
Marlies Hirschberg-Tafel	5,000.00	5,000.00	19,487.02	7,011.14	24,487.02	12,011.14
Michael Johnigk	5,000.00	5,000.00	19,487.02	7,011.14	24,487.02	12,011.14
Jörn Stapelfeld	5,000.00	5,000.00	19,487.02	7,011.14	24,487.02	12,011.14
Total	37,500.00	37,500.00	126,665.63	45,572.40	164,165.63	83,072.40

No loans have been granted to members of the Executive Board or Supervisory Board.

Directors' dealings

Reportable securities transactions are disclosed in accordance with section 15 of the German Securities Trading Act (Wertpapierhandelsgesetz - WpHG) on the website of OVB Holding AG www.ovb.ag > Investor Relations > Corporate Governance.

Share ownership

As of 31 December 2009, no member of the Executive Board or the Supervisory Board directly or indirectly held more than 1 percent of the shares issued by the company. Even combined, the members of the Executive Board and the Supervisory Board hold less than 1 percent of the company's share capital. A disclosure of share ownership as required by section 6.6 of the Code is therefore not necessary.

Corporate Governance of OVB Holding AG on the Internet www.ovb.ag > Investor Relations > Corporate Governance

- Directors' dealings
- Corporate Governance Principles
- Statements on Corporate Governance and Corporate Governance Reports
- Declarations of conformity
- Members of the Executive Board and Supervisory Board
- OVB Holding AG's articles of association
- Information on the Audit Committee