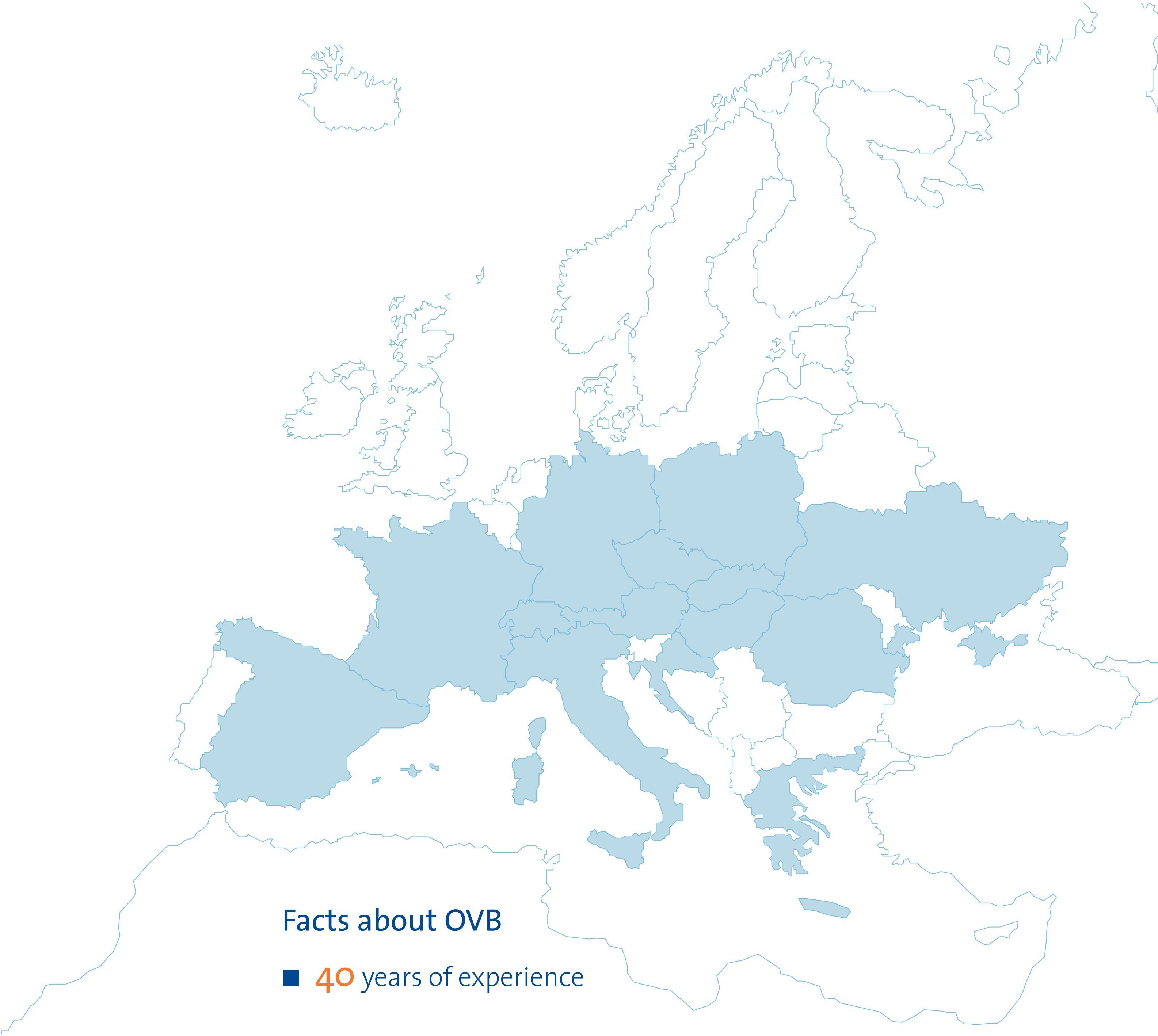
Annual Report 2009

Dedicated to Partnership – All Over Europe

Financial Service Provider for Europe



Facts about OVB

- 40 years of experience
- active in 14 countries
- 2.8 million clients
- 4,700 financial advisors
- 496,000 new contracts a year
- over 100 product partners

Contents

Key figures for the OVB Group

Key operating figures

	Unit	2008	2009	Change
Clients (31/12)	Number	2.78m	2.77m	-0.4 %
Financial advisors (31/12)	Number	4,862	4,664	-4.1 %
New business	Number of contracts	585,817	495,946	-15.3 %
Total sales commission	Euro million	260.2	201.6	-22.5 %

Key financial figures

	Unit	2008	2009	Change
Earnings before interest and taxes (EBIT)	Euro million	28.8	9.6	-66.6 %
EBIT margin*	%	11.1	4.8	-6.3 %-pts.
Consolidated net income	Euro million	24.4	8.8	-64.0 %

*Based on total sales commission

Key figures for OVB shares

	Unit	2008	2009	Change
Share capital (31/12)	Euro million	14.25	14.25	±0.0 %
Number of shares (31/12)	Shares million	14.25	14.25	±0.0 %
Earnings per share (undiluted/diluted)	Euro	1.71	0.61	-64.3 %
Dividend per share*	Euro	1.35	0.50	-63.0 %

*For the respective financial year; proposed dividend for 2009

Dedicated to Partnership – All Over Europe

The satisfaction of our clients determines OVB's business success. We give advice to our clients in 14 European countries, individually and comprehensively, on all issues relating to financial provision, the generation and protection of assets and the acquisition of real estate. We accompany our clients as a competent partner, providing top performance with a long-term orientation.

Dedicated to partnership – with clients, financial advisors and employees, product providers and shareholders, and with society in which we develop our business activity – is one of OVB's guidelines. It is also the guiding theme behind the creative concept of this Annual Report.

Mario Freis
Member of the Executive Board,
International Sales

- Born in 1975, trained as insurance broker.
- With OVB since fifteen years.
- January 2010 Member of the Executive Board of OVB Holding AG.

Wilfried Kempchen
Chairman of the Executive Board

- Born in 1944, businessman.
- With OVB since thirty-nine years.
- July 2009 Member of the Executive Board, European Sales;
  October 2009 Chairman of the Executive Board of OVB Holding AG.
- December 2009 Chairman of the Executive Board of OVB Vermögensberatung AG.

Oskar Heitz
Member of the Executive Board,
Finances and Administration

- Born in 1953, trained as a banker.
- With OVB since nineteen years.
- 2001 Member of the Executive Board of OVB Vermögensberatung AG.
- 2004 Member of the Executive Board of OVB Holding AG.

Ladies and gentlemen, shareholders,

the 2009 financial year presented great challenges to OVB and virtually all other companies in the international sector of financial services as expected. It was important and the right course of action to push against the many bad news from the economy and the financial markets with providing continuous and competent advisory service as undertaken by the OVB sales force through the year 2009. However, total sales commission generated in the OVB Group in 2009 fell 22.5 per cent to Euro 201.6 million. In consideration of an EBIT that dropped to Euro 9.6 million from the previous year and a consolidated net income reduced to Euro 8.8 million, Executive Board and Supervisory Board propose to the Annual General Meeting the payment of a dividend of Euro 0.50 per share for the 2009 financial year, after Euro 1.35 per share in the previous year.

The business results of the year 2009 make us feel optimistic about the future nevertheless. On the one hand, we notice the fundamental growth force, pushing the internationally oriented OVB business model to emerge from the crisis intact, even stronger than before. The people learned in 2009 that they have to take care of risk protection themselves. They understood that they should rest their retirement provision on several pillars so that the loss of one source of income can be cushioned by diversification in old age. And they have learned to appreciate the value of good advice in financial affairs.

The OVB financial advisors also proved their staying power in the difficult year 2009. It took great discipline and a considerable amount of motivation to convince people tirelessly in the deepest recession for decades of the necessity of long-term oriented retirement provision and adequate risk protection. The stability and the commitment of its sale force will lead OVB back to its traditional growth path in the foreseeable future.

Ladies and gentlemen, based on its excellent positioning throughout Europe, OVB will turn business potential into profitable growth. We would be happy if you continued to join us on this journey.

Kind regards

Wilfried Kempchen
Chairman of the
Executive Board

Oskar Heitz
Executive Board
Finances and Administration

Mario Freis
Executive Board
International Sales

2.8 million clients

Satisfied clients

It is our goal to have satisfied clients with steady confidence in our services and products. With our advisory services we want to benefit people. Thus client satisfaction evolves into client loyalty.

Interview with Wilfried Kempchen

In the summer of 2009 Wilfried Kempchen joined the Executive Board of OVB Holding AG and became its Chairman as of 13 October 2009. Prior to his appointment to the Executive Board, Mr Kempchen had already been very successful with the company's sales force for 38 years.

■ *Mr Kempchen, as part of OVB's sales force you have achieved everything there is to achieve. What was your motivation to join the Executive Board of the listed management holding?*
Wilfried Kempchen: In the year 1971 I joined the sales force of OVB as an inexperienced young man. The company gave me the chance for a successful professional career. I seized this opportunity resolutely, improved my economic situation quickly and eventually assumed a leading role. For me it is both an honour and a commitment to be head of OVB. I want to make my own contribution to the continuation of the OVB success story, maintain our company's high performance level, and pass on my professional experience which I have collected over many years.

"OVB gave me the chance for a successful professional career."

■ *Now you have assumed executive responsibility for the Group under highly unfavourable economic conditions. From your point of view, what were the decisive developments in financial year 2009 for OVB?*
Wilfried Kempchen: It goes without saying that the worldwide financial and economic crisis did not leave OVB unaffected. After all we are one of the leading financial service providers in Europe and are therefore subject to the influence of general industry trends, too. However, I think we have asserted ourselves much better then many others, even highly reputable financial service providers. For this there are two main reasons in my opinion: The OVB sales force sees to a very close client relationship with a long-term orientation. This foundation creates trust which stands the test especially in difficult times. Secondly the broad international positioning of OVB tends to result in a balancing of risks between the various markets.

■ *Still OVB's sales and earnings went down in 2009 compared to the previous year.*
Wilfried Kempchen: People were rather uncertain for some time whether they would be able to maintain their income level, to keep their jobs. Then there were also problems concerning individual financial products and product providers. It is quite understandable that in this situation the clients were hesitant at times to enter into long-term financial obligations, for a long-term unit-linked life insurance for instance. Yet the essential driving force behind the successful business model of OVB remains valid, it has even been strengthened by the financial crisis.

■ How do you mean?
Wilfried Kempchen: The necessity of private financial provision with a long-term orientation has been totally undisputed for years. The financial and economic crisis has resulted in a growing demand for expert advice covering

these issues. Increased options and business opportunities are going to result from this trend for OVB sooner or later. We have very optimistic expectations for the future.

■ *Among Europe's distributors of financial products, OVB is the one with the most pronounced international positioning. What are the advantages and disadvantages? Is the international expansion continuing?*

Wilfried Kempchen: The high level of internationalisation of our business activity is one of OVB's essential strengths. We are meanwhile active in 14 European countries. Establishing the organisation upon entering a new market means expenses and you also need to become familiar with the specific market environment. But the eventual benefit of an early market entry exceeds these costs by far. OVB has thus managed to secure a leading position especially in important markets in Central and Eastern Europe. But OVB can also achieve success in the mature markets of Southern and Western Europe with its tried and tested advisory concept. Furthermore, just a few months ago the Supervisory Board of OVB Holding AG appointed Mario Freis Executive Board Member responsible for International Sales. A man of 34 years, his job is to push OVB's international expansion forcefully.

"We have very optimistic expectations for the future."

■ *Mr Kempchen, according to your experience, what are the deciding qualifications to be successful as a financial advisor?*

Wilfried Kempchen: As a professional, each successful OVB financial advisor must have discipline, great determination to be a top performer and the ability to motivate oneself time again and again: Motivation is everything, without motivation nothing will ever get done. In relation to the clients, a love for working with people is the most valuable asset, supported by social and expert skills.

■ *What has OVB to offer its sales staff?*

Wilfried Kempchen: Staff is perhaps not a very appropriate term here. We consider the close to 4,700 financial advisors who work as self-employed sales agents for OVB's sales force enterprisers within the enterprise. They enjoy a considerable degree of freedom, yet they assume a great deal of responsibility. In this we give the best possible support to our financial advisors. They are part of OVB's network which provides them with a substantial business foundation and protection. Apart from demand-oriented and competitive products, a high-capacity infrastructure plays a key role here. In addition, OVB represents a reliable legal basis for financial advisors. Finally, OVB's comprehensive professional training system, guaranteeing high advisory quality, is worth mentioning.

■ *OVB benefits from its broad international positioning and has a large number of motivated financial advisors. What, then, will the year 2010 bring?*

Wilfried Kempchen: 2009 was defined by temporary business setback, by changes and transformation. And 2010 will not be trouble-free, either. In many cases, there will be initial sideward movements before it goes uphill again. In any case, the current 2010 financial year is a very special one for OVB: We are celebrating our 40th business anniversary. For 2011 then, I see the return to OVB's tradition of profitable growth, driven by a strong and highly motivated team. After all, this Annual Report's theme has been chosen for good reason: dedicated to partnership – all over Europe.

As CEO Wilfried Kempchen stands for experience and continuity.

■ *And where do you think OVB will stand in the medium and long run?*

Wilfried Kempchen: If you look at the value added chain of the business of financial services provision, OVB is positioned at the deciding link: with the client, right on the spot. We service and give advice to the client and ideally we have his or her confidence. This is the basis for signing contracts and earning commission. Thus OVB holds an optimum position in a growth market. The growth of our business essentially derives from three sources: the increasing demand of the clients for advice and financial provision, the development of new regional markets with high growth dynamics and the industry consolidation due to a tightening regulatory framework. All three of these trends work in favour of OVB's tried and tested, successful business model. For the medium and long term I see a considerably larger, very profitable and therefore strong OVB.

"OVB holds an optimum position in a growth market."

■ *Mr Kempchen, what motto would you choose for your professional career with OVB?*

Wilfried Kempchen: If you work hard, on the level and with high commitment, success will be yours!

Mr Kempchen, thank you very much for this interview.

4,700 financial advisors

Motivated financial advisors and employees

We regard the financial advisors who work for OVB as enterprisers within the enterprise. We demand unconditional determination to perform and a high degree of professional and social skills. We offer a reliable partnership: a competitive product portfolio, a comprehensive concept for professional training and performance-oriented payment.

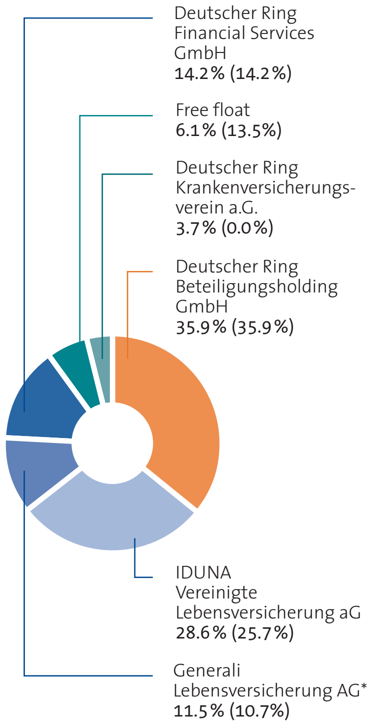
Share Performance and Investor Relations

Total return of 16 percent – decrease in share of free float continues

The price of the OVB share reached its high on 13 February 2009 at Euro 46.75. The quotation was on the decline until the end of June when it recorded Euro 28.80. After a considerable rally of the share price in July, peaking at Euro 37, the share showed a sideward movement from the end of July to the end of November around Euro 34 with marginal fluctuations. At the beginning of December the share price rose once again to more than Euro 37.50 yet could not hold this level and went down again to Euro 34.40 at the end of the year 2009. Compared to the SDAX with its performance of 31 percent over the year, the OVB share, with an 11 percent price increase, could not benefit on the same scale from the upward trend which began in March. The industry index DAXsubsector Diversified Financials, which includes the shares of relevant competitors, achieved an increase of just a little more than 3 percent over the year 2009. Thus the OVB share at least performed better than the competition did. Furthermore, it must be taken into consideration that the shareholders who have held OVB shares since the beginning of the year were paid a dividend of Euro 1.35 per share on top of the share performance of 11 percent; this corresponds with a dividend yield of 5 percent.

In June 2009 the OVB share was included in the SDAX. In the course of share purchases transacted by the major shareholders, however, the free float was reduced in the remaining period below the 10 percent threshold so that the OVB share left the SDAX in November again. The average monthly trading volume of the OVB share went down continuously in the course of the year 2009 from 262,500 shares in the first quarter to 11,400 shares in the fourth quarter. More than 90 percent of the trading volume continued to be cleared and settled through the electronic trading system Xetra.

Shareholder structure of OVB Holding AG
as of 31/12/2009 (31/12/2008)



*change of name as of 29/12/2008, formerly Volksfürsorge Deutsche Lebensversicherung AG

Share data

WKN / ISIN code	628656 / DE0006286560	
Ticker symbol / Reuters / Bloomberg	O4B / O4BG.DE / O4B:GR	
Type of shares	No-par value ordinary bearer shares	
Number of shares	14,251,314	
Share capital	Euro 14,251,314.00	
Xetra price (closing prices)		
Beginning of year	Euro 26.99	(02/01/2009)
High	Euro 46.75	(13/02/2009)
Low	Euro 26.99	(02/01/2009)
Last	Euro 34.40	(29/12/2009)
Market capitalisation	Euro 490 million	(29/12/2009)

Total dividend 2005 – 2009 in Euro: good

65 million

Adding shareholder value

OVB pursues a strategy for profitable growth with a long-term orientation. Based on solid capital resources, we want to achieve a return for our shareholders in line with market conditions and increase the shareholder value.

Consolidated Management Report 2009 of OVB Holding AG

Summary

The 2009 financial year presented great challenges to the OVB Group and the entire financial services industry. The global financial crisis rocked the clients' confidence in investment and provision products associated with the capital market. The subsequent crisis of the real economy had the consequence that many people were insecure with respect to their personal economic prospects. The diminished confidence in financial products and the economic uncertainty affected OVB's business performance considerably in 2009.

Against this backdrop, total sales commission generated across the Group dropped 22.5 percent from Euro 260.2 million in the year 2008 to Euro 201.6 million in the year under review. The included share of sales commission attributable to so-called secondary contracts between product partners and the sales force, which still exist only in the Germany segment, fell from Euro 23.8 million in the previous year to now Euro 21.5 million. Income from advisory and brokerage services relating to financial services and products reported as sales revenue was thus reduced by 23.8 percent from Euro 236.4 million in 2008 to Euro 180.1 million in 2009. The result of operations of OVB Holding AG in the 2009 financial year, expressed in earnings before interest and taxes (EBIT), was decreased by two thirds (66.6 percent) from last year, to Euro 9.6 million (previous year Euro 28.8 million). The EBIT of the Central and Eastern Europe segment showed the greatest decline in absolute figures; it dropped from Euro 22.2 million to Euro 9.2 million (- 58.6 percent). The 4.0 percent decrease of the operating result of the Germany segment was modest by comparison, from Euro 7.4 million to Euro 7.1 million. In the Southern and Western Europe segment, the EBIT fell from Euro 6.5 million the previous year by 81.6 percent to now Euro 1.2 million. OVB altogether achieved a net income of Euro 8.8 million in the 2009 financial year, compared to Euro 24.4 million in 2008. Undiluted earnings per share amounted to Euro 0.61 Euro in 2009, after Euro 1.71 in the year before. Due to the curbed EBIT development in the past financial year, Executive Board and Supervisory Board propose to the Annual General Meeting of 11 June 2010 the distribution of a dividend of Euro 0.50 per share, reduced from Euro 1.35 paid per share in the previous year.

The Executive Board of OVB Holding AG is not satisfied with the performance of operations in the year 2009. However, the business results are acceptable in view of the difficult macroeconomic environment and the situation of the whole industry. Business risks have increased for OVB in 2009, yet they are still containable and do not jeopardise OVB's continued existence. The company's financial position remains very solid. The growth forces that push the internationally oriented business model of OVB are intact for the medium and long term.

OVB assists and advises 2.77 million clients throughout Europe. OVB's sales force comprises 4,664 full-time financial advisors. In the 2009 financial year, they brokered 495,946 new contracts in the areas of insurance, investments and building-society savings. This number corresponds with a 15.3 percent decrease from the previous year when 585,817 new contracts were signed. In Central and Eastern Europe, the number of contracts was down roughly 20 percent, Germany and Southern and Western Europe recorded respective losses of roughly 5 percent. The OVB Group's mainstays of new business continued to be products of retirement provision and asset generation in 2009. At 56 percent, more than half the new business in 2009 was accounted for by the product group of unit-linked provision products, including unit-linked life insurance and unit-linked pension policies. The relative weight of the product group of other provision products remained at the prior-year level at 16 percent. It primarily includes classic life and pension insurance policies but also the so-called Riester pensions, government-subsidised and in high demand in Germany. Investment funds, corporate pension provision products, products in the realm of building society savings contracts/financing, property and accident insurance, health insurance and real estate complete the pan-European product portfolio provided by OVB.

The performance of the business in the three regional segments of the OVB Group – Central and Eastern Europe, Germany and Southern and Western Europe – was affected by the international economic crisis, yet to different degrees. The national economies of Central and Eastern Europe suffered particularly from the economic slump in 2009. Income from advisory and brokerage services dropped 31.3 percent from Euro 122.7 million in

2008 to Euro 84.3 million in the year under review. Business in the Germany segment proved relatively stable in the year of crisis 2009. Total sales commission generated by OVB were reduced by 9.6 percent from Euro 85.2 million in 2008 to Euro 77.0 million in the year 2009. Income generated in Southern and Western Europe from advisory and brokerage services went down 22.8 percent from Euro 52.3 million in 2008 to Euro 40.3 million in the year under review.

Against the backdrop of the general economic environment that continues to be troubled and prone to disturbance, statements on the future business performance carry material uncertainties. Continuing negative basic conditions over the next months could bring the Executive Board of OVB Holding AG to examine how structures and processes can be adjusted to the decreased business volume even better. Based on experience, such measures do require restructuring expenses before the positive effect will unfold. Subject to these reservations, we expect to reach about the same level of sales revenue in the 2010 financial year as realised in 2009; the operating income might be burdened by one-off restructuring expenses. In the year 2011 we want to increase sales revenue and operating income in comparison with 2010.

Business activities

Across Europe, OVB stands for long-term oriented, client-focused advisory services for private households with average or higher incomes. OVB co-operates with more than 100 high-quality product providers and meets the individual requirements of its clients in the areas of *pension provision, risk protection* and *asset generation* with its portfolio of competitive products. OVB started its expansion abroad early on and is currently active in 14 European countries. About 2.77 million clients place their trust in the advisory services provided by OVB's team of over 4,600 full-time financial advisors. The professional training and further education of the advisors, the analysis of the clients' requirements and the resulting product recommendations are based on the current framework of the respective markets.

OVB strives for *sustainable and profitable growth* for the entire Group – in other words continuous growth in sales at high and increasing profitability. OVB distinguishes itself from its competitors by consistently tapping into and consolidating its position in promising European markets. OVB regards early involvement in growth markets as critical for success. This is particularly true of our activities in Central and Eastern Europe, where OVB has assumed a leading position among the independent financial service providers in many of the region's markets.

OVB's many years of experience in leading the established foreign subsidiaries to success is of real benefit in identifying market opportunities early on. OVB generates 62 percent of its sales outside of Germany.

With respect to markets already opened, we aim at the consolidation and – if possible – expansion of our market position. We win new clients continuously and utilise existing client relationships to provide even more comprehensive advice.

OVB's clients and financial advisors

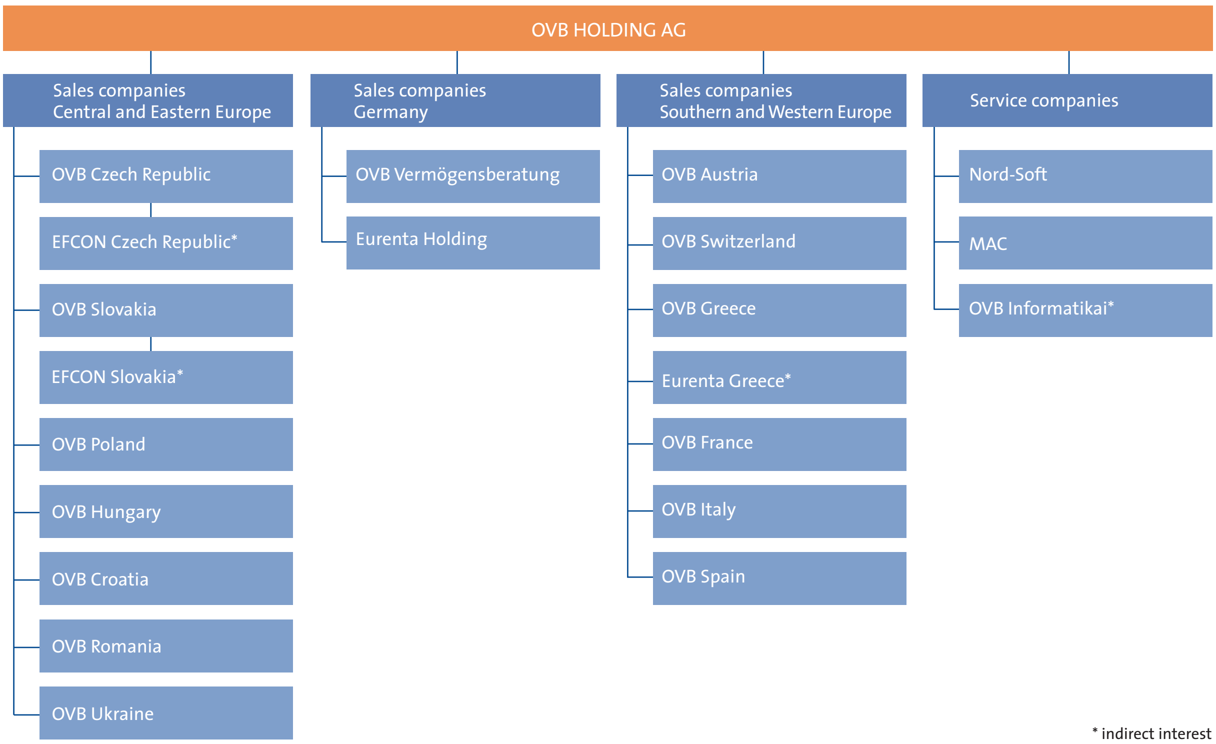
(31/12)	2005	2006	2007	2008	2009
Clients (number in million)	2.30	2.44	2.61	2.78	2.77
Financial advisors (number)	3,876	4,210	4,765	4,862	4,664

From OVB's viewpoint, manifold changes in the regulatory framework lead to a consolidation process in the industry. Against this backdrop, the company's high-capacity infrastructure and its product portfolio suited to client requirements make OVB an attractive partner for smaller sales organisations.

Group structure

OVB Holding AG is at the top of the OVB Group as its management holding company. Its responsibilities include strategic, planning and controlling activities for the Group. The independent financial advisors of OVB's operating subsidiaries, currently active in 14 countries, offer a comprehensive portfolio of financial and provision-related services under this umbrella. Four service companies support these core business activities by providing IT services and coordinating marketing strategies. OVB Holding AG wholly owns these subsidiaries, with the exception of the two IT service providers, Nord-Soft EDV-Unternehmensberatung GmbH and Nord-Soft Datenservice GmbH (OVB interest in each is 50.4 percent). OVB Holding AG has concluded a profit and loss transfer agreement with OVB Vermögensberatung AG. To date, no other control and profit and loss transfer agreements have been entered into with other subsidiaries.

The OVB Group



* indirect interest

Management and supervision

Executive Board

OVB Holding AG is a stock corporation under German law with a dual board structure consisting of Executive Board and Supervisory Board.

As of 31 December 2009, the Executive Board has two members: Wilfried Kempchen is the Executive Board's Chairman; he is responsible for Corporate Development, European Marketing, European Product Management, European Training, Auditing and Press and Public Relations. Oskar Heitz is Executive Board member for Finances and Administration; his responsibilities primarily include Corporate Accounting, Finances, Tax, Controlling, HR, Legal, Investor Relations and Coordination of European IT. In its meeting of 4 December 2009, the Supervisory Board of OVB Holding AG appointed Mario Freis as the Executive Board's third member effective 1 January 2010; he is responsible for International Sales. The Executive Board governs the company on its own authority with the objective of continuously increasing the shareholder value.

Supervisory Board

The Supervisory Board of OVB Holding AG has six shareholder-elected members. The Supervisory Board gives advice to the Executive Board, supervises its management activities and regularly discusses issues of business performance, corporate planning, strategy and risks with the Executive Board. For the best possible fulfilment of its responsibilities, the Supervisory Board has established an Audit Committee. Detailed information on the cooperation of Executive Board and Supervisory Board and corporate governance at OVB Holding AG is presented in this Annual Report in the Supervisory Board Report and in the section Corporate Governance.

Group management

The OVB Group's management has both a strategic and an operative element. *Strategic controlling* involves a five-year planning horizon that combines corporate strategy with specific, tangible objectives.

In various areas, *a cross-national exchange of know-how* supports the efficient and integrated management of the 14 subsidiaries. A case in point, committees of OVB Holding AG routinely coordinate marketing and market cultivation activities in the individual countries together with the respective OVB subsidiaries, as well as the composition of the product portfolio and potential new products and cooperation partners.

Operative controlling provides support to the management of ongoing operations. The key operating variable of sales controlling is overall sales performance which is recorded and analysed monthly at Group level and at even shorter intervals at the level of the subsidiaries and lower-tier business units, and from which sales forecasts are derived. Overall sales performance firstly includes sales revenue from primary contracts, generated on the basis of contract relationships with the sales agents who work for OVB. Secondly, in Germany the sales force generates sales revenue through previously concluded, indirect contracts with certain product partners (secondary contracts). Other sales-related key figures include the number of financial advisors, changes in the number of clients and the generation and structure of new business in the individual product categories.

Cost controlling involves a monthly analysis of expenditure. The findings of cost controlling are incorporated in OVB's investment budget and financial planning.

Targets defined by the Executive Board establish the cornerstones of the annual operative budget with respect to sales, costs and operating income. The decentralised planning process conducted by the subsidiaries and cost centre managers is then adjusted for risks at Group level by the Executive Board.

Throughout the year, OVB prepares updated projections for the year as a whole and is thus enabled to respond to variances and to adjust original plans and budgets.

OVB prepares liquidity plans as part of its *financial controlling* in order to safeguard its liquidity. Liquidity management is based on these liquidity plans and reconciles liquidity requirements with cash flows.

In the year 2009, OVB Holding AG has further developed its process for planning and controlling in order to be able to respond swiftly to developments throughout the year.

Remuneration report

The remuneration report included in the chapter Corporate Governance starting on page 88 of this Annual Report 2009 of OVB Holding AG is part of the management report. The remuneration report presents the governing principles of the determination of the remuneration of the members of Executive Board and Supervisory Board and explains the structure and amounts of the remuneration of Executive Board and Supervisory Board members. The remuneration report is available on the Internet at http://www.ovb.ag > InvestorRelations > CorporateGovernance.

General environment

In 2009 the global economy suffered the most severe setback for decades. The global economic output recorded a price-adjusted decline of approximately 0.8 percent and the global trade volume contracted 12.3 percent, according to IMF information. Starting point of the recession was a global financial crisis which increasingly affected the real economy from the fall of 2008. Nations deeply involved in the international division of labour and dependent on functioning financial and credit markets to a considerable degree were particularly affected by the negative impact of the economic slump: Germany was for example more affected than the US, the Czech Republic suffered more than Poland did. On the whole, however, the global economy's downward trend was brought to a halt in 2009 and the situation was stabilised. Key instruments were an extremely expansive international monetary policy and massive public spending programmes. The medium and long–term consequences of this policy, e.g. on rates of inflation, interest rates and currency exchange rates cannot yet be estimated.

The region Central and Eastern Europe represents a mainstay of OVB's business activities. It was distinguished by a particularly dynamic economic growth over the past years. Its foundations were principally a strong inflow of foreign capital and a fast-increasing economic integration, especially with the industrialised nations of Western Europe. The transmission of the international economic crisis to the economies of Central and Eastern Europe was fast and thorough. Following an average economic growth of 3.1 percent in the year 2008, the rate of change in the economic performance 2009 fell to minus 4.3 percent. According to Eurostat, the decrease in GDP was particularly severe in the Ukraine (- 13.0 percent), Romania (- 8.0 percent) and Hungary (- 6.5 Prozent). In contrast, Poland still managed, as the only nation in the region, to achieve modest economic growth of approximately 1.2 percent, accounted for by the high relevance of domestic economy and agriculture in this country. The abrupt deterioration of the economic situation did not stop short of the private households with average to higher incomes, of course, on which OVB focuses its distribution of financial products. The framework provided for OVB's business activities in Central and Eastern Europe has thus changed for the worse as well in 2009.

Germany was the starting point for the successful international expansion of OVB's sales network, and this region's turnover is currently the second highest in the Group. The German economy suffered a dramatic setback in 2009. The gross domestic product recorded a price-adjusted 5.0 percent decrease, according to information of the Federal Statistical Office; there had not been a comparable economic slump in the history of the Federal Republic of Germany. Especially affected were the exports which were diminished by 14.2 percent, as well as expenditures for equipment which turned out one fifth below the prior-year level. Private consumption, however, recorded a plus of 0.2 percent, supported particularly by the previous year's higher wage agreements and the public bonus for the purchase of new cars. The German labour market proved relatively stable anyway in the year of crisis 2009: Short-time work and the flexible utilisation of working-time accounts prevented an increase in unemployment for the time being. Available incomes of private households increased by merely 0.4 percent in 2009; this represents the smallest growth rate since the reunification. The savings ratio of private households of 11.2 percent remained at the previous year's high level. The people felt and still feel great uncertainty about their individual economic prospects. Private households therefore show a clear preference for liquid, readily redeemable forms of investment. This sentiment has had a dampening effect on the turnover of long-term asset generation products as well as private provision and risk protection products, on which OVB's distribution focuses.

Parallel to the Eastern expansion, OVB gradually extended its business radius toward the region Southern and Western Europe over the past years. All of this segment's nations suffered losses in their economic output in 2009. Particularly affected was Italy with minus 4.7 percent, as well as Spain and Austria with a respective 3.7 percent decline. In Greece, the economic crisis almost resulted in national bankruptcy, though primarily due to an unsound financial policy maintained over years. Parallel to the economic slump, unemployment rates increased in the course of the year 2009. Spain showed a very precarious development with an unemployment rate reaching 19.5 percent at the end of December, and 44.5 percent among young people below the age of 25 years. These are obviously difficult conditions for talking to potential clients about their financial plans for the future, as OVB's sales force experienced in many cases in 2009. In view of urgent worries, about keeping one's job for instance, a lot of people put long-term considerations for retirement provision on hold.

OVB centres its business activity on providing advice to private households with respect to private retirement provision and risk protection. The driving forces behind this pan-European growth market are undisputed and do not appear weakened in the long term: Increased life expectancy coupled with falling birth rates has triggered radical changes to social security systems. Government pay-as-you-go systems are on the retreat as the required means cannot be provided. Private and corporate pension provision must relieve the public welfare system as additional pillars. In the nations of Central and Eastern Europe, where OVB has attained market leading positions in many cases, catch-up effects add to this trend with regard to income and market penetration. Moreover, the prevailing systems there are contemporary, funded, private, defined-contribution pension schemes, opening up business opportunities for OVB.

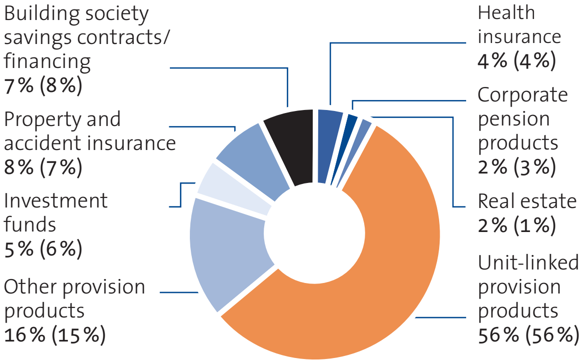
These unchanged attractive business prospects are currently facing insecurity, restraint and doubt expressed by the client target groups. One example is provided by the results of a study on retirement provision in Germany, conducted by the Allensbach Institute for Public Opinion Research at the turn of the year 2009/2010. Accordingly, on the one hand, 42 percent of the population below retirement age consider their retirement provision inadequate and one third of all employed men and women have no private provision whatsoever; diminishing confidence in the public pension system adds to this. On the other hand, 41 percent of all respondents do not intend to strengthen their retirement provision within the next years, and more than 17 percent have responded to the current crisis by a reduction or even termination of private retirement provision schemes. Financial products – particularly those associated with the capital market –, the providers of financial instruments and the distribution of financial products have lost a considerable amount of business confidence over the last one to two years. Therefore the crisis of the international financial services industry could turn into a crisis of private retirement provision, with inestimable damages to the general economy. OVB has further improved the advisory process as provided by the sales agents over the past few years and even tailored more closely to our clients' individual needs and wishes. In considering and choosing our product partners and their products, we act with diligence and responsibility. Eventually the currently prevailing climate of a lack of confidence in the financial markets and the providers of financial products will make way for a more realistic approach.

Business performance

OVB's business performance was considerably affected in 2009 by the difficult general economic framework. Total sales commission dropped 22.5 percent across the Group from Euro 260.2 million in the year 2008 to Euro 201.6 million in the year under review. Included is commission forwarded to sales agents on behalf of product partners in the amount of Euro 21.5 million, after Euro 23.8 million in the previous year. The number of financial advisors who work for OVB in 14 European countries was reduced 4.1 percent over the year 2009 from 4,862 to 4,664 sales agents. The decline of distribution capacity was thus considerably less pronounced than the decrease in total sales commission. OVB's client base remained at roughly 2.8 million clients in 2009.

In the 2009 financial year, OVB's financial advisors brokered 495,946 new contracts in the areas of insurance, investments and building-society savings. This number corresponds with a 15.3 percent decrease from the previous year when 585,817 new contracts were signed. In Central and Eastern Europe, the number of contracts was down roughly 20 percent, Germany and Southern and Western Europe recorded respective losses of roughly 5 percent.

Breakdown of income from new business 2009 (2008)



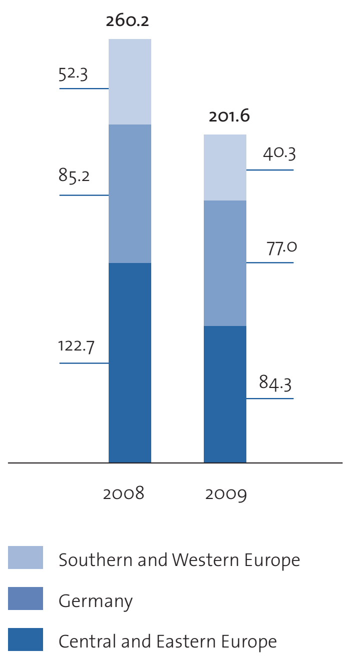
The OVB Group's mainstays of new business continued to be products of retirement provision and asset generation in 2009. At 56 percent, more than half the new business in 2009 was accounted for by the product group of unit-linked provision products, including unit-linked life insurance and unit-linked pension policies (previous year 56 percent). The relative weight of the product group of other provision products remained at the prior-year level at 16 percent (15 percent). It primarily includes classic life and pension insurance policies but also the so-called Riester pensions, government-subsidised and in high demand in Germany. The share of investment funds lost another percentage point, from 6 percent in the previous year to 5 percent now. OVB considers corporate pension provision a strategic growth segment which, however, has become relevant only to the German market; its share was 2 percent (previous year 3 percent). The product groups building society savings contracts/financing (7 percent share in new business, after 8 percent in the previous year), property and accident insurance (8 percent, previous year 7 percent), health insurance (4 percent, previous year 4 percent) and real estate (2 percent, 1 percent in the previous year) complete OVB's pan-European product portfolio.

Central and Eastern Europe

More than 60 percent of OVB's clients live in the region Central and Eastern Europe. In the course of the year 2009, their number was increased by more than 13,000 new clients to 1.77 million altogether. OVB's market position is especially strong in Slovakia and the Czech Republic. In addition, OVB covers the region with its subsidiaries in Croatia, Poland, Romania, the Ukraine and Hungary.

The national economies of Central and Eastern Europe suffered particularly from the international economic collapse 2009. Accordingly, OVB's business performance in the region was most dissatisfying. Income from advisory and brokerage services dropped 31.3 percent from Euro 122.7 million in 2008 to Euro 84.3 million in the year under review. In many cases, three negative factors added up to this outcome: a smaller number of new contracts, a lower average volume of the individual contracts and a devaluation effect of some national currencies against the Euro. Client demand for the various product groups remained largely stable, however. 66 percent of new business was attributable to unit-linked provision products in the year 2009, after a share of 67 percent in the previous year. Other provision products accounted for 12 percent of the newly concluded contracts (previous year 8 percent), the product group of building society savings contracts/financing contributed 9 percent (previous year 12 percent). In the course of temporarily limited business opportunities and thus income opportunities, the number of full-time financial advisors in the region Central and Eastern Europe was reduced by 297 over the year 2009 to 2,697 sales agents.

Total sales commission by region
Euro million, figures rounded



Germany

Business in the Germany segment proved relatively stable in the year of crisis 2009. One possible explanation is the largely unchanged financial situation of private households due to the flexible utilisation of instruments provided by labour market policies. Even though the loss of jobs could be prevented in many cases, the degree of uncertainty with respect to the economic prospects is increasing.

Against this backdrop, total sales commission generated by OVB in the Germany segment was reduced by 9.6 percent from Euro 85.2 million in 2008 to Euro 77.0 million in the year 2009. The included share of commission forwarded to sales agents on behalf of product partners went down from Euro 23.8 million to Euro 21.5 million. Client attention focused on unit-linked provision products; however, their share in new business dropped from 42 percent in the previous year to 37 percent. In contrast, the broking of other provision products, such as classic cash-value life insurance policies, climbed from 11 percent to 17 percent of new business. Property and accidence insurance (13 percent, previous year 11 percent) and health insurance (unchanged at 12 percent) represented other key product groups in 2009 relating to newly brokered contracts. The number of full-time financial advisors working for OVB in Germany rose by 218 within one year, from 1,105 to 1,323 sales agents. It has to be taken into consideration, though, that their number at the end of the year 2008 was negatively affected by a stalling registration process. The number of assisted clients remained largely unchanged at roughly 693,000.

Southern and Western Europe

The OVB Group's Southern and Western Europe segment includes the long-established subsidiaries in Greece, Austria and Switzerland along with the younger subsidiaries in Italy, France and Spain. Viewed as a whole, the crisis-afflicted 2009 financial year set this previously fast-growing segment back in its development. Income from advisory and brokerage services achieved in the region dropped 22.8 percent in the year under review, from Euro 52.3 million in 2008 to Euro 40.3 million. Parallel to that, our sales force of the six subsidiaries combined went down from 763 to 644 financial advisors, and thus the number of clients was reduced as well, by roughly 10,000 to now 308.245 clients. The emphasis of products brokered in the region was placed clearly on unit-linked provision products in 2009, the share of which in new business rose from 51 percent in the previous year to now 61 percent. Quite the contrary, the relevance of other provision products to new business decreased from 34 percent in 2008 to 24 percent.

Financial advisors and employees

OVB'S business success relies on the advice and assistance provided to our clients. Therefore our business model centres on the women and men of our sales force. OVB expects from its financial advisors high commitment as well as professional know-how and excellent social skills. Good advice to one's clients requires comprehensive professional training. OVB therefore implemented a multi-stage training system many years ago which is constantly being developed and adjusted to the changing legal framework of the respective markets. With respect to the financial advisors' remuneration, OVB is a fair and reliable partner. Beyond new business commission, which is industry practice, sales agents from a certain seniority level upwards participate in the income from the contract base they have established. OVB also provides support to its executives in many ways and protects them against risks.

By the end of the year 2009, 4,664 full-time financial advisors worked for OVB in 14 European countries. Compared to the end of the year 2008, when 4,862 independent sales agents brokered the financial and provision products of our product partners, this means cutback by 4.1 percent or 198 sales agents. This melting process was much slower than the decrease in the business volume due to the economy, indicating the high attractiveness of working for OVB.

The number of employees at the holding company, the service companies and in the central administrations of our subsidiaries slightly increased from 484 to a total of 494 in the course of the year 2009. Sales-supporting functions were particularly strengthened in order to counteract the slackening business performance in a deliberate anti-cyclical manner.

Profit/loss

The turmoil on the international financial and credit markets and the drastic economic slump troubled OVB's business performance across the Group in the year 2009. Total sales commission dropped 22.5 percent from Euro 260.2 million in the previous year to Euro 201.6 million in the year under review. Included commission from so-called secondary contracts between product partners and the sales force, which still exist only in the Germany segment, fell from Euro 23.8 million in the previous year to now Euro 21.5 million. Income from advisory and brokerage services relating to financial services and products reported as sales revenue was thus reduced by 23.8 percent from Euro 236.4 million in 2008 to Euro 180.1 million in 2009.

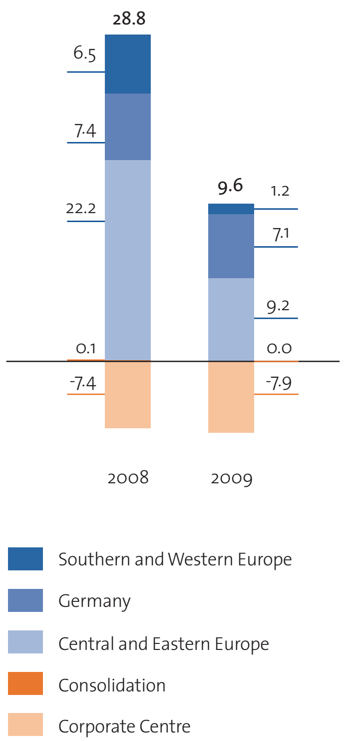
Other operating income lost 11.7 percent to Euro 14.4 million (previous year Euro 16.3 million). This decrease in income is primarily due to reduced repayments made to OVB by sales agents and partners for the lease of IT hardware, and for seminars and other events.

In line with the business volume, brokerage expenses were reduced by 24.0 percent to Euro 108.3 million (previous year Euro 142.5 million). This development highlights one significant advantage of OVB's business model: the large share of variable expenses in total expenses. While all other expenses for commission and grants apart from current commission paid to the sales force were reduced as well, OVB deliberately increased its contribution to structural development from Euro 3.7 million in 2008 to Euro 4.2 million in 2009.

Personnel expenses for the Group's employees increased slightly, by 2.2 percent from Euro 24.6 million in 2008 to Euro 25.2 million in 2009. Depreciation and amortisation were virtually unchanged from last year, at Euro 3.8 million (previous year Euro 3.8 million). Other operating expenses were down considerably by 10.0 percent, from altogether Euro 52.8 million in 2008 to Euro 47.5 million in the year under review. While expenses for events, training courses and seminars were reduced significantly, an increase was recorded in advisors' costs and risk provision for receivables.

The result of operations of OVB Holding AG in the 2009 financial year, expressed in earnings before interest and taxes (EBIT), was decreased by two thirds (66.6 percent) from last year, to Euro 9.6 million (previous year Euro 28.8 million). It is of little consolation that some of the other reputable financial service providers have to state losses for the 2009 financial year due to the very negative market environment: For the standards of OVB, an EBIT margin of 4.8 percent (previous year 11.1 percent) – in relation to total sales commission – is just not acceptable. The EBIT of the Central and Eastern Europe segment

Earnings before interest and taxes (EBIT) by segment
Euro million, figures rounded



showed the greatest decline in absolute figures; it dropped from Euro 22.2 million to Euro 9.2 million (-58.6 percent). The 4.0 percent decrease of the operating result of the Germany segment was modest by comparison, from Euro 7.4 million to Euro 7.1 million. In the Southern and Western Europe segment, the EBIT fell from Euro 6.5 million the previous year by 81.6 percent to now Euro 1.2 million.

The financial result 2009 decreased slightly from Euro 1.9 million in 2008 to Euro 1.6 million. This decline results from reduced interest income due to lower interest rates and less available liquidity due to the reduced business volume. On the other hand, finance expenses were down as well because write-downs on securities and losses from the disposal of investments did not incur to the same extent as the previous year. Income tax liability fell from Euro 6.3 million in 2008 to Euro 2.6 million in the year under review. Overall, OVB achieved a consolidated net income after minority interest of Euro 8.8 million in the 2009 financial year, after Euro 24.4 million in 2008.

Undiluted earnings per share, based on 14,251,314 no-par value shares, amounted to Euro 0.61 in 2009, after Euro 1.71 in the previous year (based on the same number of shares).

As a result of the subdued trend for earnings in the past financial year, Executive Board and Supervisory Board will propose to the Annual General Meeting on 11 June 2010 that the dividend be reduced from Euro 1.35 per share in 2008 to Euro 0.50 per share. This equates to a total dividend of Euro 7.1 million, after Euro 19.2 million in the previous year.

Financial position and assets and liabilities

Financial management

The holding company coordinates and monitors the financing activities of the OVB Group and its operating companies. The aim is to ensure sufficient financial resources for the operations of the subsidiaries as well as for investments. As part of a monthly reporting program in which all Group companies are involved, we gain an insight into the financial developments at the subsidiaries, on the basis of which we determine the liquidity requirements of the individual companies.

Liabilities or receivables in foreign currencies were relatively marginal in the reporting period. Currency fluctuations are taken into account when setting the dates on which to distribute the dividends of our subsidiaries; the primary consideration is to maintain a certain level of liquidity in Euros. The devaluation of many Central and Eastern European currencies against the Euro over the second half-year 2008 and the year 2009 was superseded in December 2009 by the devaluation tendency of the Euro. We are monitoring this development very closely and are reviewing the utilisation of additional instruments to curtail currency risks.

Financial position

The OVB Group's cash flow from operating activities decreased from Euro 15.7 million in 2008 by Euro 6.3 million to Euro 9.4 million in the reporting period. The deciding factor for this development is the decrease in net income for the period by Euro 15.6 million to Euro 8.8 million.

Cash flow from investing activities increased from Euro -2.3 million to Euro 20.0 million. This is accounted for primarily by the decrease in volume of securities and other current investments.

Cash flow from financing activities comes to Euro -19.4 million in 2009 and is due almost exclusively to the payment of the dividend to the shareholders in June 2009.

Cash and cash equivalents climbed Euro 10.0 million from Euro 35.1 million at the end of the year 2008 to Euro 45.1 million as of 31 December 2009.

Assets and liabilities

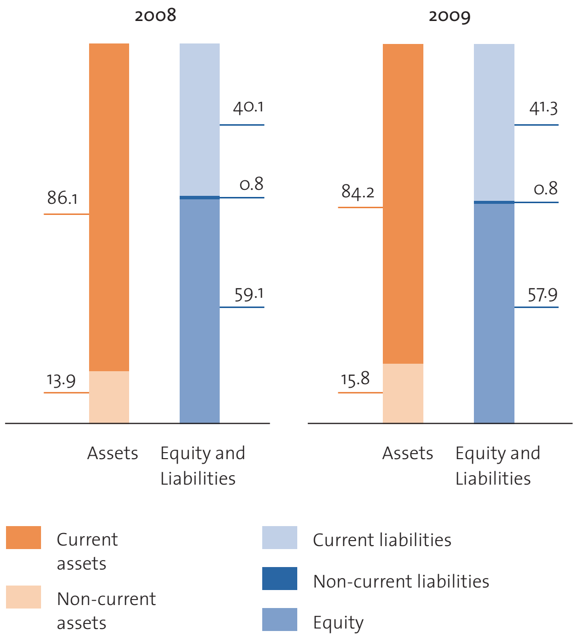
The OVB Group's total assets went down Euro 14.1 million, from Euro 162.9 million as of 31 December 2008 to Euro 148.8 million as of 31 December 2009. With regard to non-current assets, intangible assets were up Euro 2.0 million, particularly due to payments on account of software, while tangible assets were reduced by Euro 1.2 million. Non-current assets were altogether increased by Euro 0.9 million to Euro 23.5 million.

The change in total assets thus exclusively involved current assets, down from Euro 140.3 million one year ago to Euro 125.3 million as of 31 December 2009. The dominant effect was again the decrease in the position securities and other investments by Euro 21.7 million to Euro 30.9 million. Another factor leading to the reduction of current assets was the decline of trade receivables by Euro 3.4 million to Euro 15.9 million due to the arrested business development.

The equity of OVB Holding AG went down by Euro 10.2 million in the course of the year 2009 to Euro 86.1 million. Sole reason was the reduction of net retained profits by Euro 10.8 million to Euro 17.7 million. However, the company's equity ratio hardly changed: At 57.9 percent, after 59.1 percent one year ago, it remained at a high level. Even though a lower equity ratio would be sufficient for covering the business operations, OVB's equity resources communicate solidity and financial strength to clients, product partners and financial advisors in times of a challenged general economy.

While OVB's non-current liabilities, at unchanged Euro 1.2 million by annual comparison, can be considered marginal, current liabilities are primarily linked to the volume of business operations. Against the backdrop of declining sales revenue, current liabilities went down by Euro 3.9 million to Euro 61.4 million. An essential item is made up by liabilities of sales agents not settled as of December 31, which were down Euro 3.1 million to Euro 12.2 million.

Asset allocation and capital structure
Percent, figures rounded



Report on risks and opportunities

Principles of risk management

The business activity of OVB Holding AG is exposed to a large number of risks of the kind involved in any commercial activity. Risks represent potential losses or missed profits. Exposures can be caused by internal or external factors. Materialised risks should be detected as soon as possible in order to allow a swift and adequate response.

Risk management structure and process

OVB's risk management is an integral part of the planning and controlling system. The Executive Board of OVB Holding AG is responsible for managing the corporate strategy. In collaboration with the management of OVB's subsidiaries, the Executive Board determines the pan-European strategy for the business and stipulates risk policies on that basis. All of the operating subsidiaries are required to establish and continually monitor a risk management system which is based on guidelines set by the holding company but takes into account the specific business of the relevant subsidiary. An efficient controlling process, corporate planning and internal reporting all assist in the early identification of risks that could prove fatal for the business. Corporate planning involves the assessment of potential risks before important business decisions are made, while reporting is intended to ensure the appropriate monitoring of such risks in the course of business. The structure of the risk management system, the methods applied and the processes implemented are documented in writing and are available in the form of a handbook to all employees involved in controlling or reporting.

A key element of the risk management system is the in-house audit department, which assumes supervising and controlling responsibilities across the Group. It works on behalf of the holding company's Executive Board as an independent body responsible for internal auditing across the Group, not subject to any instructions or processes. It also operates autonomously with respect to reporting and the evaluation of audit findings. The in-house audit department regularly audits processes and systems within key domestic and foreign sub-segments of the Group on the basis of its annual audit schedule and supervises the resolution of any adverse audit findings. It monitors compliance with the relevant statutory requirements and assesses the risk management, control, management and monitoring systems and processes relevant to financial accounting, thereby contributing to their continuous improvement.

Another important component of the risk management system is the up-to-date system for early risk detection which summarises identified individual risks under risk categories and assigns each risk to a risk management officer. Thresholds and reporting procedures were also defined within the scope of risk reporting. Risk controlling and risk management are subject to standardised processes.

Risk analyses are initially conducted at the level of the subsidiaries and individual divisions. The Group's risk management officer at the holding company consolidates the regular reports received from the various departments of the holding company and from the subsidiaries into Group-wide, ongoing and, if necessary, immediate reporting to the Executive Board and the Supervisory Board.

This system for early risk detection is complemented by consultations throughout Europe and regular communication with sales force managers. In urgent cases, ad hoc risks are reported directly to the Group's risk management officer at the holding company, bypassing the usual reporting channels.

Development of risk management

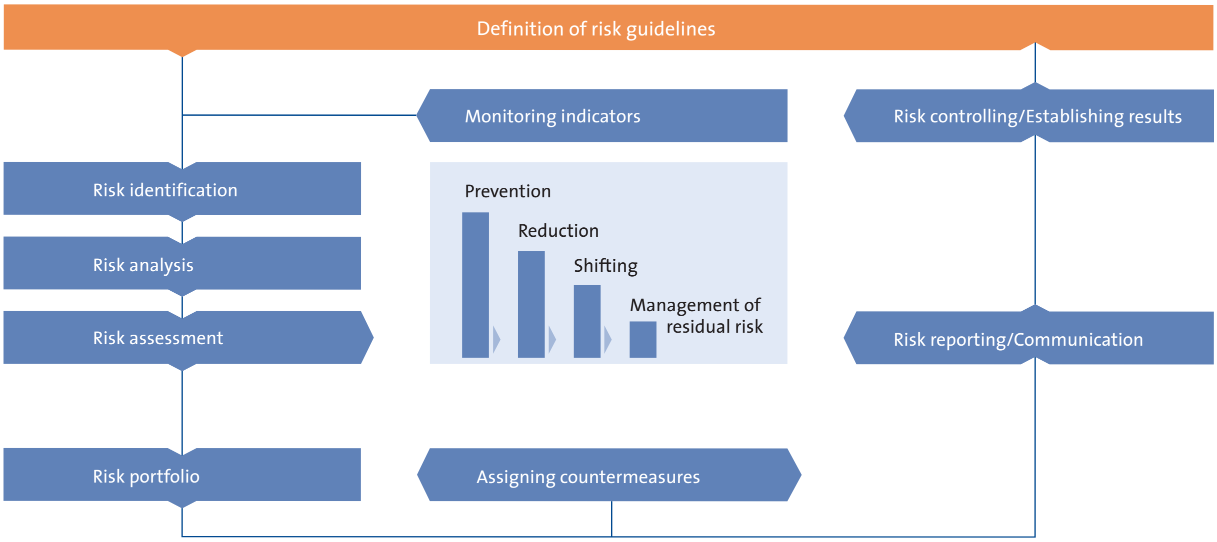
The risk management system's constant development is a key prerequisite to the option of prompt response to changing basic conditions of potential direct or indirect impact on the assets, liabilities, the financial position and profit or loss of OVB Holding AG.

In the course of the year 2009, the risk management's reporting was enhanced and optimised. Within the framework of aggregated risk reporting to the Executive Board, the arrangement of risks according to relevance and risk categories was given priority over their presentation according to the companies involved. Furthermore, the classification of risks according to the categories "new", "changed", "continuing" and "settled" was refined. With respect to risk detection and analysis, scaling was adjusted in line with potential effects of risk occurrence on the EBIT. Moreover, we simplified the aggregation of individual risks and arranged their presentation more clearly.

Internal controlling system and its focus on financial reporting

The internal controlling system comprises the guidelines, processes and measures for ensuring the effectiveness and economic efficiency of accounting, the truth and fairness in accounting and the compliance with the applicable legal regulations. Part of this system is the in-house audit department with its focus on financial accounting. Like the internal controlling system, of which it is a component, the risk management system focuses on the control and monitoring processes in accounting, particularly relating to those balance sheet items that are associated with the company's risk protection.

OVB risk management process



Essential characteristics of internal auditing and controlling

The main features of the accounting-related internal controlling system can be described as follows:

- The company and the Group have a clear management and corporate structure. OVB Holding AG provides the centralised management of inter-departmental key functions, while the individual Group companies maintain a large degree of autonomy.
- The functions of the departments substantially involved in the accounting process, Local Accounting, Tax, Group Accounting and Controlling as well as Investor Relations, are clearly separated from each other. Areas of responsibility are assigned unambiguously.
- The financial systems in use are protected against unauthorised access by corresponding IT measures that are continuously being updated and enhanced.
- For the processing of the applied financial systems, standard software is used wherever possible.
- An adequate guidance system (e.g. Group handbook, payment guidance, travel expenses guidelines, etc.) has been established and is being updated constantly.
- The departments and divisions involved in the accounting process are adequately equipped with respect to aspects of quantity and quality.
- The clearly defined operating processes as well as the documentation and backtracking of all matters subject to accounting constitute the basis of complete and reviewed financial reporting.
- OVB's accounting-related internal controlling system ensures that all accounting records are checked for mathematical and factual correctness.
- Accounting data received or referred are also constantly being reviewed through spot checks conducted by independent experts. Moreover, the software runs additional plausibility checks within the scope of payment processes.
- OVB attaches importance to the separation of functions; therefore the four-eye principle is applied for processes of relevance to accounting.
- Committees have been established for monitoring the compliance and reliability of internal accounting and financial reporting.
- Processes of relevance to accounting are routinely checked by the in-house audit department, which operates independently of processes.

The accounting-related internal controlling and risk management system, the essential characteristics of which have been described above, ensures that business matters are correctly recorded, processed, evaluated and transferred to accounting. The adequate manpower, the use of appropriate software and clear statutory and corporate guidelines are the basis for a correct, uniform and continuous accounting process. A clear separation of areas of responsibility and various control and audit mechanisms as described in detail safeguard correct and responsible accounting. Thus it is particularly made sure that business transactions are recorded, processed and documented in compliance with statutory regulations, the articles of association and internal guidance, and correctly and promptly entered in financial reporting. It is ensured at the same time that assets and liabilities are correctly stated, disclosed and measured in the financial statements and consolidated financial statements and that dependable and relevant information is made available completely and promptly.

Presentation of risks

Below is a qualitative description of the risks that could have a material adverse effect on our assets, liabilities, financial position and profit or loss. Please see section 3.5 of the notes to the consolidated financial statements ("Objectives and methods used in financial risk management") for quantitative information relating to financial instruments in accordance with IFRS 7.

Macroeconomic risks

Our business environment is affected by changes in the economic and political conditions. The global financial and economic crisis deeply troubled capital and credit markets in the 2009 financial year as well as the overall economic situation in all relevant national economies. The macroeconomic risks facing OVB Holding AG's business operations have increased significantly in the year 2009. Over the last few months, the number of indications of a stabilisation of the economic development has grown. However, the macroeconomic outlook still carries uncertainties. We monitor political, regulatory, financial and economic developments in the markets in which we operate and utilise resources such as external market analyses and the know-how of external experts and analysts in order to review our strategy and business direction in light of these developments. This particularly applies to risks associated with tapping into new markets.

Our plans for expansion in the various regions are dependent on orderly political and legal conditions prevailing in the respective country, and on the existence of an economic environment that clearly indicates that OVB will be able to profitably forge ahead with its business activities within a timeframe that is reasonable given the respective market conditions.

In light of the specific risks associated with economic trends, the structure of the OVB Group's business, which has been set up to cover a broad area within Europe so that market risks and downturns in individual countries can be offset by opportunities in other markets, plus a broad client base help to mitigate risks. However, this inbuilt countermeasure is currently limited in its effectiveness, as almost all countries in Europe are battling with economic problems. The Group's business activities have also been diversified across the most varied of products, designed to facilitate asset generation and risk protection and tailored to the situation in the relevant markets, and this helps to offset risks, at least in certain sub-segments.

Risks relating to company-specific factors of value creation

The acquisition of clients, the expansion of our team of financial advisors and turnover within that team as well as the structure and quality of our advisory and brokerage business are key factors in determining the commercial success of OVB Holding AG.

OVB focuses on providing advice to private households with average to higher incomes in all of the national markets in which it operates. Winning new clients and maintaining a long-term client relationship are crucial for success.

Private households are demonstrating a clear preference for liquid, readily redeemable forms of investment due to the continuing uncertainty with respect to the future economic development throughout Europe. In 2009, this sentiment had a dampening effect on the turnover of long-term asset generation products as well as private provision and risk protection products in some countries.

It remains to be seen to what extent this uncertainty will continue. We will monitor developments very closely. Overall, however, we do not believe that the current situation will have a permanent negative impact on OVB's new business, because there is still a need for private provision, particularly in light of demographic trends in most countries.

The future growth of OVB depends to a large extent on long-term commitment of a sufficient number of motivated and competent *financial advisors* to the company and providing for a low turnover rate.

The development of the sales force is subject to periodic reporting. Positive or negative trends are constantly being analysed and assessed by the management with regard to their effects on the business success. A tightening of the competition, the market entry of new competitors and potential trends for fluctuation in this context are monitored with close attention.

OVB is a fair and reliable partner to the sales force. The company regards its sales agents as joint venturers. By means of attractive career and remuneration schemes, we seek to commit our sales force to us and to expand the number of financial advisors continuously.

In the course of the year 2009, the number of financial advisors working for OVB decreased from 4,862 by 198 to 4,664. This cutback of 4.1 percent was much less pronounced than the 22.5 decrease in total sales commission due to the economy. This indicates the high attractiveness of working for OVB as a sales agent. On the other hand, the industry of financial services distributors is in a phase of consolidation which might result in temporary fluctuations and increased staff turnover. Based on its experience of many years, OVB is capable of counteracting any potential increase in sales force turnover with targeted measures. If we do not manage to contain this risk, negative effects on sales and earnings as well as the investment values of involved subsidiaries will be possible.

Industry-specific risks

OVB faces industry-specific risks particularly in connection with changes in the markets for pension provision, health care, investments and financing. Tax and socio-political conditions, capital market influences and regulation of the broking profession play a key role here. We analyse changes and developments on the basis of ongoing market monitoring and use our findings to make strategic decisions in the individual countries.

OVB has a broad range of high-capacity partners. The company brokers financial products provided by more than 100 insurance companies, investment trusts, building societies and banks. We limit the risk associated with product selection by working only with renowned and internationally experienced product providers on the basis of long-term partnerships. We identify client requirements and market trends through extensive market research, and we then use our findings to develop competitive products tailored to our clients' needs in cooperation with our product partners. We ensure the quality and competitiveness of our product portfolio throughout Europe by maintaining ongoing communication with our partners.

We combat the risk of diminishing *product appeal* by continually monitoring client response and feedback. Established committees liaise with our financial advisors and process their experience and suggestions for improving and developing our product range and the associated support services. OVB can at least partially compensate for declining turnover in some products, which may appear less attractive because of the turmoil on the financial markets, through higher turnover in other products.

Financial risks

Bad debt risks arise in connection with commission owed by product partners and from advance commission payments to sales agents. In individual cases, commission that has been earned but not yet received is paid to our advisors in order to bridge the gap until payment is received from our product providers. Bad debt risks are countered by way of risk-sensitive accounts receivable management and the careful selection of business and product partners. Appropriate allowances are created for receivables that are currently considered doubtful. Such allowances are made with regard to all necessary information concerning the debtor's credit rating, the commission expected to be received and the age of the receivable.

Cancellation risks are adequately covered by corresponding provisions, the amount of which is determined on the basis of commission inflow during the period of liability and the anticipated claims for commission refunds based on past experience.

We limit *issuer risks* associated with the investment of cash and cash equivalents by means of stringent credit rating requirements and appropriate investment management. Banks where cash and cash equivalents are invested now generally pose an increased bad debt risk because of the current crisis on financial markets. OVB maintains business relationships with several banks belonging to different banking systems. OVB is closely monitoring the standing of these banks to ensure that the funds invested are covered by adequate guarantee schemes.

We ensure that the equities, bonds, borrower's note loans, funds and certificates in our portfolio are varied with respect to their term to maturity, the amount invested and the issuer. Of OVB's total volume available for investment, the proportion invested in the securities of a single issuer is always significantly less than 10 percent.

Market risks are risks of loss as a result of unfavourable changes to market prices or other price affecting parameters. Market price risks include interest rate risks, currency risks and share price risks. Equities, bonds, borrower's note loans, funds and certificates may all be exposed to price risk as a result of market price fluctuations or changes in credit ratings. Market price risks associated with investments in equities are of relatively minor significance as far as OVB's investment strategy is concerned. Potential effects on net income as a result of price fluctuations are identified early and contained by monitoring our portfolio on an ongoing basis. This may also necessitate the full liquidation of positions at short notice, particularly if the relevant market environment is in disorder.

Currency risks have not been a significant factor within the Group to date. OVB's currency hedging is based on maintaining a certain level of liquidity in Euros so as to ensure that currency fluctuations have only a negligible effect on earnings. In the years 2008 and 2009, some Central and Eastern European currencies have been subject to significant devaluation against the Euro. Then, at the end of the year 2009 and in early 2010, the Euro showed devaluation tendencies. It is to be expected that exchange rate fluctuations will occur on and off, at least until the effects of the international crisis on the financial markets subside. OVB is reviewing the development on the currency markets continuously and deliberates the utilisation of additional instruments in the individual case to further curtail the currency risk in future.

OVB's *liquidity risks* are relatively minor because we finance our operations from current cash flow, and liquidity reports at Group and subsidiary level assist in the management of surplus liquidity. These reports provide a regular insight into financial developments and thus the liquidity needs of the subsidiaries and the holding company.

These measures also allow OVB to effectively diversify its risk of being sued under guarantees or letters of comfort given on behalf of subsidiaries.

Operating risks

OVB uses both in-house employees and contractors as well as technical and structural mechanisms in order to process business transactions. Binding workflow rules have been defined for processing and settling business transactions, and they include provisions relating to powers of representation. Employees entrusted with confidential information commit themselves to comply with binding regulations and to handle such information responsibly.

We limit the risk of breaches of in-house and external rules and regulations by separating management from controlling activities. We protect ourselves from loss or damage and potential liability by means of appropriate insurance protection.

IT risks

Our IT systems are largely standardised. We use up-to-date, primarily industry-specific standard software by well-known providers in order to prevent malfunction, data loss and unauthorised access to our IT network. If necessary, Group-specific internally generated software, which is subject to continuous quality control, is used to complement the standard software. Back-up systems, mirror databases and a defined emergency plan keep data secure and guarantee its availability. Our IT systems are protected by special access and authorisation concepts as well as effective and continually updated anti-virus software. OVB's CRM system, which is currently being implemented, is intended to further homogenise the IT tools used in all operating subsidiaries in Europe.

Risks to reputation

Advising on and broking financial products are activities that are subject to critical public scrutiny from time to time. OVB's *reputation could be damaged* if negative reports about activities of OVB’s financial advisors are published, e.g. concerning claims against them based on incorrect or allegedly incorrect advice, or in the case of negative reports about the products sold by OVB's financial advisors, irrespective of the legitimacy of any such claims or the truth of the reports. OVB follows and analyses such discussions with the aim of taking preventive action to halt any damage to reputation before it arises.

Risks associated with providing advice and liability risks

OVB's financial advisors generally arrange financial products for clients on the basis of a prior consultation. The purpose of this consultation is to ensure that the client receives a financial product that is tailored to his or her individual provision requirements and investment profile. Potential risks associated with advisory services are minimised by continually raising the awareness of and providing continuing education opportunities for our financial advisors with a view to providing well-tailored advice, and by documenting and recording client meetings in the required manner. We are closely following the public debate on fee-based advisory services on the German market and assume that this payment scheme will gain increasing relevance as an alternative to commission-based advisory service without replacing it.

Legal risks

We guard against legal risks by drawing on comprehensive advice both from in-house specialists and external specialist lawyers and advisors before final decisions are made and in the course of structuring our business processes. Constant monitoring and evaluation by our legal department is the first step in enabling us to counter risks associated with potentially incorrect advice to clients and brokering financial and insurance products. We further reduce our risk of liability in most countries in which we do business by taking out adequate directors' and officers' insurance.

Our legal department coordinates the management of legal risks. In addition to providing advice on corporate decisions and the structure of business processes, the legal department is also responsible for monitoring and evaluating ongoing legal disputes.

In its meeting of 21 July 2009, the Supervisory Board of OVB Holding AG dismissed Michael Frahnert, who was the Chairman of the Executive Board at that time, with immediate effect. According to today’s state of knowledge, OVB Holding AG does not have any obligations from this dismissal.

Tax risks

OVB continually monitors *tax law* developments in all of the countries in which it does business - including potential regulatory intervention that would affect the tax treatment of our sales model - and analyses their potential impact on the Group. In-house and external experts monitor the tax requirements applicable to the company in accordance with the relevant tax provisions and the directions issued in relation to such provisions by the relevant tax authorities. If necessary, appropriate provisions are created for potential tax back-payments.

Estimation risks

Assumptions and estimates materially concern the valuation of provisions, the collectability of receivables and deferred taxes on loss carry-forward, goodwill impairment, legal risks, depreciation and amortisation or rather the determination of the useful lives of assets. The actual values may deviate in the individual case from the assumptions and estimates. Changes are considered as of the time they become known.

Summary of risks

OVB's business performance is essentially influenced by *industry-specific* and *financial risks. Macroeconomic risks* are also playing an increasing part due to the weak economic environment created by the financial crisis. The reporting system in place assists in monitoring, managing and controlling the risks associated with our current and future development and permits an early response.

OVB's risk situation remains manageable. An overall risk assessment shows that the Group was not exposed to any risks during the financial year that could jeopardise the existence of the company. We have made adequate provision for currently identified material risks. The financial markets crisis that erupted in 2008 caught up with and massively troubled the real economy worldwide in 2009. The financial and economic countermeasures adopted by many national governments resulted in a stabilisation of the financial markets and the economy in the course of the year 2009. However, the return to the level of production and income as it was before the crisis will take another two to three years.

We will continually develop our risk management and controlling system in order to increase transparency in relation to assumed risks and continue to improve our risk management capabilities.

The risks presented are not necessarily the only risks to which we are exposed. Risks of which we are currently unaware or risks that we currently regard as immaterial could also have a detrimental effect on our business activities and a negative impact on the forecasts made in the "Outlook" section below. In this respect we are particularly referring to macroeconomic risks.

Future business opportunities

For years the business model and success of OVB have been based on rapidly growing demand across Europe for advisory services in the areas of provision, risk protection and asset generation.

We are convinced that the *demand for our services* and the financial and insurance products brokered by our sales force will continue in the years ahead. People have become increasingly aware of the need for private provision. Low birth rates in many countries are making it difficult to sustain pay-as-you-go social security systems and are thus boosting the trend towards private provision, despite the subdued economic environment at present.

OVB sees opportunities for greater market penetration in all of the markets in which it operates. We intend to exploit this *growth potential* consistently. Apart from expanding its business in existing markets, OVB is moving into new markets with promising prospects. Consolidation within the industry will offer even more business opportunities. OVB intends to play an active role in the consolidation process.

Overall assessment of the Group's economic situation

The Executive Board of OVB Holding AG is not satisfied with the OVB Group's performance of business operations in the year 2009. However, the business results are acceptable in view of the difficult macroeconomic environment and the situation of the whole industry. Business risks have increased for OVB in 2009, yet they are still containable and do not jeopardise OVB's continued existence. The company's financial position remains very solid. The growth forces that push the internationally oriented business model of OVB are intact for the medium and long term.

Events after the reporting period

In the first quarter of 2010, the Southern and Western Europe segment recorded desertions of full-time financial advisors who worked for OVB Vermögensberatung (Schweiz) AG and OVB Conseils en patrimoine France Sàrl. OVB Vermögensberatung (Schweiz) AG made a contribution to total sales commission generated throughout the Group of altogether approx. 4.7 percent in the year 2009, the share of OVB Conseils en patrimoine France Sàrl in total sales commission was approx. 3.2 percent. In the Germany segment, desertions of financial advisors were noticeable at our subsidiary Eurenta Holding GmbH, Bonn, in the first quarter of the current financial year. Eurenta contributed approx. 2.4 percent to total sales commission in the past year. It can be assumed that sales and operating income of above-mentioned subsidiaries will be considerably lower in the year 2010.

Outlook

The global economy will grow again in the year 2010. The reversal of the trend took place in the emerging markets already in the spring of 2009, while the industrialised countries began to record gains in the third quarter. However, it will take two to three years until the production and income level as of before the crisis in the summer of 2008 will be reached once again. The upswing will initially be cautious and remains prone to interference, e.g. from the financial markets. The global economic growth will be 3.9 percent in the year 2010, according to the International Monetary Fund, followed by a growth of 4.3 percent in the year 2011.

With a growth rate of 2.0 percent in the current financial year, the expansion of the Central and Eastern European economies will not yet resume the region's long-term growth path which is four percentage points higher. The previous year's economic slump and financial upheaval were too drastic. Slovakia and Poland are expected to achieve an increase in the respective gross domestic product of close to 2 percent; about 3.5 percent growth is anticipated for the Ukraine – starting at a very low level. In the Czech Republic, Hungary, Romania and Croatia, the economic performance will largely stagnate. Against this backdrop, we are expecting a modest increase in total sales commission generated by OVB in this region in 2010. In the year 2011, macroeconomic growth is expected to increase to 3.7 percent; parallel to that, we are expecting further stimulation of business.

The economic collapse in Germany occurred primarily in the winter half-year 2008/2009. In the course of the year 2009, a stabilisation of the economic performance at a low level began to materialise. The German economy will still feel the impact of the crisis through 2010 and 2011, as emphasised in the most recent economic forecast of the German Institute for Economic Research (DIW) in Berlin from January 2010. The economic performance is expected to gain 2.1 percent in 2010 and 1.8 percent in 2011. Only then, the economic strength as of the middle of 2008 – right before the dramatic slump in production – will probably be reached. Parallel to that, economic researchers worry about a pronounced increase of the unemployment rate from 8.2 percent in 2009 to more than 9.0 percent in 2010 and 9.7 percent in 2011. Due to higher public deficits, public transfer payments to private households will also probably be reduced, and tax cuts promised in the campaigns for the German federal election 2009 will likely be postponed or cancelled altogether. On the whole, the general economic framework for OVB's business activities in Germany will initially remain difficult.

The economic development 2010 and 2011 in the nations of the region Southern and Western Europe is also expected to be determined by the recovery from the financial and economic crisis. Furthermore, structural deficits came to light during the crisis that had probably been smouldering for years – particularly in Greece and in Spain. For Spain, another decrease in GDP is predicted for 2010 (- 0.8 percent), to be followed by a slight growth (1.0 percent) in the year 2011. Similarly modest economic predictions are being made for Greece. The other national economies of relevance to OVB's business activity in the region (France, Italy, Austria and Switzerland) expect respective GDP growth rates between 1 and 2 percent in the years 2010/2011. Considerable challenges to OVB's business operations remain to be met in the countries of Southern and Western Europe, too, especially so in Switzerland and France.

At present, short-term financial considerations are dominating the way people think about retirement provision or risk protection rather than long-term oriented considerations. The uncertainty of clients and potential clients with regard to financial products and their providers adds to this. None of these factors can be eliminated overnight. Dynamic economic growth and a noticeable improvement of the economic situation of private households in Europe will at best be achieved in the medium term. And the industry of financial service providers has to win back lost client confidence step by step. Based on its own strength, this is where OVB will make a difference.

OVB will remain true to its growth strategy of many years, pursuing three main objectives:

- We want to increase the penetration of the markets in which we operate already.
- We want to tap into new, promising markets in case of suitable basic conditions.
- We are a reliable partner to smaller sales organisations and individual financial advisors who want to join us.

Against the continued backdrop of a subdued and interference-prone general economic environment, statements on the future business performance carry material uncertainties. Continuing negative basic conditions over the next months could bring the Executive Board of OVB Holding AG to examine how structures and processes can be adjusted to the decreased business volume even better. Based on experience, such measures do require restructuring expenses before a positive effect will unfold. Subject to these reservations, we expect to reach about the same level of sales revenue in the 2010 financial year as realised in 2009; the operating income might be burdened by one-off restructuring expenses. In the year 2011 we want to increase sales revenue and operating income in comparison with 2010.

Disclosures pursuant to Sections 289 (4), 315 (4) HGB and explanatory report

Composition of subscribed capital

The company's share capital was Euro 14,251,314.00 as of 31 December 2009 and is divided into the same number of no-par value bearer shares. Each share carries the same rights and one vote at the General Meeting.

Shareholdings carrying more than 10.0 percent of the voting rights

OVB Holding AG is currently aware of the following shareholdings that carry more than 10.0 percent of the voting rights: There are altogether three shareholdings (key shareholders) that carry more than 10.0 percent of the voting rights in OVB Holding AG.

Deutscher Ring Beteiligungsholding GmbH, Hamburg, holds roughly 35.9 percent and Deutscher Ring Financial Services GmbH, Hamburg, holds roughly 14.2 percent of the shares in the company. Both shareholdings are attributed to Basler Versicherung Beteiligungsgesellschaft mbH, Hamburg, Deutscher Ring Sachversicherungs-Aktiengesellschaft, Hamburg, Deutscher Ring Lebensversicherungs-Aktiengesellschaft, Hamburg, Deutscher Ring Beteiligungsholding GmbH, Hamburg, Deutscher Ring Financial Services GmbH, Hamburg, Grocon Grundstücks- und Beteiligungsgesellschaft mbH, Hamburg, Bâloise Delta Holding S.a.r.l., Bartingen, Luxembourg, and Bâloise-Holding AG, Basel, Switzerland, in accordance with Sections 21, 22 (1) sentence 1 no. 1 of the Securities Trading Act (Wertpapierhandelsgesetz – WpHG).

IDUNA Vereinigte Lebensversicherung aG, Hamburg, holds roughly 28.6 percent of the shares. Generali Lebensversicherung AG, Munich, holds roughly 11.5 percent of the shares, attributed to Generali Deutschland Holding AG, Aachen, Generali Beteiligungs- und Verwaltungs AG, Hamburg, and Assicurationi Generali S.p.A., Triest, Italy, in accordance with Sections 21, 22 (1) sentence 1 no. 1 of the Securities Trading Act.

The *free float,* according to the definition of Deutsche Börse AG and as known to OVB Holding AG, came to roughly 6.1 percent as of 31 December 2009.

Restrictions on voting rights or share assignment

The master agreement and shareholder voting agreement between the key shareholders establishes certain restrictions on voting rights in the event of elections to the Supervisory Board.

Appointment and dismissal of members of the Executive Board and amendments to the articles of association

The Executive Board, which according to Section 7 (1) of the articles of association must comprise at least two members, is appointed and dismissed exclusively in accordance with the relevant statutory provisions (Sections 84 and 85 of the Stock Corporation Act (Aktiengesetz – AktG)). The Supervisory Board is solely responsible for appointing and dismissing Executive Board members. It determines the number of Executive Board members and appoints members for a maximum term of five years. Executive Board members may be reappointed or their term of office extended, in each case for no more than five years.

The articles of association may be amended by shareholders' resolution. The amendments become valid upon registration with the commercial register (Section 181 (3) AktG). In accordance with Section 179 (2) AktG in conjunction with Section 18 (2) of the articles of association, shareholder resolutions to amend the articles of association must be adopted by a simple majority of the share capital represented at the vote, unless the Stock Corporation Act specifies a greater majority as mandatory. Under Section 11 (3) of the articles of association, the Supervisory Board has the power to amend the articles of association insofar as only their wording is concerned.

The Executive Board's authority to issue and buy back shares

OVB Holding AG does not currently have any contingent or authorised capital. At the Annual General Meeting of 12 June 2009, the shareholders authorised the company to acquire a total of up to 250,000 own shares (treasury stock) on or before 11 December 2010. The shares can be acquired on the stock exchange or by means of a public bid directed towards all shareholders. The company can also use intermediaries to acquire shares on the stock exchange, provided the intermediaries comply with the following restrictions.

If shares are purchased on the stock exchange, the purchase price per share (not including transaction costs) must not deviate by more than 5 percent from the average share price (closing auction prices for OVB shares in Xetra trading or a functionally equivalent system that supersedes the Xetra system on the Frankfurt Stock Exchange) over the last five trading days before the purchase obligation was assumed.

In the case of a public bid, the purchase price must not deviate by more than 10 percent from the average share price (closing auction prices for OVB shares in Xetra trading or a functionally equivalent system that supersedes the Xetra system on the Frankfurt Stock Exchange) over the last five trading days prior to the day on which the bid was announced. A limit may be placed on the volume of shares subject to the bid. If the offer is over-subscribed, acceptance must be proportionate to the number of shares offered. The company may give priority to shareholders seeking to sell single smaller allotments of up to 100 shares in the company.

Subject to the Supervisory Board's consent, the Executive Board is authorised to use the shares repurchased in accordance with the above authorisation as follows: With the Supervisory Board's consent, the Executive Board may use the repurchased shares as (part) consideration in connection with company mergers or in order to acquire enterprises, equity interests in enterprises, divisions of enterprises or other business assets, or in order to sell the shares on the stock exchange at a price that is not materially below the market price of the company's shares at the time of the sale. The Executive Board may also use the repurchased shares in order to fulfil its obligations under any stock option plan for members of management, other managerial staff and independent sales agents of OVB Holding AG and its domestic and foreign subsidiaries (as defined by Sections 15 et seq. AktG).

The Executive Board may also, with the Supervisory Board's consent, retire the repurchased shares without requiring another shareholders' resolution.

The Executive Board may elect to retire only some of the acquired shares, and the authority to redeem and retire shares may be exercised more than once. The retirement of shares may be executed in such a way that the share capital does not change; rather the interest in the share capital represented by the remaining shares is simply increased.

The right of shareholders to subscribe for own shares is excluded, provided such shares are used in accordance with the authorisations described above.

Change of control

Public bids to acquire shares in the company are governed exclusively by law and the articles of association, including the provisions of the German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz). The shareholders did not authorise the Executive Board to take actions falling within the shareholders' powers so as to prevent any successful takeover bids.

The company has not entered into any compensation agreements with the members of the Executive Board in the event of a takeover bid.

Statement of the Executive Board in accordance with Section 312 AktG

For each transaction subject to reporting requirements, our company has received consideration appropriate to the circumstances of the transaction as known to us at the time of the transaction.

Responsibility statement of management

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the consolidated management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Cologne, 26 March 2010

Wilfried Kempchen | Oskar Heitz | Mario Freis

Over 100 product partners

High-capacity product partners

We expect from our product partners just what we want to offer our clients: competence, quality, reliability and flexibility. Its Europe-wide sales force makes OVB a sought-after partner of product providers.

Annual Financial Statements 2009

Consolidated balance sheet

of OVB Holding AG as at 31 December 2009, prepared in accordance with IFRS

Assets

Note	in Euro '000	31/12/2009	31/12/2008
	A. Non-current assets		
1	Intangible assets	11,208	9,242
2	Tangible assets	6,175	7,352
3	Real estate held as a financial investment	571	638
4	Financial assets	562	485
5	Deferred tax assets	4,977	4,885
		23,493	**22,602**
	B. Current assets		
6	Trade receivables	15,934	19,364
7	Receivables and other assets	29,242	28,047
8	Income tax receivables	4,171	5,158
9	Securities and other investments	30,936	52,678
10	Cash and cash equivalents	45,063	35,082
		125,346	**140,329**
	Total assets	**148,839**	**162,931**

Liabilities

Note	in Euro '000	31/12/2009	31/12/2008
	A. Equity		
11	Subscribed capital	14,251	14,251
12	Capital reserve	39,342	39,342
13	Own shares	0	0
14	Revenue reserves	13,306	13,016
15	Other reserves	1,297	1,003
16	Minority interests	202	255
17	Net retained profits	17,725	28,490
	Total equity	**86,123**	**96,357**
	B. Non-current liabilities		
18	Liabilities to banks	261	357
19	Provisions	937	791
20	Other liabilities	41	53
21	Deferred tax liabilities	31	17
		1,270	**1,218**
	C. Current liabilities		
22	Provisions for taxes	1,836	2,327
23	Other provisions	27,711	31,570
24	Income tax liabilities	284	1,598
25	Trade payables	6,692	8,762
26	Other liabilities	24,923	21,099
		61,446	**65,356**
	Total equity and liabilities	**148,839**	**162,931**

Note

Consolidated income statement

of OVB Holding AG for the period from 1 January to 31 December 2009, prepared in accordance with IFRS

Note	in Euro '000	2009	2008
	in Euro '000	**2009**	**2008**
27	Brokerage income	180,110	236,351
28	Other operating income	14,388	16,297
	Total income	**194,498**	**252,648**
29	Brokerage expenses	-108,346	-142,533
30	Personnel expenses	-25,160	-24,618
31	Depreciation and amortisation	-3,816	-3,838
32	Other operating expenses	-47,548	-52,818
	Earnings before interest and taxes (EBIT)	**9,628**	**28,841**
	Finance income	2,705	4,306
	Finance expenses	-1,061	-2,397
33	**Financial result**	**1,644**	**1,909**
	Earnings before taxes	**11,272**	**30,750**
34	Taxes on income	-2,561	-6,316
35	Consolidated net income for the year	8,711	24,434
36	Minority interests	53	-75
	Consolidated net income for the year after minority interests	**8,764**	**24,359**
37	Earnings per share/undiluted in Euro	0.61	1.71

Note

Consolidated statement of comprehensive income

of OVB Holding AG for the period from 1 January to 31 December 2009, prepared in accordance with IFRS

in Euro '000	2009	2008
Net income/loss for the period	**8,711**	**24,434**
Change in revaluation reserve	668	-689
Change in deferred taxes on unrealised gains and losses from financial assets	-39	44
Change in currency translation reserve	-335	-623
Other comprehensive income for the period	**294**	**-1,268**
Minority interest in total comprehensive income	53	-75
Total comprehensive income	**9,058**	**23,091**

Consolidated cash flow statement

of OVB Holding AG for the period from 1 January to 31 December 2009, prepared in accordance with IFRS

in Euro '000	**2009**	**2008**
Cash and cash equivalents Cash in hand/bank balances maturing in < 3 months	45,063	35,082
Net income/loss for the period (after minority interests)	8,764	24,359
+/- Write-downs/write-ups of non-current assets	3,788	3,820
-/+ Unrealised currency gains/losses	-277	-1,108
+/- Increase/reversal of provision for impairment of receivables	3,170	3,188
-/+ Increase/decrease in deferred tax assets	-92	-1,399
+/- Increase/decrease in deferred tax liabilities	14	-32
- Other finance income	-1,078	-3,241
- Interest income	-1,627	-1,064
+/- Increase/decrease in provisions	-4,204	2,459
+/- Increase/decrease in available-for-sale reserve	629	-645
+/- Expenses/income from the disposal of intangible and tangible assets (net)	-165	189
+/- Decrease/increase in trade receivables and other assets	52	-9,180
+/- Increase/decrease in trade payables and other liabilities	429	-1,652
= Cash flow from operating activities	**9,403**	**15,694**
+ Proceeds from the disposal of tangible assets	361	9
+ Proceeds from the disposal of financial assets	580	539
- Purchases of tangible assets	-715	-2,349
- Purchases of intangible non-current assets	-4,025	-5,094
- Purchases of financial assets	-623	-792
+/- Decrease/increase in securities and other short-term investments	21,740	1,076
+ Other finance income	1,078	3,241
+ Interest received	1,627	1,064
= Cash flow from investing activities	**20,023**	**-2,306**
- Distributions to the company's shareholders and minority interests (dividends, equity repayments, other distributions)	-19,239	-16,389
+/- Increase/decrease in minority interests	-53	75
+ Proceeds from the issue of bonds and (financing) loans	-96	-76
= Cash flow from financing activities	**-19,388**	**-16,390**
Overview:		
Cash flow from operating activities	9,403	15,694
Cash flow from investing activities	20,023	-2,306
Cash flow from financing activities	-19,388	-16,390
Exchange gains/losses on cash and cash equivalents	-57	316
= Net change in cash and cash equivalents	**9,981**	**-2,686**
+ Cash and cash equivalents at end of the prior year	35,082	37,768
= Cash and cash equivalents at end of the current year	**45,063**	**35,082**
Income tax paid	5,128	13,039
Interest paid	152	225

Consolidated statement of changes in equity

of OVB Holding AG as at 31 December 2009, prepared in accordance with IFRS

in Euro '000	Subscribed capital	Capital reserve	Retained profits brought forward	Statutory reserve	Other revenue reserves
Balance as at 31/12/2008	**14,251**	**39,342**	**4,131**	**2,119**	**10,897**
Consolidated profit			24,359		
Own shares					
Capital measures					
Approved dividends			-19,239		
Change in available-for-sale reserve					
Transfer to other reserves			-290	190	100
Change in currency translation reserve					
Consolidated profit					
Balance as at 31/12/2009	**14,251**	**39,342**	**8,961**	**2,309**	**10,997**

of OVB Holding AG as at 31 December 2008, prepared in accordance with IFRS

in Euro '000	Subscribed capital	Capital reserve	Retained profits brought forward	Statutory reserve	Other revenue reserves
Balance as at 31/12/2007	**14,251**	**39,342**	**810**	**1,884**	**10,630**
Consolidated profit			20,212		
Own shares					
Capital measures					
Approved dividends			-16,389		
Change in available-for-sale reserve					
Transfer to other reserves			-502	235	267
Change in currency translation reserve					
Consolidated profit					
Balance as at 31/12/2008	**14,251**	**39,342**	**4,131**	**2,119**	**10,897**

Available-for-sale reserve/ revaluation reserve (after taxes)	Deferred taxes on unrealised gains/losses	Currency translation reserve	Net income recognised directly in equity	Net income for the period	Consolidated profit	Minority interests	Total
-508	**11**	**1,500**		**24,359**		**255**	**96,357**
				-24,359			
							-19,239
668	-39		629		629		629
		-335	-335		-335		-335
				8,764	8,764	-53	8,711
160	**-28**	**1,165**	**294**	**8,764**	**9,058**	**202**	**86,123**

Available-for-sale reserve/ revaluation reserve (after taxes)	Deferred taxes on unrealised gains/losses	Currency translation reserve	Net income recognised directly in equity	Net income for the period	Consolidated profit	Minority interests	Total
181	**-33**	**2,123**		**20,212**		**180**	**89,580**
				-20,212			
							-16,389
-689	44		-645		-645		-645
		-623	-623		-623		-623
				24,359	24,359	75	24,434
-508	**11**	**1,500**	**-1,268**	**24,359**	**23,091**	**255**	**96,357**

Segment reporting 2009

of OVB Holding AG according to IFRS

in Euro '000	Central and Eastern Europe	Germany	Southern and Western Europe	Corporate Centre	Consolidation	Consolidated
Segment income						
Income from business with third parties						
- Brokerage income	84,273	55,510	40,327	0	0	180,110
Other operating income	3,071	6,323	2,351	2,609	34	14,388
Income from inter-segment transactions	31	1,242	512	5,120	-6,905	0
Total segment income	**87,375**	**63,075**	**43,190**	**7,729**	**-6,871**	**194,498**
Segment expenses						
Brokerage expenses						
- current commission for sales force	-47,723	-20,858	-23,098	0	0	-91,679
- other commission for sales force	-4,619	-8,763	-3,285	0	0	-16,667
Personnel expenses	-6,567	-8,350	-5,009	-5,234	0	-25,160
Depreciation/amortisation	-1,108	-1,787	-439	-482	0	-3,816
Other operating expenses	-18,160	-16,174	-10,163	-9,921	6,870	-47,548
Total segment expenses	**-78,177**	**-55,932**	**-41,994**	**-15,637**	**6,870**	**-184,870**
Earnings before interest and taxes (EBIT)	**9,198**	**7,143**	**1,196**	**-7,908**	**-1**	**9,628**
Interest income	575	599	128	527	-201	1,628
Interest expenses	-130	-171	-25	-22	200	-148
Other financial result	76	129	44	-85	0	164
Earnings before taxes (EBT)	**9,719**	**7,700**	**1,343**	**-7,488**	**-2**	**11,272**
Taxes on income	-2,556	-498	-167	660	0	-2,561
Minority interests	0	0	0	53	0	53
Segment result	**7,163**	**7,202**	**1,176**	**-6,775**	**-2**	**8,764**
Additional disclosures						
Investments in intangible and tangible assets	860	712	200	2,969	0	4,741
Material non-cash expenses and income	1,303	720	328	15	0	2,366
Impairment expenses	-2,199	-2,574	-816	-632	0	-6,221
Reversal of impairment loss	465	1,676	87	570	0	2,798
Segment assets	**41,475**	**46,597**	**22,110**	**50,694**	**-12,037**	**148,839**

Segment reporting 2008*

of OVB Holding AG according to IFRS

in Euro '000	Central and Eastern Europe	Germany	Southern and Western Europe	Corporate Centre	Consolidation	Consolidated
Segment income						
Income from business with third parties						
- Brokerage income	122,735	61,356	52,260	0	0	236,351
Other operating income	3,771	6,753	2,857	2,728	188	16,297
Income from inter-segment transactions	34	1,513	265	6,724	-8,536	0
Total segment income	**126,540**	**69,622**	**55,382**	**9,452**	**-8,348**	**252,648**
Segment expenses						
Brokerage expenses						
- current commission for sales force	-70,502	-23,712	-29,889	0	0	-124,103
- other commission for sales force	-5,741	-9,597	-3,092	0	0	-18,430
Personnel expenses	-6,485	-9,105	-4,729	-4,299	0	-24,618
Depreciation/amortisation	-1,008	-1,931	-544	-355	0	-3,838
Other operating expenses	-20,612	-17,838	-10,615	-12,170	8,417	-52,818
Total segment expenses	**-104,348**	**-62,183**	**-48,869**	**-16,824**	**8,417**	**-223,807**
Earnings before interest and taxes (EBIT)	**22,192**	**7,439**	**6,513**	**-7,372**	**69**	**28,841**
Interest income	900	1,130	272	780	-271	2,811
Interest expenses	-135	-164	-69	-61	227	-202
Other financial result	65	77	218	-1,060	0	-700
Earnings before taxes (EBT)	**23,022**	**8,482**	**6,934**	**-7,713**	**25**	**30,750**
Taxes on income	-5,078	-402	-1,633	797	0	-6,316
Minority interests	0	0	0	-75	0	-75
Segment result	**17,944**	**8,080**	**5,301**	**-6,991**	**25**	**24,359**
Additional disclosures						
Investments in intangible and tangible assets	936	1,467	898	4,143	0	7,444
Material non-cash expenses and income	-182	2,069	339	-22	0	2,204
Impairment expenses	-1,921	-1,635	-650	-5,736	0	-9,942
Reversal of impairment loss	786	627	75	1,581	0	3,069
Segment assets	**50,845**	**47,486**	**25,222**	**49,457**	**-10,079**	**162,931**

* Several stated amounts differ from the corresponding amounts entered in the consolidated financial statements for financial year 2008 due to adjustments made.

Active in 14 countries

International expansion

Through international expansion at an early stage OVB has acquired leading positions in many markets. We will continue to seize any future opportunities opening up in Europe by entering new markets with high growth potential.

Notes to the consolidated financial statements for financial year 2009

I. General information

1. General information on the OVB Group

OVB Holding AG (hereinafter "OVB" or the "Company") is a German stock corporation with its registered office at Heumarkt 1, Cologne, Germany. The Company is recorded in Part B of the commercial register maintained at the Local Court (Amtsgericht) of Cologne under registration number 34649. The object of the Company is to manage enterprises, specifically those involved in providing advisory and brokerage services in connection with investments, building society savings contracts and insurance contracts, and those involved in providing advisory and brokerage services in relation to real estate of all kinds. OVB is a direct subsidiary of Deutscher Ring Beteiligungsholding GmbH, Hamburg, and Deutscher Ring Financial Services GmbH, Hamburg. The parent company that prepares consolidated financial statements for the largest group of companies is Bâloise-Holding, Basel/Switzerland. The parent company that prepares consolidated financial statements for the smallest group of companies is Basler Versicherung Beteiligungsgesellschaft mbH, Hamburg.

The consolidated financial statements of OVB Holding AG for the financial year ended 31 December 2009 were released for publication on 26 March 2010 pursuant to a resolution adopted by the Executive Board and with the consent of the Supervisory Board.

2. Basis of preparation and restatements

As a listed parent company that utilises an organised market within the meaning of Section 2 (5) of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG), OVB Holding AG has, in accordance with Section 315a of the German Commercial Code (Handelsgesetzbuch – HGB), prepared its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB), as applicable in the European Union. All International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) and the interpretations of the International Financial Reporting Standards Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC) subject to mandatory application for financial year 2009 were taken into account.

The annual financial statements of the companies included in the consolidated financial statements of OVB Holding AG are based on uniform accounting and valuation principles. The annual financial statements have the same closing date as the consolidated financial statements and were audited by independent auditors, provided those companies permanently provide brokerage services or assume material functions within the Group.

All figures in the consolidated financial statements are stated in Euros. Unless stated otherwise, all figures are rounded up or down to the nearest thousand Euros (Euro '000) in accordance with commercial rounding principles. As the figures are presented in thousand Euro increments, rounding discrepancies may arise in isolated cases when individual items are added together.

The consolidated financial statements include not only the consolidated balance sheet, but also the consolidated income statement, the consolidated statement of comprehensive income, a statement of changes in equity, the cash flow statement, and the notes including segment reporting.

The presentation of the consolidated cash flow statement was enhanced by the new item "Decrease/increase in securities and other current investments" in the derivation of cash flow from investing activities. In the previous years, the changes in securities and other current investments had been included in the item "Decrease/increase in trade receivables and other assets" in the derivation of cash flow from operating activities. Due to the adjustment in the year under review in accordance with IAS 8.42a, the prior-year value of the item "Decrease/increase in trade receivables and other assets" was reduced by EUR 1,076 thousand from the value disclosed in the Annual Report 2008 to EUR 9,180 thousand. The cash flow from investing activities is increased accordingly at the expense of the prior-year cash flow from operating activities by said amount.

With respect to the statements on IFRS 7.8 et seq., provisions and other liabilities were inadvertently disclosed under financial liabilities in the previous year. The statement of prior-year values was adjusted in the comparative figures of the year under review. Financial liabilities in 2008 were thus changed from EUR 66,557 thousand to EUR 31,629 thousand.

2.1 Mandatory accounting standards

The accounting and valuation methods applied this year are generally the same as those applied last year, and they are explained in the following under the respective balance sheet items. The Group applied the following new or amended IFRS standards and interpretations in the 2009 financial year.

Standards applied for the first time:

- IFRS 8 Operating Segments

This Standard requires the disclosure of information on the Group's operating segments in replacing the its obligation to determine primary (business segments) and secondary (geographical segments) reporting formats for the Group. According to the Group's appraisal, the reportable segments correspond with the geographical segments as previously identified pursuant to IAS 14: Segment Reporting. The Group companies that provide brokerage services represent operating segments for the purpose of IFRS 8 and were then aggregated in reportable segments. Non-operating companies are grouped in the Corporate Centre segment. Mandatory reporting of financial information is based on internal management as IFRS 8 follows the so-called "management approach". The companies' net income is monitored separately by Company management in order to be able to make decisions on the allocation of resources and to assess the subsidiaries' profitability. Company management exclusively refers to such geographical coordinates. In these financial statements, the presentation was adjusted to internal reporting and the prior-year items were adjusted accordingly. Detailed information on the attribution of the individual companies can be found in section 7.

- IAS 1 Presentation of Financial Statements (revised)

A new introduction is the statement of comprehensive income which presents all income and expense items recognised in the income statement as well as other comprehensive income recognised in equity, either in a single statement or in two connected statements. The Group has decided to present the statement of comprehensive income in two connected statements.

2.2 Consolidation principles

The consolidated financial statements for the financial year ended 31 December 2009 incorporate OVB Holding AG and the companies it controls. Control is usually deemed if the Group directly or indirectly holds more than 50 percent of the voting rights of an entity and/or can influence the financial and operating policies of an entity in such a way that the Group profits from the entity's activities. The equity and net income for the period attributable to minority shareholders are reported separately in both the balance sheet and the income statement.

The consolidated financial statements contain all assets and (contingent) liabilities as well as all income and expenses of OVB Holding AG and its subsidiaries after eliminating all material intra-Group transactions by way of the consolidation investments, liabilities, expenses and income as well as the elimination of interim results. The financial statements of the subsidiaries have the same closing date as OVB Holding AG.

Subsidiaries are fully consolidated from the date of acquisition, i.e. the date on which the Group assumes control. They are removed from the consolidated financial statements as soon as they are no longer controlled by the parent company.

Apart from OVB Holding AG, the following subsidiaries were included in the consolidated financial statements:

Consolidated company	Shareholding in percent 2009	Shareholding in percent 2008	Equity in Euro '000 31/12/2009
Nord-Soft EDV-Unternehmensberatung GmbH, Horst	50.40	50.40	77
Nord-Soft Datenservice GmbH, Horst	50.40	50.40	26
OVB Informatikai Kft., Budapest	100	100	51
MAC Marketing und Consulting GmbH, Salzburg	100	100	500
EF-CON Insurance Agency GmbH, Vienna	100	100	100
OVB Vermögensberatung AG, Cologne	100	100	10,000
OVB Allfinanzvermittlungs GmbH, Salzburg	100	100	1,500
OVB Vermögensberatung (Schweiz) AG, Baar	100	100	1,177
Eurenta Holding GmbH Europäische Vermögensberatung, Bonn	100	100	75
Advesto GmbH, Cologne	100	100	100
OVB Vermögensberatung A.P.K. Kft. (formerly: OVB Budapest A.P.K. Kft.), Budapest	100	100	134
OVB Allfinanz a.s., Prague	100	100	570
OVB Allfinanz Slovensko a.s., Financne poradenstvo, Bratislava	100	100	513
OVB Allfinanz Polska Społka Finansowa Sp. z.o.o., Warsaw	100	100	245
OVB Allfinanz Romania S.R.L., Cluj	100	100	505
OVB Imofinanz S.R.L., Cluj	100	100	149
SC OVB Broker de Pensii Private SRL, Cluj	100	100	8
OVB Allfinanz Croatia d.o.o., Zagreb	100	100	515
OVB Allfinanz Zastupanje d.o.o., Zagreb	100	100	3
OVB Consulenza Patrimoniale SRL, Verona	100	100	100
EFCON s.r.o., Brno	100	100	37
EFCON Consulting s.r.o., Bratislava	100	100	26
OVB Allfinanz España S.L., Madrid	100	100	501
OVB (Hellas) Allfinanz Vermittlungs GmbH & Co. KG, Bankprodukte, Athens	100	100	201
OVB Hellas GmbH, Athens	100	100	200
Eurenta Hellas Monoprosopi EPE Asfalistiki Praktores, Athens	100	100	18
OVB Conseils en patrimoine France Sàrl, Strasbourg	100	100	300
TOV OVB Allfinanz Ukraine, Kiev	100	100	936

2.3 Foreign currency translation

2.3.1 Foreign currency transactions

Foreign currency transactions are generally translated at the rate of exchange prevailing at the date of the transaction. Monetary items denominated in foreign currencies (e.g. cash and cash equivalents, receivables, liabilities) are consequently translated at the rate prevailing on the transaction date, and any translation differences are recognised in the income statement under exchange losses. Non-monetary items that were valued at historical or acquisition cost continue to be translated at historical cost. The exchange rate used when the items were first reported remains applicable. Non-monetary items that were recognised at fair value in a foreign currency are translated at the exchange rate used when the fair value was determined.

2.3.2 Foreign currencies

Annual financial statements presented in a foreign currency are translated according to the functional currency approach under IAS 21 subject to the modified closing rate method. The assets and liabilities of the consolidated foreign companies are translated at the rate prevailing on the balance sheet date (the closing rate), while income and expenses are translated at the average annual exchange rate, since these companies are financially independent as well as independently organised and operated. Translation differences are recognised directly in equity.

The exchange rates used within the Group have developed as follows in relation to the Euro:

in Euro	Closing rate 31/12/2009	Average rate 2009	Closing rate 31/12/2008	Average rate 2008
CHF	0.672300	0.662450	0.672000	0.630640
CZK	0.037900	0.037920	0.037680	0.040150
HUF	0.003675	0.003590	0.003757	0.004000
HRK	0.137300	0.136520	0.136700	0.138650
PLN	0.242100	0.232210	0.242000	0.286410
RON	0.236800	0.236840	0.250700	0.273070
UAH	0.088060	0.090600	0.091770	0.134270

At the beginning of the year under review, the Euro was introduced as currency in Slovakia.

3. Summary of significant accounting policies

Financial assets and liabilities are recognised in the consolidated balance sheet when, and only when, the OVB Group becomes a party to the contractual provisions of the financial instrument. They are recognised as of the settlement date.

3.1 Historical cost convention

Generally speaking, the historical cost of assets and liabilities constitutes the maximum value at which they can be reported. However, available-for-sale securities and investment property are exceptions to this rule. They are recognised at fair value. The fair value is the amount that would be recoverable on the market if the item were sold. If no market price is available, fair value is determined on the basis of a best estimate. Unrecognised gains and losses are recognised directly in equity. When such an asset is disposed of, the cumulative gain or loss previously recognised directly in equity is recognised in the income statement. When such an asset is permanently impaired, the cumulative loss previously recognised directly in equity is recognised in the income statement. The fair value of investment property is determined by an independent valuer. Gains or losses derived from changes in the fair value of investment property are recognised in the income statement in the year in which they accrue.

3.2 Financial instruments

Financial instruments can be broken down into the following categories which determine how they are measured after initial recognition.

Loans and receivables

After their initial recognition in the accounts, loans and receivables are reported at amortised cost. This is the amount at which the financial asset was initially recognised, less repayments, plus or minus the cumulative amortisation of any difference between the originally assigned value and the amount repayable at maturity based on the effective interest method, and less any impairment for depreciation in value.

Receivables from individual financial advisors are netted off with liabilities to those financial advisors if the relevant offset requirements are met, irrespective of the legal basis for such receivables and liabilities. This concerns the balance sheet items 7.1 “Other receivables”, 25 “Trade payables” and 26 “Other liabilities”.

Available-for-sale financial instruments

Available-for-sale financial instruments are recognised at fair value. Unrealised valuation gains and losses are recognised in equity until the time of disposal, unless the conditions for impairment are fulfilled. Appreciation in the value of debt securities is recognised up to amortised cost in the income statement, while the appreciation of equity securities is generally not recognised in the income statement, but in the revaluation reserve.

Financial liabilities

Financial liabilities are generally stated at amortised cost.

3.2.1 Impairments and the reversal of impairment losses on financial assets

The carrying amounts of financial assets are tested at each balance sheet date to determine whether there are substantial objective indications for impairment (so-called triggering events). In this context, objective indications for impairment include for example debtors experiencing significant financial difficulties, significant changes in an issuer's market, or the permanent decline of the fair value of a financial asset below amortised cost.

If impairment was recognised in the income statement in respect of any "available-for-sale" debt securities held by OVB, the impairment loss will be reversed through the income statement in subsequent periods if the reasons for impairment no longer exist. Reversal of the impairment loss must not exceed the amortised cost that would have resulted if no impairment had been recorded. Any excess amount is recognised in the revaluation reserve.

Impairment losses may not be reversed through the income statement for "available-for-sale financial assets" in the form of equity securities. Changes in the fair value in subsequent periods must rather be recorded in the revaluation reserve, unless further impairment must be recognised.

3.3 Recognition of sales

Sales are generally recognised at the time that the agreed performances have been provided and the claim for payment arises against the relevant product partner. In case of uncertainty with respect to the recognition of sales, the actual cash inflow is recognised. In the event that commissions are refunded to a product partner, for example if contracts are cancelled or in the event of non-payment, provisions are created based on historical figures (provisions for cancellation risk). Changes in provisions for cancellation risk are recognised on account of sales.

3.4 Discretion

All of the necessary estimates and assessments in connection with accounting and valuation in accordance with IFRS correspond with the relevant standards. Estimates are continually revised and are based on experience as to future events. Estimates also consider all events with historic origins known on the balance sheet date that have material effects on future periods.

In preparing the consolidated financial statements, assumptions have been made and estimates used which have affected the presentation and value of reported assets and contingent liabilities.

The following is an explanation of the most significant assumptions as to future events and other material sources of estimate uncertainty existing on the balance sheet date, which entail a considerable risk that a substantial adjustment will have to be made to the carrying amounts of assets and liabilities within the coming financial year.

These assumptions and estimates relate primarily to the valuation of provisions, the collectability of receivables and deferred taxes on loss carry-forward, goodwill impairment, legal risks and depreciation/amortisation or determining the useful life of assets. Actual values could deviate from the assumptions and estimates in certain cases. Changes are recognised when better information is available.

When provisions are created, estimates of the expected expense required in fulfilment of the current obligation on the balance sheet date are made annually, having reasonable regard to the risk involved. If the probability of occurrence is known for a large number of contingencies, an estimated value is determined, and if a bandwidth is known and the probability of occurrence is equally high for each item within this bandwidth, an average amount is determined; in all other cases, the best estimate is the most probable value. For the calculation of provisions for cancellation risks, historical data for cancellation rates and the probability of cancellation are considered as the basis of estimated future cancellations of contracts. Future cancellation behaviour may vary from the estimate as of the balance sheet date.

Receivables are stated at amortised cost less any necessary impairment. Specific valuation allowances are calculated on the basis of individual risk assessment and having regard to all available information concerning the credit rating of the debtor and the age of the receivable. Because of the large number of receivables due from different individual sources, lump sum valuation allowances are also made based on receivables categories which are determined based on an assessment of the respective debtor's credit rating.

The annual impairment testing of goodwill is based on multi-year budget figures which are generally subject to a certain degree of quantitative uncertainty. Impairment testing requires an estimate of the value in use of the relevant cash-generating unit. For the determination of the cash-generating units' value in use, estimates of expected future cash flows are required. The elements necessary for calculating value in use must also be stipulated. These elements primarily include the risk-free rate of interest, the risks specific to the cash-generating unit and the market risk premium.

For the capitalisation of deferred taxes on loss carry-forward, the taxable income of future years must be estimated. This estimation is based on the multi-year budget planning of the individual Group divisions. Actually recognisable future sales may vary from the budget figures.

Where a higher degree of judgement was necessary, the underlying assumptions are explained in detail below in the explanatory notes to the relevant item.

3.5 Objectives and methods used in financial risk management

The Group has various financial instruments that are a direct result of its commercial activities. The material risks to which the Group is exposed in connection with financial instruments include liquidity risks, currency risks, credit risks and interest rate risks. By means of the risk management system implemented by Company management, risks are regularly analysed and promptly reported to Company management. The risk management system presents gross exposure, i.e. the risks that materialise if no measures are taken by the Company, and the net risk, i.e. the residual risk that remains after appropriate measures have been taken. The risk report is delivered at least every six months; increased individual risks are reported directly to Company management. Company Management decides on strategies and procedures for managing individual types of risk explained below.

The following table shows the carrying amounts and fair values of all financial assets reported in the consolidated financial statements as well as investment property and income tax receivables.

in Euro '000		Carrying amount 2009	Fair value 2009	Carrying amount 2008	Fair value 2008
Investment property	FVTPL	571	571	638	638
Financial assets	L+R	562	562	485	485
Trade receivables	L+R	15,934	15,934	19,364	19,364
Receivables and other assets		29,242	29,242	28,047	28,047
Receivables	L+R	23,749	23,749	21,367	21,367
Other assets		5,493	5,493	6,680	6,680
Securities and other investments		30,936	30,936	52,678	52,678
Securities	AfS	16,005	16,005	28,657	28,657
Other investments	L+R	14,931	14,931	24,021	24,021
Income tax receivables	L+R	4,171	4,171	5,158	5,158
Cash and cash equivalents	L+R	45,063	45,063	35,082	35,082

L+R = Loans and receivables;
AfS = Available for sale;
FVTPL = Fair value through profit and loss

When grouped according to category under IAS 39, the financial instruments have the following carrying amounts and fair values:

in Euro '000	Carrying amount 2009	Amortised cost	Historical cost	Fair value not recognised in income statement	Fair value recognised in income statement
Loans and receivables	104,410 (2008: 105,477)	104,410 (2008: 105,477)	-	-	-12,040 (2008: -10,486)
Available-for-sale financial instruments	16,005 (2008: 28,657)	-	16,979 (2008: 30,427)	161 (2008: -508)	-1,135 (2008: -1,262)
Financial liabilities	31,879 (2008: 31,629*)	31,879 (2008: 31,629*)	-	-	-

* Prior-year values adjusted

All of the Company's current liabilities fall under the category "financial liabilities", recognised at amortised cost. "Loans and receivables" include all of the Company's receivables, loans reported as financial assets, fixed-term deposits and cash equivalents with a maturity of more than three months reported as other short-term investments, short-term loans and cash and cash equivalents. In order to facilitate comparison with the following tables, the carrying amount shown for each asset category is the net carrying amount, i.e. after impairment. All securities are classified as "available-for-sale financial instruments".

No financial instruments were reclassified as described in IFRS 7.12 in the reporting period.

The fair values of the available-for-sale financial assets stated in the financial statements can essentially be determined on the basis of existing exchange and market prices. It was therefore not necessary to apply any valuation method to determine fair value.

The following table shows the net result from financial instruments broken down by category:

in Euro '000	From interest and similar income	From measurement after initial recognition: At fair value	From measurement after initial recognition: Impairment appreciation	From disposal	Net result 2009	Net result 2008
Loans and receivables	1,628 (2008: 2,812)	-	-1,596 (2008: -270)	-1,262 (2008: -1,527)	-1,230	1,015
Available-for-sale financial instruments	634 (2008: 933)	146 (2008: -365)	-478 (2008: -1,496)	-52 (2008: -155)	250	-1,083
Financial liabilities	-148 (2008: -202)	-	-	2,319 (2008: 1,108)	2,171	906
Total	2,114 (2008: 3,543)	146 (2008: -365)	-2,074 (2008: -1,766)	1,005 (2008: -574)	1,191	838

Currency translation effects included in the net result are immaterial and are therefore not reported separately.

OVB reports the elements of the net result under financial result, except for impairments of receivables assigned to the category loans and receivables, which are reported under other operating expenses, income from the cancellation of statute-barred liabilities, reported under other operating income, and adjustments to the fair value of "available-for-sale" financial instruments not recognised in the income statement, which are recognised directly in equity. Compared to the previous year's presentation, the reversal of impairment loss was recognised in net income in addition to impairment. The prior-year items were adjusted accordingly.

The net result from the impairment of loans and receivables consists of impairments and income from the reversal of provisions for impairment.

Total interest income from financial assets is calculated according to the effective interest method and amounted to Euro 1,628 thousand in the year under review (previous year Euro 3,745 thousand). Total interest expense from financial liabilities was Euro 148 thousand (previous year Euro 202 thousand).

For the qualitative statements relating to the type of risks carried by financial instruments required in accordance with IFRS 7.31-7.42, please refer to the Management Report (section "Financial risks", pages 25 et seq.).

3.5.1 Credit risks

The Group is exposed to default risks relating to receivables from sales agents. The Group counters these risks by efficient accounts receivable management and the careful selection of product providers. Appropriate impairments are created for receivables that appear doubtful.

Cancellation risks are adequately covered by corresponding provisions. In the case of the Group's other financial assets such as cash, cash equivalents and financial assets, the maximum credit risk in the event of counterparty default is the carrying amount of these instruments. Subsequent to their initial inclusion in the accounts, they are recognised at amortised cost. This is the amount at which the financial asset was initially recognised, less repayments, plus or minus the cumulative amortisation of any premium/discount, and less any impairment for depreciation in value.

The maximum amount of exposure in the category "loans and receivables" as of 31 December 2009 was equivalent to the carrying amount of Euro 104,410 thousand (2008: Euro 105,477 thousand). Securities held as collateral for this purpose come to Euro 117 thousand (2008: Euro 182 thousand), so that the residual risk amounts to Euro 104,293 thousand (2008: Euro 105,295 thousand). No conditions were renegotiated in the year under review.

The maximum amount of exposure in the category "available-for-sale financial assets" as of 31 December 2009 was equivalent to the carrying amount of Euro 16,005 thousand (2008: Euro 28,657 thousand).

The credit quality of financial assets that are neither overdue nor impaired as of the balance sheet date is determined on the basis of local management assessment within a scale ranging from "AAA" to "Lower than BBB", according to Standard & Poor's ratings, as follows:

in Euro '000	AAA	AA	A	BBB	Lower than BBB	No rating	Total
Loans and receivables	10,221 (2008: 10,084)	26,925 (2008: 31,314)	36,586 (2008: 30,781)	1,375 (2008: 1,907)	323 (2008: 0)	25,367 (2008: 28,613)	100,797 (2008: 102,699)
Available-for-sale financial instruments	0 (2008: 0)	3,100 (2008: 7,611)	1,447 (2008: 1,516)	0 (2008: 0)	0 (2008: 0)	11,458 (2008: 19,530)	16,005 (2008: 28,657)

In the previous year, cash and cash equivalents as well as other short-term investments were assigned to the category “no rating”. As of 31 December 2009, this policy was changed insofar as the individual items were included in the determination of the credit quality of financial assets. Please see the explanatory notes on the impairment of other receivables with regard to the monitoring of risks associated with receivables from financial advisors and receivables from employees.

Assets which were overdue but not impaired as of the balance sheet date can be broken down according to time overdue as follows:

in Euro ‘000	Up to 6 month	6 – 12 month	1 – 3 years	3 – 5 years	More than 5 years	Total
Loans and receivables	2,835 (2008: 2,106)	341 (2008: 152)	422 (2008: 518)	15 (2008: 2)	0 (2008: 0)	3.613 (2008: 2,778)

The previous table was adjusted with regard to the first time band in order to include the assets with a maturity of less than three months that are overdue on the balance sheet date. There were no receivables with renegotiated conditions that would otherwise have been overdue or impaired on the balance sheet date.

The individually impaired financial assets as of the balance sheet date can be broken down as follows:

in Euro ‘000	Gross amount	Impairment	Carrying amount (net)
Loans and receivables	23,547 (2008: 29,285)	12,040 (2008: 10,486)	11,507 (2008: 18,799)
Available-for-sale financial instruments	9,873 (2008: 7,657)	1,268 (2008: 1,506)	8,605 (2008: 6,151)

The Company does not have any securities held as collateral or other credit enhancements in respect of financial assets that were overdue but not impaired as of the balance sheet date, or financial assets that were individually impaired as of the balance sheet date.

With regard to receivables, other assets and financial assets that were neither overdue nor impaired, no circumstances existed as of the balance sheet date to suggest that the respective debtors would not meet their payment obligations.

3.5.2 Currency risks

For the purpose of IFRS 7, currency risks arise as a result of financial instruments of a monetary nature which are denominated in a currency other than the functional currency.

In the course of operations, the individual Group companies process and settle transactions almost exclusively in their respective functional currencies. Major non-derivative monetary financial instruments (cash and cash equivalents, receivables, interest-bearing securities or debt capital instruments held, interest-bearing and non-interest-bearing liabilities) are also denominated almost exclusively in the functional currency. Immediately after the end of a financial year, the subsidiaries will distribute their profits to the parent company in the future, so that currency risks that incur with respect to annual results achieved in foreign currencies are low. OVB's currency risk from current operations is therefore considered altogether low.

The Group generates 37 percent (2008: 57 percent) of Group sales in functional currencies other than the Euro. Changes in exchange rates between these currencies and the Euro can have an impact on consolidated net income and the consolidated balance sheet. The rates of exchange between the Euro and these functional currencies are monitored in order to make allowances for currency risks arising from exchange rate fluctuations.

3.5.3 Interest rate risks

The Group is exposed to interest rate risks due to potential interest rate fluctuations. Interest rate risks are presented by way of sensitivity analyses in accordance with IFRS 7. These show the effects of changes in market interest rates on interest income and expense, other income components and, if applicable, equity.

As of the balance sheet date, the Company had variable-interest assets valued at Euro 25,660 thousand (2008: Euro 34,486 thousand) and variable-interest liabilities of Euro 583 thousand (2008: Euro 331 thousand). If market interest rates for the whole of 2009 had been 100 basis points higher (lower), net income would have been Euro 251 thousand (2008: Euro 342 thousand) higher (lower). For fixed-income securities, any increase (decrease) in market interest rates by 100 basis points would have decreased (increased) the market price by approx. Euro 52 thousand (2008: Euro 180 thousand).

3.5.4 Liquidity risks

The Group continually monitors the risk of a strained liquidity situation by means of a liquidity planning report. This report is prepared weekly and takes into account the terms to maturity of financial investments and financial assets (e.g. receivables, other financial assets) as well as anticipated cash flow from operations. No liquidity shortfalls were identified in the reporting period.

4. Group assets

4.1 Non-current assets

Tangible and intangible non-current assets with a low cost base were written off in full in the year of acquisition and recognised as disposal.

4.1.1 Intangible assets

Intangible assets include both purchased and internally generated software, purchased trademarks and goodwill.

The following conditions must be met for internally generated intangible assets to be carried as assets:

- Completion of the intangible asset is technically feasible in order to allow its use or sale
- Intention to complete and use or sell the intangible asset
- Ability to use or sell the intangible asset
- Ability to reliably measure the cost of the asset
- Adequate technical, financial and other resources are available for the completion of development and the asset's use or sale
- Probability that the internally generated asset will bring about future economic benefits

In accordance with IAS 38.21-38.23, software development costs are capitalised within the OVB Group if it is probable that an economic benefit attributable to the self-created software will flow to the enterprise and the cost of the asset can be measured reliably. If these criteria for recognition as an intangible asset are not met, the expenditure on the item must be immediately recognised in the income statement in the year it is incurred.

Software and other intangible assets are recognised at acquisition cost, less cumulative amortisation and impairments.

Unless special circumstances make impairment necessary, the amortisation of software and other intangible assets is calculated using the straight-line method based on the following useful lives:

	Expected useful life
Software	3 – 5 years
Other intangible assets	3 – 10 years
Goodwill	No amortisation (IFRS 3)

Payments on account of software are stated at nominal value.

Goodwill derived from the acquisition of enterprises is defined as the excess of the cost of an acquisition less equity over the fair value of the target's assets and liabilities at the time of the acquisition. Until 31 December 2004, goodwill was amortised using the straight-line method over its useful life and was recognised in the income statement, provided there was no impairment.

Since the implementation of IFRS 3, existing goodwill is recognised at its value as of 31 December 2004 and there is no amortisation after this date. This assigned value is deemed the new cost. Instead of scheduled amortisation using the straight-line method, goodwill is subject to so-called impairment testing in accordance with IAS 36 at least once a year. Impairment testing involves justifying the value assigned to the asset concerned ("impairment only approach"). Impairment testing for the period entails testing the relevant cash-generating units for impairment. Cash-generating units for the purposes of goodwill impairment testing are the companies forming the basis of the goodwill. This scheduled impairment testing is conducted in the fourth quarter on the basis of the actual third-quarter figures for assets, liabilities, financial position and profit or loss, and multi-year budget figures. If there are indications for impairment, new tests have to be carried out independently of the mandatory annual impairment test.

The asset schedule shows how the value of intangible assets has changed over the financial year. There were no restrictions on disposal or pledges.

4.1.2 Tangible assets

Tangible assets are stated at historical cost less cumulative depreciation and impairment.

Gains or losses on asset disposals are determined by comparing proceeds with the carrying amount. Resulting gains or losses are included in the income statement.

The estimated useful life is determined based on anticipated physical wear and tear, technological obsolescence and legal and contractual restrictions.

Tangible assets are depreciated using the straight-line method over the following useful lives:

Own-use property	25 – 50 years
Machinery, equipment, furniture, vehicles, other	4 – 10 years
IT equipment	3 – 5 years
Tenant fixtures and fittings	5 – 13 years
Leased property	3 – 5 years

4.1.3 Investment property

Investment properties are carried as assets at cost plus transaction costs, representing market value at the time of acquisition. Investment property is carried as an asset only if it is probable that future economic benefits associated with the property will flow to the enterprise, and the cost of the property can be reliably measured.

Investment property is not subject to depreciation (IAS 40).

Investment property is re-measured at fair value on subsequent balance sheet dates (fair value model). Unless there are reasons to suggest that a revaluation should be conducted substantially earlier, revaluations are carried out at least once a year by an independent valuer.

The best evidence of fair value is usually provided by current market prices for similar property with respect to location and condition. In the absence of market prices or market prices for different properties, the company values the property based on the “discounted cash flow method”. This takes into account local and regional conditions (e.g. rental income, location, vacancy rates, age, condition, etc.). The valuer must take into account in the discount factors the uncertainty of the market with regard to assessing these conditions. The market value does not include a deduction for future sale costs.

During the period under review, rental income of Euro 48 thousand was generated from investment properties (2008: Euro 52 thousand). This income was offset by directly attributable operating expenses of Euro 23 thousand (2008: Euro 21 thousand).

Impairment of Euro -67 thousand was recorded in respect of investment property in the year under review (2008: Euro -45 thousand).

4.1.4 Financial assets

Financial assets relate to loans granted to employees at market rates. They are recognised at amortised cost, provided no impairment is necessary.

4.1.5 Leases

Leases where the lessee has substantially all the risks and rewards incident to ownership are classified as finance leases. The lessee depreciates the leased asset over the shorter of the lease term or the life of the asset. Any liabilities under the lease agreement are recognised accordingly and discounted by the interest rate implicit in the lease.

If these criteria are not met, the lease is classified as an operating lease. OVB is currently the lessee under both operating and finance leases.

Rental income and expense under operating leases are recognised in the income statement.

4.1.6 Impairment

Assets within the meaning of IAS 36.1 are tested for impairment as part of risk management whenever so-called triggering events indicate that the asset's carrying amount may not be recoverable. Such indications or triggering events would include, for example, changes in market value, changes in market and business environment, changes in market interest rates or substantial indications in the company's internal reporting that the ability to use the asset has changed for the worse or the asset's earning capacity has diminished. An impairment loss is recognised in the income statement as soon as the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the asset's net selling price and its value in use. The net selling price is the amount obtainable by selling the asset under market conditions less costs to sell. The value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. The recoverable amount is determined for each asset individually if possible, or otherwise for the asset's cash-generating unit.

Goodwill recognised in the balance sheet is tested with respect to its future economic benefit in accordance with the methods described in part 4.1.1. In this regard, the future economic benefit is determined on the basis of the recoverable amount. Impairment is recorded in the income statement if the recoverable amount is lower than the carrying amount of the respective cash-generating unit.

4.2 Current assets

4.2.1 Receivables and other assets

Receivables and other assets are stated at amortised cost less any necessary impairment. Impairment is determined based on a risk assessment for each item and past experience.

4.2.2 Securities

Pursuant to IAS 39, securities are classified “at fair value through profit or loss”, as “held-to-maturity”, “available-for-sale” or as “loans and receivables”.

Given the incidental nature of OVB's investments, it only purchases securities that are available for sale. All securities and other investments are classified as “available-for-sale”.

Financial instruments are stated at cost upon their first-time recognition.

“Available-for-sale” financial assets are carried at fair value in subsequent periods, provided the fair value can be reliably determined. Changes in the market value of “available-for-sale” financial assets are recognised in the revaluation reserve under equity and included in the income statement as gains or losses from investment activity only once the gain or loss is incurred. A loss is deemed realised even without the sale of the security if there are internal or external indications for impairment (IAS 36.12).

Premiums and discounts are attributed directly to their respective financial assets and allocated over the remaining term with a constant effective interest rate. Financial assets are written down if there are objective indications for impairment.

If the amortised cost is calculated using the effective interest method, the interest rate applicable to financial assets and liabilities is used. All future cash payments over the expected life of the financial asset are discounted to its net carrying amount.

4.2.3 Cash and cash equivalents

Cash and short-term deposits stated in the balance sheet include cash-in-hand, bank balances and short-term deposits with an original term to maturity of less than three months. These items are stated at nominal value.

5. Group liabilities

5.1 Non-current liabilities

Non-current liabilities are those that fall due more than twelve months after the balance sheet date or the payment of which OVB can delay by at least twelve months from the balance sheet date, as well as liabilities outside the ordinary course of business.

5.1.1 Long-term provisions

Provisions for pensions

The calculation of provisions for pensions is based on the project unit credit method in accordance with IAS 19. Future obligations are valued on the basis of an actuarial estimate. The actuarial valuation takes into account current mortality, disability and staff turnover rates. Actuarial gains and losses are recognised using the “corridor approach”. Actuarial gains and losses are reported as income or expense if the net accumulated unrecognised actuarial gains and losses for each individual plan as of the end of the previous reporting period exceeded 10 percent of the greater of the defined benefit obligation or the fair value of plan assets at such time. The rate applied in order to calculate the present value of pension obligations is based on the rate applicable to long-term first-class corporate or government bonds.

Provisions for employees

Provisions for benefits due to employees in the long term are particularly provisions for anniversary benefits that do not fall due within 12 months of the balance sheet date. They are generally stated at the present value of estimated future cash flows.

5.2 Current liabilities

5.2.1 Provisions for taxes/tax liabilities

If certain facts or circumstances are disputed between the reporting entity and the respective tax authority, provisions are created for the income taxes of the individual companies based on the applicable domestic tax rate.

Income taxes are recorded as tax liabilities.

Deferred tax liabilities are recognised under deferred tax liabilities.

5.2.2 Other provisions

Cancellation risks

Provisions for cancellation risks are created for discounted commission relating to events occurring after the balance sheet date, because commission is wholly or partially repaid if a product partner claims a commission refund on the basis of contracts that have been cancelled. Cancellation risks also include the refund of bonuses that are paid on discounted commissions. The amount of the provision is determined by the respective subsidiary based on nationally specific aspects (period of liability, the subsidiary's historical cancellation rates, etc.) as of each balance sheet date according to a uniform process implemented across the Group.

Unbilled liabilities

Provisions are created for unbilled liabilities if the amount of the liability can only be estimated as the billable quantities and/or prices are unknown. This item primarily relates to unsettled accounts with financial advisors. If specific details cannot be provided in the individual case, the provisions are valued at the average share of commission usually attributable to staff. The provisions are reviewed as of every balance sheet date and adjusted in accordance with the best estimate at the time.

Legal claims

Provisions are set aside for legal claims if OVB is the defendant in any pending court proceedings as of the balance sheet date. The provision reflects the probable outcome of the dispute with due regard to the associated risk. The provisions are reviewed as of every balance sheet date and adjusted in accordance with the best estimate at the time.

Liabilities to employees

Short-term provisions are recognised for liabilities to employees if the maturity date and/or the amount of such liabilities are uncertain. The provisions are reviewed as of every balance sheet date and adjusted in accordance with the best estimate at the time.

Costs relating to the annual financial statements/audit costs

Companies within the OVB Group are subject to the obligation under commercial and tax law to prepare annual financial statements in accordance with the applicable domestic provisions and consolidated financial statements and, if the entity is larger than a certain size, to have its financial statements audited. This item also includes the anticipated costs of auditing the consolidated financial statements.

Other obligations

Other obligations arise where accounts are still outstanding, particularly for goods and services that were supplied before the balance sheet date but have not yet been billed. These provisions are recognised at the present value of the amount expected to be billed.

5.2.3 Other liabilities

Trade payables

Trade payables are recognised at their nominal value.

Loans

Interest-bearing bank loans are recognised at the time the loan was received at the disbursed amount. This amount is usually equivalent to the valued amount. Loans are subsequently appreciated in value up to the amount to be repaid using the effective interest method.

6. Consolidated income statement

The consolidated income statement was prepared using the total cost method.

6.1 Income / expenses

Sales are generally recognised at the time that the agreed performances have been provided and the claim for payment arises against the relevant product partner. In case of uncertainty with respect to the recognition of sales, the actual cash inflow is recognised. In the event that commissions are refunded to a product partner in the event of cancellation or non-payment, provisions are created based on historical figures (provisions for cancellation risk). Changes in provisions for cancellation risk are recognised on account of sales.

In the case of commissions received in instalments, back-payments can usually be expected in subsequent years after conclusion of the relevant contract. Commissions received in instalments are recognised at the fair value of the received or claimable amount at the time the claim for payment arises. Instalment-based commission arises almost exclusively in the "Central and Eastern European" segment.

The offsetting expense items are recognised on an accrual basis.

6.2 Financial result

Finance costs and income are recognised on an accrual basis.

6.3 Taxes on income

Actual income tax expense is calculated based on the profit before tax reported in the financial statements of the individual companies. The profit before tax is adjusted for tax-free and non-deductible items. The tax rates applicable as of the balance sheet date are applied in order to calculate income tax.

Deferred taxes are calculated based on the internationally recognised liability method (IAS 12.5). According to this method, deferred tax items are recognised for all temporary differences between the carrying amount of an asset or liability according to IFRS and its tax base as reported by the individual company and for selected consolidation transactions. In addition, deferred tax assets are recognised for the future benefit of tax loss carry-forwards and unused tax credits. However, a deferred tax asset will be recognised for accounting and valuation differences and for tax loss carry-forwards and unused tax credits only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. This calculation was based on the budgeted medium-term profits of the respective companies. Deferred taxes are calculated based on the respective national income tax rates.

As prescribed by IAS 12.53, deferred tax assets and liabilities are not discounted. Deferred tax assets and liabilities are reported in the consolidated balance sheet as non-current assets (liabilities).

If the temporary difference arising from the initial recognition of an asset/liability does not affect the accounting or the taxable profit, no deferred taxes are recognised, unless the temporary difference arises in connection with the acquisition of a business.

These items are generally recognised as tax income or expense in the income statement. An exception to this are items that are credited or charged directly to equity, in which case the deferred tax is also charged or credited directly to equity.

Deferred tax assets can be offset against deferred tax liabilities in the balance sheet in accordance with IAS 12.74 if the company has the legal right to settle on a net basis, the matter involves income taxes levied by the same taxing authority and the company intends to realise the asset and settle the liability at the same time.

7. Explanatory notes and disclosures on segment reporting

The principal business activities of OVB's operating companies consist of advising clients in structuring their finances and brokering various financial products offered by independent insurance companies and other enterprises. It is not feasible to break down the service provided to clients by product type. Within the Group companies, there are no identifiable and distinctive key sub-activities at Group level. In particular, it is not possible to present assets and liabilities for the brokered products separately. For this reason, the individual companies are each categorised as single-product companies. Segment reporting is consequently based exclusively on geographic lines, since corporate governance and the internal reporting to Group management are also structured in this way. Insofar the operating Group companies represent operating segments for the purpose of IFRS 8 and have been aggregated in three reportable segments. All companies not involved in brokerage service operations are aggregated in the Service and Corporate Centre segment in accordance with the criteria for aggregations provided by IFRS 8.12. Compliant with IFRS, internal reporting to Company management is a condensed presentation of the balance sheet and the income statement, which is presented more elaborately in segment reporting. The companies' net income is monitored separately by Company management in order to be able to measure and assess profitability.

The "Central and Eastern Europe" segment includes OVB Vermögensberatung A.P.K. Kft. (formerly: OVB Budapest A.P.K. Kft.), Budapest; OVB Allfinanz a.s., Prague; OVB Allfinanz Slovensko a.s., Financne poradenstvo, Bratislava; OVB Allfinanz Polska Społka Finansowa Sp. z.o.o., Warsaw; OVB Allfinanz Romania S.R.L., Cluj; OVB Imofinanz S.R.L., Cluj; OVB Allfinanz Croatia d.o.o., Zagreb; OVB Allfinanz Zastupanje d.o.o., Zagreb; EFCON s.r.o., Brno; EFCON Consulting s.r.o., Bratislava; TOV OVB Allfinanz Ukraine, Kiev and SC OVB Broker de Pensii Private S.R.L., Cluj.

The "Germany" segment comprises OVB Vermögensberatung AG, Cologne and Eurenta Holding GmbH, Bonn.

The "Southern and Western Europe" segment covers the following companies: OVB Allfinanzvermittlungs GmbH, Salzburg; OVB Vermögensberatung (Schweiz) AG, Baar; OVB-Consulenza Patrimoniale SRL, Verona; OVB Allfinanz España S.L., Madrid; OVB (Hellas) Allfinanz Vermittlungs GmbH & Co. KG, Bankprodukte, Athens; OVB Hellas GmbH, Athens; OVB Conseils en patrimoine France Sàrl., Strasbourg and Eurenta Hellas Monoprosopi EPE Asfalistiki Praktores, Athens.

The "Corporate Centre" segment includes OVB Holding AG, Cologne; Nord-Soft EDV-Unternehmensberatung GmbH, Horst; Nord-Soft Datenservice GmbH, Horst; OVB Informatikai Kft., Budapest; MAC Marketing und Consulting GmbH, Salzburg; Advesto GmbH, Cologne and EF-CON Insurance Agency GmbH, Vienna. The companies of the Corporate Centre segment are not involved in broking financial products but concern themselves primarily with the provision of services to the OVB Group. The range of services comprises particularly management and consulting services, software and IT services as well as marketing services.

The separate segments are presented in segment reporting after consolidation of investments, expense and income as well as the elimination of intra-segment interim results. Group-internal dividend distributions are not taken into account. Reconciliations of segment items to corresponding Group items are made directly in the consolidation column in segment reporting. Recognition, disclosure and valuation of the consolidated items in segment reporting correspond with the items presented in the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity. As far as intra-Group allocations are concerned, an appropriate additional overhead charge is levied on the individual cost items incurred.

Please refer to the disclosures of related-party transactions for information about key clients.

II. Explanatory Notes on the Consolidated Balance Sheet

ASSETS

A Non-current assets

2009: Euro '000	**23,493**
2008: Euro '000	22,602

1

1 Intangible assets

2009: Euro '000	**11,208**
2008: Euro '000	9,242

in Euro '000	31/12/2009	31/12/2008
Software		
Software purchased from external third parties	1,653	2,207
Self-created software	245	437
Payments on account of software	6,227	3,535
Goodwill	1,832	1,831
Other intangible assets	1,251	1,232
	11,208	**9,242**

The payments on account of software are related to a standardised customer relationship management program. The item includes capitalised transaction costs in the amount of EUR 619 thousand due to intra-Group performances (own work capitalised).

Goodwill is recognised in accordance with IFRS 3. This year's carrying amount includes EUR 1 thousand for net translation differences (increase) compared to the previous year's item.

There were no impairments pursuant to IAS 36.

Changes in intangible assets during the financial year are presented in the asset schedule.

2

2 Tangible assets

2009: Euro '000	**6,175**
2008: Euro '000	7,352

in Euro '000	31/12/2009	31/12/2008
Land, land rights and buildings		
- Own-use property	2,027	2,115
Other equipment, office and operating equipment		
- Machinery, equipment, furniture, vehicles, other	2,693	3,123
- IT equipment	941	1,453
- Assets under finance lease	40	57
- Payments on account of tangible assets in progress	5	42
- Tenant fixtures and fittings	469	562
	6,175	**7,352**

A charge on real property for Euro 615 thousand (previous year: Euro 655 thousand) serves as security for one own-use property.

Unscheduled depreciation of Euro 101 thousand (previous year: 102 thousand) was recorded in respect of the own-use property.

Please refer to the asset schedule for further details on non-current assets on page 56.

Finance leases

The value of leased and sub-leased assets that are required to be allocated to the reporting company in accordance with IAS 17 was Euro 40 thousand in the 2009 financial year (previous year: Euro 57 thousand). The amount of minimum lease payments due for the next year is Euro 12 thousand (previous year: Euro 34 thousand) and the amount due in between one and five years combined was Euro 30 thousand (previous year: Euro 58 thousand).

Schedule of Group non-current assets

of OVB Holding AG as at 31 December 2009

	Intangible assets					
			Software	Goodwill	Other intangible assets	Total
in Euro '000	Purchased software from external third parties	Self-created software	Payments on account of software			
Historic cost						
At 31/12/2008	17,857	4,413	3,795	11,246	2,141	39,452
Currency translation differences	0	-3	0	2	-1	-2
At 31/12/2008	17,857	4,410	3,795	11,248	2,140	39,450
Change in consolidated Group	0	0	0	0	0	0
Additions	884	37	2,692	0	372	3,985
Disposals	2,213	206	0	0	19	2,438
Transfers	40	0	0	0	0	40
At 31/12/2009	**16,568**	**4,241**	**6,487**	**11,248**	**2,493**	**41,037**
Accumulated depreciation/amortisation						
At 31/12/2008	15,650	3,976	260	9,416	908	30,210
Currency translation differences	-1	-2	0	0	0	-3
At 31/12/2008	15,649	3,974	260	9,416	908	30,207
Change in consolidated Group	0	0	0	0	0	0
Additions	1,252	228	0	0	353	1,833
Disposals	1,986	206	0	0	19	2,211
Transfers	0	0	0	0	0	0
At 31/12/2009	**14,915**	**3,996**	**260**	**9,416**	**1,242**	**29,829**
Accumulated impairments						
At 31/12/2008	0	0	0	0	0	0
Currency translation differences	0	0	0	0	0	0
At 31/12/2008	0	0	0	0	0	0
Change in consolidated Group	0	0	0	0	0	0
Impairments	171	0	0	0	0	171
Impairment loss reversal	0	0	0	0	0	0
Disposals	171	0	0	0	0	171
At 31/12/2009	**0**	**0**	**0**	**0**	**0**	**0**
Book amount 31/12/2009	**1,653**	**245**	**6,227**	**1,832**	**1,251**	**11,208**
Book amount 31/12/2008	**2,207**	**437**	**3,535**	**1,831**	**1,232**	**9,242**

							Tangible assets	Financial assets
Land, land rights		Operating and office equipment					Total	Loans
Real estate held as a financial investment	Own-use property	Machinery, equipment, furniture, vehicles, other	IT equipment	Leased assets under finance lease	Tenant fixtures and fittings	Payments on account of tangible assets in progress		
1,101	3,267	7,060	5,457	65	1,741	43	18,734	521
0	11	-7	-6	-1	0	-1	-4	-2
1,101	3,278	7,053	5,451	64	1,741	42	18,730	519
0	0	0	0	0	0	0	0	0
0	4	603	133	0	2	14	756	623
0	0	478	674	0	0	0	1,152	580
0	0	9	0	0	0	-49	-40	0
1,101	**3,282**	**7,187**	**4,910**	**64**	**1,743**	**7**	**18,294**	**562**
430	1,152	3,936	4,004	8	1,179	1	10,710	0
0	2	-1	-5	0	0	0	-4	0
430	1,154	3,935	3,999	8	1,179	1	10,706	0
0	0	0	0	0	0	0	0	0
67	101	895	628	16	95	1	1,803	0
0	0	336	658	0	0	0	994	0
0	0	0	0	0	0	0	0	0
497	**1,255**	**4,494**	**3,969**	**24**	**1,274**	**2**	**11,515**	**0**
33	0	0	0	0	0	0	33	36
0	0	0	0	0	0	0	0	0
33	0	0	0	0	0	0	33	36
0	0	0	0	0	0	0	0	0
0	0	16	0	0	0	0	16	0
0	0	0	0	0	0	0	0	36
0	0	16	0	0	0	0	16	0
33	**0**	**0**	**0**	**0**	**0**	**0**	**33**	**0**
571	**2,027**	**2,693**	**941**	**40**	**469**	**5**	**6,746**	**562**
638	**2,115**	**3,123**	**1,453**	**57**	**562**	**42**	**7,990**	**485**

There were no future minimum lease payments under non-cancellable finance leases that are payable beyond five years.

The finance leases relate to vehicles. Once the lease agreement has expired, there is an option to purchase the asset. No other options exist.

3

3 Investment property

2009: Euro '000	**571**
2008: Euro '000	638

in Euro '000	2009	2008
Rental income from investment properties	48	52
Operating expenses excluding depreciation	-23	-21
Net gains or losses from adjusting to fair value	-67	-45

The investment property relates to land in Germany upon which an office block has been constructed. Due to falling real estate prices, the value of this property decreased in the year under review by Euro 67 thousand.

A land charge for Euro 920 thousand (previous year: Euro 920 thousand) is registered as security for the property.

The recoverable amount in this case is the net selling price, which was determined by an independent valuer. The most recent independent valuation was prepared as of 19 November 2009.

4

4 Financial assets

2009: Euro '000	**562**
2008: Euro '000	485

Financial assets relate to loans granted to employees at market rates.

5

5 Deferred tax assets

2009: Euro '000	**4,977**
2008: Euro '000	4,885

Deferred tax assets can be broken down as follows:

in Euro '000	31/12/2009	31/12/2008
Goodwill	47	0
Tangible and intangible assets	41	40
Financial assets	189	190
Financial instruments	55	34
Other assets	148	152
Provisions	1,223	1,983
Liabilities	1,496	1,098
Tax loss carry-forwards	2,203	1,380
	5,402	**4,877**
Net of deferred tax liabilities	-1,027	-1,060
There is also a deferred tax asset relating primarily to goodwill, which is continually revalued based on supplementary tax balance sheets. Deferred taxes of the following amount were recognised	602	1,068
	4,977	**4,885**

Deferred tax liabilities of Euro 39 thousand (previous year: deferred tax receivables of Euro 44 thousand) were directly recognised in equity as of 31 December 2009.

In the previous year, deferred taxes of Euro 894 thousand were recognised for the first time for previously unused loss carry-forwards in the reporting company's financial statements because of the profit and loss transfer agreement between OVB Vermögensberatung AG, Cologne, and OVB Holding AG, Cologne, and due to the formation of a consolidated group for tax purposes (steuerliche Organschaft). In the year under review, this item was increased by Euro 642 thousand to Euro 1,536 thousand based on updated 5-year budget planning.

Deferred taxes of Euro 266 thousand were recognised for the first time for Eurenta Holding GmbH Europäische Vermögensberatung, Bonn, in the previous year. This item amounts to Euro 258 thousand as of 31 December 2009.

Deferred taxes are recognised for previously unused loss carry-forwards to the extent that it is probable according to current planning that taxable income will arise in the future.

Overall, no deferred taxes were recognised for loss carry-forwards of Euro 22,687 thousand (previous year: Euro 21,793 thousand) for the subsidiaries or the reporting company. This would have corresponded with deferred tax assets of Euro 6,572 thousand (previous year: Euro 5,947 thousand).

Of the loss carry-forwards, Euro 2,483 thousand (previous year: Euro 2,263 thousand) can be used over a period of 5 to 15 years. Euro 20,204 thousand (previous year: Euro 19,530 thousand) can be carried forward indefinitely.

The deferred tax assets based on the supplementary tax balance sheets arose because of the Company's conversion to a stock corporation in 2001.

B Current assets

2009: Euro '000	**125,346**
2008: Euro '000	140,329

6

6 Trade receivables

2009: Euro '000	**15,934**
2008: Euro '000	19,364

in Euro '000	31/12/2009	31/12/2008
Trade receivables		
1. Receivables from insurance brokerage	13,305	15,823
2. Receivables from other brokerage	969	1,208
3. Other trade receivables	1,660	2,333
	15,934	**19,364**

Impairment recognised on account of trade receivables was as follows:

in Euro '000	2009	2008
Impairment as of 1 January	128	135
Exchange differences	0	4
Increases (impairment expenses)	106	84
Used	26	0
Reversed	19	95
Impairment as of 31 December	**189**	**128**

Receivables of Euro 2,161 thousand (previous year: Euro 2,180 thousand) will fall due in over a year's time.

1. Receivables from insurance brokerage

Receivables from insurance brokerage relate primarily to claims for commission against product providers. They do not bear interest and are generally due within 0-30 days.

2. Receivables from other brokerage

Receivables from other brokerage relate primarily to claims for commission against product providers that do not qualify as insurance companies. They do not bear interest and are generally due within 0-30 days.

3. Other trade receivables

Other trade receivables include all receivables that do not constitute payments for brokerage as of the balance sheet date.

7

7 Receivables and other assets

2009: Euro '000	**29,242**
2008: Euro '000	28,047

in Euro '000	**31/12/2009**	**31/12/2008**
7.1 Other receivables	23,013	21,130
7.2 Other assets	6,229	6,917
	29,242	**28,047**

7.1 Other receivables

in Euro '000	**31/12/2009**	**31/12/2008**
Other receivables		
1. Receivables from affiliated companies	2,191	2,683
2. Receivables from financial advisors	16,656	12,548
3. Receivables from employees	186	205
4. Sundry receivables	3,980	5,694
	23,013	**21,130**

Impairment recognised on account of other receivables was as follows:

in Euro '000	**2009**	**2008**
Impairment as of 1 January	10,359	10,138
Exchange differences	-2	58
Increases (impairment expenses)	3,502	1,566
Used	342	243
Reversed	1,666	1,160
Impairment as of 31 December	**11,851**	**10,359**

The increases in impairment recognised on account of other receivables relate to receivables from financial advisors. Impairment is recognised as provision against risk having regard to all available information concerning the credit rating of the debtor and the age of the receivable.

Receivables of Euro 1,634 thousand (previous year: Euro 435 thousand) will fall due in over a year's time.

1. Receivables from affiliated companies

Receivables from affiliated companies relate to receivables from Deutscher Ring Lebensversicherungs AG and Deutscher Ring Sachversicherungs AG. They primarily comprise receivables of OVB Vermögensberatung AG, Cologne, from insurance brokerage services.

Please refer to “Other disclosures” in these Notes for the conditions applicable to receivables from related parties.

2. Receivables from financial advisors

Receivables from financial advisors primarily relate to advance commission payments and claims for commission refunds. Receivables from financial advisors generally fall due within 0-30 days. Receivables from individual financial advisors are netted off with liabilities to those financial advisors if they fall due at the same time, irrespective of the legal basis on which the receivables and liabilities arose. If the receivables exceed the liabilities, the relevant amount is recorded under other receivables. If liabilities exceed receivables, the relevant amount is reported under trade payables. Provisions for cancellation risk are not included in the netting calculation because their purpose is to cover future commission refund claims.

Specific valuation allowances are recognised having regard to all available information concerning the credit rating of the debtor and the age of the receivable. A distinction is also made between current and former employees. Due to the large number of receivables due from different financial advisors, lump sum valuation allowances are also made up to a certain amount based on receivables categories, which are determined based on an assessment of the respective debtor's credit rating.

3. Receivables from employees

Receivables from employees generally relate to receivables arising as a result of short-term loans.

4. Sundry receivables

Sundry receivables include all receivables from third parties as of the balance sheet date that are not allocated to any other balance sheet item.

7.2 Other assets

	2009: Euro '000	**6,229**
	2008: Euro '000	6,917

in Euro '000	31/12/2009	31/12/2008
Other assets		
1. Accrued investment income	36	8
2. Prepaid expenses	678	819
3. Advertising and office supplies	840	1,176
4. Payments on account	3,583	4,393
5. Other taxes	736	237
6. Sundry assets	356	283
	6,229	**6,917**

1. Accrued investment income

Accrued investment income includes accrued income from financial assets and short-term investments.

2. Prepaid expenses

Prepaid expenses relate primarily to prepaid office rent for the month of January 2010, prepaid insurance premiums and commission that has already been paid but not yet billed.

3. Advertising and office supplies

Advertising and office supplies include advertising material for the sales force and other sales and administration material.

4. Payments on account

This item primarily relates to short-term payments on account of incentive events.

5. Other taxes

Other taxes only include other actual tax receivables, such as overpayments of wage/salary tax, value added tax and real property tax, that can be exactly determined or have already been assessed.

6. Sundry assets

Sundry assets comprise all assets as of the balance sheet date that are not allocated to any other balance sheet item.

8

8 Income tax receivables

	2009: Euro '000	**4,171**
	2008: Euro '000	5,158

Income tax receivables primarily relate to prepayments of income tax. Income tax receivables have been recognised in particular at OVB Holding AG, Cologne, OVB Allfinanz a.s., Prague, OVB Vermögensberatung A.P.K. Kft., Budapest, and OVB Allfinanz Slovensko a.s., Bratislava.

9

9 Securities and other investments

2009: Euro '000	**30,936**
2008: Euro '000	52,678

in Euro '000	2009		2008	
	Securities	Other investments	Securities	Other investments
Historical cost	**16,979**	**14,931**	**30,427**	**24,021**
Revaluation reserve	160	–	-508	–
Amortised cost	134	–	244	–
Impairment	-1,268	–	-1,506	–
Market value	**16,005**	**14,931**	**28,657**	**24,021**

In the 2009 financial year Euro 758 thousand (2008: Euro 1,536 thousand) was recognised in the income statement on account of write-downs on securities. The write-downs are included in the financial result, item 33, under "Investment expenses". The reversal of impairment charges on securities is also disclosed in the financial result, item 33.

The revaluation reserve changed in the amount of Euro 146 thousand in the 2009 financial year (2008: Euro -1,832 thousand). Unrealised gains of Euro -522 thousand (2008: Euro -1,144 thousand) were also taken out of the reserve.

Other investments particularly include fixed-term deposits and cash equivalents with a maturity of more than three months, as well as short-term loans. Interest-bearing investments are recognised at cost if market rates apply, or otherwise at present value.

10

10 Cash and cash equivalents

2009: Euro '000	**45,063**
2008: Euro '000	35,082

in Euro '000	31/12/2009	31/12/2008
Cash	483	629
Cash equivalents	44,580	34,453
	45,063	**35,082**

Cash means the cash-in-hand of the Group companies as of the balance sheet date in domestic and foreign currencies. Cash equivalents are assets that can be immediately converted to cash. They include bank balances in domestic and foreign currencies with maturities of three months or less, cheques and stamps. Cash and cash equivalents are stated at nominal value and foreign currencies are stated in Euros at the closing rate on the balance sheet date.

EQUITY AND LIABILITIES

A Equity

2009: Euro '000	**86,123**
2008: Euro '000	96,357

The development of equity is shown in the statement of changes in equity.

11

11 Subscribed capital

2009: Euro '000	**14,251**
2008: Euro '000	14,251

The subscribed capital (share capital) of OVB Holding AG amounts to Euro 14,251 thousand as of 31 December 2009 and consists of 14,251,314 ordinary bearer shares (2008: 14,251,314 shares).

12

12 Capital reserve

2009: Euro '000	**39,342**
2008: Euro '000	39,342

The capital reserve primarily comprises premiums from the issue of shares.

13

13 Own shares

As of the balance sheet date, OVB Holding AG did not hold any of its own shares. There were no transactions in ordinary shares or potential ordinary shares in the period between the balance sheet date and the date of preparing the consolidated financial statements.

At the Annual General Meeting on 12 June 2009, the shareholders resolved to authorise the Executive Board to acquire, subject to the Supervisory Board's consent, up to a total of 250,000 own shares on or before 11 December 2010 and to use shares thus acquired under exclusion of shareholders' subscription rights. Shares acquired on the basis of said authorisation may also be retired.

14

14 Revenue reserves

2009: Euro '000	**13,306**
2008: Euro '000	13,016

15

15 Other reserves

2009: Euro '000	**1,297**
2008: Euro '000	1,003

Other reserves comprise primarily the currency translation reserve and the available-for-sale reserve/revaluation reserve.

Unrealised gains and losses from financial instruments are recognised in the revaluation reserve after accounting for deferred taxes.

Changes in the revaluation reserve and the currency translation reserve over the reporting period are shown in the statement of changes in equity.

16

16 Minority interests

2009: Euro '000	**202**
2008: Euro '000	255

Other shareholders hold minority interests in Nord-Soft Datenservice GmbH and Nord-Soft EDV-Unternehmensberatung GmbH.

The change relative to the previous year represents the pro rata share of the Nord-Soft companies' net loss for the year under review.

17

17 Net retained profits

2009: Euro '000	**17,725**
2008: Euro '000	28,490

Distributable gains and dividends

Distributable amounts relate to the net retained profits of OVB Holding AG, determined in accordance with the provisions of German commercial law.

At the Annual General Meeting on 12 June 2009, the shareholders passed a resolution approving the appropriation of OVB Holding AG's net retained profits for financial year 2008.

The dividend was distributed to the shareholders of OVB Holding AG on 15 June 2009.

A dividend of Euro 19,239 thousand, or Euro 1.35 per no-par value share, was distributed to the shareholders in the 2009 financial year.

In accordance with Section 170 AktG, the Executive Board of OVB Holding AG proposes the following appropriation of the net retained profits reported in the financial statements of OVB Holding AG as of 31 December 2009:

in EUR '000	2009
Distribution to shareholders	7,126
Retained profits carried forward	5,685
Net retained profits	**12,811**

The distribution is equivalent to Euro 0.50 per share (previous year: Euro 1.35 per share).

The number of shares carrying dividend rights, and thus the amount distributable to shareholders, may change prior to the Annual General Meeting if the Executive Board exercises its authority to purchase own shares.

B Non-current liabilities

2009: Euro '000	**1,270**
2008: Euro '000	1,218

Non-current liabilities are reclassified as current liabilities if the remaining term to maturity is less than twelve months.

The following liabilities schedule shows non-current liabilities broken down by term to maturity:

Maturity of liabilities as of 31/12/2009

in Euro '000 Type of liability	Total amount	1 through 3 years	3 through 5 years	More than 5 years	No due date	Secured amount
Liabilities to banks	261	178	60	23	0	0
Other liabilities	41	41	0	0	0	0

Maturity of liabilities as of 31/12/2008

in Euro '000 Type of liability	Total amount	1 through 3 years	3 through 5 years	More than 5 years	No due date	Secured amount
Liabilities to banks	357	233	80	44	0	0
Other liabilities	53	53	0	0	0	0

18 Liabilities to banks

2009: Euro '000	**261**
2008: Euro '000	357

in Euro '000	31/12/2009	31/12/2008
The item "liabilities to banks" includes other long-term bank loans to set up the businesses of subsidiaries in the amount of:	51	103
and to finance the property at Kieler Str. 438 Hamburg in the amount of:	210	254
	261	**357**
Repayments on the first loan were:	52	35
Repayments on the second loan were:	44	41
As security for the loans, land charges were registered in respect of the investment property in Hamburg in the total amount of:	920	920

19 Provisions

2009: Euro '000	**937**
2008: Euro '000	791

in Euro '000	31/12/2009	31/12/2008
Provisions for pensions	720	623
Long-term provisions for employees	201	156
Other long-term provisions	16	12
	937	**791**

in Euro '000	01/01/2008	Currency differences	Increase in provisions	Used	Provisions released	31/12/2009
Provisions for pensions	623	0	97	0	0	720
Long-term provisions for employees	156	0	76	31	0	201
Other long-term provisions	12	0	10	6	0	16
	791	**0**	**183**	**37**	**0**	**937**

Provisions for pensions

OVB Holding AG has an obligation to pay pension benefits. The following pension benefits are paid to eligible recipients:

- a retirement pension from the age of 65
- disability pension
- widow's or widower's pension of 60 percent
- orphan's pension of 10 percent of employee's pension

An employee's pension expectancy is equivalent to 10 percent of the employee's last monthly salary.

OVB Vermögensberatung (Schweiz) AG, Baar, has a statutory obligation to pay pension benefits to eleven commercial employees. The following pension benefits are paid to the eligible recipients:

- retirement benefits
- pension for surviving dependants
- disability pension

OVB Allfinanzvermittlungs GmbH, Salzburg, has an obligation to pay pension benefits (settlement obligation) to 13 employees if they reach the statutory retirement age or take early retirement in accordance with the relevant statutory provisions, or if they leave the service of the company for good cause (disability or inability to work), or in the event of their death.

Provisions for pensions can be broken down as follows:

in Euro '000	31/12/2009	31/12/2008
OVB Holding AG	416	396
OVB Vermögensberatung (Schweiz) AG, Baar	178	106
OVB Allfinanzvermittlungs GmbH, Salzburg	126	121
	720	**623**

Provisions for pensions – OVB Holding AG

According to the actuarial assessment prepared by Mercer Human Resources Consulting GmbH, the calculation is based on the following actuarial assumptions:

	31/12/2009	31/12/2008
Discount rate	5.25 %	5.5 %
Expected future salary increases	0.0 %	0.0 %
Expected future pension adjustments	2.0 %	2.0 %
Expected inflation rate	2.0 %	2.0 %

The following income and expenses were reported in financial year 2009 based on the actuarial assessment:

in Euro '000	31/12/2009	31/12/2008
Service cost	0	0
Interest cost	20	19

The liability reported in the balance sheet comes to Euro 416 thousand as of 31 December 2009. This comprises a calculated present value of the defined benefit obligation (DBO) of Euro 402 thousand and an actuarial gain of Euro 14 thousand.

Development of defined benefit obligations (in EUR '000)	2009	2008
Defined benefit obligation at the beginning of the reporting period	396	377
Interest cost	20	19
Current service cost	0	0
Benefits paid	0	0
Refund for loss not yet recognised	0	0
Defined benefit obligation at the end of the reporting period	416	396

Provisions for pensions – OVB Vermögensberatung (Schweiz) AG, Baar

According to the actuarial assessment prepared by Helvetia Consulta Gesellschaft für Vorsorgeberatung AG, the calculation is based on the following actuarial assumptions:

	31/12/2009	31/12/2008
Discount rate	3.25 %	3.0 %
Expected future salary increases	1.5 %	1.5 %
Expected future pension adjustments	0.5 %	0.5 %
Expected inflation rate	1.4 %	1.5 %

The following income and expenses were reported in financial year 2009 based on the actuarial assessment:

in Euro '000	31/12/2009	31/12/2008
Service cost	231	231
Interest cost	27	20

The liability reported in the balance sheet comes to Euro 178 thousand as of 31 December 2009. This comprises a calculated present value of the defined benefit obligation (DBO) of Euro 818 thousand less plan assets of Euro 587 thousand, and an as yet unrecognised actuarial loss of Euro 53 thousand.

in Euro '000	2009	2008
Development of defined benefit obligations		
Defined benefit obligation at the beginning of the reporting period	897	600
Exchange rate change affecting obligation 31/12/2008-31/12/2009	1	68
Interest cost	27	20
Service cost	231	231
Benefits paid	-234	-256
Other deposits	7	193
Actuarial gain/loss	-111	41
Defined benefit obligation at the end of the reporting period	818	897
Changes in asset value		
Fair value of plan assets at the beginning of the reporting period	642	429
Exchange rate change affecting plan assets 31/12/2008-31/12/2009	0	49
Employer contributions	109	130
Employees	60	85
Expected investment income	26	14
Other deposits	7	193
Benefits paid	-234	-256
Actuarial gain/loss	-23	-2
Fair value of plan assets as of 31 December	587	642

Provisions for pensions – OVB Allfinanzvermittlungs GmbH, Salzburg

According to the actuarial assessment prepared by Mercer Human Resources Consulting GmbH, the calculation is based on the following actuarial assumptions:

	31/12/2009	31/12/2008
Discount rate	5.7 %	6.3 %
Expected future salary increases	2.0 %	2.0 %

The following income and expenses were reported in financial year 2009 based on the actuarial assessment:

in Euro '000	31/12/2009	31/12/2008
Service cost	11	12
Interest cost	7	4

The liability reported in the balance sheet reflects the calculated present value of the defined benefit obligation (DBO) of Euro 127 thousand an actuarial loss of EUR 1 thousand and amounts to Euro 126 thousand as at 31 December 2009.

Development of defined benefit obligations (in EUR '000)	**2009**	**2008**
Defined benefit obligation at the beginning of the reporting period	121	99
Interest cost	7	4
Current service cost	11	13
Benefits paid	-12	-3
Expected defined benefit obligation (DBO) at the end of the reporting period	127	113
Actuarial gain/loss	-1	0
Correction: DBO - expected DBO	0	8
Defined benefit obligation at the end of the reporting period	126	121

Provisions for pensions recognised for OVB Allfinanzvermittlungs GmbH, Salzburg, are provisions for settlement obligations.

Provisions for pensions under IAS 19 have changed as follows:

in Euro '000	**2009**	**2008**
Provisions for pensions under IAS 19 as of 01/01	623	445
Currency differences	0	8
+ pension costs in the financial year (OVB Holding)	20	19
+ pension costs in the financial year (OVB Switzerland)	5	30
+ pension costs in the financial year (OVB Austria)	72	121
Provisions for pensions under IAS 19 as of 31/12	720	623
Assumed interest rate	5.25 % (OVB Holding)	5.5 % (OVB Holding)
	3.25 % (OVB Switzerland)	3.0 % (OVB Switzerland)
	5.7 % (OVB Austria)	6.3 % (OVB Austria)

Pension benefits of Euro 234 thousand were paid at OVB Vermögensberatung (Schweiz) AG, Baar, in the 2009 financial year. OVB Allfinanzvermittlungs GmbH, Salzburg, paid Euro 12 thousand in pension benefits in the 2009 financial year. No pension benefits are currently being paid at OVB Holding AG.

Financing of the defined benefit plans:

in Euro '000	**31/12/2009**	**31/12/2008**
Present value of allocated commitment	1,347	1,384
Unrecognised actuarial gains/losses	-40	-119
Plan assets	587	642
Provisions for pensions	720	623

Actuarial gains and losses are recognised through application of the "corridor method".

Long-term provisions for employees

Long-term provisions for employees primarily relate to provisions set aside for bonuses for long-term service to the company.

20

20 Other liabilities

2009: Euro '000	**41**
2008: Euro '000	53

Other liabilities relate to capitalised lease liabilities and equate to the present value of future lease payments.

21

21 Deferred tax liabilities

2009: Euro '000	**31**
2008: Euro '000	17

Deferred tax liabilities consist of the following items:

in Euro '000	31/12/2009	31/12/2008
Goodwill	459	458
Tangible and intangible assets	27	124
Financial instruments	371	183
Other assets	18	2
Provisions	183	308
Liabilities	0	2
	1,058	**1,077**
Net of deferred tax assets	-1,027	-1,060
	31	**17**

C Current liabilities

2009: Euro '000	**61,446**
2008: Euro '000	65,356

Liabilities with a remaining term to maturity of less than twelve months are classified as current liabilities.

22

22 Provisions for taxes

2009: Euro '000	**1,836**
2008: Euro '000	2,327

in Euro '000	31/12/2009	31/12/2008
Income tax provisions	1,572	2,097
Other tax provisions	264	230
	1,836	**2,327**

Provisions for taxes have developed as follows:

in Euro '000	01/01/2009	Currency differences	Increase in provisions	Used	Provisions released	31/12/2009
Provisions for taxes	2,327	10	1.481	1.766	216	1,836

23

23 Other provisions

2009: Euro '000	**27,711**
2008: Euro '000	31,570

in Euro '000	31/12/2009	31/12/2008
1. Cancellation risks	12,027	12,219
2. Unbilled liabilities	12,243	15,321
3. Legal claims	495	461
	24,765	**28,001**
4. Other		
- Liabilities to employees	695	971
- Costs relating to the annual financial statements/audit costs	869	722
- Other obligations	1,382	1,876
	2,946	**3,569**
	27,711	**31,570**

in Euro '000	01/01/2009	Currency differences	Increase in provisions	Used	Provisions released	31/12/2009
1. Cancellation risks	12,219	-10	3,449	3,614	17	12,027
2. Unbilled liabilities	15,321	-38	31,038	33,232	846	12,243
3. Legal claims	461	-3	396	348	11	495
4. Other	3,569	-2	3,730	4,121	230	2,946
	31,570	**-53**	**38,613**	**41,315**	**1,104**	**27,711**

The increase in provisions includes interest of Euro 0 (previous year: Euro 0).

24

24 Income tax liabilities

2009: Euro '000	**284**
2008: Euro '000	1,598

Income tax liabilities are primarily attributable to the profit before tax generated in the year under review.

25

25 Trade payables

2009: Euro '000	**6,692**
2008: Euro '000	8,762

This item includes the commission billed by financial advisors unless categorised as retained security, as well as bonuses that have accrued as of the balance sheet date but have not yet been paid. Trade payables are stated at nominal value.

Trade payables also include liabilities based on recurrent and period-based payments such as insurance premiums, telephone charges, electricity charges and rent.

Maturity of liabilities as of 31/12/2009:

in Euro '000 Type of liability	Total amount	Overdue	Due daily	Less than 3 months	3 through 6 months	6 through 12 months	No due date
Trade payables	6,692	12	264	1,158	2,150	78	3,030

Maturity of liabilities as of 31/12/2008:

in Euro '000 Type of liability	Total amount	Overdue	Due daily	Less than 3 months	3 through 6 months	6 through 12 months	No due date
Trade payables	8,762	56	171	2,480	2,279	11	3,765

26 Other liabilities

2009: Euro ‘000	**24,923**
2008: Euro ‘000	21,099

Maturity of liabilities as of 31/12/2009:

in Euro ‘000 Type of liabilities	Total amount	Overdue	Due daily	Less than 3 months	3 through 6 months	6 through 12 months	No due date
1. Retained security	20,392	57	249	684	6,946	29	12,427
2. Liabilities based on other taxes	946	0	469	477	0	0	0
3. Liabilities to employees	939	0	23	749	48	0	119
4. Liabilities to product partners	688	0	23	326	1	0	338
5. Liabilities to banks	722	0	560	162	0	0	0
6. Other liabilities to external sales staff	203	0	0	0	0	0	203
7. Other liabilities	1,033	13	385	286	283	0	66

Maturity of liabilities as of 31/12/2008:

in Euro ‘000 Type of liabilities	Total amount	Overdue	Due daily	Less than 3 months	3 through 6 months	6 through 12 months	No due date
1. Retained security	17,140	46	89	556	7,856	96	8,497
2. Liabilities based on other taxes	987	0	454	403	77	53	0
3. Liabilities to employees	774	0	42	541	52	3	136
4. Liabilities to product partners	469	0	146	323	0	0	0
5. Liabilities to banks	250	0	250	0	0	0	0
6. Other liabilities to external sales staff	306	0	0	306	0	0	0
7. Other liabilities	1,173	0	314	302	310	192	55

There are no liabilities with terms to maturity beyond 12 months.

1. Retained security
Retained security includes the provisions for cancellation risk set aside on account of financial advisors. This security is retained in order to cover anticipated commission refund claims.

2. Liabilities based on other taxes
Tax liabilities only include other actual tax liabilities that can be exactly determined or have already been assessed.

3. Liabilities to employees
Payments due in the short term to employees for services rendered, such as holiday pay, bonuses or premiums and benefits paid to employees following termination of their employment, are reported under this item at their estimated value.

4. Liabilities to product partners
Liabilities to non-affiliated product partners generally result from the reversal of commission entries and are paid by OVB as they arise during the course of business. These liabilities are stated at nominal value.

5. Liabilities to banks
Liabilities to banks are recognised for liabilities with a maturity of less than twelve months from the balance sheet date. They are recognised at nominal value.

6. Other liabilities to external sales staff
This item includes current liabilities to the sales force that are not related to brokerage services.

III. Explanatory Notes on the Consolidated Income Statement

27

27 Brokerage income

2009: Euro '000	**180,110**
2008: Euro '000	236,351

All income from product partners is recognised as brokerage income. Apart from commission, it also includes bonuses and other benefits paid by product partners.

28

28 Other operating income

2009: Euro '000	**14,388**
2008: Euro '000	16,297

in Euro '000	2009	2008
Refunds from financial advisors	5,470	7,068
Income from the release of provisions	1,101	1,857
Own work capitalised	619	26
Income from the cancellation of expired liabilities	2,319	1,108
Rental income from sub-leases	65	39
Refunds from Group companies	0	0
Income from the disposal of tangible and intangible assets	202	9
Impairment loss reversal	1,997	1,392
Other	2,615	4,798
	14,388	**16,297**

Refunds from financial advisors generally arise because of their participation in seminars, use of materials and the lease of vehicles and IT equipment.

Own work capitalised relates to internally generated software within the Group (see asset schedule).

Other income relates to currency translation income, grants paid by product partners towards the cost of materials, personnel, representative offices, training and events, as well as insurance payouts.

The reversal of impairment losses relates to other assets.

The reversal of impairment losses primarily concerns OVB Vermögensberatung AG, Cologne, and Eurenta Holding GmbH, Bonn, in the Germany segment, as well as EFCON s.r.o., Brno, in the Central and Eastern Europe segment. The reversal of impairment losses on other assets primarily relate to receivables from financial advisors.

29

29 Brokerage expenses

2009: Euro '000	**-108,346**
2008: Euro '000	-142,533

This item includes all payments to financial advisors. Current commission encompasses all directly performance-based commission, i.e. new business commission, "dynamic commission" (commission linked to increases in the premiums payable under a brokered contract) and policy service commission. All other commission is reported under "other commission" and is stated together with its specific purpose, e.g. other performance-based remuneration.

For details of the operating variables, please refer to the notes on sales.

30

30 Personnel expense

2009: Euro '000	**-25,160**
2008: Euro '000	-24,618

in Euro '000	2009	2008
Wages and salaries	-20,625	-20,324
Social security	-3,890	-3,606
Expenses in respect of retirement provision	-645	-688
	-25,160	**-24,618**

31

31 Depreciation and amortisation

2009: Euro '000	**-3,816**
2008: Euro '000	-3,838

in Euro '000	2009	2008
Amortisation of intangible assets	-2,002	-1,951
Depreciation of tangible assets	-1,814	-1,887
	-3,816	**-3,838**

Depreciation and amortisation in the 2009 financial year is shown in the asset schedule.

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32 Other operating expenses

2009: Euro '000	**-47, 548**
2008: Euro '000	-52,818

in Euro '000	2009	2008
Administrative expenses		
Legal costs, costs relating to the annual financial statements, advisors' costs	-5,465	-5,123
Costs relating to the maintenance and operation of premises	-2,759	-2,857
Communication costs	-1,506	-1,643
IT expenses	-2,123	-2,257
Vehicle expenses	-758	-880
Rent for furniture and equipment	-220	-617
Other administrative expenses	-3,491	-3,615
	-16,322	**-16,992**
Sales and marketing costs		
Seminars, competitions, functions	-13,902	-17,395
Advertising costs, public relations	-2,591	-3,511
Write-downs on/impairment of receivables	-4,855	-3,188
Other sales and marketing costs	-5,155	-5,854
	-26,503	**-29,948**

in Euro '000	2009	2008
Other operating expenses		
Foreign currency losses	-396	-708
Supervisory Board remuneration	-166	-273
Losses from asset retirement	-37	-29
Other expenses	-1,323	-2,014
	-1,922	**-3,024**
Non-income-based taxes		
Value added tax on purchased goods/services	-2,365	-2,350
Other non-income-based taxes	-436	-504
	-2,801	**-2,854**
	-47,548	**-52,818**

In the previous year, "write-downs on/ impairment of receivables" were reported under "other operating expenses". As of 31 December 2009, reporting was changed to the effect that "write-downs on/ impairment of receivables" are reported under "sales and marketing costs" as the expense is accounted for almost exclusively by financial advisors.

Operating leases

The amount of future minimum lease payments under non-cancellable operating leases is as follows:

in Euro '000	31/12/2009	31/12/2008
Twelve months or less	1,412	1,630
One through five years combined	2,746	1,000
	4,158	**2,630**

There were no future minimum lease payments under non-cancellable operating leases that are payable beyond five years. The present value of lease payments under operating leases amounts to Euro 3,210 thousand (previous year: Euro 1,868 thousand).

The following payments under leases and sub-leases are recognised in the income statement:

in Euro '000	2009	2008
Amount of minimum lease payments	660	689
Contingent rent	110	89
Payments under sub-leases	-15	-22
	755	**756**

Payments were made under operating leases for vehicles, telephone equipment, photocopiers and other operating and office equipment and office rent. The terms of these leases range between 3 and 36 months.

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33 Financial result

	2009: Euro '000	**1,644**
	2008: Euro '000	1,909

in Euro '000	2009	2008
Disposal of long-term financial investments	**0**	**0**
Finance income		
Bank interest	1,044	1,646
Income from securities	738	1,424
Reversal of impairment charges on investments	315	40
Income from investment property	25	31
Income from loans	41	101
Other interest and similar income	542	1,064
	2,705	**4,306**
Finance expenses		
Interest and similar expenses	-148	-203
Investment expenses	-913	-2,194
	-1,061	**-2,397**
Financial result	**1,644**	**1,909**

Interest income and expense are recognised on an accrual basis.

Income from securities primarily relates to interest credits.

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34 Taxes on income

2009: Euro '000	**-2,561**
2008: Euro '000	-6,316

in Euro '000	2009	2008
Actual income taxes	-2,690	-7,716
Deferred income taxes	129	1,400
	-2,561	**-6,316**

Tax expenses include foreign current taxes amounting to Euro 2,730 thousand (previous year: Euro 7,446 thousand) and foreign deferred tax expenses of Euro 55 thousand (previous year: Euro 740 thousand).

Actual and deferred taxes are determined based on the tax rates applicable in the relevant country. Deferred taxes for German companies were calculated based on a company tax rate of 15.0 percent, the solidarity surcharge of 5.5 percent and an average trade tax rate of 15.75 percent.

In addition to the amount recognised in the consolidated income statement, deferred taxes of Euro 39 thousand (previous year: Euro -44 thousand), which relate to items recognised directly in equity, were posted directly to equity.

The effective income tax rate applied to the pre-tax result from ordinary activities was 22.7 percent (previous year: 20.5 percent).

The following reconciliation statement shows the relationship between the result from ordinary activities and taxes on income during the financial year. The anticipated tax expense is calculated based on the German combined income tax rate of currently 31.58 percent.

Reconciliation statement

in EUR '000	2009	2008
Net profit before income taxes according to IFRS	11,272	30,750
Consolidated income tax rate	31.58 %	31.58 %
Theoretical income tax expense in the financial year	**-3,560**	**-9,710**
Taxes based on non-deductible expenses (-)/tax-free income (+)	-1,219	-1,053
Effect of other tax rates applicable to domestic and foreign operating subsidiaries	1,068	3,252
Income taxes unrelated to the accounting period	38	-267
Tax change based on temporary differences and tax losses for which no deferred tax assets were created	878	1,129
Other	234	333
Taxes on income	**-2,561**	**-6,316**

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35 Consolidated net income

2009: Euro '000	**8,711**
2008: Euro '000	24,434

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36 Minority interests

2009: Euro '000	**53**
2008: Euro '000	-75

This item relates to minority interests in Nord-Soft EDV Unternehmensberatung GmbH and Nord-Soft Datenservice GmbH, both of which have their registered offices in Germany.

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37 Earnings per share

The undiluted/diluted earnings per share are calculated on the basis of the following figures:

in Euro '000	2009	2008
Net income		
Basis for undiluted/diluted earnings per share (share of net income for the period attributable to shareholders of the parent company)	8,764	24,359

	2009	2008
Number of shares		
Weighted average number of shares for undiluted/diluted earnings per share	14,251,314	14,251,314
Undiluted/diluted earnings per share in Euro	0.61	1.71

IV. Other Disclosures

Contingent liabilities

Guarantees and assumption of liabilities

OVB Holding AG and some of its subsidiaries have given guarantees and assumed liabilities on behalf of financial advisors in the ordinary course of business. The associated risks are recognised in other provisions to the extent that they give rise to obligations the value of which can be reliably estimated. Guarantees and the assumption of liabilities totalled Euro 3,809 thousand in the year under review (previous year: Euro 4,989 thousand).

Litigation risks

Several Group companies are currently involved in various legal disputes arising from the ordinary course of business, primarily in connection with the settlement of accounts for brokerage services provided by financial advisors.

Management holds the view that contingent liabilities from legal disputes are adequately covered by provisions and that no material effects on the assets and liabilities of the Group will result beyond that.

Average number of employees

The Group employed an average of 494 (previous year: 484) commercial staff during the year under review, of which 59 (previous year: 56) worked in a managerial capacity.

Disclosures relating to the Executive Board and the Supervisory Board

Members of the Executive Board of OVB Holding AG are:

- Wilfried Kempchen, Kaufmann (member of the Executive Board since 21/07/2009), Chairman (since 13/10/2009)
- Oskar Heitz, Bankkaufmann
- Mario Freis, Geprüfter Versicherungsfachwirt (IHK) (member of the Executive Board since 01/01/2010)
- Michael Frahnert, Diplom-Kaufmann (Chairman until 21/07/2009)

Members of the Supervisory Board of OVB Holding AG are:

- Wolfgang Fauter, 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 (Chairman)
- Jens O. Geldmacher, 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 (Deputy Chairman)
- Christian Graf von Bassewitz, Banker (ret.)
- Marlies Hirschberg-Tafel, 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, 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
- Jörn Stapelfeld (until 31/12/2009), Chairman of the Executive Boards of Generali Lebensversicherung AG and Generali Beteiligungs- und Verwaltungs-AG, Munich; Deputy Chairman of the Executive Board of Generali Versicherung AG, Munich (until 31/07/2009, respectively)
- Winfried Spies (since 01/01/2010), Chairman of the Executive Board of Generali Versicherung AG, Munich, Chairman of the Executive Board of Generali Lebensversicherung AG, Munich, member of the Executive Board of Generali Deutschland Holding AG, Cologne

Remuneration paid to the Supervisory Board and the Executive Board

The total remuneration paid to the members of the Supervisory Board in the year under review was Euro 83 thousand (previous year: Euro 164 thousand).

The members of the Executive Board of OVB Holding AG received the following remuneration:

in Euro '000	Wilfried Kempchen	Oskar Heitz	Michael Frahnert
Fixed component	124 (2008: 0)	272 (2008: 262)	290 (2008: 562)
Variable component	188 (2008: 0)	81 (2008: 86)	0 (2008: 256)
Total remuneration	**312 (2008: 0)**	**353 (2008: 348)**	**290 (2008: 818)**

The variable component of Executive Board members' remuneration is based on individual targets for the financial year.

No remuneration was paid to former members of the Executive Board or Supervisory Board in the year under review. No benefits arising from the termination of an employment contract (IAS 24.16(d)) were paid. No other long-term benefits or share-based remuneration were granted in the year under review.

- Pension obligations of OVB Holding AG to a former member of management come to Euro 416 thousand as of the balance sheet date (2008: Euro 396 thousand). No pension benefits were paid in the year under review.

Cost of advisors and audit costs

The cost of advisors and audit costs include the fee of the auditor, PricewaterhouseCoopers AG, Düsseldorf, totalling Euro 434 thousand. The auditor's fee comprised the following in the 2009 financial year:

in Euro '000	2009	2008
Audit costs	296	263
Cost of preparing auditor's opinion and valuation services	0	0
Cost of tax advice	0	0
Cost of other services	138	41

Events after the reporting period

In the first quarter of 2010, the Southern and Western Europe segment recorded desertions of full-time financial advisors who worked for OVB Vermögensberatung (Schweiz) AG and OVB Conseils en patrimoine France Sàrl. OVB Vermögensberatung (Schweiz) AG made a contribution to total sales commission generated throughout the Group of altogether approx. 4.7 percent in the year 2009, the share of OVB Conseils en patrimoine France Sàrl in total sales commission was approx. 3.2 percent. In the Germany segment, desertions of financial advisors were recorded at our subsidiary Eurenta Holding GmbH Europäische Vermögensberatung in the first quarter of the 2010 financial year. Eurenta Holding GmbH contributed approx. 2.4 percent to total sales commission in the past year. It can be assumed that sales and net income of above-mentioned subsidiaries will be considerably lower in the year 2010.

Related-party transactions

Transactions between the Company and its subsidiaries, which are regarded as related parties, were eliminated through consolidation and are not discussed in these notes.

As of 31 December 2009, Deutscher Ring Beteiligungsholding GmbH and Deutscher Ring Financial Services GmbH held shares in OVB Holding AG carrying 35.9 percent and 14.2 percent of voting rights, respectively. These companies are belong to the Bâloise Group, whose parent company is Bâloise Holding AG.

As of 31 December 2009, IDUNA Vereinigte Lebensversicherung aG für Handwerk, Handel und Gewerbe held shares in OVB Holding AG carrying 28.6 percent of voting rights. It is owned by the SIGNAL IDUNA Group.

As of 31 December 2009, Generali Lebensversicherung AG held shares in OVB Holding AG carrying 11.5 percent of voting rights. This company is part of the Generali Group, whose parent company is Generali Deutschland Holding AG.

As of 31 December 2009, Deutscher Ring Krankenversicherungsverein a.G. held shares in OVB Holding AG carrying 3.7 percent of voting rights.

The item "brokerage expenses" includes commission paid to members of the management in key positions in the amount of Euro 2,310 thousand.

As of the balance sheet date, there are receivables from management members in key positions in the amount of Euro 2 thousand and no liabilities to management members in key positions.

OVB concluded contracts governing the brokerage of financial products with related parties belonging to the Bâloise Group, the Generali Group and the SIGNAL IDUNA Group.

The sales from contracts with companies of the Bâloise Group are primarily generated in the Germany segment and amounted to Euro 38,719 thousand (previous year: Euro 43,415 thousand).

As of the balance sheet date, receivables from and liabilities to companies of the Bâloise Group come to:

in Euro '000	31/12/2009	31/12/2008
Receivables	2,191	2,683
Liabilities	0	0

Contracts with companies of the SIGNAL IDUNA Group contributed Euro 10,747 thousand to sales (previous year: Euro 13,987 thousand), generated primarily in the Germany segment as well.

As of the balance sheet date, receivables from and liabilities to companies of the SIGNAL IDUNA Group amounted to:

in Euro '000	31/12/2009	31/12/2008
Receivables	224	1,204
Liabilities	0	0

Sales from contracts with companies in the Generali Group were primarily generated in the Germany segment and the Central and Eastern Europe segment. They contributed Euro 38,542 thousand to sales (previous year: Euro 39,111 thousand).

As of the balance sheet date, receivables from and liabilities to companies in the Generali Group amounted to:

in Euro '000	31/12/2009	31/12/2008
Receivables	6,488	5,014
Liabilities	0	0

The terms and conditions of brokerage contracts concluded with related parties are similar to the conditions on which OVB enters into contracts with other providers of financial products that are not related parties.

D&O insurance with coverage of Euro 10,000 thousand per insured event has been taken out for the members of the Executive Board and the Supervisory Board.

The outstanding items at year-end are not secured, do not bear interest, and are settled by payment. No guarantees are given on account of receivables from or liabilities to related parties.

OVB Holding AG disclosed contracts with companies of the Bâloise Group in financial year 2009 and in previous years in accordance with Section 312 AktG. The report contains the following final statement:

"For each transaction subject to reporting requirements, our company has received consideration appropriate to the circumstances of the transaction as known to us at the time."

Statement under Section 161 AktG

The Executive Board and the Supervisory Board of OVB Holding AG have issued the statement required under Section 161 AktG for 2009 and have made the statement permanently available to shareholders on the Web site of OVB Holding AG (www.ovb.ag).

Statement under Section 37v WpHG

The financial statements constitute an annual report within the meaning of the German Transparency Directive Implementation Act (Transparenzrichtlinie-Umsetzungsgesetz) (Section 37v WpHG) of 5 January 2007.

Responsibility statement of the Executive Board

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the consolidated management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Cologne, 26 March 2010

Wilfried Kempchen Oskar Heitz Mario Freis

Applied accounting standards and provisions (as of 31 December 2009)

For financial year 2009, the OVB Group applies the following IAS/IFRS standards as adopted by Commission Regulation (EC) No. 1126/2008 of 03/11/2008[3/6] and other accounting provisions:

Standard/ Interpretation[1/4]	Subject/explanatory notes[2]	Version applied
IFRS 3	Business Combinations	2004
IFRS 7	Financial Instruments: Disclosures (amended)	2009
IFRS 8	Operating Segments (new)	2009
IAS 1	Presentation of Financial Statements (new)	2009
IAS 7	Statement of Cash Flows (amended)	2009
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	2005
IAS 10	Events After the Reporting Period	2005
IAS 12	Income Taxes (amended)	2009
IAS 16	Property, Plant and Equipment (amended)	2009
IAS 17	Leases	2005
IAS 18	Revenue (amended)	2009
IAS 19	Employee Benefits (amended)	2009
IAS 21	The Effects of Changes in Foreign Exchange Rates (amended)	2009
IAS 23	Borrowing Costs (new)	2009
IAS 24	Related Party Disclosures (amended)	2006
IAS 27	Consolidated and Separate Financial Statements (amended)	2009
IAS 32	Financial Instruments: Presentation (amended)	2009
IAS 33	Earnings Per Share (amended)	2009
IAS 34	Interim Financial Reporting (amended)	2009
IAS 36	Impairment of Assets (amended)	2009
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	2000
IAS 38	Intangible Assets (amended)	2009
IAS 39	Financial Instruments: Recognition and Measurement (amended)	2009
IAS 40	Investment Property (amended)	2009
International Financial Reporting Interpretation Commitee (IFRIC)		
IFRIC 10	Interim Financial Reporting and Impairment	2006
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (amended)	2009
German Accounting Standards (Deutscher Rechnungslegungs-Standard – DRS)[5]		
DRS 15	Lageberichterstattung (Preparation of management reports) (amended 2005)	01/01/2003, 01/01/2004, 01/01/2005

Provisions relating to capital markets

WpHG	Wertpapierhandelsgesetz (Securities Trading Act); esp. Sections 37v through 37z	2007
DCGK in conjunction with Section 161 AktG	Deutscher Corporate Governance Kodex (German Corporate Governance Code)	31/12/2008
FWBO	Frankfurter Wertpapierbörsenordnung (Frankfurt Stock Exchange Rules and Regulations)	15/08/2008

Key

1) Not all standards/provisions existing as of the balance sheet date have been listed, only those of relevance to the Group.

2) Date from which the standard becomes mandatory according to the IFRS. Earlier voluntary application is often permitted. An express reference is contained in the notes if the Group voluntarily applies a standard earlier than required.

3) Section 315a (1) HGB in conjunction with the so-called IAS Regulation (Regulation (EC) No. 1606/2002) requires the Group to apply the IFRS adopted by the EU. The stated date is the date of endorsement by the EU Commission (publication in the Official Journal takes place shortly thereafter).

With respect to the date of application of the IFRS adopted by EU law, the dates set forth in the standards generally apply (see "version applied" column). If an IFRS is adopted by the EU after the balance sheet date but before the "date the financial statements are signed", the standard can still be applied in the annual financial statements (EU Commission clarification at the ARC meeting on 30 November 2005).

4) IFRS: An umbrella term for all accounting standards published by the International Accounting Standards Board (IASB), but also a term for standards adopted by the IASB since 2003. Standards adopted through 2002 will continue to be published as International Accounting Standards (IAS). Only if existing standards are fundamentally changed will they be renamed IFRS.

5) The DRS apply to the extent that they govern matters that are required to be taken into account under Section 315a HGB but are not already governed by the IFRS.

6) On 3 November 2008, the European Commission adopted the consolidated version of all International Financial Reporting Standards (IFRS) applicable in the European Union. This version includes all previously adopted IFRS including the amendments adopted on 15 October 2008, so that companies only have to refer to said Regulation from now on. This version supersedes 18 previous separate Regulations and also supersedes Regulation (EC) No. 1725/2003 of 29/09/2003 as well as all amendments adopted through 15/10/2008.

OVB relief organisation collected more than

3.5 million

Euro of donations since its foundation

Social challenges

OVB supports the principle of individual responsibility for one's private provision for the future. At the same time the Company shows its social commitment wherever help is necessary: straightforward, direct, with action rather than words.

Auditor's Report

We have audited the consolidated financial statements prepared by OVB Holding AG, Cologne, (consisting of the balance sheet, income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and notes) and the consolidated management report for the financial year from 1 January to 31 December 2009. The company's Executive Board is responsible for the preparation of the consolidated financial statements and the consolidated management report in accordance with the IFRS, as applicable in the European Union, and the supplementary commercial law provisions applicable pursuant to section 315 a (1) of the German Commercial Code (Handelsgesetzbuch, "HGB"). Our responsibility is to express an opinion on the consolidated financial statements and the consolidated management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with section 317 HGB and the generally accepted standards in Germany for the audit of financial statements promulgated by the German Institute of Auditors (IDW). These standards require that we plan and perform the audit such that material misstatements affecting the presentation of the assets, liabilities, financial position and profit or loss in the consolidated financial statements and in the consolidated management report are, having regard to German accounting principles, detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the company, as well as evaluations of possible misstatements, are taken into account in determining the audit procedures. The effectiveness of the internal control system and the evidence supporting the disclosures in the consolidated financial statements and the consolidated management report are examined primarily by conducting spot checks within the framework of the audit. During the audit, we assess the annual financial statements of the companies included in the consolidated financial statements, the classification of companies as part of the consolidated Group, the accounting and consolidation principles applied and the significant estimates made by the Executive Board. We also evaluate the overall presentation of the consolidated financial statements and the consolidated management report. We believe that our audit provides a sufficiently sound basis for our opinion.

Our audit has not led to any adverse findings.

In our opinion and based on the findings obtained during the audit, the consolidated financial statements are in accordance with the IFRS, as applicable in the European Union, and the supplementary commercial law provisions applicable pursuant to section 315 a (1) HGB, and provide in accordance with these provisions a true and fair view of the assets, liabilities, financial position and profit or loss of the Group. The consolidated management report accords with the consolidated financial statements and generally conveys an accurate picture of the Group's position and accurately presents the opportunities and risks associated with future development.

Düsseldorf, 26 March 2010

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Michael Peters
Auditor

ppa. Ralf Scherello
Auditor

Wolfgang Fauter, Chairman of the Supervisory Board, OVB Holding AG

Report of the Supervisory Board

Dear shareholders,

OVB Holding AG operated in a challenging environment in the 2009 financial year. We gave advice to the Executive Board over the year under review, duly assuming our responsibilities according to the law and the articles of association. Consulting sessions with the Executive Board centred in particular on the effects of the global financial and economic crisis on the OVG Group.

Supervision and counselling in continuous dialogue with the Executive Board

The Supervisory Board of OVB Holding AG performed its tasks of providing supervision and advice as assigned by law, the articles of association and the rules of procedure in the 2009 financial year. At the seven Supervisory Board meetings held altogether in the 2009 financial year, a large number of issues as well as transactions subject to the Board's consent were up for discussion and decision.

We regularly advised the Executive Board on company management with great care and continuously followed and monitored its management decisions. The Supervisory Board was involved in all special events and decisions of relevance to the company in the course of the financial year, intensively and at an early stage. The Executive Board informed us regularly, in good time and comprehensively in written and oral reports about all aspects of importance to the company, particularly the business and financial position and their effects as well as fundamental issues of corporate planning and strategy.

Against the backdrop of the worldwide financial and economic crisis, we directed special attention in the year under review to the current situation of profitability including the risk situation, risk management and compliance. The Executive Board consulted us about the company's strategic orientation. In cases of budget variances and plan deviations, the Executive Board provided explanations to us in written and oral form. Together with the Executive Board, we discussed the reasons for those deviations thoroughly so that well-directed measures could be initiated.

We reviewed all transactions of significance to the company elaborately in our meetings on the basis of the Executive Board's reports. Following thorough assessments and discussions, the Supervisory Board gave its opinion on the reports and proposals for resolutions furnished by the Executive Board, to the extent required by law or the articles of association. Transactions subject to the Supervisory Board's consent were duly presented to us. Following in-depth discussions, the Supervisory Board gave its consent as requested by the Executive Board in each case.

In the year under review, the Chairman of the Supervisory Board was in continuous contact with the Executive Board – particularly with its Chairman – beyond the framework of Supervisory Board meetings and was thus kept up-to-date about material events with potential effects on the business situation and the Group's prospects.

With only a few exceptions, all Supervisory Board meetings were attended by all of the Board's members in the year under review. No Board member attended less than half of the meetings. The members of the Audit Committee convened four times in the year under review; with one exception, the Committee's sessions were attended by all of its members.

Matters addressed by the Supervisory Board

Business performances and the sales and earnings of the Group and its segments as well as developments regarding financial advisors and employees were the subjects of regular discussions at the Supervisory Board's meetings. The financial situation, medium-term corporate planning, the implementation of the pan-European strategy and the performances of the operating subsidiaries were also regularly addressed in the meetings. Apart from the Supervisory Board meetings' recurring topics of debate, issues of corporate governance and compliance and matters relating to Executive Board remuneration were discussed as well.

Discussions at the Supervisory Board meeting of 19 January 2009 centred particularly on the effects of the financial and economic crisis on corporate planning.

In its meeting held on 26 March 2009, the Supervisory Board approved the financial statements and consolidated financial statements for the 2008 financial year after in-depth discussion and gave its consent to the proposal of the Executive Board for the appropriation of profits for the 2008 financial year.

In the Supervisory Board meeting of 12 June 2009, right before the Annual General Meeting held that same day, the Executive Board gave a report to the Supervisory Board on the present business performance.

Primarily Executive Board matters were discussed in the Supervisory Board meeting of 21 July 2009. By resolution of the same day, the Supervisory Board withdrew the appointments of Michael Frahnert as Executive Board member and the Board's Chairman with immediate effect. This action coincided with the Supervisory Board's appointment of Wilfried Kempchen as member of the Executive Board with immediate effect.

Apart from the discussion of the current financial situation of the Group and the individual segments, the focal points of debate during our meeting of 12 August 2009 were the interim report for the first half-year 2009, personnel issues and adjustments to the assignment of responsibilities and the rules of procedure.

In its meeting held on 4 September 2009, the Supervisory Board gave its consent to changes in personnel at several subsidiaries proposed by the Executive Board.

The Supervisory Board meeting of 4 December 2009 focused once more on the current business performances of the segments and the Group. Resolutions on further changes in personnel at the subsidiaries were passed as well.

In addition, the Supervisory Board also passed two resolutions in the written procedure outside the framework of its meetings in the year under review. These resolutions concerned the appointment of Wilfried Kempchen as the Chairman of the holding company's Executive Board and a capital measure involving a subsidiary.

Audit Committee

The Audit Committee established by the Supervisory Board discussed the effects of the global financial crisis regularly and comprehensively, considering strategic issues and the financial statements for 2009.

Subject of elaborate debate in the year under review were also the Group's interim reports as well as the audit retainer for the 2009 financial year.
Prior to the Supervisory Board's balance sheet meeting, the Audit Committee dealt primarily with the financial statements and consolidated financial statements of OVB Holding AG, the auditor's reports and the Executive Board's proposal for the appropriation of profits. Another topic of that same Committee meeting was the Executive Board's report on the relationships with affiliated companies. Regular issues were also the risk management and its development as well as the compliance measures within the OVB Group.

In its meeting held in September 2009, the Committee was informed in the presence of the Group auditor's certified accountants in detail about the scope, the procedure and the priorities of the 2009 audit of financial statements. The effects on the Group expected from the German Accounting Law Modernisation Act (Bilanzrechtsmodernisierungsgesetz), which came into force in 2009, were discussed as well.

In December 2009, the Committee concerned itself with the company's compliance based on the compliance report. Furthermore, the members of the Committee received a report on the activities of the in-house audit department in the year 2009.

The Audit Committee also obtained a statement of independence from the auditor in accordance with No. 7.2.1 of the German Corporate Governance Code and monitored the auditor's independence.

There are no other Supervisory Board Committees. All issues of relevance are instead addressed at the Supervisory Board meetings.

Corporate governance and declaration of compliance
The Supervisory Board continuously observed the development of the standards of corporate governance in the past financial year. In accordance with No. 3.10 of the German Corporate Governance Code, the Executive Board's report on corporate governance at OVB included on pages 92 to 95 of this Annual Report is delivered on behalf of the Supervisory Board, too. The Supervisory Board constantly discussed the implementation of the Code's recommendations and particularly concerned itself with the amendments to the Code decided by the Government Commission on the German Corporate Governance Code in its session of 18 June 2009.

The corporate governance standards of OVB Holding AG, jointly developed and decided by Supervisory Board and Executive Board, were also adapted to the amendments to the Code and released with the updated declaration of compliance in March 2010.

Audit of financial statements and consolidated financial statements
PricewaterhouseCoopers AG, Wirtschaftsprüfungsgesellschaft, Düsseldorf, appointed auditor by shareholders' resolution at the Annual General Meeting of 12 June 2009 and retained by the Supervisory Board, audited the financial statements and the management report of OVB Holding AG for the year ended 31 December 2009, prepared in accordance with the German Commercial Code (HGB), and the consolidated financial statements and the consolidated management report for the year ended 31 December 2009, prepared in accordance with the International Financial Reporting Standards IFRS as applicable in the European Union, and issued an unqualified auditor's opinion on said financial statements and reports.

The financial statements and consolidated financial statements, the management report and the consolidated management report, the Executive Board's proposal for the appropriation of profits and the auditor's reports were submitted to the members of the Supervisory Board by the Executive Board in good time. The Audit Committee conducted a thorough preliminary review of these documents and discussed them in its meeting which was also attended by the auditor. In addition to the audit reports provided in writing, the auditor gave an oral report to the Committee on the key findings of its audit and was also available to the Committee members for further information. The Audit Committee subsequently informed the Supervisory Board about its preliminary review of the audit documents, the auditor's findings and the auditor's explanations.

After concluding its own review and following the recommendations of the Audit Committee, the Supervisory Board agrees with the auditor's findings as there were no objections to the financial statements or the consolidated financial statements. The Supervisory Board approves the financial statements for 2009 which are thus deemed adopted. The consolidated financial statements for 2009 are approved as well. The Supervisory Board also agreed with the Executive Board's proposal for the appropriation of profits on the basis of its own review.

The Executive Board's report on relationships with affiliated companies was provided to the Supervisory Board together with the associated auditor's report. The auditor made the following audit statement in the audit report: "On the basis of our mandatory audit and evaluation, we confirm that

1. the factual disclosures contained in the report are correct,
2. the consideration paid by the Company for the transactions listed in the report was not unreasonably high or any disadvantages have been offset."

The Supervisory Board reviewed the Executive Board's report on relationships with affiliated companies and the associated auditor's report and endorses the auditor's findings. Based on the conclusion of its own review, the Supervisory Board confirms that there were no objections to the Executive Board's concluding statement of its report on relationships with affiliated companies.

Changes in membership of the Boards

Supervisory Board member Jörn Stapelfeld resigned from his Board membership effective as of midnight, 31 December 2009. In his stead, the District Court (Amtsgericht) Cologne appointed Winfried Spies new member of the Supervisory Board by court order of 28 December 2009, effective 1 January 2010.

We have expressed our thanks to Jörn Stapelfeld for the good teamwork and his valuable support on the Supervisory Board over the past years.

Dismissed by the Supervisory Board, Michael Frahnert left the Executive Board effective 21 July 2009. Effective that same day, Wilfried Kempchen was newly appointed to the Executive Board of OVB Holding AG. Wilfried Kempchen was appointed Chairman of the Executive Board effective 13 October 2010.

In its meeting of 4 December 2009, the Supervisory Board appointed Mario Freis as the Executive Board's third member effective 1 January 2010, responsible for International Sales.

The Supervisory Board would like to express its gratitude and pay tribute to the acting members of the Executive Board, the management boards and executives of the subsidiaries, and all of the OVB Group's financial advisors and employees for their personal commitment and the performances they delivered under challenging conditions.

Cologne, 26 March 2010
The Supervisory Board

Wolfgang Fauter
Chairman

Corporate Governance

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

On behalf of the
Supervisory Board

Wilfried Kempchen

Oskar Heitz

Mario Freis

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 provison 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 Appropriatenes 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	**Basic salary (not performance-based)**		**Variable remuneration (performance-based)**		**Total**	
Executive Board member	**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**

**Part of the management report*

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	**Fixed salary**		**Variable component**		**Total**	
Supervisory Board member	**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

Company Boards and memberships of relevance

Members of the company's *Executive Board* are:

Executive Board	Memberships of Supervisory Boards and comparable supervisory bodies:
Wilfried Kempchen, *Kaufmann* Chairman of the Executive Board (since 13 October 2009), previously member of the Executive Board (since 21 July 2009) Responsible for Corporate Development, European Marketing, European Product Management, European Training, Auditing, Press and Public Relations	- Chairman of the Administrative Board of OVB Vermögensberatung (Schweiz) AG, Baar (since 16 September 2009); - Member of the Supervisory Board of OVB Allfinanz Slovensko a.s., Bratislava, Slovakia (since 18 August 2009); - Member of the Supervisory Board of OVB Allfinanz a.s., Prague, Czech Republic (since 12 October 2009)
Oskar Heitz, *Bankkaufmann* Member of the Executive Board Finances and Administration Responsible for Corporate Accounting, Finances, Tax, Controlling, HR, Legal, Investor Relations, Coordination of European IT, Data Protection	
Mario Freis, *Versicherungsfachwirt (IHK)* (since 1 January 2010) Member of the Executive Board International Sales	- Member of the Supervisory Board of OVB Allfinanz Slovensko a.s., Bratislava, Slovakia; - Member of the Administrative Board of OVB Vermögensberatung (Schweiz) AG, Baar (since 17 September 2009)
Michael Frahnert, *Diplom-Kaufmann* Chairman of the Executive Board, OVB Holding AG (until 21 July 2009) Chairman of the Executive Board, OVB Vermögensberatung AG (until 21 July 2009)	- Chairman of the Administrative Board of OVB Vermögensberatung (Schweiz) AG, Baar (until 28 July 2009)

Members of the company's *Supervisory Board* are:

Supervisory Board	Memberships of Supervisory Boards and comparable supervisory bodies:
Wolfgang Fauter, *Diplom-Kaufmann* 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	- Chairman of the Supervisory Board of OVB Vermögensberatung AG, Cologne; - Chairman of the Supervisory Board of DR Bausparkasse AG, Hamburg; - Member of the Supervisory Board of DePfa-Holding Verwaltungsges. mbH, Frankfurt; - Member of the Supervisory Board of Roland Rechtschutz-Versicherungs-AG, Cologne; - Chairman of the Supervisory Board of SIGNAL Biztosito ZRt., Budapest, Hungary; - Chairman of the Supervisory Board of SIGNAL IDUNA Polska Towazystwo Ubezpieczen S.A., Warsaw, Poland; - Chairman of the Supervisory Board of SIGNAL IDUNA Zyce Polska Towarzystwo Ubezpieczen S.A., Warsaw, Poland; - Chairman of the Supervisory Board of SIGNAL IDUNA Asigurari de Viata S.A., Bucharest, Romania
Jens O. Geldmacher, *Diplom-Kaufmann* 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	- Deputy Chairman of the Supervisory Board of OVB Vermögensberatung AG, Cologne; - Deputy Chairman of the Supervisory Board of Deutscher Ring Bausparkasse AG, Hamburg; - Chairman of the Supervisory Board of SIGNAL IDUNA Vertriebspartnerservice AG, Dortmund (since 22/06/2009); - Member of the Supervisory Board of Roland Schutzbrief Versicherung AG, Cologne
Christian Graf von Bassewitz, *Banker (ret.)*	- Member of the Supervisory Board of Aareal Bank AG, Wiesbaden; - Member of the Supervisory Board of Bank für Sozialwirtschaft AG, Cologne; - Member of the Supervisory Board of Deutscher Ring Krankenversicherung a.G., Hamburg; - Member of the Supervisory Board of Sozietät Chorvs AG; Düsseldorf; - Deputy Chairman of the Supervisory Board of Balance Vermittlungs- und Beteiligungs AG, Hamburg; - Member of the Supervisory Board of SIGNAL IDUNA Holding AG, Dortmund (since 26/03/2009); - Member of the Supervisory Board of SIGNAL IDUNA Allgemeine Versicherungs AG, Dortmund (since 26/03/2009)

Supervisory Board	Memberships of Supervisory Boards and comparable supervisory bodies:
Marlies Hirschberg-Tafel, *Diplom-Mathematikerin* Member 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	- Member of the Supervisory Board of OVB Vermögensberatung AG, Cologne; - Chairwoman of the Supervisory Board of SIGNAL IDUNA Pensionskasse AG, Hamburg; - Member of the Supervisory Board of Deutscher Ring Bausparkasse AG, Hamburg; - Member of the Supervisory Board of Deutscher Ring Maklermanagement AG, Hamburg; - Chairwoman of the Supervisory Board of ALLWEST Allgemeine Westfälische Sterbekasse, Dortmund; - Member of the Supervisory Board of SDV Servicepartner der Versicherungsmakler AG, Augsburg
Michael Johnigk, *Diplom-Kaufmann* Member 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	- Deputy Chairman of the Supervisory Board of SIGNAL IDUNA Vertriebspartnerservice AG, Dortmund (until 22/06/2009); - Chairman of the Supervisory Board of ALLRECHT Rechtschutzversicherung AG, Düsseldorf; - Deputy Chairman of the Supervisory Board of ALLWEST Allgemeine Westfälische Sterbekasse, Dortmund; - Member of the Supervisory Board of OVB Vermögensberatung AG, Cologne; - Member of the Supervisory Board of ADLER Verwaltungs AG, Hamburg; - Member of the Supervisory Board of Sana Kliniken AG, Munich; - Member of the Supervisory Board of DEURAG Deutsche Rechtsschutzversicherung AG, Wiesbaden; - Member of the Supervisory Board of BCA AG, Homburg (since 20/08/2009); - Member of the Supervisory Board of SDV Servicepartner der Versicherungsmakler AG, Augsburg (since 07/09/2009) - Deputy Chairman of the Supervisory Board of SIAM SIGNAL IDUNA ASSET MANAGEMENT GmbH, Hamburg; - Member of the Supervisory Board of Sana-Klinikum Remscheid GmbH, Remscheid

Supervisory Board	Memberships of Supervisory Boards and comparable supervisory bodies:
Jörn Stapelfeld, *Diplom-Betriebswirt* Member of the Supervisory Board (until 31/12/2009) Chairman of the Executive Board of Generali Lebensversicherungs AG, Munich (until 31/07/2009) Chairman of the Executive Board of Generali Beteiligungs- und Verwaltungs AG, Munich (until 31/07/2009) Deputy Chairman of the Executive Board of Generali Versicherung AG, Munich (until 31/07/2009)	- Member of the Supervisory Board of OVB Vermögensberatung AG, Cologne (until 31/12/2009); - Chairman of the Supervisory Board of Volksfürsorge AG Vertriebsgesellschaft für Vorsorge- und Finanzprodukte, Hamburg (until 31/07/2009); - Deputy Chairman of the Supervisory Board of Generali Deutschland PENSOR Pensionsfonds AG, Frankfurt/Main, (until 31/07/2009): - Member of the Supervisory Board of Volksfürsorge Pensionskasse AG, Hamburg (until 31/07/2009); - Deputy Chairman of the Supervisory Board of Commerz Partner GmbH, Frankfurt/Main (until 31/07/2009); - Deputy Chairman of the Supervisory Board of ATG Alster Touristik GmbH, Hamburg (until 10/12/2009)
Winfried Spies, *Diplom-Mathematiker* Member of the Supervisory Board (since 01/01/2010) Chairman of the Executive Board of Generali Versicherung AG, Munich (since 01/08/2009); Chairman of the Executive Board of Generali Lebensversicherung AG, Munich (since 01/08/2009); Member of the Executive Board of Generali Deutschland Holding AG, Cologne	- Member of the Supervisory Board of OVB Vermögensberatung AG, Cologne (since 01/01/2010); - Chairman of the Supervisory Board of Volksfürsorge AG Vertriebsgesellschaft für Vorsorge- und Finanzprodukte, Hamburg (since 01/08/2009); - Chairman of the Supervisory Board of Advocard Rechtsschutzversicherung AG, Hamburg; - Chairman of the Supervisory Board of Europ Assistance Versicherungs-AG, Munich; - Deputy Chairman of the Supervisory Board of Cosmos Lebensversicherungs-AG, Saarbrücken; - Deputy Chairman of the Supervisory Board of Cosmos Versicherung AG, Saarbrücken (since 17/03/2009); - Deputy Chairman of the Supervisory Board of Dialog Lebensversicherungs-AG, Augsburg; - Deputy Chairman of the Supervisory Board of ENVIVAS Krankenversicherung AG, Cologne; - Member of the Supervisory Board of Central Krankenversicherung AG, Cologne; - Chairman of the Supervisory Board of Generali Deutschland Schadenmanagement GmbH, Cologne; - Chairman of the Supervisory Board of Pensionskasse der Angestellten der Thuringia Versicherungs-AG, Cologne (since 12/11/2009); - Member of the Supervisory Board of Bank1Saar, Saarbrücken

Financial Calendar

30 March 2010	Publication of the annual financial statements for 2009, Annual Report 2009, press conference, analyst conference, Frankfurt/Main
12 May 2010	Results for the first quarter of 2010
11 June 2010	Annual General Meeting, Cologne
12 August 2010	Results for the second quarter of 2010
5 November 2010	Results for the third quarter of 2010

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Imprint

Published by OVB Holding AG · Heumarkt 1 · 50667 Cologne · Tel.: +49 (0) 221/20 15 -0 · Fax: +49 (0) 221/20 15 -264 · www.ovb.ag **Concept and editing** PvF Investor Relations · Hauptstraße 129 · 65760 Eschborn **Design** Sieler Kommunikation und Gestaltung GmbH · Schubertstraße 14 60325 Frankfurt am Main **Printing and processing** DFS Druck Brecher GmbH · Rheinische Allee 5 · 50858 Cologne

Our Annual Report is published in German and English

Key figures for the regions

Central and Eastern Europe

	Unit	2008	2009	Change
Clients (31/12)	Number	1.76m	1.77m	+ 0.6 %
Financial advisors (31/12)	Number	2.994	2.697	-9.9 %
Total sales commission	Euro million	122.7	84.3	-31.3 %
Earnings before interest and taxes (EBIT)	Euro million	22.2	9.2	-58.6 %
EBIT margin*	%	18.1	10.9	-7.2 %-pts.

*Based on total sales commission

Germany

	Unit	2008	2009	Change
Clients (31/12)	Number	693,600	693,100	-0.1 %
Financial advisors (31/12)	Number	1,105	1,323	+19.7 %
Total sales commission	Euro million	85.2	77.0	-9.6 %
Earnings before interest and taxes (EBIT)	Euro million	7.4	7.1	-4.0 %
EBIT margin*	%	8.7	9.2	+0.5 %-pts.

*Based on total sales commission

Southern and Western Europe

	Unit	2008	2009	Change
Clients (31/12)	Number	318,950	308,150	-3.4 %
Financial advisors (31/12)	Number	763	644	-15.6 %
Total sales commission	Euro million	52.3	40.3	-22.8 %
Earnings before interest and taxes (EBIT)	Euro million	6.5	1.2	-81.6 %
EBIT margin*	%	12.4	3.0	-9.4 %-pts.

*Based on total sales commission

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