Annual Report 2010

Financial Service Provider for Europe

Facts about OVB

- 40 years of experience
- active in 14 countries
- 2.8 million clients
- 4,600 financial advisors
- 456,000 new contracts a year
- over 100 product partners

40 years of success

For 40 years OVB has been advising its clients on all aspects of private provision, asset generation, asset protection and real estate acquisition. The satisfaction of our clients provides the basis of OVB's business success. This guiding principle has been determining for four decades how our financial advisors and employees think and how they act – first in Germany, today in 14 European countries.

OVB's financial advisors support our clients comprehensively in a trusting relationship, often over many years. Therefore they have a clear conception of the right products with the right performance features to suit the clients' individual requirements best. We are presenting our product portfolio with the design concept of this annual report.

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Key figures for the OVB Group

Key operating figures

	Unit	2009	2010	Change
Clients (31/12)	Number	2.77 m	2.80 m	+1.1 %
Financial advisors (31/12)	Number	4,664	4,600	-1.4 %
New business	Number of contracts	495,946	456,165	-8.0 %
Total sales commission	Euro million	201.6	197.3	-2.1 %

Key financial figures

	Unit	2009	2010	Change
Earnings before interest and taxes (EBIT)	Euro million	9.6	4.8	-50.0 %
EBIT margin*	%	4.8	2.4	-2.4 %-pts.
Consolidated net income	Euro million	8.8	4.0	-54.5 %

*Based on total sales commission

Key figures for OVB shares

	Unit	2009	2010	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	0.61	0.28	-54.1 %
Dividend per share*	Euro	0.50	0.50	±0.0 %

*For the respective financial year; proposed dividend for 2010

Mario Freis
Member of the Executive Board,
International Sales

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

Wilfried Kempchen
Chairman of the Executive Board

- Born in 1944, businessman.
- With OVB since fourty years.
- 2009 Member of the Executive Board, Chairman of the Executive Board of OVB Holding AG and 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 twenty 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,

in 2010 the global economy recovered faster than expected from its collapse in the year before. Fortunately the German economy benefited especially from this development due to its pronounced international orientation. Then again, new uncertainties arose in the course of the year 2010 from the tight debt situation of some euro nations. Debates on the stability of the financial markets and even the European single currency were the order of the day.

This altogether mixed picture is also reflected in the 2010 business performance of OVB, active in 14 European countries as one of the leading financial service providers. While our Central and Eastern Europe segment was able to increase brokerage income considerably by more than 10 per cent, Germany and particularly Southern and Western Europe fell short of the prior-year figures. In view of the difficult economic situation in Greece and Spain it is not surprising that the willingness and ability of private households to engage in private retirement savings is limited at present. However, total sales commission of Euro 197.3 million generated by OVB throughout Europe came close to the prior-year level. Thus we fulfilled our sales forecast for the year 2010, anticipating close to Euro 200 million. The same holds true for our forecast with respect to operating income which came to Euro 4.8 million. At the Annual General Meeting held on 10 June 2011, Executive Board and Supervisory Board will propose to the shareholders the payment of a dividend of Euro 0.50 per share from the consolidated net income of Euro 4.0 million.

In 2010 we were able to celebrate OVB's 40th anniversary. From the most humble beginnings, our company evolved within four decades into an internationally leading financial service provider. 40 years of success – this gives proof of the fact that OVB has a coherent and sustainable business model. Yet above all it is the people, today just as 40 years ago, that make OVB successful, people who identify completely and enthusiastically with their jobs, who work for their personal success and commit themselves to OVB. Therefore we are optimistic that we will be able to continue OVB's success story.

Ladies and gentlemen, OVB started the year 2011 with great optimism but with the necessary drive as well. This year we want to increase our sales and earnings and transform business potential into profitable growth. We would be happy if you kept joining us on this path.

Kind regards

Wilfried Kempchen
Chairman of the
Executive Board

Oskar Heitz
Executive Board
Finances and Administration

Mario Freis
Executive Board
International Sales

Unit-linked provision products

Unit-linked life insurance and unit-linked pension policies combine security with the opportunities of the capital market. A broad diversification of investments over different business fields and countries limits the risk involved.

Clients

Investors with long-term horizons looking for additional opportunities for returns.

OVB

More than two thirds of our new business in the Central and Eastern Europe segment comprise unit-linked provision products. Especially our clients in the Czech Republic, in Hungary and Poland favour this product group.

40 years of success

In the year 1970 OVB started out as the “Organization for the Brokerage of Building Society Savings Contracts” – now we are one of the leading financial service providers in Europe. Let us look back.

How is it possible for a company to work its way up from the most humble beginnings to become an international group within four decades? It takes a clear, coherent business model driven by fundamental trends in economy and society. And it takes people who bring this business model to life with great enthusiasm, day by day. OVB has had both of these two deciding factors for success ever since its formation in the year 1970 and still has them today.

Otto Wittschier founded OVB together with Bruno Tönnes and Bert Schwarz. Their common goal: client-oriented advisory service offered to private households on the subject of building society savings contracts, one of the very first state-subsidised financial products 40 years ago. Finding the name for the company was easy – OVB started as the “Organisation zur Vermittlung von Bausparverträgen” (Organization for the Brokerage of Building Society Savings Contracts) in March 1970 as a partnership under the German Civil Code (GbR) in the city of Cologne. At a time when most financial products were still sold over the bank counter or on behalf of a single supplier, OVB had considerable advantages right from the start. Its financial advisors could address the clients’ needs with tailored solutions on the basis of an increasingly broad portfolio of products from various suppliers. They also find themselves in the position to dynamically increase their personal and OVB’s success potential by acquiring new sales agents. That way today’s CEO Wilfried Kempchen comes onboard OVB in July 1971. He studies sales work from scratch and soon excels as an outstanding financial advisor.

Logo OVB in the course of time

1970

1979

1989

1998

From today’s viewpoint, the 1970s in Germany were a decade of increasing prosperity without any grave social problems. In eight out of ten years, the economic performance increased by more than three per cent in real terms. The number of unemployed people came to some 150,000 in the West Germany of 1970 and peaked at around one million in this decade. Today we consider it a success if the unemployment figure drops below the three-million threshold. At the end of 1970 the debt position of the Federal Republic of Germany was barely the equivalent of Euro 24 billion, in April 2009 the one-thousand-billion-euro mark was passed. The “start-up” OVB developed quickly and successfully in that prevailing favourable

We give back a part of our success to society

economic climate. In the year 1981 the company moved into the building at Cologne's Heumarkt where the group head office is still located today. In 1983 the OVB relief organisation "Menschen in Not e.V." (People in Need) was founded in order to add social commitment to economic success. More than Euro 3.5 million have since been given to charity exclusively by OVB staff through this relief organisation. With the establishment of the OVB leadership and management academy in the year 1989, OVB laid the cornerstone of an exemplary qualification programme, the only one of its kind in the competition, which represents the foundation of expert and executive careers in the OVB Group: Because you can provide good advice to your clients only if you have had excellent training.

Over the following decade, determined primarily by the dissolution of the Eastern Bloc, the signs were set for OVB's international expansion. As obvious as the idea may be to transfer a tried and tested business model to other national markets, as demanding and time-consuming is its realisation. OVB decided at the beginning of the 1990s to follow the path of organic and sustainable growth in selected foreign markets. The emphasis of the international expansion was placed from the outset on the EU acceding countries in Central and Eastern Europe and the neighbouring coun-

The high degree of internationalisation is one of OVB's essential strengths

The stock exchange listing increases the awareness of the brand OVB throughout Europe

tries in this region. Meanwhile OVB is active in thirteen European countries besides Germany. In some of these, for instance in the Czech Republic and in Slovakia, OVB assumes a market leading position. The lead we have worked for as a pioneering company of the industry in many markets cannot be caught up with in the short term. The brand OVB has established itself in Europe.

Driven by the commitment and willingness to perform of its financial advisors and employees, OVB reached and exceeded the mark of Euro 250 million for total sales commission in the first decade of the third millennium. The “start-up” had evolved into an international financial service provider. OVB took account of this development by finding a new name and a new legal form in 2000 as OVB Vermögensberatung Aktiengesellschaft. Only a few years later the company was given the group structure it has today. OVB Holding AG holds 100 per cent of the shares in each of the 14 operating subsidiaries. On 21 July 2006 OVB launched its IPO: Three million shares are placed primarily to institutional investors at a share price of Euro 21.00 each. OVB invests the issue proceeds of some Euro 64 million in the further business expansion. The inclusion in the Prime Standard of the Deutsche Börse requires the highest quality in accounting and transparency. At the same time the stock exchange listing increases the awareness of the brand OVB throughout Europe and strengthens the confidence of clients, financial advisors and product partners in the company.

OVB’s long-term corporate development follows a clear strategic orientation. The business model focuses on the deciding step in adding value: client advisory service and sales. Consistent client orientation is the deciding success factor in sales. OVB has kept following this same guideline since its formation. The resulting great sales power of OVB is held in high regard by our product partners. In 1985 Deutscher Ring took a share in OVB, in 1993 Volksfürsorge followed suit, in 1996 Signal Iduna joined the circle of shareholders and since summer 2010 it has held the majority of voting rights in OVB Holding AG. Private retirement provision, the protection against risks, the generation of assets and the financing of residential property are, despite the temporary blowback of the 2009 financial crisis, a growth market in which OVB is very well positioned. It offers OVB manifold opportunities for new success over the next 40 years.

Classic provision products

Classic life insurance and pension policies are important components of individual retirement provision. Due to the guaranteed minimum return, retirement can be reliably planned.

Clients

Forward-looking and security-conscious clients who are aware of the necessity of additional private retirement provision.

OVB

Private retirement provision represents a mainstay of our consulting work. Life insurance policies are often combined with supplementary elements such as additional nursing care or disability insurance.

Interview

The management team of OVB Holding AG begins the financial year 2011 with verve and optimism. We want to know more about that.

■ *The financial year 2010 was certainly not a "great vintage". What were the effects that characterised the business performance?*

Wilfried Kempchen: The start of financial year 2010 was rather restrained because the uncertainties resulting from the financial crisis still reverberated. In the course of the year, however, we noticed stimulation of business particularly in Central and Eastern Europe.

Oskar Heitz: Even back in 2009 we scrutinised those cost items that are not directly linked to sales. And we continued this cost-cutting policy consistently through 2010. Thus we managed to reduce other operating expenses by another 13.6 per cent compared to 2009 after having cut them already by 10 per cent in the year before.

"Our financial advisors are right at the centre of OVB's business model."

Mario Freis: It should not go unmentioned that we had to suffer losses in sales particularly in the first half-year due to desertions of financial advisors in Switzerland and in France.

■ *How relevant were the changes in commission structures in favour of the sales force that were implemented in April 2010?*

Wilfried Kempchen: Our financial advisors are right at the centre of OVB's business model. They establish client proximity and know our clients' requirements and needs. With the new commission structure we have strengthened the sales force of OVB. This measure has increased commission expenses in the short term; in the medium and long term the stimulating effects will result in increasing earnings.

Oskar Heitz: Our new commission structure for sales agents comprises several components. While our financial advisors benefit increasingly from new business commission now, we have cut down on general bonuses. Our remuneration system has become even more performance-oriented, if you will. It is also adapted to the market and transparent.

Mario Freis: We initially implemented the new commission structure in six national markets in 2010. The success in these markets proves us right.

■ *According to the financial market panel of the Society for Consumer Research (GfK), the new business ratio of insurance policies sold to private households in Germany dropped from 20 per cent to 15 per cent between 2004 and 2009. Are there indications of market saturation?*

Wilfried Kempchen The 2009 figure should be regarded as a snapshot made in a year when the economic performance in Germany dramatically collapsed by close to 5 per cent. The fundamental forces of growth driving our market are in my opinion still intact: the demographic development and the declining efficiency of the states' contribution-based social protection networks.

Oskar Heitz: The demand for expert advice relating to financial products is higher today than ever. This is due to the clients' increased awareness and the ever more complicated socio-political framework. Anyone who regularly reads the politics and business sections of his newspaper will inevitably come to the conclusion that there is just no way past private provision and protection.

Mario Freis: The market potential OVB has opened through its early and broad internationalisation adds to that. None of our competitors is active in 14 European countries. The markets in Central and Eastern Europe have recovered from the blowback of the global economic crisis sooner than expected and are now clearly on a course of expansion again.

"The demand for expert advice is higher today than ever."

■ *Speaking of internationalisation: Are there plans for the development of new foreign markets?*

Wilfried Kempchen: OVB has proven many times that the company is capable of successfully penetrating new markets with entrepreneurial spirit and a long-term approach. We will keep applying our tried and tested business model to new national markets. At the moment, though, our focus is on tapping the potential of those markets in which we operate already.

Oskar Heitz: To put this straight: We do not consider the business results achieved in 2009 and 2010 satisfactory. A profit margin below 5 per cent – as recorded in the two previous years – is not acceptable. We think we can come up with an EBIT margin for the Group between 6 and 8 per cent in the short term; in the longer term a higher margin should be achievable. This is what we are working for.

Mario Freis: While the sales growth is the deciding factor. Take the year 2008 for example when we generated total sales commission of Euro 260 million. This is where we want to be again in the medium term.

■ *What are the concepts based on which you want to achieve increased sales and improved earnings?*

Wilfried Kempchen: The self-employed financial advisor represents the deciding factor. We must support him in his daily work, provide an attractive product portfolio, organise the professional training indispensable for qualified advisory service, and release him from administrative work by means of sophisticated IT. In turn we expect the unconditional willingness to perform and the ability to motivate oneself and others time and again. Growth implies that each of our financial advisors will reach ambitious sales targets and that we continuously add new performance-oriented financial advisors to the team.

Oskar Heitz: Sales growth is possible in our business only if you align your efforts consistently with the requirements of the clients. Our clients highly regard OVB as a reliable partner with a long-term advisory concept. The call for our financial advisors is: Listen closely, analyse carefully and present offers suited to needs. This is how you achieve client satisfaction and thus client loyalty as the basis of any financial advisor's success.

"Our goal for the future is to resume the growth periods of the past once again."

Mario Freis: OVB has assumed a leading position in many markets of Central and Eastern Europe. The market penetration of products for private provision and asset generation is still comparably low. We will benefit from the current upswing. In Southern and Western Europe OVB scores against the traditionally strong banks and insurance companies with its sophisticated advisory approach and a portfolio of products from different suppliers available under one roof.

■ *What business performance do you expect for 2011/2012?*

Wilfried Kempchen: We want to increase sales, and we will, compared to the two previous years that were both burdened by special items. Earnings are scheduled to grow faster than sales.

Oskar Heitz: After the measures for improved efficiency implemented in the last two years, OVB's position is lean and powerful. I am optimistic that we will achieve an improvement of earnings.

Mario Freis: Financial advisors and employees of OVB share a strong team spirit. We coped with the difficult phase 2009/2010 better than many others. Our goal for the future is to resume the growth periods of the past once again.

Property and accident insurance

Third-party liability – property – automobile – accident: Basic insurance policies that cover the general risks of life and are therefore indispensable.

Clients

Every individual and every family with a sense of responsibility.

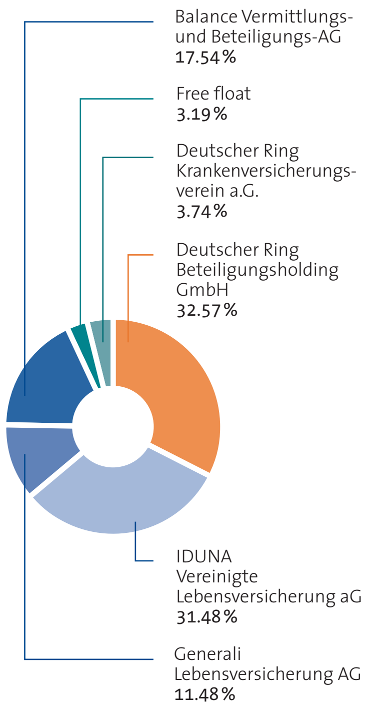
OVB

From the unmanageable multitude of offers, we compile a proper product portfolio with an attractive price/performance ratio for our clients.

Share Performance and Investor Relations

Changed shareholder structure – lower trading volume

Shareholder structure of OVB Holding AG
as of 31/12/2010



From its peak of Euro 33.50 at the beginning of the year 2010, the price of the OVB share went down to Euro 18.72 by the end of June. Following the announcement of the voluntary public takeover bid of the SIGNAL IDUNA Group, the share price climbed again to a level around Euro 25. Until mid-August the share price moved sideways with very slight fluctuations. The price fell to Euro 20.50 in the further course of the year. At the end of the year the OVB share was quoted at Euro 27.00 and was thus able to compensate for its losses of the second half-year.

As the major shareholders increased their stakes, the free float went down to 3.2 per cent in the course of the year. As another consequence, the average monthly trading volume of the OVB share continued to decline as well, to 20.927 shares in the year 2010; in the fourth quarter an average number of close to 4,200 shares were traded monthly. The number of shares cleared and settled through the electronic trading system Xetra fell to roughly 72 per cent in favour of the floor trade at the Frankfurt Stock Exchange.

Share data

WKN / ISIN code	628656 / DE0006286560	
Börsenkürzel / 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 33.50	(04/01/2010)
High	Euro 33.87	(08/01/2010)
Low	Euro 18.72	(02/06/2010)
Last	Euro 27.00	(30/12/2010)
Market capitalisation	Euro 385 million	(30/12/2010)

Building society savings contracts / financing

Homeownership is an important part of retirement provision. In addition, necessary modernisation requires considerable financial means. The building society savings contract thus represents an essential component of financing.

Clients

From younger people who want to own residential property to homeowners who want to implement new energy standards.

OVB

Owner-occupied houses and modernisation efforts are supported by the state in many countries. OVB provides a broadly diversified range of products for real estate financing.

Consolidated Management Report 2010 of OVB Holding AG

Summary

The year 2010 was determined by a fast economic recovery even though some countries are still struggling with structural problems. The pressure on financial consolidation is curbing the economic development there and also stunts the sale of financial products. The business performance of OVB accordingly did not present a consistent image for the year 2010 throughout the 14 countries in which the company operates.

Total sales commission generated by OVB Holding AG went down 2.1 per cent from Euro 201.6 million in the year 2009 to Euro 197.3 million in the year under review. While the income from advisory services and the brokerage of financial products collected in the Central and Eastern Europe segment increased considerably by 10.6 per cent to Euro 93.2 million, total sales commission dropped 7.3 per cent to Euro 71.4 million in the segment Germany and 19.0 per cent to Euro 32.7 million – due in part to special effects – in the Southern and Western Europe segment.

Income from advisory and brokerage services relating to financial services and products reported as sales revenue was thus reduced in 2010 by 2.8 per cent from Euro 180.1 million in the previous year to Euro 175.1 million. The operating result of OVB Holding AG expressed in earnings before interest and taxes (EBIT) halved in the 2010 financial year compared to the previous year, from Euro 9.6 million to Euro 4.8 million. The EBIT margin based on total sales commission came to 2.4 per cent after 4.8 per cent in the year 2009. The EBIT of the Central and Eastern Europe segment reached Euro 8.2 million (previous year: Euro 9.2 million), the Germany segment generated Euro 5.6 million (previous year: Euro 7.1 million) and the Southern and Western Europe segment recorded an EBIT of Euro -0.5 million (previous year: Euro 1.2 million).

OVB altogether achieved a net income after non-controlling interests of Euro 4.0 million in the 2010 financial year, compared to Euro 8.8 million in 2009. Basic earnings per share, determined on the basis of 14,251,314 no-par shares, came to Euro 0.28 in 2010, after Euro 0.61 the year before (at the same number of shares). Executive Board and Supervisory Board propose to the Annual General Meeting of 10 June 2011 the payment of a dividend in the amount of Euro 0.50 per share for financial year 2010. The total dividend payout thus amounts to Euro 7.1 million as in the previous year.

In financial year 2010 OVB Holding AG reached the targets for sales and earnings communicated at an early stage. Nevertheless, the Executive Board is not satisfied with the performance of business operations and has taken additional measures for achieving improvements in sales and earnings. Business risks remain manageable and do not pose a threat to OVB's continued existence. The company's financial position is unchanged and appears extremely solid. The growth drivers behind the internationally oriented business model of OVB are intact in the medium and long term.

One of the strengths of OVB is its broad international positioning over 14 European countries. Judging from an overall assessment, probably different effects on the business performance of OVB will originate from the economies in these 14 countries in 2011 and 2012. Now it is for OVB to set the course for growth in sales and earnings. In doing this, the company will remain true to its strategy of many years, pursuing three main objectives:

- We want to increase the penetration of the markets in which we already operate.
- 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.

The efforts towards reaching these three objectives are supported by stringent cost management and permanent endeavours for making our business processes even leaner and more efficient. On this basis we want to raise our future sales and earnings.

Business activities

Across Europe, OVB stands for long-term oriented, client-focused advisory services for private households with average or higher incomes. The company cooperates 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 2.8 million clients place their trust in the advisory services provided by OVB's team of 4,600 fulltime 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's clients and financial advisors

(31/12)	2006	2007	2008	2009	2010
Clients (number in million)	2.44	2.61	2.78	2.77	2.80
Financial advisors (number)	4,210	4,765	4,862	4,664	4,600

OVB strives for sustainable and profitable growth for the entire group – i.e. continuous growth in sales at high and increasing profitability. OVB distinguishes itself from its competitors by consistently tapping into and developing 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 64 per cent of total sales commission 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.

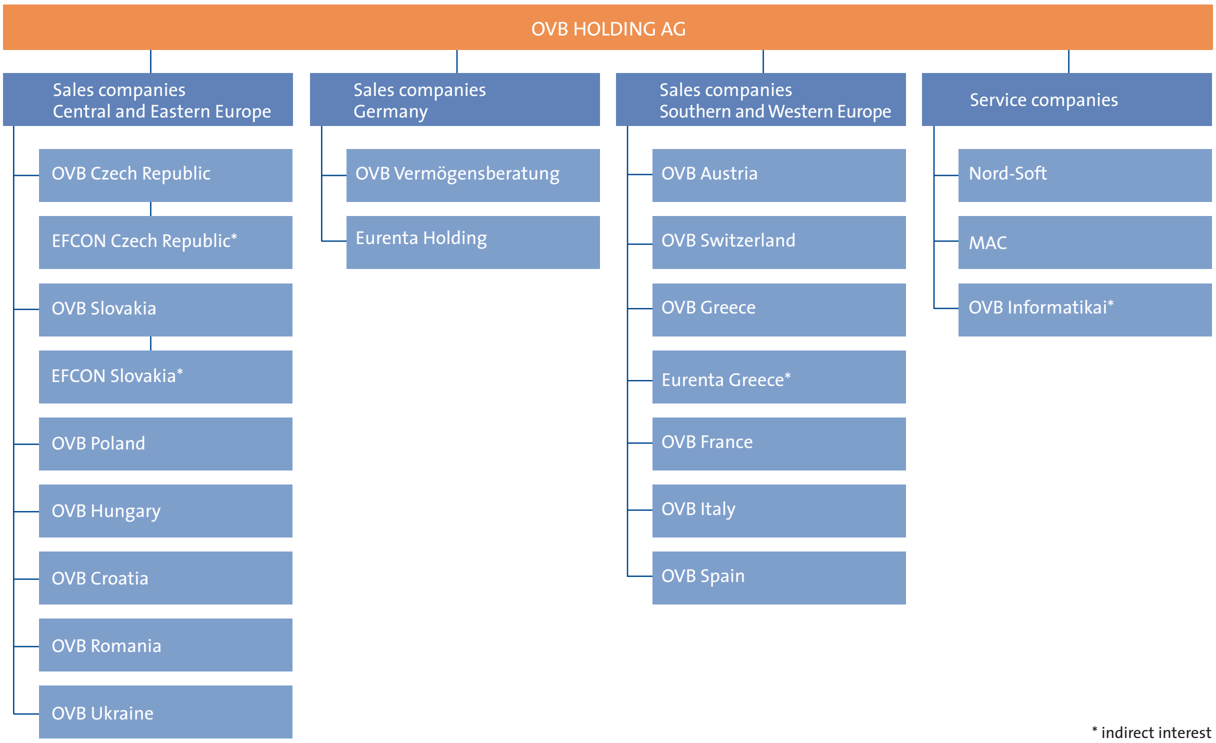
From OVB's viewpoint, manifold changes in the regulatory framework lead to a consolidation process in the industry. Against this backdrop, OVB's high-capacity infrastructure and its product portfolio suited to client requirements make OVB an attractive partner.

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 measures. 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 per cent). 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 management structure consisting of Executive Board and Supervisory Board.

As of 31 December 2010 the Executive Board has three members: Wilfried Kempchen is the Executive Board's Chairman; he is responsible for Corporate Development, European Marketing, European Training, Internal Auditing and Press and Public Relations. Oskar Heitz is Executive Board member for Finance and Administration; his responsibilities primarily include Corporate Accounting, Finance, Controlling, HR, Legal, Investor Relations, Compliance, Coordination IT Europe and Data Protection. Mario Freis is responsible for International Sales and also concerns himself with European Product Management. 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 members all of whom are elected by the Annual General Meeting.

Michael Johnigk is Chairman of the Supervisory Board as of 31 December 2010, member of the Executive Board of Deutscher Ring Krankenversicherungsverein a.G., SIGNAL Krankenversicherung a.G., IDUNA Vereinigte Lebensversicherung a.G. für Handwerk, Handel und Gewerbe, SIGNAL Unfallversicherung a.G., SIGNAL IDUNA Allgemeine Versicherung AG, SIGNAL IDUNA Holding AG, PVAG Polizeiversicherungs-Aktiengesellschaft. The Supervisory Board monitors and advises the Executive Board with regard to the company's management and regularly discusses 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 between Executive Board and Supervisory Board and on corporate governance at OVB Holding AG is presented in this Annual Report in the report of the Supervisory Board and in the chapter “corporate governance”.

Group management

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

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

Operational controlling provides support to the management of business operations. The key operational control 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 also generates sales revenue based on historic, direct contract relationships with certain product partners (so-called secondary contracts). Apart from sales and earnings before interest and taxes, the company regards various key business figures as leading indicators of the success of business operations, such as the number of financial advisors, the number of existing clients and the generation and quality of new business in the individual product categories.

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

Targets defined by the Executive Board establish the cornerstones of the annual operational budget with respect to sales, costs and earnings. 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 monthly projections for the full year and is thus enabled to respond to deviances and to adjust the initial planning.

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

In the year 2010, 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 94 of this Annual Report 2010 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 2010 the global economy recovered faster than expected from the deep recession of the year 2009. According to estimates of the World Bank, the 2010 global economic output increased by 3.9 per cent on average in real terms, while the real gross domestic product (GDP) had dropped by 2.2 per cent the year before. The key drivers of the upswing originate from the developing countries and the emerging countries, achieving an average economic growth of 7.0 per cent. The economic trend in the industrialised nations in 2010 did not show a consistent picture. The strained situation of public finance in some European countries and the resulting pressure towards consolidation curb the economic development and have led to unsettled consumers and financial markets.

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, yet it also was affected severely by the blowback in 2009. Then, parallel to the international economic trend, an economic recovery was recorded on a large scale in Central and Eastern Europe in the year 2010. Only in Romania and Croatia the GDP decreased the second year in a row in 2010, according to estimates of the European Bank for Reconstruction and Development (EBRD). In Romania, where the economic output dropped by 1.9 per cent, the reason was the financial policy for the restructuring of public finance, dictated by the International Monetary Fund (IMF) and serious budgetary constraints. In Croatia, a good tourist season could not compensate for the weakness of domestic demand so that the GDP sank by 1.3 per cent. The record growth pace in the region was achieved in 2010 by Slovakia where the economic performance climbed 4.0 per cent, supported particularly by strong export demand. The Polish economy continued its positive development with a 3.6 per cent plus. The 2010 economic growth came to 2.3 per cent in the Czech Republic, 4.5 per cent in Ukraine and 1.3 per cent in Hungary. The general conditions for the business activities of OVB in Central and Eastern Europe altogether improved again in 2010, yet the dynamics of the economic performance fell short of the trend shown in former years.

Starting point for the successful international expansion of OVB's sales network was Germany, currently the region with the second highest sales recorded in the group. The German economy grew fast in the year 2010. In real terms, the increase in the gross domestic product (GDP) of 3.6 per cent was the strongest since the reunification, according to first calculations of the Federal Statistical Office. The upswing was particularly dynamic in the first half-year, determined by catch-up effects after the economic collapse in 2009 when the GDP went down 4.7 per cent. The economic recovery took place on a broad base. Exports increased 14.2 per cent in real terms; the foreign trade balance contributed 1.1 percentage points to the overall growth. Moreover, capital expenditures in 2010 were significantly higher than in the previous year: Investments in equipment recorded a 9.4 per cent plus. Private households raised consumer spending by 0.5 per cent. Due to the swift reduction of short-time work, negotiated raises in standard wages and a higher number of people in employment, the gross average earnings and salaries increased by 2.7 per cent. As private consumer spending rose by 2.4 per cent, based on corresponding prices, the savings ratio of private households went up to 11.4 per cent, after 11.1 per cent in the previous year. The essential social and socio-political conditions in Germany continue to work towards a rising long-term demand of the private households for advice on financial matters. This opens attractive business prospects to professionally managed and solidly positioned financial service providers such as OVB. However, the uncertainty in the client target groups with regard to financial products, the providers of financial instruments and the distribution of financial products, originating in the course of the financial and economic crisis of 2008/2009, still persisted in 2010. In addition, negative reports on the strained debt situation of some euro member states and speculation on the effects on the financial markets caused unrest. All in all, the industry of financial service providers in Germany did not yet receive the tail wind expected from the economic recovery in the year 2010.

Parallel to the expansion towards Central and Eastern Europe, OVB gradually extended its business radius towards the region of Southern and Western Europe over the past years. The 2010 economic performance was very different in the individual countries. The Greek economy shrunk by 3.9 per cent in 2010 according to OECD information. The main reason for this was the rigid austerity package the government had agreed on with the European agencies in order to overcome the critical indebtedness of the nation. The economy of Spain stagnated in the past year and the unemployment rate came close to 20 per cent. Radical reforms in the unemployment and pension insurance systems are necessary in order to reduce the structural deficit in the public budget. The economic recovery remained very restrained in Italy, the GDP rose by an estimated 1.0 per cent in 2010. In France the economy is also picking up speed only gradually, its growth should have come to 1.6 per cent in 2010. On the other hand, Austria and Switzerland benefited considerably from the international economic upswing, reaching a mainly export-driven economic growth of 2.0 per cent and 2.7 per cent, respectively.

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 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.

These groundbreaking trends that support OVB's business model and strategic orientation continue to face noticeable uncertainty and cautiousness of the client target groups. Especially the commitment to long-term financial obligations as is typical of private retirement provision is met by client restraint. This stagnant demand is perceived by many financial service providers and it is curbing the industry's performance at present. Exemplary are the findings of a survey conducted by the GfK Group in October 2010 and commissioned by J.P. Morgan Asset Management. According to this survey, the number of respondents who regularly put money away each month for their retirement dropped from 44.0 per cent in spring 2010 by 2.8 percentage points to 41.2 per cent in fall 2010. The economic recovery and the improvement of the income situation of private households accordingly do not yet have a positive effect on long-term saving for retirement.

The discussions of the high national debt of some European countries and the currency stability in Europe, blazing up over and over in the course of the year 2010, appear to have increased concerns about the sustainability of the upswing. OVB's sales agents address these issues in detail in their client consultations and direct the counselling process to the individual needs and wishes of our clients. Still it must be stated that all in all the predominant improvement of the macroeconomic framework in the year 2010 has not yet resulted in a dynamic demand pattern on the part of our clients as it was recorded in the years up to 2008.

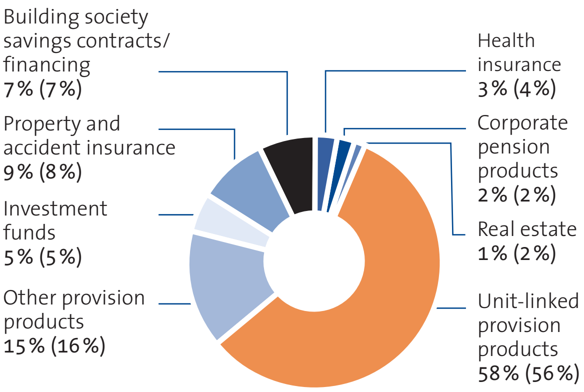
Business performance

OVB's business performance in the year 2010 did not present a consistent image throughout the regions and countries where the company is active. One deciding factor was the differentiated economic development in the individual markets. On the whole, total sales commission generated in the group decreased by 2.1 per cent from Euro 201.6 million to Euro 197.3 million in the year under review.

Included in this amount is commission forwarded to sale agents on behalf of product partners in the amount of Euro 22.2 million, after Euro 21.5 million in the previous year. The number of financial advisors who work for OVB in 14 European countries went down by 1.4 per cent over the year from 4,664 to 4,600 sales agents. Compared to 2009, the number of OVB's clients remained virtually unchanged at 2.8 million clients.

In the 2010 financial year, OVB's financial advisors brokered altogether 456,165 new contracts, compared to 495,946 newly concluded contracts in the previous year. The mainstays of product sales continued to be unit-linked provision products with a share in the new business of 58 per cent (previous year: 56 per cent). The product group of other provision products, primarily including classic life and pension insurance policies, was also much demanded with a new business share of 15 per cent (previous year: 16 per cent). The remaining 27 per cent of new business are divided between property and accident insurance, the segment of building society savings contracts/financing, investment funds, health insurance, corporate pension provision and real estate.

Breakdown of income from new business 2010 (2009)



Central and Eastern Europe

Almost two thirds of OVB's clients live in the region Central and Eastern Europe. In the seven nations comprising this segment – Croatia, Poland, Romania, Slovakia, the Czech Republic, Ukraine and Hungary – OVB generated income from advisory services and the brokerage of financial products in the amount of Euro 93.2 million in the 2010 financial year. This equals a 10.6 per cent increase over the prior-year amount of Euro 84.3 million. OVB's market position is especially strong in Slovakia and the Czech Republic, the Ungarian market is set apart by its strong dynamics. The improved economic situation and higher income of private households in many nations in the region became noticeable in many cases by higher volumes of the concluded contracts. The number of OVB's sales agents in this region went up over the year 2010 from 2,697 to 2,890 financial advisors. The growth of the sales teams in the Czech Republic, in Poland and Ukraine was particularly significant. The 1.81 million clients of OVB in the region Central and Eastern Europe predominantly demand unit-linked provision products; 70 per cent of the new business is accounted for by this product group (previous year: 66 per cent). Other provision products came to 12 per cent of all newly signed contracts, unchanged from the previous year.

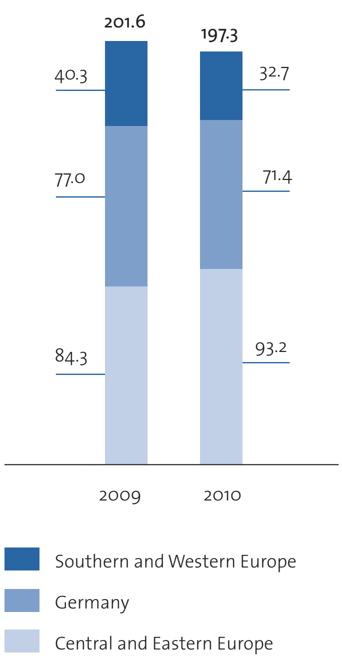
Germany

Total sales commission in the Germany segment reached Euro 71.4 million in 2010 after 77.0 million in the previous year. This 7.3 per cent drop is due primarily to the only marginal extent of business activities of our subsidiary Eurenta after the desertion of a majority of its financial advisors. This is also behind the reduced number of financial advisors as of the respective reporting date from 1,323 to 1,282 sales agents in 2010. Product demand of our 681,000 clients in Germany (previous year: 693,000 clients) is comparatively widely spread. 35 per cent of new business fell upon unit-linked provision products in 2010, 20 per cent to other provision products. Property and accident insurance comprised 14 per cent of products sales, followed by health insurance with 9 per cent of the new business.

Southern and Western Europe

The Southern and Western Europe segment of the OVB Group includes the long established subsidiaries in Greece, Austria and Switzerland as well as the younger subsidiaries in Italy, France and Spain. While the business was burdened particularly in Greece by the unfavourable macroeconomic framework, the business performance in Switzerland and France suffered from the desertion of an essential part of the financial advisors who used to work there. Brokerage income in Southern and Western came to Euro 32.7 million altogether in the year under review, after Euro 40.3 million in the year 2009. The number of financial advisors in the region went down from 644 to 428 sales agents. On the other hand, the number of clients remained almost stable at 306,350 (previous year: 308,150 clients). The focus of product demand was on unit-linked provision products with 68 per cent (previous year: 61 per cent), followed by other provision products (13 per cent), property and accident insurance (7 per cent) and products of the category building society savings contracts/financing (6 per cent).

Total sales commission by region
Euro million, figures rounded



Financial advisors and employees

Providing financial advisory services is a declared people's business. OVB's future business success relies essentially on well-trained, motivated and competitive sales agents. We expect from our financial advisors high commitment as well as professional know-how and excellent social skills. With targeted and centrally controlled measures for professional training and further education, we safeguard the qualification of our financial advisors which has high priority for us. OVB has implemented a multi-stage training system which is constantly being developed and adjusted to the changing legal framework of the respective markets. In doing this OVB pursues a double objective: quality in client consultation and entrepreneurial competence in leading sales teams.

With respect to compensation of the financial advisors, OVB is a fair and reliable partner. We have further optimised the framework of new business commission, which is industry practice, in favour of our sales force. Apart from that, 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.

The number of our full-time financial advisors who distribute the provision and financial products of our product partners as self-employed sales agents slightly decreased in 2010 by 64 or 1.4 per cent to now 4,600 financial advisors. As of the end of the year 2009 4,664 full-time financial advisors worked for OVB in 14 European countries. This trend indicates a tightening competition for qualified financial advisors in the past financial year.

464 employees (previous year: 494) on average in the holding company, the service companies and the central administrations of our subsidiaries support the group's business operations. The reduction in the number of employees is connected to the decrease in business volume and our continuous effort towards raising the efficiency of business processes.

Profit/loss

In the 2010 financial year OVB generated total sales commission of Euro 197.3 million. This amount is 2.1 per cent below the prior-year level of Euro 201.6 million. Included in total sales commission is commission based on so-called secondary contracts between product partners and the sales force which still exist only in the Germany segment. This share in commission increased in comparison with the previous year from Euro 21.5 million to now Euro 22.2 million. Income from advisory and brokerage services relating to financial services and products reported as sales revenue was reduced by 2.8 per cent in 2010 from Euro 180.1 million to Euro 175.1 million.

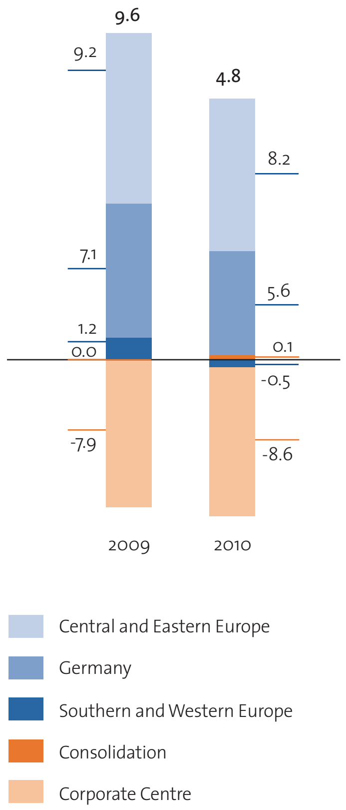
Other operating income fell significantly by 21.8 per cent or Euro 3.1 million to Euro 11.3 million, after Euro 14.4 million in the year 2009. This decline is primarily due to reduced repayments made to OVB by sales agents and partners for the lease of IT hardware and for seminars and other events. Furthermore, income from currency translation went down as well.

Brokerage expenses gained 3.9 per cent or Euro 4.2 million to climb from Euro 108.3 million to Euro 112.5 million. While current commission paid to the sales force increased by Euro 5.5 million due to the changes in the compensation scheme for the sales force in effect since April 2010, other brokerage expenses were reduced by Euro 1.3 million. Material cutbacks concerned bonus payments and general benefits granted to the sale force.

The personnel expense of the group companies decreased slightly in 2010 by 1.5 per cent to Euro 24.8 million. Depreciation and amortisation also went down slightly from Euro 3.8 million in the previous year to Euro 3.1 million now. After other operating expenses could be reduced by 10.0 per cent to Euro 47.5 million in 2009 already, the broadly arranged cost cutting measures saw to an accelerated cutback in this item by 13.6 per cent to Euro 41.1 million in 2010.

The result of the operations of OVB Holding AG, expressed in earnings before interest and taxes (EBIT), was halved in the 2010 financial year compared to the previous year from Euro 9.6 million to Euro 4.8 million. The EBIT margin, determined on the basis of total sales commission, came to 2.4 per cent after 4.8 per cent in the year 2009. The EBIT of the Central and Eastern Europe segment reached Euro 8.2 million (previous year: Euro 9.2 million), Euro 5.6 million were generated in the Germany segment (previous year: Euro 7.1 million) and the Southern and Western Europe segment recorded an EBIT of Euro -0.5 million (previous year: Euro 1.2 million).

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



The 2010 financial result remained unchanged from the previous year with a balance of Euro 1.6 million. Lower finance income from interest and securities faced decreased finance expenses primarily as a result of lower depreciation of securities. Income tax liabilities fell slightly from Euro 2.6 million in 2009 to Euro 2.4 million in the year under review due to lower earnings. Overall, OVB achieved a consolidated net income after non-controlling interests of Euro 4.0 million in the 2010 financial year, compared to Euro 8.8 million in 2009.

Basic earnings per share based on 14,251,314 no-par value shares came to Euro 0.28 in 2010, after Euro 0.61 in the previous year (based on the same number of shares).

Executive Board and Supervisory Board will propose to the Annual General Meeting on 10 June 2011 the payment of a dividend of Euro 0.50 per share for the 2010 financial year. This equates to a total dividend payout of Euro 7.1 million, the same amount paid out 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 business operations of the subsidiaries as well as for capital expenditure. 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.

Currency risks play only a marginal part in the group as the functional currency of the subsidiaries is the respective national currency. With respect to the investment income to be collected from OVB Holding AG, OVB continuously monitors the development on the foreign exchange markets and especially assesses the necessity of additional instruments to curtail currency risks.

Financial position

The OVB Group's cash flow from operating activities went down from Euro 9.4 million in the previous year to Euro 4.5 million in the reporting period. The deciding factor for this trend was the decrease in net income for the period by Euro 4.8 million to Euro 4.0 million.

Cash flows from investing activities resulted in a cash outflow of 12.0 million in 2010 after an inflow of cash in the amount of Euro 20.0 million the year before. This is accounted for primarily by rearranging current financial assets to capital investments with terms to maturity of more than three months.

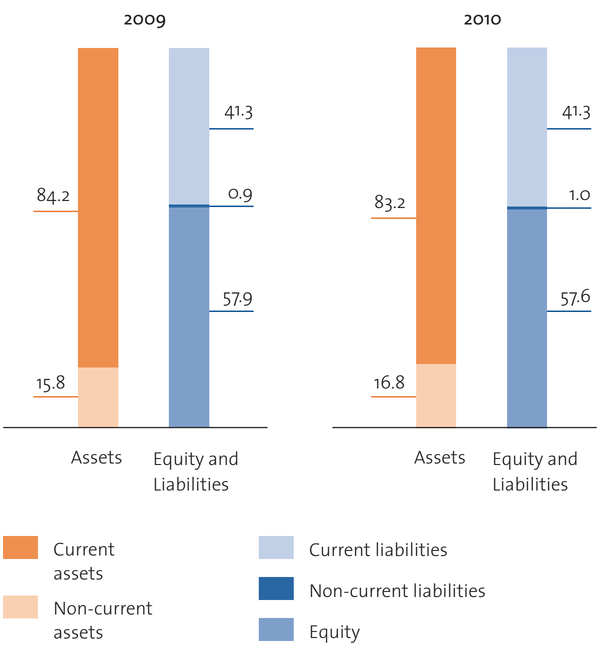
The cash outflow from financing activities in the amount of Euro 7.0 million (previous year: Euro -19.4 million) is due for the most part to the payment of the dividend in June 2010. Cash and cash equivalents were Euro 30.9 million as of the 2010 reporting date after Euro 45.1 million one year before .

Assets and liabilities

By 2009/2010 reporting-date comparison, total assets of OVB Holding AG dropped Euro 3.9 million to Euro 144.9 million. Non-current assets went up slightly to Euro 24.3 million, resulting from an increase in intangible assets. The economic background provides the acquisition and development of the group-internal CRM system in financial year 2010. On the other hand, current assets went down Euro 4.7 million to Euro 120.6 million by reporting-date comparison. The deciding factor for this trend was the decrease in the item cash and cash equivalents by Euro 14.2 million, facing an increase of securities and other investments by Euro 10.3 million to Euro 41.2 million.

The decline of total equity and liabilities was essentially reflected by two effects: Current liabilities went down Euro 1.5 million to Euro 59.9 million, caused principally by a reduction of other provisions, e.g. for open competitions. Moreover, the equity dropped Euro 2.6 million to Euro 83.5 million, particularly due to the decrease in retained earnings. The company’s equity ratio of 57.6 per cent as of the reporting date remained at a high level, virtually unchanged in comparison to the prior-year value of 57.9 per cent. With this equity position, OVB documents solidity and financial strength to clients, product partners and financial advisors.

Asset allocation and capital structure
Percent, figures rounded



Report on risks and opportunities

Principals and objectives of risk management

The business activity of OVB Holding AG is subject 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 for a swift and adequate response. The objectives of risk management are the systematic preoccupation with potential risks, the promotion of risk-oriented thinking and acting in the organisation as a whole and thus a conscious assumption of risks on the basis of comprehensive knowledge of the risks and risk connections.

Structure and process of risk management

OVB's risk management is an integral part of the planning and control system. The Executive Board of OVB Holding AG is responsible for managing the corporate strategy. In collaboration with the management of the subsidiaries, the Executive Board determines the pan-European strategy for the business and defines 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 taking into account the specific business of the respective subsidiary. An efficient controlling process, corporate planning and internal reporting all contribute to the early identification of risks that could prove fatal for the business. Corporate planning involves the assessment of potential risks before material business decisions are made while reporting is intended to ensure the appropriate monitoring of such risks in the course of business. The organisation of risk management, the methods applied and the processes implemented are put down in writing and are available in the form of a handbook to all employees who assume responsibility in this field.

A key element of the risk management system is the in-house audit department which assumes group monitoring and controlling responsibilities. 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 with a focus on risks in domestic and foreign sub-segments of the group on the basis of its annual audit schedule and controls the resolution of its 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 risk management 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 control 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 top risk management officer at the holding company integrates 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.

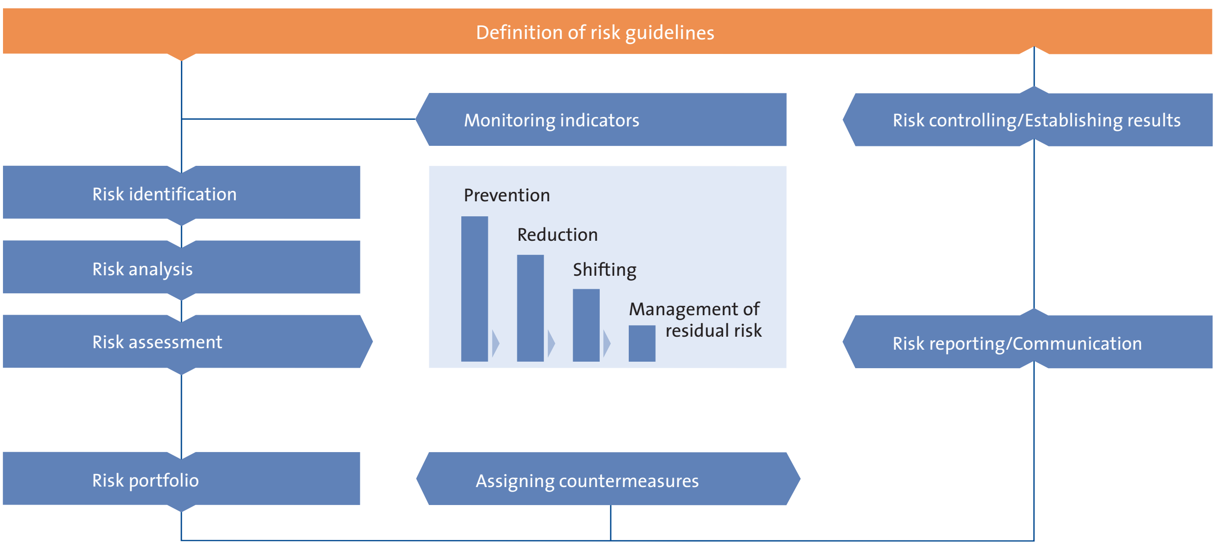
This system for early risk detection is complemented by consultations throughout the group and regular communication with the sales force managers. In urgent cases, ad hoc risks are reported directly to the group's risk management officer at the holding company, bypassing the usual reporting channels.

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 2010, the risk management's reporting was further optimised. Within the framework of aggregate risk reporting to the Executive Board, risks are arranged according to relevance and companies involved. The risk management process can be presented as follows:

OVB risk management process



Internal control system as part of financial reporting

The internal control system comprises the principles, processes and measures for ensuring the effectiveness and economic efficiency of financial accounting, truth and fairness in accounting and 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 control system, of which it is a component, the risk management system with regard to financial accounting focuses on the control and monitoring processes in accounting, particularly relating to those items in the statement of financial position that are associated with the company's risk protection.

Essential features of the internal control system

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

- There is 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 at the same time.
- The functions of the departments substantially involved in the accounting process, namely 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 systems used for financial accounting are protected against unauthorised access by corresponding IT measures that are continuously being updated and enhanced.
- For processing 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 financial accounting process are adequately equipped with respect to aspects of quantity and quality.
- The clearly defined workflow 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 control system guarantees 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's basic principles are the separation of functions and the four-eye principle.
- Monitoring committees (e.g. the internal audit department and the Supervisory Board's Audit Committee) have been established with regard to the compliance and reliability of internal accounting and financial reporting.
- Processes of relevance to financial accounting are routinely checked by the in-house audit department, which operates independently of processes.

The accounting-related internal control 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 subsequent control and audit mechanisms as described in detail safeguard correct and responsible accounting. Thus it is made sure in detail 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 separate financial statements and consolidated financial statements and that dependable and relevant information is made available completely and promptly.

Presentation of risks

In the following we provide a qualitative description of 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 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 general economic and political framework. We monitor the 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 strategic and operational orientation in light of these trends. This particularly applies to risks associated with tapping into new markets.

Our plans for regional expansion 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 view 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. The diversification of business activities across the most varied of products, designed to facilitate asset generation and risk protection and tailored to the respective situation in the relevant markets, also helps to offset risks, at least in certain subsegments

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 of the commercial success of the companies of the OVB Group.

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 long-term client relationships are crucial to success.

Following the deep recession of the year 2009, the situation improved in most of Europe’s economies in 2010. Yet new uncertainty has arisen in the course of the year due to the strained debt situation in some countries of the euro periphery.

It remains to be seen to what extent this uncertainty will persist. Overall, however, we do not believe that the current situation will have a permanent adverse effect on OVB's new business because of the existing necessity of private provision and in light of demographic trends in most countries.

The future growth of the OVB Group depends largely on the long-term commitment of a sufficient number of motivated and competent financial advisors and the provision of a low turnover rate in the sales force.

The development of the sales force is the subject of 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 agents. By means of attractive career promotion and remuneration schemes, we seek to commit our existing sales force to us and to expand the number of financial advisors continuously.

At the same time, the group places great emphasis on the professional training and further education of its financial advisors.

The industry of financial service distributors is in a phase of consolidation which might result in temporary disruptions and increased staff turnover in sales. Based on its experience of many years, OVB is capable of counteracting any potential fluctuations in the sales force. If these measures do not prove their effect, a negative impact on sales and earnings is possible.

Industry-specific risks

OVB is exposed to 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 of the market environment and use our findings to make strategic decisions for positioning 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 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 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 considered doubtful from today's viewpoint. Such allowances take into account timely information on the debtor's credit rating, the commission expected to be received and the age structure of receivables.

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 adequate investment management. OVB maintains business relationships with several banks belonging to different banking systems. OVB closely monitors the standing of these banks to ensure that the funds invested are covered by adequate guarantee schemes of the respective banks.

With respect to equities, bonds, borrower's note loans and funds and certificates in our portfolio, we vary terms to maturity, the amounts invested and the issuers. The amount invested in the securities of a single issuer is always significantly below 10 per cent of OVB's total volume available for investment.

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, exchange rate 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 earnings as a result of price fluctuations are identified early on 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.

Exchange rate risks are rather of minor relevance to the group. OVB constantly monitors the development on the currency markets and particularly deliberates the necessity of additional hedging measures.

OVB's *liquidity risks* are relatively low because we finance business operations from current cash flow and as liquidity reports at group and subsidiary levels assist in the management of surplus liquidity. These reports provide a regular insight into financial developments and the liquidity requirements of the subsidiaries and the holding company derived from them.

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

Operational 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 provided by well-known suppliers in order to prevent malfunction, data loss, data manipulation and unauthorised access to our IT network. If necessary, group-specific, internally developed 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 put to use in all operating subsidiaries throughout Europe.

Reputational risks

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 were 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. This objective is supported by training standards in compliance with statutory requirements, subject to constant development and adjustment to a changing legal framework, a comprehensive documentation of counselling interviews and strict selection criteria for the inclusion of new product providers and products.

Risks associated with advisory services 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 curtailed 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 closely follow the public and extensive debate on the quality of financial advisory services in Europe in general as well as initiatives for additional regulation in Germany and on a European scale so that we recognize potential effects on our business model in good time and are capable of implementing all the adjustments required.

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 conducted 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 following and evaluating ongoing legal disputes.

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.

Estimation risks

Assumptions and estimates materially concern the evaluation of provisions, the collectability of receivables, goodwill impairment, legal risks, depreciation and amortisation and the determination of the useful lives of assets. The actual values may deviate in the individual case from the assumptions and estimates made. Changes are considered as of the availability of better information.

Overall assessment of risks

OVB's business performance is essentially influenced by industry-specific and financial risks. The reporting system in place assists in monitoring, managing and controlling the risks associated with our current and future development and permits a swift response.

OVB's risk situation remains manageable. No risks materialised in the year under review that carried a threat to the OVB Group’s continued existence. We have made adequate provision for currently identified material risks.

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

The risks presented are not necessarily the only risks to which we are exposed. Risks we are currently unaware of or risks that we currently regard as immaterial could also have adverse effects on our business activities and a negative impact on the forecasts made in the outlook chapter below. This particularly concerns macroeconomic risks.

Future business opportunities

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

We assume that the demand for our services and the insurance and financial 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.

OVB recognises opportunities for greater market penetration in all of the markets in which it already operates. We intend to exploit this growth potential consistently. Apart from expanding business in existing markets, OVB is moving into new promising markets if the general conditions appear favourable. Consolidation within the industry will offer even more business opportunities. OVB intends to play an active role in this process.

Overall assessment of the Group's economic situation

The Executive Board of OVB Holding AG is satisfied with the performance of business operations of the OVB Group in the year 2010 for the most part. OVB's risk situation remains manageable. The group's financial position is unchanged and appears extremely solid. The growth drivers that push the internationally oriented business model of OVB are intact in the medium and long term.

Events after the reporting period

There have been no reportable material events after the reporting date.

Outlook

After the international economic trend of the first half-year 2010 was determined in many areas by catch-up effects after the deep recession of 2009, the global economy turned into a self-supporting growth path with a more restrained dynamics. The World Bank expects a 3.3 per cent increase in the global economic output for 2011 after a 3.9 per cent plus in the previous year. If the industrialised countries manage to reduce their structural problems in the financial and real estate sectors, the global economy could reach a slightly higher growth of 3.6 per cent in 2012.

The economic situation in the countries of Central and Eastern Europe is anticipated to improve in 2011 and 2012, too. However, the economic trend is dependent on the economic development in the Western European industrialised countries. Moreover, the individual economies of the region show a different growth pace. The GDP of Poland will probably continue its relative strength to gain roughly 4 per cent. The economic growth rates of Slovakia and Ukraine could also come close to this value. The EBRD predicts a GDP increase of roughly 2 per cent for Croatia, the Czech Republic and Hungary. Romania lags behind the other nations in the region with a 1 per cent plus. Due to the continuing disruptions on the leading international financial markets, the inflow of funds in the countries of Central and Eastern Europe is currently lower than in former years. This curbs the economic development in the region and thus the business prospects of OVB as well. Yet we still anticipate further stimulation of the new and the existing business in the Central and Eastern Europe segment and expect growth in sales and earnings in the year 2011 in the one-digit percentage range. It should be possible to increase sales and earnings in 2012 as well, considering reform plans for the social systems in countries such as Ukraine among other factors.

The catch-up effects of the year 2010 will not continue in Germany through the year 2011. The German Institute for Economic Research (DIW) anticipates a slowdown of the economic growth from 3.6 per cent in 2010 to 2.2 per cent in the current year and 1.3 per cent in the year 2012. The continued favourable trend in the job market is expected to have the result that private consumption will increasingly replace the export business as the economy's key driving force. However, the further development of the debt crisis in the euro area holds considerable risk even for Germany. Especially the consumer sentiment should be affected by an aggravation of the crisis. Probably no noticeable stimuli for OVB's business activity in Germany will result from the macroeconomic framework. From today's viewpoint OVB still expects a slight increase in sales in the Germany segment for the year 2011. Consistently maintained cost discipline should be reflected in the earnings. Earnings are anticipated to turn out roughly in the range of the past financial year. Carried by continuing economic recovery and an associated rising willingness among the clients to see to their private provision, increases in sales and earnings are expected for the year 2012.

The countries of the region Southern and Western Europe still do not present a consistent economic scenario. The Greek economy will continue its downturn in 2011; the OECD expects a contraction by 2.7 per cent. A modest increase in the GDP cannot be expected before 2012. In Spain, an economic growth of 0.9 per cent in the current year and 1.8 per cent in 2012 will not be enough to materially reduce the chronically high unemployment. For France and Italy, the economic researchers predict a modest growth by 1 to 2 per cent for this and the next year. On the other hand, a stable growth of 2 per cent per annum is anticipated for Austria and the Swiss economy is expected to grow by 2.2 per cent in

2011 and by even 2.5 per cent in 2012. While in those countries last mentioned economic tail winds can be expected, the situations particularly in Greece and Spain remain a challenge for the business activity of OVB. After the desertion of a major fraction of the financial advisors in Switzerland and France in the last financial year, the sales performance in these countries has been weakened. This situation is scheduled to be countered by winning new financial advisors. A stable business performance is predicted altogether for the year 2011. This expectation is based on the assumption that a sustainable strengthening of the sales team will be successful. The economic trend predicted for 2012 in the countries of the Southern and Western Europe segment should support the sales performance so that sales and earnings are expected to be raised.

We anticipate slightly increased income at immaterially changed costs for 2011 in the Corporate Centre segment. This trend will keep up in 2012 as well.

One of the strengths of OVB is its broad international positioning over 14 European countries. Judging from an overall assessment, probably different effects on the business performance of OVB will originate from the economies in these 14 countries in 2011 and 2012. Now it is for OVB to set the course for growth in sales and earnings. The company 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 already operate.
- 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.

The efforts towards reaching these three objectives are supported by stringent cost management and permanent endeavours for making our business processes even leaner and more efficient. On this basis we expect an increase in the one-digit percentage range in sales and earnings for the group in the 2011 financial year. Carried by a continuing economic recovery and the corresponding rising willingness of the clients to take on private provision, OVB Holding AG should manage to increase group sales and group earnings in 2012 over the 2011 results.

Statement on corporate governance

The statement on corporate governance to be issued pursuant to Section 289 a HGB (German Commercial Code) is available on the Internet at http://www.ovb.ag/InvestorRelations/CorporateGovernance/CorporateGovernanceBerichte.aspx.

Disclosures according to Sections 289 (4), 315 (4) HGB (German Commercial Code) and explanatory report

Composition of subscribed capital

The company's share capital was Euro 14,251,314 as of 31 December 2010 and is divided into 14,251,314 no-par value bearer shares. Each share carries the same rights and represents one vote in the General Meeting.

Shareholdings in excess of 10.0 per cent of the voting rights

OVB Holding AG has been notified of the following shareholdings that carry more than 10.0 per cent of the voting rights in OVB Holding AG.

Deutscher Ring Beteiligungsholding GmbH, Hamburg, holds roughly 32.57 per cent of the shares. This investment is attributed to Basler Versicherung Beteiligungsgesellschaft mbH, Hamburg, Deutscher Ring Sachversicherungs-Aktiengesellschaft, Hamburg, Deutscher Ring Lebensversicherungs-Aktiengesellschaft, 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 German Securities Trading Act (Wertpapierhandelsgesetz – WpHG).

IDUNA Vereinigte Lebensversicherung aG, Hamburg, holds roughly 30.51 per cent of the shares directly and 52.76 per cent of the shares indirectly. Balance Vermittlungs- und Beteiligungs-AG, Hamburg, directly holds roughly 17.54 per cent of the shares. Deutscher Ring Krankenversicherungsverein a.G., Hamburg, directly holds roughly 3.74 per cent of the shares. In accordance with Sections 21, 22 (1) sentence 1 no. 1 WpHG, the shares held

by Balance Vermittlungs- und Beteiligungs-AG and Deutscher Ring Krankenversicherungsverein a.G. are also attributed to SIGNAL Unfallversicherung a.G., Dortmund, SIGNAL Krankenversicherung a.G., Dortmund, so that these entities have respective indirect holdings of roughly 21.28 per cent of the shares.

Generali Lebensversicherung AG, Munich, directly holds roughly 11.48 per cent 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 WpHG.

The *free float* as defined by Deutsche Börse AG came to roughly 3.19 per cent as of 31 December 2010, based on the information available to OVB Holding AG.

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 have at least two members, is appointed and dismissed exclusively in accordance with the relevant statutory provisions (Sections 84 and 85 of the German 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 pursuant to Section 181 (3) AktG. In accordance with Section 179 (2) AktG in conjunction with Section 18 (2) of the articles of association, shareholder resolutions passed at the General Meeting to amend the articles of association must be adopted by a simple majority of the share capital represented at the vote, unless the German Stock Corporation Act determines a larger 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 authorizations to issue and buy back shares

At present OVB Holding AG has neither contingent nor authorised capital. At the Annual General Meeting of 11 June 2010, the shareholders authorised the company to acquire a total of up to 300,000 own shares (treasury stock) up to an including 10 June 2015. The shares can be acquired on the stock exchange or by means of a public bid directed towards all shareholders. The company may 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 cost) must neither exceed nor undercut the average share price (closing auction prices for OVB shares on the Xetra trading platform or a functionally equivalent system that supersedes Xetra at the Frankfurt Stock Exchange) over the last five trading days before the purchase obligation was assumed by more than five per cent.

In the case of a public bid, the purchase price must neither exceed nor undercut the average share price (closing auction prices for OVB shares on the Xetra trading platform or a functionally equivalent system that supersedes Xetra at the Frankfurt Stock Exchange) over the last five trading days prior to the day on which the bid was announced by more than 10 per cent. 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, respectively. 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 approval, the Executive Board is authorised to use the shares repurchased in accordance with the above authorisation as follows:

With the Supervisory Board's approval, the Executive Board may use the repurchased shares as (partial) 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 plans for share-based payment in favour of 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 approval, retire the repurchased shares without requiring another shareholders' resolution.

The Executive Board may elect to retire only some of the acquired shares, and the authorisation 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 increased.

The shareholders' rights to subscribe to the company's own shares are 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 have not authorised 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 according to Section 312 AktG (German Stock Corporation Act)

For each reportable transaction, our company has received appropriate consideration according to the circumstances 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, 25 March 2011

Wilfried Kempchen | Oskar Heitz | Mario Freis

Investment funds

Investment funds are a very flexible form of saving that allow for individual selection in line with the client's requirements. The type of investment, the willingness to take risks and the investment target are the essential factors.

Clients

Investors with discriminating needs who want to have the money invested at their disposal at any time.

OVB

Investment funds and classic insurance solutions are merging increasingly. OVB offers attractive and innovative concepts.

Consolidated financial statements 2010

Consolidated statement of financial position

of OVB Holding AG as of 31 December 2010 according to IFRS

Assets

Note	in Euro'000	31/12/2010	31/12/2009
	A. Non-current assets		
1	Intangible assets	12,847	11,208
2	Tangible assets	5,194	6,175
3	Investment property	570	571
4	Financial assets	520	562
5	Deferred tax assets	5,166	4,977
		24,297	**23,493**
	B. Current assets		
6	Trade receivables	20,208	15,934
7	Receivables and other assets	25,761	29,242
8	Income tax receivables	2,554	4,171
9	Securities and other investments	41,221	30,936
10	Cash and cash equivalents	30,854	45,063
		120,598	**125,346**
	Total assets	**144,895**	**148,839**

Equity and liabilities

Note	in Euro'000	31/12/2010	31/12/2009
	A. Equity		
11	Subscribed capital	14,251	14,251
12	Capital reserve	39,342	39,342
13	Own shares	0	0
14	Revenue reserves	13,593	13,306
15	Other reserves	1,808	1,297
16	Non-controlling interests	174	202
17	Retained earnings	14,317	17,725
	Total equity	**83,485**	**86,123**
	B. Non-current liabilities		
18	Liabilities to banks	389	261
19	Provisions	931	937
20	Other liabilities	73	41
21	Deferred tax liabilities	112	31
		1,505	**1,270**
	C. Current liabilities		
22	Provisions for taxes	1,360	1,836
23	Other provisions	25,231	27,711
24	Income tax liabilities	504	284
25	Trade payables	8,230	6,692
26	Other liabilities	24,580	24,923
		59,905	**61,446**
	Total equity and liabilities	**144,895**	**148,839**

Note

Consolidated income statement

of OVB Holding AG for the period from 1 January to 31 December 2010 according to IFRS

Note	in Euro'000	2010	2009
27	Brokerage income	175,074	180,110
28	Other operating income	11,252	14,388
	Total income	**186,326**	**194,498**
29	Brokerage expenses	-112,542	-108,346
30	Personnel expenses	-24,773	-25,160
31	Depreciation and amortisation	-3,121	-3,816
32	Other operating expenses	-41,100	-47,548
	Earnings before interest and taxes (EBIT)	**4,790**	**9,628**
	Finance income	2,022	2,705
	Finance expenses	-470	-1,061
33	**Financial result**	**1,552**	**1,644**
	Earnings before taxes	**6,342**	**11,272**
34	Taxes on income	-2,365	-2,561
35	Consolidated net income	3,977	8,711
36	Non-controlling interests	28	53
	Consolidated net income after non-controlling interests	**4,005**	**8,764**
37	Basic earnings per share in Euro	0.28	0.61

Note

Consolidated statement of comprehensive income

of OVB Holding AG for the period from 1 January to 31 December 2010 according to IFRS

in Euro'000	2010	2009
Consolidated net income	**3,977**	**8,711**
Change in revaluation reserve	100	668
Change in deferred taxes on unrealised gains and losses from investments	-12	-39
Change in currency translation reserve	423	-335
Other comprehensive income for the period	**511**	**294**
Non-controlling interest in total comprehensive income	28	53
Total comprehensive income	**4,516**	**9,058**

Consolidated statement of cash flows

of OVB Holding AG for the period from 1 January to 31 December 2010 according to IFRS

in Euro'000	2010	2009
Cash and cash equivalents Cash in hand/bank balances maturing in < 3 months	30,854	45,063
Net income/loss for the period (before non-controlling interests)	3,977	8,711
-/+ Increase/decrease in non-controlling interests	28	53
+/- Write-downs/write-ups of non-current assets	3,130	3,788
-/+ Unrealised currency gains/losses	-83	-277
+/- Increase in/reversal of provision for impairment of receivables	3,799	3,170
-/+ Increase/decrease in deferred tax assets	-189	-92
+/- Increase/decrease in deferred tax liabilities	81	14
- Other finance income	-880	-1,078
- Interest income	-1,142	-1,627
+/- Increase/decrease in provisions	-2,962	-4,204
+/- Increase/decrease in available-for-sale reserve	88	629
+/- Expenses/income from the disposal of intangible and tangible assets (net)	153	-165
+/- Decrease/increase in trade receivables and other assets	-2,974	52
+/- Increase/decrease in trade payables and other liabilities	1,447	429
= Cash flow from operating activities	**4,473**	**9,403**
+ Proceeds from the disposal of tangible assets and intangible assets	179	361
+ Proceeds from the disposal of financial assets	749	580
- Purchases of tangible assets	-712	-715
- Purchases of intangible non-current assets	-3,229	-4,025
- Purchases of financial assets	-707	-623
+/- Decrease/increase in securities and other short-term investments	-10,285	21,740
+ Other finance income	880	1,078
+ Interest received	1,142	1,627
= Cash flow from investing activities	**-11,983**	**20,023**
- Payments to the company's owners and non-controlling interests (dividends, equity repayments, other payments)	-7,126	-19,239
+/- Increase/decrease in non-controlling interests	-28	-53
+ Proceeds from the issue of bonds and taking out (financial) loans	128	-96
= Cash flow from financing activities	**-7,026**	**-19,388**
Overview:		
Cash flow from operating activities	4,473	9,403
Cash flow from investing activities	-11,983	20,023
Cash flow from financing activities	-7,026	-19,388
= Net change in cash and cash equivalents	**-14,536**	**10,038**
Exchange gains/losses on cash and cash equivalents	327	-57
+ Cash and cash equivalents at end of the prior year	45,063	35,082
= Cash and cash equivalents at end of the current year	**30,854**	**45,063**
Income tax paid	3,098	5,128
Interest paid	174	152

Consolidated statement of changes in equity

of OVB Holding AG as of 31 December 2010 according to IFRS

in Euro'000	Subscribed capital	Capital reserve	Retained earnings brought forward	Statutory reserve	Other revenue reserves
31/12/2009	**14,251**	**39,342**	**8,961**	**2,309**	**10,997**
Consolidated net income			8,764		
Own shares					
Capital measures					
Dividends paid			-7,126		
Change in available-for-sale reserve					
Allocation to other reserves			-287	287	
Change in currency translation reserve					
Consolidated net income					
31/12/2010	**14,251**	**39,342**	**10,312**	**2,596**	**10,997**

of OVB Holding AG as of 31 December 2009 according to IFRS

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

Available-for-sale reserve/ revaluation reserve	Deferred taxes on unrealised gains/losses	Currency translation reserve	Net income recognised outside profit or loss in equity	Net income for the period	Consolidated net income	Non-controlling interests	Total
160	**-28**	**1,165**		**8,764**		**202**	**86,123**
				-8,764			
							-7,126
100	-12		88		88		88
		423	423		423		423
				4,005	4,005	-28	3,977
260	**-40**	**1,588**	**511**	**4,005**	**4,516**	**174**	**83,485**

Available-for-sale reserve/ revaluation reserve	Deferred taxes on unrealised gains/losses	Currency translation reserve	Net income recognised outside profit or loss in equity	Net income for the period	Consolidated net income	Non-controlling 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**

Segment reporting 2010

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	93,222	49,173	32,679	0	0	175,074
Other operating income	2,411	4,850	1,623	2,146	222	11,252
Income from inter-segment transactions	42	886	4	7,952	-8,884	0
Total segment income	**95,675**	**54,909**	**34,306**	**10,098**	**-8,662**	**186,326**
Segment expenses						
Brokerage expenses						
- current commission for sales force	-58,548	-19,554	-19,027	0	0	-97,129
- other commission for sales force	-5,954	-7,044	-2,415	0	0	-15,413
Personnel expenses	-6,542	-7,720	-4,063	-6,448	0	-24,773
Depreciation/amortisation	-873	-1,300	-397	-551	0	-3,121
Other operating expenses	-15,527	-13,711	-8,871	-11,658	8,667	-41,100
Total segment expenses	**-87,444**	**-49,329**	**-34,773**	**-18,657**	**8,667**	**-181,536**
Earnings before interest and taxes (EBIT)	**8,231**	**5,580**	**-467**	**-8,559**	**5**	**4,790**
Interest income	313	495	100	430	-196	1,142
Interest expenses	-65	-174	-27	-22	196	-92
Other financial result	185	-69	9	377	0	502
Earnings before taxes (EBT)	**8,664**	**5,832**	**-385**	**-7,774**	**5**	**6,342**
Taxes on income	-2,378	-459	-274	746	0	-2,365
Non-controlling interests	0	0	0	28	0	28
Segment result	**6,286**	**5,373**	**-659**	**-7,000**	**5**	**4,005**
Additional disclosures						
Payments for intangible and tangible assets	1,000	130	370	2,485	0	3,985
Material non-cash expenses and income	1,321	1,342	707	-27	0	3,343
Impairment expenses	-1,007	-3,375	-1,263	-457	0	-6,102
Reversal of impairment loss	23	1,252	244	331	0	1,849

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
Non-controlling interests	0	0	0	53	0	53
Segment result	**7,163**	**7,202**	**1,176**	**-6,775**	**-2**	**8,764**
Additional disclosures						
Payments for 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

Health insurance

Private health insurance provides benefits that exceed the basic protection of statutory health insurance by far. Supplementary health insurance allows for targeted additional coverage.

Clients

Statutory health insurance often means no more than basic coverage. Many people see the necessity to provide for additional benefits.

OVB

Health is the most valuable asset, the choice of the right health insurance should be well considered. OVB's financial advisors provide orientation.

Notes to the consolidated financial statements for financial year 2010

I. General information

1. General information on the OVB Group

OVB Holding AG (hereinafter also referred t o as "OVB" or the "company") is a German stock corporation with its registered office in Cologne, Germany, at Heumarkt 1. 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.

The consolidated financial statements of OVB Holding AG for the financial year ended 31 December 2010 were released for publication on 25 March 2011 pursuant to a resolution of the Executive Board and with the consent of the Supervisory Board.

2. Basis of preparation

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 2010 were taken into account. The requirements under Section 315a (1) HGB were considered as well.

The separate annual financial statements of the subsidiaries 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 reporting 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.

In addition to the consolidated statement of financial position, the consolidated financial statements include the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes including segment reporting.

2.1 Mandatory accounting standards

The accounting and valuation methods applied are generally the same as those applied in the previous year and they are explained in the following under the respective items of the statement of financial position. The group applied the following new or amended IFRS Standards and Interpretations in the 2010 financial year.

Standards applied for the first time:

- Improvements to IFRS 2009

In April 2009 the IASB released amendments to existing IFRS within the framework of its Annual Improvement Project. These include modifications of various IFRS with consequences for the recognition, measurement and disclosure of business transactions as well as terminological and editorial changes. Most of the changes become effective with respect to financial years beginning on or after 1 January 2010. Application in advance is permitted. No material changes of the consolidated financial statements of OVB Holding AG result from this.

Released standards that are not yet subject to mandatory application:

- IAS 24 "Related Party Disclosures (revised)"

The revised Standard is subject to mandatory reporting for financial years beginning on or after 1 January 2011. The definition of related businesses and individuals has been clarified in order to simplify the identification of relationships with related parties and to eliminate inconsistencies in the application. The revised Standard introduces partial exemption from the disclosure of business transactions for companies under government control. The group neither expects effects on assets, liabilities, financial position and profit or loss nor material changes in the notes to consolidated financial statements. Application in advance is permitted with respect to the exemption provision for companies under government control as well as the Standard as a whole.

Improvements to IFRS 2010

The IASB has released Improvements to IFRS 2010, a collection of amendments to various IFRS. These amendments have not been applied as they are subject to mandatory application for financial years beginning on or after 1 July 2010 or 1 January 2011, respectively. In the group's reasonable judgement, the modifications listed below may have potential effects on the group:

- IFRS 3 "Business Combinations"
- IFRS 7 "Financial Instruments: Disclosures"
- IAS 1 "Presentation of Financial Statements"
- IAS 27 "Consolidated and Separate Financial Statements"

However, the group does not expect any effects on the group's assets, liabilities, financial position and profit or loss from the application of these amendments. No material effects on the disclosures in the notes are expected from the amendment to IFRS 7.

2.2 Principles of consolidation

The consolidated financial statements for the financial year ended 31 December 2010 incorporate OVB Holding AG and the companies it controls. Control is usually deemed if the parent directly or indirectly holds more than 50 per cent of the voting rights of an entity 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 non-controlling interests are reported separately in both the statement of financial position and the income statement.

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

Subsidiaries are fully consolidated from the date of acquisition, i.e. the date on which the group assumes control. Their inclusion in the consolidated financial statements by way of full consolidation ends as soon as they are no longer controlled by the parent company.

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

Consolidated subsidiaries	Shareholding in per cent 2010	Shareholding in per cent 2009	Subscribed capital in Euro'000 31/12/2010
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, Cologne	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	849
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 Eteria Periorismenis Efthynis Asfalistiki Praktores, Athens	100	100	18
OVB Conseils en patrimoine France Sàrl, Strasbourg	100	100	300
TOB 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 profit or loss. Non-monetary items valued at historical acquisition cost continue to be translated at historical exchange rates. The historical exchange rate equals the exchange rate used when the items were first reported.

2.3.2 Foreign entities

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 entities, all of which are financially independent as well as independently organised and operated, are translated at the exchange rate as of the reporting date (the closing rate) while expenses and income are translated at the average annual exchange rate. Translation differences are recognised outside profit or loss in equity.

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

in Euro	Closing rate 31/12/2010	Average rate 2010	Closing rate 31/12/2009	Average rate 2009
CHF	0.802300	0.724690	0.672300	0.662450
CZK	0.039630	0.039600	0.037900	0.037920
HUF	0.003583	0.003640	0.003675	0.003590
HRK	0.135800	0.137530	0.137300	0.136520
PLN	0.252300	0.251030	0.242100	0.232210
RON	0.234000	0.238300	0.236800	0.236840
UAH	0.096040	0.096170	0.088060	0.090600

3. Summary of essential accounting and valuation methods

Financial assets and liabilities are recognised in the consolidated statement of financial position at the time when a company of the OVB Group becomes a contracting party with respect to the contractual provisions of the respective financial instrument.

3.1 Historical cost convention

Generally speaking, the amortised acquisition or 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 generally recognised outside profit or loss in equity. If such an asset is disposed of, the cumulative gains or losses previously recognised outside profit or loss is then recognised in profit or loss. If such an asset is permanently impaired, the cumulative losses previously recognised outside profit or loss is also recognised in profit or loss. 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 profit or loss in the year in which they accrue.

3.2 Financial instruments

Financial instruments can be divided into the following categories which particularly 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 a 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 allowances for impairment.

Receivables and liabilities relating to individual financial advisors are offset if the relevant offset requirements are met, irrespective of the legal basis for such receivables and liabilities. This concerns the items in the statement of financial position 7.1 “Other receivables”, 25 “Trade payables” and 26 “Other liabilities”.

Available-for-sale financial assets

Available-for-sale financial assets are recognised at fair value. Unrealised valuation gains and losses are recognised outside profit or loss 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 profit or loss while the appreciation of equity securities is generally recognised outside profit or loss in the revaluation reserve.

Financial liabilities

Financial liabilities are generally stated at amortised cost.

3.2.1 Impairment and reversal of impairment losses on financial assets

The carrying amounts of financial assets are reviewed as of each reporting 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 a debtor's 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 statement of financial position in respect of any “available-for-sale” debt securities held by OVB, the impairment loss will be reversed through profit or loss 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 profit or loss for “available-for-sale financial assets” in the form of equity securities. Changes in the fair value in subsequent periods must rather be recognised in the revaluation reserve unless further impairment must be taken into account.

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 taken into account. 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 (provision for cancellation risk). Changes in provisions for cancellation risk are recognised on account of sales.

3.4 Discretionary decisions

All of the necessary estimates and assessments in connection with accounting and valuation in accordance with IFRS correspond with the respective Standard. Estimates are continually revised and are based on experience as to future events. Estimates also consider all events with historical origins known as of the reporting 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 disclosure 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 as of reporting 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 next financial year.

These assumptions and estimates relate primarily to the measurement 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 can deviate from the assumptions and estimates in certain cases. Changes are recognised at the time that better information is available.

When provisions are made, estimates of the expected expense required in fulfilment of the current obligation as of the reporting 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 reporting date. Furthermore, periods of liability for separate product groups and current agreements with respect to liability rates are considered.

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 structure of the receivables. Because of the large number of receivables due from different individual sources, lump sum valuation allowances are also made on the basis of receivables categories which are determined based on an assessment of the respective debtor's value-defining factors.

The annual impairment tests of goodwill are 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 respective cash-generating unit. For the determination of the cash-generating units' value in use, estimates of expected future cash flows are necessary. Moreover, the elements required 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 (by way of the ß factor) 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 of financial risk management

OVB pursues a corporate policy that has the company's shareholders participate adequately in the business success. The Executive Board has the objective to distribute business profits to the shareholders in the future, too. The capital structure of OVB Holding AG is distinguished by a solid equity ratio of 57.6 per cent (previous year: 57.9 per cent), which is rewarded with the clients' confidence. The group utilises 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. 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 on a rotational basis; 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 2010	Fair value 2010	Carrying amount 2009	Fair value 2009
Investment property	FVTPL	570	570	571	571
Financial assets	L+R	520	520	562	562
Trade receivables	L+R	20,208	20,208	15,934	15,934
Receivables and other assets		25,761	25,761	29,242	29,242
Receivables	L+R	22,629	22,629	23,749	23,749
Other assets		3,132	3,132	5,493	5,493
Securities and other investments		41,221	41,221	30,936	30,936
Securities	AfS	15,569	15,569	16,005	16,005
Other investments	L+R	25,652	25,652	14,931	14,931
Income tax receivables	L+R	2,554	2,554	4,171	4,171
Cash and cash equivalents	L+R	30,854	30,854	45,063	45,063

L+R = Loans and Receivables;
AfS = Available for Sale;
FVTPL = Fair Value Through Profit and Loss

Aggregated according to the categories defined under IAS 39, the financial instruments have the following carrying amounts and fair values:

in Euro'000	Carrying amount 2010	Amortised cost	Historical cost	Fair value outside profit or loss	Fair value recognised in profit or loss
Loans and receivables	102,417 (2009: 104,410)	102,417 (2009: 104,410)	-	-	-14,904 (2009: -12,040)
Available-for-sale financial instruments	15,569 (2009: 16,005)	-	15,943 (2009: 16,979)	257 (2009: 161)	-631 (2009: -1,135)
Financial liabilities	33,565 (2009: 31,879)	33,565 (2009: 31,879)	-	-	-

The company's current liabilities fall under the category “financial liabilities” for the most part, 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 current investments, current 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 allowances. All securities are classified as “available-for-sale financial assets”.

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

The fair values of the available-for-sale financial assets stated in the consolidated financial statements could be determined on the basis of existing exchange and market prices.

The following table shows the net result from financial instruments broken down by measurement 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 2010	Net result 2009
Loans and receivables	1,142 (2009: 1,628)	-	-2,589 (2009: -1,596)	-1,002 (2009: -1,262)	-2,449	-1,230
Available-for-sale financial assets	361 (2009: 634)	130 (2009: 146)	-242 (2009: -478)	379 (2009: -52)	628	250
Financial liabilities	-92 (2009: -148)	-	-	1,782 (2009: 2,319)	1,690	2,171
Total	1,411 (2009: 2,114)	130 (2009: 146)	-2,831 (2009: -2,074)	1,159 (2009: 1,005)	-131	1,191

Foreign currency 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 allowances for receivables assigned to the category loans and receivables, reported under other operating expenses as essentially receivables from sales agents are concerned, 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 outside profit or loss, recognised directly in equity.

The net result from allowances for loans and receivables consists of allowances and income from the reversal of impairment loss.

Total interest income from financial assets is calculated according to the effective interest method and amounted to Euro 1,142 thousand in the year under review (previous year: Euro 1,628 thousand). Total interest expense for financial liabilities was Euro 92 thousand (previous year: Euro 148 thousand).

For the qualitative statements relating to the type of risks carried by financial instruments required under IFRS 7.31-7.42, please refer to the management report (chapter “Financial risks”, pages 29 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 at the respective group companies and the careful selection of financial advisors. Credit risk relating to product partners is curtailed by restrictive selection. Appropriate risk provisions have been made for receivables associated with a “triggering event” upon which impairment loss has been identified.

Cancellation risks are adequately covered by corresponding provisions. With respect to 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 recognition, they are measured 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 allowances for impairment loss.

The maximum amount of exposure in the category “loans and receivables” is equivalent to the carrying amount of Euro 102,417 thousand (2009: Euro 104,410 thousand). Securities held as collateral for this purpose come to Euro 197 thousand (2009: Euro 117 thousand), so that the residual risk amounts to Euro 102,220 thousand (2009: Euro 104,293 thousand). No material 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 2010 is equivalent to the carrying amount of Euro 15,569 thousand (2009: Euro 16,005 thousand).

The credit quality of financial assets, not including “overdue, not impaired assets” stated below, is determined on the basis of the subsidiaries’ management assessment within a scale 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	7,424 (2009: 10,221)	14,025 (2009: 26,925)	52,008 (2009: 36,586)	464 (2009: 1,375)	126 (2009: 323)	26,357 (2009: 25,367)	100,405 (2009: 100,797)
Available-for-sale financial assets	0 (2009: 0)	3,142 (2009: 3,100)	2,910 (2009: 1,447)	0 (2009: 0)	0 (2009: 0)	9,517 (2009: 11,458)	15,569 (2009: 16,005)

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 reporting date can be broken down according to time overdue as follows:

in Euro’000	Up to 6 month	6 – 12 months	1 – 3 years	3 – 5 years	More than 5 years	Total
Loans and receivables	1,452 (2009: 2,835)	255 (2009: 341)	305 (2009: 422)	0 (2009: 15)	0 (2009: 0)	2,012 (2009: 3,613)

Due to the impeccable credit ratings of the debtors there is no need for impairments.

There were no receivables as of the reporting date whose conditions had been renegotiated in the year under review as they would otherwise have been overdue or impaired.

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

in Euro’000	Gross amount	Impairment	Carrying amount (net)
Loans and receivables	29,198 (2009: 26,966)	-14,904 (2009: -12,040)	14,294 (2009: 14,926)
Available-for-sale financial assets	12,426 (2009: 9,873)	-754 (2009: -1,268)	11,672 (2009: 8,605)

The companies of the OVB Group do not hold securities as collateral or other credit enhancements in respect of financial assets that were overdue but not impaired as of the reporting date or financial assets that were individually impaired as of the reporting date.

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

3.5.2 Currency risks

Currency risks for the purpose of IFRS 7 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 currency. 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 distribute their profits to the parent company 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 low altogether.

The group generates 39 per cent (2009: 37 per cent) of consolidated 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 statement of financial position. The rates of exchange between the Euro and these functional currencies are monitored in order to make allowance 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. They show the effects of changes in market interest rates on interest income and expense, other income components and, if applicable, equity. For the sensitivity analysis with respect to fixed-interest securities, information on changes in prices at corresponding changes in market interest rates is taken into consideration (basis point value).

As of the reporting date the company had variable-interest assets valued at Euro 33,849 thousand (2009: Euro 25,660 thousand) and variable-interest liabilities of Euro 6 thousand (2009: Euro 583 thousand). If market interest rates for the full year 2010 had been 100 basis points higher (lower), net income would have been Euro 338 thousand (2009: Euro 251 thousand) higher (lower). For fixed-income securities, any increase (decrease) in market interest rates by 100 basis points would have decreased (increased) the total market price by approx. Euro 80 thousand (2009: Euro 52 thousand).

3.5.4 Liquidity risks

The group continuously 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 flows from operating activities. No liquidity shortfalls were identified at any time during 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 developed software, purchased trademarks and goodwill.

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

- An intangible asset must be identifiable, i.e. it can be separated from the company and sold, transferred, licensed, let or swapped
- 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 and to restrict access of third parties to its benefit
- Ability to reliably measure the cost of the asset
- Adequate technical, financial and other resources are available for the completion of development and the intangible 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 in the OVB Group if inflow of an economic benefit attributable to the self-created software is probable and if the cost can be measured reliably. If these criteria for capitalisation are not met, the expenditure on the item is recognised in profit or loss in the year it is incurred.

Software and other intangible assets (not including goodwill) are recognised at acquisition cost less cumulative amortisation and cumulative impairment.

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

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

In 2010 a CRM system was introduced in the OVB Group. The software is gradually amortised over 10 years, according to its introduction at the respective subsidiary, using the straight-line method. The total period of the software's introduction will probably range from March 2010 to June 2013. As the individualised country modules are introduced subsequently and the software is constantly updated, the total amortisation period for this asset will come to 13.3 years due to the scheduled introduction period throughout the group of 3.3 years. The carrying amount of the CRM system as of 31/12/2010 is Euro 8,357 thousand.

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 through profit or loss using the straight-line method over its useful life, provided there was no impairment.

Due to the adoption of IFRS 3, existing goodwill was recognised at its value as of 31 December 2004 and amortisation was discontinued 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 purpose 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 current figures for assets, liabilities, financial position and profit or loss and multi-year budget figures. OVB applies a DCF procedure. If there are indications of 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 plus any reversal of impairment loss.

Gains or losses on asset disposals are determined by comparing proceeds with the carrying amount. Resulting gains or losses are recognised in profit or loss.

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 the investment's market value at the time of acquisition. Investment property is capitalised only if it is probable that future economic benefits associated with the property will flow to the enterprise and if the cost of the property can be reliably measured.

According to IAS 40, investment property is not subject to depreciation.

Investment property is re-measured at fair value on subsequent reporting 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 method takes into account local and regional conditions (e.g. rental income, location, vacancy rates, age, condition, etc.). The valuer must take into account the uncertainty of the market with regard to an assessment of these conditions in determining the discount factors. The market value does not include a deduction for future sale costs.

During the reporting period rental income of Euro 30 thousand was generated from investment properties (previous year: Euro 48 thousand). This income was offset by directly attributable operating expenses of Euro 25 thousand (previous year: Euro 23 thousand).

Impairment of Euro -1 thousand was recorded in respect of investment property in the year under review (previous year: Euro -67 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 Lease agreements

Lease agreements 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 lease agreements.

Rental income and expense under operating leases are recognised in profit or loss under the item “other operating income”.

4.1.6 Impairment

Non-financial assets are tested for impairment within the meaning of IAS 36.1 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 that the asset's earning capacity has been diminished. Impairment loss is recognised 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 value in use. The net selling price is the amount obtainable by selling the asset under market conditions less cost to sell. The value in use is the cash or present value of estimated future cash flows expected to arise from the continued 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 cash-generating unit the asset belongs to.

Goodwill recognised in the statement of financial position is tested with respect to its future economic benefit in accordance with the methods described under note 4.1.1. In this regard, the future economic benefit is determined on the basis of the recoverable amount. Impairment is recorded in profit or loss 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 on 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, only such securities are purchased that can be sold anytime. All securities and other investments are classified as “available-for-sale”.

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

“Available-for-sale” financial assets are measured 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 in equity and recognised in profit or loss only as gains or losses are realised. A loss is deemed realised even without the sale of the security if there are internal or external indications or triggering events for the identification of impairment (IAS 39.58 in conjunction with 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 of impairment.

The interest rate applicable to respective financial assets and liabilities is used as the effective interest rate. All future cash flows to maturity are discounted to the asset’s net carrying amount.

4.2.3 Cash and cash equivalents

Cash and short-term deposits in the statement of financial position 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 reporting date or the payment of which OVB can postpone by at least twelve months from the reporting date as well as liabilities outside the ordinary course of business.

5.1.1 Non-current 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 cumulative unrecognised actuarial gains and losses for each individual plan as of the end of the previous reporting period exceeded 10 per cent of the greater amount of the defined benefit obligation or the fair value of plan assets at that time. The rate applied in order to calculate the present value of pension obligations is based on the interest 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 reporting date. They are generally stated at the present value of estimated future cash flows. The discount interest rate is oriented towards the interest rate applicable to long-term first-class corporate or government bonds and comes to 4.75 per cent.

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 respective domestic tax rate.

Taxes on income from current and previous periods not yet paid are recorded as tax liabilities.

Deferred tax liabilities are recognised under tax deferrals.

5.2.2 Other provisions

Cancellation risks

Provisions for cancellation risks are made for discounted commission relating to events after the reporting date because commission must be 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, the expected timing of cancellations, etc.) as of each reporting date according to a uniform process implemented in 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 each reporting 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 proceeding as of the reporting date. The provision reflects the probable outcome of the dispute with due regard to the associated risk. The provisions are reviewed as of each reporting 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 each reporting date and adjusted in accordance with the best estimate at the time.

Costs relating to the annual financial statements/audit costs

Companies of 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 exceeds a certain size, to have the financial statements audited. This item also includes the anticipated cost of the audit of the consolidated financial statements.

Other obligations

Other obligations arise where accounts are still outstanding, particularly for goods and services that were supplied before the reporting 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 settlement amount.

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 case of cancellation or non-payment, provisions are made on the basis of 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 Europe” segment.

The offsetting expense items are recognised on an accrual basis.

6.2 Financial result

Finance expense and income are recognised on an accrual basis.

6.3 Taxes on income

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

Deferred taxes are calculated on the basis of the internationally recognised liability method. 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, as well as 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 earnings of the respective company. Deferred taxes are calculated based on the respective domestic income tax rate.

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

If the temporary difference arising from the initial recognition of an asset/liability does not affect the taxable earnings, 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 recognised outside profit or loss in equity, in which case the deferred tax is also recognised outside profit or loss.

Deferred tax assets can be offset against deferred tax liabilities in accordance with IAS 12.74 if the entity has the legal right to settle on a net basis, the matter involves income taxes levied by the same taxing authority and the entity 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 in broking 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 according to these criteria. Insofar the operating group companies represent operating segments for the purpose of IFRS 8 and have been aggregated in three reportable segments in accordance with the criteria for aggregations provided by IFRS 8.12. All companies not involved in brokerage service operations are aggregated in the Corporate Centre segment. Compliant with IFRS, internal reporting to company management is a condensed presentation of the income statement, which is presented more elaborately in segment reporting. The companies’ earnings are monitored separately by company management in order to be able to measure and assess profitability. Due to the Improvements to International Financial Reporting Standards adopted by the European Union by Commission Regulation No. 243/2010 of 23 March 2010, segment assets are not disclosed in the presentation of segment reporting compliant with IFRS 8.23 as this disclosure is not part of internal reporting.

The “Central and Eastern Europe” segment includes OVB Vermögensberatung 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; TOB 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, Cologne.

The “Southern and Western Europe” segment includes 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, intra-segment liabilities and expense and income as well as the elimination of 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 measurement of the consolidated items in segment reporting correspond with the items presented in the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows 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 on related-party transactions for information about key clients.

II. Notes to the consolidated statement of financial position

ASSETS

A Non-current assets

2010: Euro'000	**24,297**
2009: Euro'000	23,493

1

1 Intangible assets

2010: Euro'000	**12,847**
2009: Euro'000	11,208

in Euro'000	31/12/2010	31/12/2009
Software		
Software purchased from external third parties	9,722	1,653
Self-created software	237	245
Payments on account of software	106	6,227
Goodwill	1,871	1,832
Other intangible assets	911	1,251
	12,847	**11,208**

The payments on account of software relate to an uniform customer relationship management program to be introduced throughout the group. The reported item includes capitalised transaction cost in the amount of Euro 700 thousand (previous year: Euro 619 thousand) based on intra-group performances (own work capitalised).

Goodwill is recognised in accordance with IFRS 3. This year's carrying amount includes Euro 39 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

2010: Euro'000	**5,194**
2009: Euro'000	6,175

in Euro'000	31/12/2010	31/12/2009
Land, land rights and buildings		
- Own-use property	1,991	2,027
Other equipment, office and operating equipment		
- Machinery, equipment, furniture, vehicles, other	2,189	2,693
- IT equipment	557	941
- Assets under finance lease	66	40
- Tenant fixtures and fittings	388	469
- Payments on account of tangible assets under construction	3	5
	5,194	**6,175**

A land charge on real property for Euro 575 thousand (previous year: Euro 615 thousand) serves as security for one own-use property.

Depreciation of Euro 104 thousand (previous year: Euro 101 thousand) was recorded in respect of own-use property.

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

Finance lease

The reported item of leased assets that are required to be allocated to the reporting entity in accordance with IAS 17 was Euro 66 thousand in the 2010 financial year (previous year: Euro 40 thousand). The total amount of minimum lease payments due for the next year is Euro 27 thousand (previous year: Euro 12 thousand) and the amount due in between one and five years combined is Euro 66 thousand (previous year: Euro 30 thousand).

There were no future minimum lease payments under non-cancellable finance leases that are payable for more than 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

2010: Euro'000	**570**
2009: Euro'000	571

in Euro'000	2010	2009
Rental income from investment properties	30	48
Operating expenses excluding depreciation	-25	-23
Net gains or losses from adjusting to fair value	-1	-67

Investment property relates to land in Hamburg, Germany, on which an office building has been erected. The value of this property decreased in the year under review by Euro 1 thousand. Rental income was reduced by Euro 18 thousand to Euro 30 thousand due to increased vacancy.

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 2010.

4

4 Financial assets

2010: Euro'000	**520**
2009: Euro'000	562

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

5

5 Deferred tax assets

2010: Euro'000	**5,166**
2009: Euro'000	4,977

Deferred tax assets can be broken down by reported items as follows:

in Euro'000	31/12/2010	31/12/2009
Goodwill	32	47
Tangible and intangible assets	24	41
Financial assets	202	189
Financial instruments	63	55
Other assets	123	148
Provisions	1,059	1,223
Liabilities	1,549	1,496
Tax loss carry-forwards	3,111	2,203
	6,163	**5,402**
Net of deferred tax liabilities	-1,182	-1,027
There is also a deferred tax asset based on supplementary tax statements in the amount of	185	602
	5,166	**4,977**

Deferred tax liabilities of Euro 12 thousand (previous year: Euro 39 thousand) were offset against equity outside profit or loss as of 31 December 2010.

Deferred taxes of Euro 1,536 thousand on unused loss carry-forwards of OVB Holding AG were recognised in previous years because of the profit and loss transfer agreement concluded 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 2008. In the year under review, the prior-year item was increased by Euro 672 thousand to Euro 2,208 thousand based on updated 5-year budget planning.

Deferred taxes of Euro 208 thousand on unused loss carry-forwards were recognised for Eurenta Holding GmbH Europäische Vermögensberatung, Cologne. This equals a decrease of Euro 50 thousand compared to the previous year.

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.

All in all, no deferred taxes were recognised for loss carry-forwards of Euro 19,721 thousand (previous year: Euro 22,687 thousand) for subsidiaries and the reporting entity. This would have corresponded with deferred tax assets of Euro 5,748 thousand (previous year: Euro 6,572 thousand).

Of the loss carry-forwards, Euro 2,607 thousand (previous year: Euro 2,483 thousand) can be used over a period of 5 to 15 years. Euro 17,114 thousand (previous year: Euro 20,204 thousand) can be carried forward indefinitely.

The deferred tax assets based on the supplementary tax statements arose because of the company's conversion to a stock corporation in the year 2001.

Schedule of Group non-current assets

of OVB Holding AG as of 31 December 2010

						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 31/12/2009	16,568	4,241	6,487	11,248	2,493	41,037
Currency translation differences	46	32	50	39	43	210
At 01/01/2010	16,614	4,273	6,537	11,287	2,536	41,247
Change in consolidated Group	0	0	0	0	0	0
Additions	1,102	131	1,985	0	11	3,229
Disposals	345	2	0	0	0	347
Transfers	8,106	0	-8,106	0	0	0
At 31/12/2010	**25,477**	**4,402**	**416**	**11,287**	**2,547**	**44,129**
Accumulated depreciation/amortisation						
At 31/12/2009	14,915	3,996	260	9,416	1,242	29,829
Currency translation differences	41	27	50	0	44	162
At 01/01/2010	14,956	4,023	310	9,416	1,286	29,991
Change in consolidated Group	0	0	0	0	0	0
Additions	1,138	144	0	0	350	1,632
Disposals	339	2	0	0	0	341
Transfers	0	0	0	0	0	0
At 31/12/2010	**15,755**	**4,165**	**310**	**9,416**	**1,636**	**31,282**
Accumulated impairments						
At 31/12/2009	0	0	0	0	0	0
Currency translation differences	0	0	0	0	0	0
At 01/01/2010	0	0	0	0	0	0
Change in consolidated Group	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Impairment loss reversal	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
At 31/12/2010	**0**	**0**	**0**	**0**	**0**	**0**
Book amount 31/12/2010	**9,722**	**237**	**106**	**1,871**	**911**	**12,847**
Book amount 31/12/2009	**1,653**	**245**	**6,227**	**1,832**	**1,251**	**11,208**

					Tangible assets		Real estate	Financial assets
				Operating and office equipment		Total	held as a financial investment	Loans
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			
3,282	7,187	4,910	64	1,743	7	17,193	1,101	562
85	146	63	0	4	0	298	0	0
3,367	7,333	4,973	64	1,747	7	17,491	1,101	562
0	0	0	0	0	0	0	0	0
5	529	100	76	0	3	713	0	707
0	951	269	65	25	4	1,314	0	749
0	-13	13	0	0	0	0	0	0
3,372	**6,898**	**4,817**	**75**	**1,722**	**6**	**16,890**	**1,101**	**520**
1,255	4,494	3,969	24	1,274	2	11,018	497	0
22	96	50	0	1	0	169	0	0
1,277	4,590	4,019	24	1,275	2	11,187	497	0
0	0	0	0	0	0	0	0	0
104	813	488	9	81	1	1,496	1	0
0	694	247	24	22	0	987	0	0
0	0	0	0	0	0	0	0	0
1,381	**4,709**	**4,260**	**9**	**1,334**	**3**	**11,696**	**498**	**0**
0	0	0	0	0	0	0	33	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	33	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	**0**	**0**	**0**	**0**	**0**	**0**	**33**	**0**
1,991	**2,189**	**557**	**66**	**388**	**3**	**5,194**	**570**	**520**
2,027	**2,693**	**941**	**40**	**469**	**5**	**6,175**	**571**	**562**

B Current assets

	2010: Euro'000	120,598
	2009: Euro'000	125,346

6

6 Trade receivables

	2010: Euro'000	20,208
	2009: Euro'000	15,934

in Euro'000	31/12/2010	31/12/2009
Trade receivables		
1. Receivables from insurance brokerage	16,863	13,305
2. Receivables from other brokerage	821	969
3. Other trade receivables	2,524	1,660
	20,208	**15,934**

Changes in impairment recognised on trade receivables are as follows:

in Euro'000	2010	2009
Impairments as of 1 January	189	128
Exchange rate differences	2	0
Allocated (impairment expense)	72	106
Used	9	26
Reversed	31	19
Impairments as of 31 December	**223**	**189**

Receivables of Euro 2,981 thousand (previous year: Euro 2,161 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.

7

7 Receivables and other assets

	2010: Euro'000	25,761
	2009: Euro'000	29,242

in Euro'000	31/12/2010	31/12/2009
7.1 Other receivables	22,550	23,013
7.2 Other assets	3,211	6,229
	25,761	**29,242**

7.1 Other receivables

in Euro'000	31/12/2010	31/12/2009
Other receivables		
1. Receivables from affiliated companies	0	2,191
2. Receivables from financial advisors	18,270	16,656
3. Receivables from employees	150	186
4. Sundry receivables	4,130	3,980
	22,550	**23,013**

Changes in impairment recognised on other receivables are as follows:

in Euro'000	2010	2009
Impairments as of 1 January	11,851	10,359
Exchange rate differences	103	-2
Allocated (impairment expense)	3,984	3,502
Used	29	342
Reversed	1,228	1,666
Impairments as of 31 December	**14,681**	**11,851**

Allocations to impairment of other receivables relate to receivables from financial advisors, recognised as provision against risk having regard to all available information concerning the credit rating of the debtors and the age structure of the receivables.

Receivables of Euro 295 thousand (previous year: Euro 1,634 thousand) will fall due in over a year's time.

1. Receivables from affiliated companies

Receivables from affiliates related in the previous year to receivables from Deutscher Ring Lebensversicherungs AG and Deutscher Ring Sachversicherungs AG. They primarily comprised receivables of OVB Vermögensberatung AG, Cologne, from insurance brokerage services. Due to changes in the shareholder structure, there are no receivables from affiliates as of 31 December 2010.

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 debtors and the age structure of the receivables. 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 value-defining factors.

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 reporting date that are not allocated to any other item in the statement of financial position.

7.2 Other assets

2010: Euro'000	**3,211**
2009: Euro'000	6,229

in Euro'000	31/12/2010	31/12/2009
Other assets		
1. Accrued investment income	166	36
2. Prepaid expenses	652	678
3. Advertising and office supplies	872	840
4. Payments on account	983	3,583
5. Other taxes	79	736
6. Sundry assets	459	356
	3,211	**6,229**

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 2011, prepaid insurance premiums and commission of the current financial year 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 material used in sales and administration.

4. Payments on account

This item primarily relates to short-term advance payments for incentive events. In the year under review OVB Holding was the predominant host of incentive events.

5. Other taxes

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

6. Sundry assets

Sundry assets comprise all assets as of the reporting date that are not attributed to any other item in the statement of financial position.

8

8 Income tax receivables

2010: Euro'000	**2,554**
2009: Euro'000	4,171

Income tax receivables primarily relate to prepayments of income tax. Income tax receivables have been recognised in particular for OVB Allfinanz a.s., Prague, and OVB Holding AG, Cologne.

9

9 Securities and other investments

2010: Euro'000	**41,221**
2009: Euro'000	30,936

in Euro'000	2010		2009	
	Securities	Other investments	Securities	Other investments
Historical cost	**15,943**	**25,652**	**16,979**	**14,931**
Revaluation reserve	260		160	
Impairment	-754		-1,268	
Market value	**15,449**	**25,652**	**15,871**	**14,931**
Deferred interest claims from securities	120	0	134	0
Carrying amount	**15,569**	**25,652**	**16,005**	**14,931**

In the past financial year write-downs on securities was recognised in profit or loss in the amount of Euro 242 thousand (2009: Euro 758 thousand). The write-downs are included in the financial result under "Investment expenses" in item 33. The reversal of impairment charges on securities is also disclosed in the financial result, item 33, under "Reversal of impairment loss on investments".

The revaluation reserve changed in the amount of Euro 100 thousand in the past financial year (2009: Euro 668 thousand). Net losses of Euro 4 thousand (2009: Euro 522 thousand) have been realised.

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

2010: Euro'000	**30,854**
2009: Euro'000	45,063

in Euro'000	31/12/2010	31/12/2009
Cash	151	483
Cash equivalents	30,703	44,580
	30,854	**45,063**

Cash means the cash-in-hand of the group companies as of the reporting 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 recognised at nominal value and foreign currencies are stated in Euros at the closing rate as of the reporting date.

EQUITY AND LIABILITIES

A Equity

2010: Euro'000	**83,485**
2009: Euro'000	86,123

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

11

11 Subscribed capital

2010: Euro'000	**14,251**
2009: Euro'000	14,251

The subscribed capital (share capital) of OVB Holding AG amounts to Euro 14,251 thousand as of 31 December 2010 and consists of 14,251,314 no-par value ordinary bearer shares (previous year: 14,251,314 shares).

12

12 Capital reserve

2010: Euro'000	**39,342**
2009: Euro'000	39,342

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

13

13 Own shares (treasury share)

OVB Holding AG did not hold any of its own shares in the year under review. There were no transactions in ordinary shares or options on ordinary shares in the period between the reporting date and the date of preparing the consolidated financial statements.

At the Annual General Meeting of OVB Holding AG on 11 June 2010, the shareholders authorised the Executive Board to acquire, subject to the Supervisory Board's approval, up to a total of 300,000 of the company's bearer shares in one or several transactions on or before 10 June 2015. Shares acquired on the basis of this authorisation may also be retired.

14

14 Revenue reserves

2010: Euro'000	**13,593**
2009: Euro'000	13,306

15

15 Other reserves

2010: Euro'000	**1,808**
2009: Euro'000	1,297

Other reserves essentially comprise 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 revaluation reserve and currency translation reserve over the reporting period are shown in the statement of changes in equity.

16

16 Non-controlling interests

2010: Euro'000	**174**
2009: Euro'000	202

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

Changes relative to the previous year represent the pro rata share in the loss of the Nord-Soft companies for the year under review.

17

17 Retained earnings

2010: Euro'000	**14,317**
2009: Euro'000	17,725

Distributable profits and dividends

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

At the Annual General Meeting of 11 June 2010, the shareholders resolved the appropriation of the retained earnings of OVB Holding AG for financial year 2009.

In financial year 2010 a total dividend of Euro 7,126 thousand was paid out to the shareholders, equivalent to Euro 0.50 per no-par value share. The dividend was distributed to the shareholders of OVB Holding AG on 14 June 2010.

In accordance with Section 170 AktG (German Stock Corporation Act), the Executive Board of OVB Holding AG proposes the following appropriation of the retained earnings reported in the financial statements of OVB Holding AG as of 31 December 2010:

in Euro'000	2010
Distribution to shareholders	7,126
Profits carried forward	5,768
Retained earnings	**12,894**

The total dividend payout is equivalent to Euro 0.50 per share (previous year: Euro 0.50 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

2010: Euro'000	**1,505**
2009: Euro'000	1,270

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 remaining term to maturity:

Maturity of liabilities as of 31/12/2010

in Euro'000 Type of liability	Total amount	1 year to less than 3 years	3 to less than 5 years	5 years and more	No maturity	Secured amount
Liabilities to banks	389	146	243	0	0	168
Other liabilities	73	73	0	0	0	0

Maturity of liabilities as of 31/12/2009

in Euro'000 Type of liability	Total amount	1 year to less than 3 years	3 to less than 5 years	5 years and more	No maturity	Secured amount
Liabilities to banks	261	178	60	23	0	210
Other liabilities	41	41	0	0	0	0

18

18 Liabilities to banks

2010: Euro'000	**389**
2009: Euro'000	261

in Euro'000	31/12/2010	31/12/2009
The item *"liabilities to banks"* includes other long-term bank loans to set up the businesses of subsidiaries in the amount of:	221	51
and for financing own-use property in the amount of:	168	210
	389	**261**
Repayments on the first loan were:	30	52
Repayments on the second loan were:	42	44

19

19 Provisions

2010: Euro'000	**931**
2009: Euro'000	937

in Euro'000	31/12/2010	31/12/2009
Provisions for pensions	761	720
Long-term provisions for employees	151	201
Other long-term provisions	19	16
	931	**937**

in Euro'000	01/01/2010	Exchange rate differences	Allocated	Used	Released	31/12/2010
Provisions for pensions	720	34	60	53	0	761
Long-term provisions for employees	201	0	41	0	92	151
Other long-term provisions	16	0	9	6	0	19
	937	**34**	**110**	**58**	**92**	**931**

Interest rate effects included in allocations are immaterial.

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 per cent
- orphan's pension of 10 per cent of employee's pension

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

OVB Vermögensberatung (Schweiz) AG, Baar, has a statutory obligation to pay pension benefits to six 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 twelve 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 by subsidiary as follows:

in Euro'000	31/12/2010	31/12/2009
OVB Holding AG	436	416
OVB Vermögensberatung (Schweiz) AG, Baar	168	178
OVB Allfinanzvermittlungs GmbH, Salzburg	157	126
	761	**720**

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:

	31/12/2010	31/12/2009
Discount rate	4.75 %	5.25 %
Expected increases in future salaries	0.0 %	0.0 %
Expected future pension adjustments	2.0 %	2.0 %
Expected inflation rate	2.0 %	2.0 %

The following expenses and income were reported for financial year 2010 based on the actuarial assessment:

in Euro'000	31/12/2010	31/12/2009
Service cost	0	0
Interest expense	20	20

The liability reported in the statement of financial position comes to Euro 436 thousand as of 31 December 2010. This comprises a calculated present value of the defined benefit obligation (DBO) of Euro 466 thousand and actuarial loss of Euro 30 thousand not yet recognised.

Changes in defined benefit obligations (in Euro'000)	2010	2009
Defined benefit obligation at the beginning of the reporting period	416	396
Interest expense	20	20
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	436	416

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:

	31/12/2010	31/12/2009
Discount rate	3.0 %	3.25 %
Expected increases in future salaries	2.2 %	1.5 %
Expected future pension adjustments	0.5 %	0.5 %
Expected inflation rate	1.2 %	1.4 %

The following expenses and income were reported for financial year 2010 based on the actuarial assessment:

in Euro'000	31/12/2010	31/12/2009
Service cost	211	231
Interest expense	32	27

The liability reported in the statement of financial position comes to Euro 168 thousand as of 31 December 2010. This amount comprises a calculated present value of the defined benefit obligation (DBO) of Euro 479 thousand less plan assets of Euro 353 thousand and an as yet unrecognised actuarial gain of Euro 42 thousand.

in Euro'000	2010	2009
Development of defined benefit obligations		
Defined benefit obligation at the beginning of the reporting period	818	897
Exchange rate changes affecting obligation 31/12/2009 – 31/12/2010	158	1
Interest expense	32	27
Service cost	211	231
Benefits paid	-74	-234
Other deposits	0	7
Actuarial gain/loss	-84	-111
Adjustment/Release	-582	0
Defined benefit obligation at the end of the reporting period	479	818
Changes in asset value		
Fair value of plan assets at the beginning of the reporting period	587	642
Exchange rate changes affecting plan assets 31/12/2009 – 31/12/2010	113	0
Employer contributions	64	109
Employees	44	60
Expected investment income	28	26
Other deposits	0	7
Benefits paid	-74	-234
Actuarial gain/loss	-11	-23
Adjustment/Release	-398	0
Fair value of plan assets as of 31 December	353	587

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:

	31/12/2010	31/12/2009
Discount rate	4.75 %	5.7 %
Expected increases in future salaries	1.5 %	2.0 %

The following expenses and income were reported for financial year 2010 based on the actuarial assessment:

in Euro'000	31/12/2010	31/12/2009
Service cost	11	11
Interest expense	7	7

The liability reported in the statement of financial position equals the calculated present value of the defined benefit obligation (DBO) and amounts to Euro 157 thousand.

Changes in defined benefit obligations (in Euro'000)	2010	2009
Defined benefit obligation (DBO) at the beginning of the reporting period	126	121
Interest expense	7	7
Current service cost	11	11
Benefits paid	-2	-12
Actuarial gain/loss	15	0
Expected present value of DBO at the end of the reporting period	157	127
Actuarial gain/loss not yet recognised	0	-1
Correction: DBO – expected DBO	0	0
Defined benefit obligation at the end of the reporting period	157	126

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	2010	2009
Provisions for pensions according to IAS 19 as of 01/01	720	623
Exchange rate differences	40	0
+ pension expense for the financial year (OVB Holding)	20	20
+ income from the release of provisions for pensions (OVB Switzerland) (previous year: pension expense)	-50	72
+ pension expense for the financial year (OVB Austria)	31	5
Provisions for pensions according to IAS 19 as of 31/12	761	720
Assumed interest rate	4.75 % (OVB Holding)	5.25 % (OVB Holding)
	3.0 % (OVB Switzerland)	3.25 % (OVB Switzerland)
	4.75 % (OVB Austria)	5.7 % (OVB Austria)

Pension benefits of Euro 74 thousand were paid at OVB Vermögensberatung (Schweiz) AG, Baar, in the 2010 financial year. OVB Allfinanzvermittlungs GmbH, Salzburg, paid Euro 2 thousand in pension benefits in the 2010 financial year. No pension benefits are currently being paid at OVB Holding AG.

Financing of the defined benefit pension plans:

in Euro'000	31/12/2010	31/12/2009
Present value of allocated commitment	1,102	1,347
Unrecognised actuarial gains/losses	12	-40
Plan assets	353	587
Provisions for pensions	761	720

Actuarial gains and losses are recognised by applying the “corridor method”.

Long-term provisions for employees

Long-term provisions for employees primarily relate to provisions set aside for anniversary bonus payments in consideration of long-term service to the company.

20

20 Other liabilities

2010: Euro'000	**73**
2009: Euro'000	41

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

21

21 Deferred tax liabilities

2010: Euro'000	**112**
2009: Euro'000	31

Deferred tax liabilities concern the following items in the statement of financial position:

in Euro'000	31/12/2010	31/12/2009
Goodwill	445	459
Tangible and intangible assets	254	27
Financial instruments	290	371
Other assets	10	18
Provisions	268	183
Liabilities	27	0
	1,294	**1,058**
Net of deferred tax assets	-1,182	-1,027
	112	**31**

C Current liabilities

2010: Euro'000	**59,905**
2009: Euro'000	61,446

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

22

22 Provisions for taxes

2010: Euro'000	**1,360**
2009: Euro'000	1,836

in Euro'000	31/12/2010	31/12/2009
Income tax provisions	1,017	1,572
Other tax provisions	343	264
	1,360	**1,836**

Provisions for taxes have developed as follows:

in Euro'000	01/01/2010	Exchange rate differences	Allocated	Used	Released	31/12/2010
Provisions for taxes	1,836	64	1,289	1,829	0	1,360

23

23 Other provisions

2010: Euro'000	**25,231**
2009: Euro'000	27,711

in Euro'000	**31/12/2010**	**31/12/2009**
1. Cancellation risks	10,471	12,027
2. Unbilled liabilities	11,687	12,243
3. Legal claims	675	495
	22,833	**24,765**
4. Other		
- Liabilities to employees	947	695
- Costs relating to annual financial statements / Audit cost	627	869
- Other obligations	824	1,382
	2,398	**2,946**
	25,231	**27,711**

in Euro'000	**01/01/2010**	**Exchange rate differences**	**Allocated**	**Used**	**Released**	**31/12/2010**
1. Cancellation risks	12,027	151	1,786	3,493	0	10,471
2. Unbilled liabilities	12,243	166	18,347	18,174	895	11,687
3. Legal claims	495	11	488	157	162	675
4. Other	2,946	15	2,832	3,008	386	2,398
	27,711	**343**	**23,453**	**24,833**	**1,443**	**25,231**

Provisions for cancellation risk are generally recognised as current provisions due to uncertainty in respect of usage. Assumed that the clients' cancellation behaviour corresponds to cancellation behaviour of the recent past, the non-current portion would amount to Euro 3,120 thousand.

24

24 Income tax liabilities

2010: Euro'000	**504**
2009: Euro'000	284

Income tax liabilities are primarily attributable to the earnings before taxes generated over the previous years.

25

25 Trade payables

2010: Euro'000	**8,230**
2009: Euro'000	6,692

This item includes the commission billed by financial advisors unless categorised as retained security as well as those bonuses accrued as of the reporting date but not yet paid. Trade payables are stated at payable amounts.

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 31/12/2010:

in Euro'000 Type of liability	**Total amount**	**Overdue**	**Due daily**	**Less than 3 months**	**3 – less than 6 months**	**6 – 12 months**	**No maturity**
Trade payables	8,230	239	563	2,936	1,839	146	2,507

Maturity of liabilities as of 31/12/2009:

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

26

26 Other liabilities

2010: Euro'000	**24,580**
2009: Euro'000	24,923

Maturity of liabilities as of 31/12/2010:

in Euro'000 Type of liability	Total amount	Overdue	Due daily	Less than 3 months	3 – less than 6 months	6 – 12 months	No maturity
1. Retained security	21,767	205	172	696	7,049	2,911	10,734
2. Liabilities based on other taxes	943	0	182	761	0	0	0
3. Liabilities to employees	1,050	0	40	686	39	0	285
4. Liabilities to product partners	177	0	48	128	0	0	1
5. Liabilities to banks	32	0	6	26	0	0	0
6. Other liabilities to sales agents	97	0	0	0	0	0	97
7. Other liabilities	514	9	141	345	16	0	3

Maturity of liabilities as of 31/12/2009:

in Euro'000 Type of liability	Total amount	Overdue	Due daily	Less than 3 months	3 – less than 6 months	6 – 12 months	No maturity
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 sales agents	203	0	0	0	0	0	203
7. Other liabilities	1,033	13	385	286	283	0	66

There are no liabilities with terms to maturity of more than twelve 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 that have already been assessed.

3. Liabilities to employees

Payments due to employees in the short term for services rendered, such as holiday pay, bonuses or premiums and benefits paid to employees following the termination of 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 reporting date. They are recognised at nominal value.

6. Other liabilities to sales agents

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

III. Notes to the consolidated income statement

27

27 Brokerage income

2010: Euro'000	**175,074**
2009: Euro'000	180,110

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

2010: Euro'000	**11,252**
2009: Euro'000	14,388

in Euro'000	2010	2009
Refunds from financial advisors	3,695	5,470
Income from the release of provisions	1,536	1,101
Own work capitalised	700	619
Income from the cancellation of expired liabilities	1,782	2,319
Rental income from sub-leases	37	65
Income from the disposal of intangible and tangible assets	14	202
Reversals of impairment loss	1,466	1,997
Other	2,022	2,615
	11,252	**14,388**

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

Own work capitalised relates to the CRM software of the group (see asset schedule).

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

Reversals of impairment loss primarily concerns OVB Vermögensberatung AG, Cologne and Eurenta Holding GmbH, Cologne, in the Germany segment, as well as OVB Allfinanz a.s., Prague, and OVB Vermögensberatung A.P.K. Kft., Budapest, in the Central and Eastern Europe segment. The reversals of impairment loss concern "other assets" and primarily relate to receivables from financial advisors.

29

29 Brokerage expenses

2010: Euro'000	**-112,542**
2009: Euro'000	-108,346

in Euro'000	2010	2009
Current commission	-97,129	-91,679
Other commission	-15,413	-16,667
	-112,542	**-108,346**

This item includes all payments to financial advisors. Current commission comprises all directly performance-based commission, i.e. new business commission, dynamic commission and policy service commission. All other commission linked to a specific purpose, e.g. other performance-based remuneration, is reported under "other commission".

30

30 Personnel expense

2010: Euro'000	**-24,773**
2009: Euro'000	-25,160

in Euro'000	2010	2009
Wages and salaries	-20,743	-20,625
Social security	-3,758	-3,890
Expenses for retirement provision	-272	-645
	-24,773	**-25,160**

31

31 Depreciation and amortisation

2010: Euro'000	**-3,121**
2009: Euro'000	-3,816

in Euro'000	2010	2009
Amortisation of intangible assets	-1,632	-2,002
Depreciation of tangible assets	-1,489	-1,814
	-3,121	**-3,816**

Depreciation and amortisation in the 2010 financial year is shown in the asset schedule.

32

32 Other operating expenses

2010: Euro'000	**-41,100**
2009: Euro'000	-47,548

in Euro'000	2010	2009
Administrative expenses		
Legal costs, audit cost, advisors' costs	-4,332	-5,465
Facility expenses	-2,699	-2,759
Communication costs	-1,412	-1,506
IT expenses	-1,582	-2,123
Vehicle expenses	-738	-758
Rent for furniture and equipment	-196	-220
Other administrative expenses	-3,381	-3,491
	-14,340	**-16,322**
Sales and marketing costs		
Seminars, competitions, functions	-11,616	-13,902
Advertising cost, public relations	-2,113	-2,591
Write-downs on / Allowances for receivables	-5,058	-4,855
Other sales and marketing costs	-3,558	-5,155
	-22,345	**-26,503**

in Euro'000	2010	2009
Other operating expenses		
Foreign currency losses	-296	-396
Supervisory Board remuneration	-123	-166
Losses from disposal of assets	-167	-37
Sundry expenses	-1,396	-1,323
	-1,982	**-1,922**
Non-income-based taxes		
Value added tax on purchased goods/services	-2,025	-2,365
Other non-income-based taxes	-408	-436
	-2,433	**-2,801**
	-41,100	**-47,548**

Operating lease

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

in Euro'000	31/12/2010	31/12/2009
Twelve months or less	1,691	1,412
Between one and five years	2,056	2,746
	3,747	**4,158**

There were no future minimum lease payments under non-cancellable operating leases that must be paid for more than five years. The present value of lease payments under operating leases amounts to Euro 2,980 thousand (previous year: Euro 3,210 thousand).

Payments under leases and sub-leases recognised in profit or loss can be broken down as follows:

in Euro'000	2010	2009
Amount of minimum lease payments	778	660
Contingent rent	90	110
Payments under sub-leases	0	-15
	868	**755**

Payments were made under operating leases for vehicles, telephone equipment, photocopiers and other operating and office equipment as well as offices. The terms of these leases range between 3 and 36 months. Contingent rent essentially includes payments for contract provisions that consider actual use of photocopiers and extra mileage for vehicles.

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33 Financial result

2010: Euro'000	**1,552**
2009: Euro'000	1,644

in Euro'000	2010	2009
Finance income		
Bank interest	581	1,044
Income from securities	876	738
Reversal of impairment charges on investments	0	315
Income from investment property (net)	4	25
Interest income from loans	36	41
Other interest income and similar income	525	542
	2,022	**2,705**
Finance expense		
Interest expense and similar expenses	-92	-148
Investment expenses	-378	-913
	-470	**-1,061**
Financial result	**1,552**	**1,644**

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

2010: Euro'000	**-2,365**
2009: Euro'000	-2,561

in Euro'000	2010	2009
Actual income taxes	-2,495	-2,690
Deferred income taxes	130	129
	-2,365	**-2,561**

Tax expenses include foreign current taxes in the amount of Euro 2,500 thousand (previous year: Euro 2,730 thousand) and foreign deferred tax expenses of Euro 174 thousand (previous year: Euro 55 thousand).

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

In addition to the amount recognised in the consolidated income statement, deferred taxes of Euro 12 thousand (previous year: Euro 39 thousand) which relate to items recognised outside profit or loss in equity were settled outside profit or loss in equity.

The effective income tax rate applied to pre-tax result from ordinary business activities was 37.3 per cent (previous year: 22.7 per cent).

The following reconciliation statement shows the connection between the result from ordinary business activities and taxes on income in the financial year. The anticipated tax expense is calculated on the basis of the German combined income tax rate of currently 31.58 per cent.

Reconciliation statement

in Euro'000	2010	2009
Earnings before taxes on income according to IFRS	6,342	11,272
Consolidated income tax rate	31.58 %	31.58 %
Theoretical income tax expense in the financial year	**-2,003**	**-3,560**
Taxes based on non-deductible expenses (-) / tax-free income (+)	-660	-1,219
Effect of other tax rates applicable to domestic and foreign operating subsidiaries	1,072	1,068
Income taxes unrelated to the accounting period	92	38
Change in tax effect from temporary differences and tax losses on which no deferred tax assets were recognised (-) / Capitalisation of deferred taxes in financial year on loss carry-forward from previous year on which no deferred taxes were recognised in the previous year (+)	-913	878
Other	47	234
Taxes on income	**-2,365**	**-2,561**

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35 Consolidated net income

	2010: Euro'000	**3,977**
	2009: Euro'000	8,711

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36 Net income attributable to non-controlling interests

	2010: Euro'000	**28**
	2009: Euro'000	53

This item relates to non-controlling 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 basic/diluted earnings per share are calculated on the basis of the following data:

in Euro'000	2010	2009
Net income		
Basis for basic/diluted earnings per share (share in net income for the period attributable to owners of the parent)	4,005	8,764

	2010	2009
Number of shares		
Weighted average number of shares for determination of basic/diluted earnings per share	14,251,314	14,251,314
Basic earnings per share in Euro	0.28	0.61

Basic earnings per share equal diluted earnings as no dilutive effects materialised in the year under review.

IV. Other disclosures

Contingent liabilities

Guarantees and assumed 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 assumed liabilities totalled Euro 4,978 thousand as of the reporting date (previous year: Euro 3,809 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 464 (previous year: 494) commercial staff in the year under review of which 60 (previous year: 59) 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, Chairman
- Oskar Heitz, Bankkaufmann
- Mario Freis, Geprüfter Versicherungsfachwirt (IHK)

Members of the Supervisory Board of OVB Holding AG are:

- Michael Johnigk, Member of the Executive Board of Deutscher Ring Krankenversicherungsverein a.G., Hamburg; SIGNAL Krankenversicherung a. G., Dortmund; IDUNA Vereinigte Lebensversicherung aG für Handwerk, Handel und Gewerbe, Hamburg; SIGNAL Unfallversicherung a. G., Dortmund; SIGNAL IDUNA Allgemeine Versicherung AG, Dortmund; SIGNAL IDUNA Holding AG, Dortmund; PVAG Polizeiversicherungs-Aktiengesellschaft, Dortmund (Chairman of the Supervisory Board since 08/07/2010, until then member of the Supervisory Board)
- Jens O. Geldmacher, Member of the Executive Board of Deutscher Ring Krankenversicherungsverein a.G., Hamburg; SIGNAL Krankenversicherung a. G., Dortmund; IDUNA Vereinigte Lebensversicherung aG für Handwerk, Handel und Gewerbe, Hamburg; SIGNAL Unfallversicherung a. G., Dortmund; SIGNAL IDUNA Allgemeine Versicherung AG, Dortmund; SIGNAL IDUNA Holding AG, Dortmund; PVAG Polizeiversicherungs-Aktiengesellschaft, Dortmund (Deputy Chairman of the Supervisory Board)
- Christian Graf von Bassewitz, Bankier (ret.)
- Winfried Spies, Chairman of the Executive Board of Generali Versicherung AG, Munich; Generali Lebensversicherung AG, Munich; Generali Beteiligungs- und Verwaltungs AG, Munich
- Dr Frank Grund, Chairman of the Executive Board of Basler Versicherungen, Bad Homburg; Deutscher Ring Lebensversicherung-AG, Hamburg; Deutscher Ring Sachversicherungs-AG, Hamburg (member of the Supervisory Board since 29/06/2010)
- Jan De Meulder, Head of International, Corporate Executive Committee, Baloise Group, Basel, Switzerland (member of the Supervisory Board since 29/06/2010)
- Marlies Hirschberg-Tafel, Member of the Executive Board of Deutscher Ring Krankenversicherungsverein a.G., Hamburg; SIGNAL Krankenversicherung a. G., Dortmund; IDUNA Vereinigte Lebensversicherung aG für Handwerk, Handel und Gewerbe, Hamburg; SIGNAL Unfallversicherung a. G., Dortmund; SIGNAL IDUNA Allgemeine Versicherung AG, Dortmund; SIGNAL IDUNA Holding AG, Dortmund; PVAG Polizeiversicherungs-Aktiengesellschaft, Dortmund (member of the Supervisory Board until 11/06/2010)
- Wolfgang Fauter, Deputy Chairman of the Executive Board of Deutscher Ring Krankenversicherungsverein a.G., Hamburg; SIGNAL Krankenversicherung a. G., Dortmund; IDUNA Vereinigte Lebensversicherung aG für Handwerk, Handel und Gewerbe, Hamburg; SIGNAL Unfallversicherung a. G., Dortmund; SIGNAL IDUNA Allgemeine Versicherung AG, Dortmund; SIGNAL IDUNA Holding AG, Dortmund; PVAG Polizeiversicherungs-Aktiengesellschaft, Dortmund – until 31/12/2010, respectively (Chairman and member of the Supervisory Board until 11/06/2010)

Remuneration of Supervisory Board and Executive Board

Total remuneration of the Supervisory Board in the year under review was Euro 62 thousand (previous year: Euro 83 thousand).

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

in Euro'000	Wilfried Kempchen	Oskar Heitz	Mario Freis
Fixed remuneration	596 (2009: 124)	311 (2009: 272)	235
Variable remuneration	270 (2009: 188)	104 (2009: 81)	83
Total remuneration	**866 (2009: 312)**	**415 (2009: 353)**	**318**

The variable remuneration of Executive Board members 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 according to IAS 24.16(d) were paid. No other long-term benefits or share-based remuneration were granted in the year under review.

- Pension commitments of OVB Holding AG to a former member of management come to Euro 436 thousand as of the reporting date (2009: Euro 416 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 395 thousand (previous year: Euro 434 thousand). The auditor's fees comprised the following in the 2010 financial year:

in Euro'000	2010	2009
Audit cost	296	296
Cost of preparing audit opinion and assessment services	89	0
Cost of tax advice	0	0
Cost of other services	7	138

Events after the reporting date

There were no reportable events after the reporting date.

Related party transactions

Transactions between the company and its subsidiaries, regarded as related parties, were eliminated as intra-group transactions through consolidation and are not discussed in these notes.

Since 1 July 2010 OVB Holding AG is no longer included in the consolidated financial statements of Bâloise Holding AG due to changes in share property held by the principal shareholders.

Principal shareholders are as of 31/12/2010:

The Signal Iduna Group represents a horizontal group ("Gleichordnungsvertragskonzern"). The parent companies are:

- SIGNAL Krankenversicherung a. G., Dortmund
- IDUNA Vereinigte Lebensversicherung aG für Handwerk, Handel und Gewerbe, Hamburg
- SIGNAL Unfallversicherung a. G., Dortmund
- Deutscher Ring Krankenversicherungsverein a.G., Hamburg.

As of 31 December 2010 IDUNA Vereinigte Lebensversicherung aG für Handwerk, Handel und Gewerbe held shares in OVB Holding AG carrying 31.48 per cent of the voting rights. Balance Vermittlungs- und Beteiligungs-AG, part of the horizontal group, held shares in OVB Holding AG carrying 17.54 per cent of the voting rights as of 31 December 2010. Deutscher Ring Krankenversicherungsverein a.G. held shares in OVB Holding AG carrying 3.74 per cent of the voting rights as of 31 December 2010.

As of 31 December 2010 Deutscher Ring Beteiligungsholding GmbH held shares in OVB Holding AG carrying 32.57 per cent of the voting rights. This company is a group company of the Bâloise Group, whose parent is Bâloise Holding AG.

As of 31 December 2010 Generali Lebensversicherung AG held shares in OVB Holding AG carrying 11.48 per cent of the voting rights. This company is a group company of the Generali Group, whose parent is Generali Deutschland Holding AG.

The item “brokerage expenses” includes commission paid to members of management in key positions in the amount of Euro 2,254 thousand (previous year: Euro 2,310 thousand).

As of the reporting date there are no receivables from members of management in key positions (previous year: Euro 2 thousand) and no liabilities to them (previous year: Euro 0 thousand).

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

From contracts with companies of the SIGNAL IDUNA Group, sales were generated in the amount of Euro 6,249 thousand (previous year: Euro 5,624 thousand), or total sales commission of Euro 11,846 thousand (previous year: Euro 10,747 thousand), respectively, essentially in the Germany segment.

As of the reporting date, receivables from and liabilities to companies of the SIGNAL IDUNA Group come to:

in Euro’000	**31/12/2010**	**31/12/2009**
Receivables	753	224
Liabilities	0	0

Sales from contracts with companies of the Bâloise Group in the amount of Euro 21,912 thousand (previous year: Euro 26,223 thousand) or total sales commission of Euro 34,502 thousand (previous year: Euro 38,719 thousand), respectively, are essentially generated in the Germany segment.

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

in Euro’000	**31/12/2010**	**31/12/2009**
Receivables	1,935	2,191
Liabilities	0	0

Sales generated from contracts with companies of the Generali Group in the amount of Euro 30,604 thousand (previous year: Euro 36,233 thousand), or total sales commission of Euro 32,862 thousand (previous year: Euro 38,542 thousand), respectively, essentially involve the segments Germany and Central and Eastern Europe.

As of the reporting date, receivables from and liabilities to companies of the Generali Group come to:

in Euro’000	**31/12/2010**	**31/12/2009**
Receivables	1,017	6,488
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 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 the end of the financial year 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 has reported on contract relationships with companies of the Bâloise Group and the SIGNAL IDUNA Group in financial year 2010 and in previous years in accordance with Section 312 AktG (German Stock Corporation Act). In its audit report, the auditor provided the following statement:

“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,
3. no circumstances suggest a materially different assessment from the Executive Board’s assessment with respect to the measures listed in the report.”

Statement pursuant to Section 161 AktG (German Stock Corporation Act)

The Executive Board and the Supervisory Board of OVB Holding AG have issued the statement required under Section 161 AktG for 2010 and made the statement permanently available to the shareholders on the website of OVB Holding AG (www.ovb.ag).

Statement pursuant to Section 37v WpHG (German Securities Trading Act)

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

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, 25 March 2011

Wilfried Kempchen Chairman of the Executive Board	Oskar Heitz Executive Board Finances and Administration	Mario Freis Executive Board International Sales

Applied accounting standards and provisions (as of 31 December 2010)

For financial year 2010 the OVB Group applies the following IAS/IFRS Standards as adopted by Commission Regulation (EC) No. 1126/2008 of 03/11/2008[3/6], amended by Commission Regulation (EC) No. 243/2010 of 23/03/2010 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

Standard/ Interpretation[1/4]	Subject / Explanatory notes[2]	Version applied
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 Committee (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 (German Securities Trading Act); esp. Sections 37v through 37z WpHG	2007
GCGC in conjunction with Section 161 AktG (German Stock Corporation Act)	German Corporate Governance Code	26/05/2010
FWBO	Frankfurter Wertpapierbörsenordnung (Frankfurt Stock Exchange Rules and Regulations)	15/08/2008

Key

1) Not all Standards and other provisions as of the reporting date have been listed but only those of relevance to the group.

2) Date from which the provision is subject to mandatory application according to IFRS; earlier voluntary application is often permitted. An express reference is contained in the notes if the group voluntarily applies a provision earlier than required.

3) Section 315a (1) HGB (German Commercial Code) in conjunction with the so-called IAS Regulation (Regulation (EC) No. 1606/2002) requires the group to apply the IFRS adopted by the European Union. 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 Standards 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 reporting date but before the "date the financial statements are signed", the respective provision can still be applied in the financial statements (EU Commission clarification at the ARC meeting of 30 November 2005).

4) IFRS: An umbrella term for all accounting provisions released by the International Accounting Standards Board (IASB), but also a term for accounting provisions newly resolved by the IASB since 2003. Accounting provisions resolved through 2002 will continue to be published as International Accounting Standards (IAS). Only if existing International Accounting 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 (German Commercial Code) and that 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 it also supersedes Regulation (EC) No. 1725/2003 of 29/09/2003 as well as all amendments adopted until 15/10/2008.

Corporate pension products

Corporate pension schemes receive high state subsidies – at deferred compensation and the application of capital-forming payments.

Clients

Both employees and employers benefit from a corporate pension scheme.

OVB

As a third pillar, corporate pension products can fill remaining gaps – OVB offers expert advice.

Auditor's report

We have audited the consolidated financial statements prepared by OVB Holding AG, Cologne – comprising statement of financial position, income statement and statement of comprehensive income, statement of changes in equity, statement of cash flows and notes – and the consolidated management report for the financial year ended 31 December 2010. 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 provisions of commercial law applicable pursuant to Section 315 a (1) HGB (German Commercial Code). It is our responsibility to give 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 German Generally Accepted Standards on Auditing as promulgated by the Institute of Auditors (IDW). These standards require that we plan and perform the audit such that misstatements and violations materially affecting the presentation of the assets, liabilities, financial position and profit or loss in the consolidated financial statements, in compliance with applicable accounting provisions, and in the consolidated management report are 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 accounting-related 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 separate financial statements of the companies included in the consolidated financial statements, the definition of the basis of consolidation, 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 provisions of commercial law applicable pursuant to Section 315 a (1) HGB and provide, in compliance 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 is in accord with the consolidated financial statements and conveys an altogether accurate picture of the group's position and accurately presents the opportunities and risks associated with the future development.

Düsseldorf, 25 March 2011

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Christian Sack	ppa. Ralf Scherello
Wirtschaftsprüfer	Wirtschaftsprüfer
(Certified Public Accountant)	(Certified Public Accountant)

Michael Johnigk, Chairman of the Supervisory Board, OVB Holding AG

Report of the Supervisory Board

Dear shareholders,

the Supervisory Board continued to cooperate with the Executive Board closely and based on mutual trust in the 2010 financial year. The past year definitely presented special challenges to the group as the consequences of the worldwide financial and economic crisis still persisted in some areas.

In the following report the Supervisory Board provides information on the focal points of its activity in the past financial year.

Cooperation of Supervisory Board and 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 2010 financial year with great attention. In the meetings of the Supervisory Board and its committees, a large number of issues as well as transactions subject to the Supervisory Board's approval were up for discussion and decision.

The Supervisory Board regularly advised the Executive Board on the company's management, continuously followed and monitored its management decisions and convinced itself of their compliance. The Supervisory Board was involved intensively and at an early stage in all special events and decisions of relevance to the company in the course of the financial year. The Supervisory Board was informed by the Executive Board regularly, in good time and comprehensively in written and oral reports about all aspects of importance to the company, particularly the development of the business and financial position, the desertion of financial advisors from the sales forces of individual countries and their effects as well as fundamental issues of corporate planning and strategy.

Against the backdrop of the still noticeable effects of the worldwide financial and economic crisis, the Supervisory Board regularly directed special attention in the year under review to the current financial and profit position of company and group including the risk situation and risk management. The Executive Board particularly consulted the Supervisory Board about the strategic orientation. In cases of deviations of the business performance from the resolved schedules and targets, the Supervisory Board received detailed explanations in written or oral form, on the basis of which the Supervisory Board discussed the reasons for those deviations thoroughly with the Executive Board as well as the initiation of well-directed measures. A smooth and constructive cooperation with the Executive Board was provided for at any time.

Following in-depth assessments and discussions, the Supervisory Board decided on the measures subject to its approval according to the law, the articles of association or the Executive Board's rules of procedure.

Even outside the meetings of the Executive Board in full session and its committees, particularly the Chairman of the Supervisory Board and the Chairman of the Audit Committee were in continuous contact with the Executive Board and were thus kept up-to-date about material events with potential effects on the business situation and the Group's prospects.

Supervisory Board and committees

The Supervisory Board has established three committees for the support of its work. Two of them are standing committees: the Audit Committee and the Nomination and Remuneration Committee. A temporary committee devoted itself to the preparation of the statement pursuant to Section 27 WpÜG (German Securities Acquisition and Takeover Act).

The respective committee members are presented in a separate overview in the chapter Corporate Governance.

Audit Committee

The members of the Audit Committee who give support to the Supervisory Board in fulfilling its monitoring function held altogether five meetings in the year under review and conducted two conference calls.

The Committee focused on the separate and the consolidated financial statements, the supervision of the financial accounting process, the effectiveness of the internal control system and internal audit system and the audit, especially the auditor's independence. Moreover, the interim financial reports were discussed at length prior to their release. Regular topics also were risk management and its development and compliance measures in the OVB Group.

Prior to the Supervisory Board's accounts review in March 2010, the Audit Committee concerned itself in the presence of the auditor's certified accountants particularly with the separate and the consolidated financial statements of OVB Holding AG, the audit reports provided by the auditor and the Executive Board's proposal for the appropriation of retained earnings. Another subject dealt with in the Audit Committee meeting was the Executive Board's report on relationships with affiliated companies.

In its meeting of September 2010, the Committee elaborated the scope, the process and the focal points of the 2010 audit with the auditor appointed by the Annual General Meeting. The Committee also discussed the results of the internal examinations of the group audit division for the first half-year 2010.

In December 2010 the Audit Committee was informed in detail about the status quo of compliance in the group as of 31 October 2010 and the annual audit programmes of internal group audit in the years 2011 and 2012.

Nomination and Remuneration Committee

The two members of the Nomination and Remuneration Committee, established by Supervisory Board resolution of 8 July 2010 for the purpose of suggesting suitable candidates for the Supervisory Board's election proposals to the Annual General Meeting and dealing with the composition of the Executive Board and questions of its members' remuneration, met on 12 November 2010 for their first meeting in the year under review.

They discussed issues of the future organisation of the Executive Board remuneration system and succession planning for the Executive Board.

Committee for the issue of a statement pursuant to Section 27 WpÜG

After the announcement of the decision of IDUNA Vereinigte Lebensversicherung a.G. für Handwerk, Handel und Gewerbe on the issue of a voluntary tender offer to the shareholders of OVB Holding AG on 8 June 2010, the Supervisory Board decided to form a committee consisting of the three members Graf von Bassewitz, Dr. Grund, and Mr Spies with regard to the required joint statement of Executive Board and Supervisory Board pursuant to Section 27 WpÜG (German Securities Acquisition and Takeover Act) in order to avoid conflicting interests of the Supervisory Board members representing the tendering entity. Graf von Bassewitz was elected chairman of this committee.

The Supervisory Board committee concerned itself in detail with the preparation and the content of the joint statement of Executive Board and Supervisory Board on the voluntary tender offer presented on 14 July 2010. Subject of resolutions passed on 26 July 2010 and 5 August 2010 and directed by the committee's chairman, Graf von Bassewitz – by way of conference calls due to their urgency – was the issue of the joint statement as well as an amendment to it.

Topics discussed in full session

In the 2010 financial year the Supervisory Board convened in four regular meetings and two extraordinary meetings. The meetings were attended by the Executive Board. Urgent resolutions were also passed in writing by way of the circulation procedure.

Sales and earnings performances of the group and its segments as well as developments regarding financial advisors and employees were the subjects of regular discussions in the Supervisory Board's full-session meetings. The financial position, 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.

An additional Supervisory Board meeting of 5 March 2010 dealt with the reasons and the consequences of desertions of full-time sales agents in Switzerland, France, and at the German subsidiary Eurenta. At the heart of the debate were changes in the sales strategy or rather the compensation system of the sales force in response to the desertions of full-time sales agents in those areas.

In the meeting held on 26 March 2010, attended by the auditor, the Supervisory Board approved the financial statements and consolidated financial statements for the 2009 financial year after in-depth discussion and approved the Executive Board's proposal for the appropriation of retained earnings for the 2009 financial year.

In the Supervisory Board meeting held right before the Annual General Meeting on 11 June 2010, the Executive

Board gave a report to the Supervisory Board on the current business performance. The Supervisory Board also concerned itself in full session – as it had in the March meeting – with the arrangement of the Executive Board remuneration system against the backdrop of new regulations provided by the German Stock Corporation Act and the German Corporate Governance Code and passed a corresponding resolution.

After Wolfgang Fauter as Chairman of the Supervisory Board and Marlies Hirschberg-Tafel as one of its members had retired from the Board as of the end of the Annual General Meeting of 11 June 2010, the Supervisory Board convened on 8 July 2010, the first meeting attended by the new Supervisory Board members appointed by order of the Cologne District Court (Amtsgericht Köln) of 29 June 2010.

Apart from considering the current economic situations of the individual subsidiaries, discussions in the Supervisory Board meeting of 10 September 2010 emphasized the personnel changes in the management teams of associates approved by the Supervisory Board as well as amendments to the rules of procedure for Executive Board, Supervisory Board and Audit Committee and the wording of rules of procedure for the Nomination and Remuneration Committee.

The Supervisory Board meeting of 6 December 2010 dealt once more with the current economic situation of the individual subsidiaries. Corporate planning 2011 and resolutions on amendments to the existing rules of procedure of Executive Board, Supervisory Board and Audit Committee or rather on the enactment of rules of procedure for the Nomination and Remuneration Committee were also the subject of in-depth discussion.

Corporate governance and declaration of conformity

The Supervisory Board constantly 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 94 to 98 of this Annual Report is delivered on behalf of the Supervisory Board, too. The Supervisory Board has discussed the implementation of the Code's recommendations and particularly concerned itself with the most recent amendments to the Code in its version of 26 May 2010 decided by the Government Commission on the German Corporate Governance Code.

The corporate governance principles 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 together with the updated declaration of conformity in March 2011.

With respect to the recommendation of No. 5.5.3 GCGC, the Supervisory Board set up a special committee consisting of three members in order to avoid conflict of interest; in this committee's meetings none of the Supervisory Board members participated who belong to IDUNA Vereinigte Lebensversicherung a.G. für Handwerk, Handel und Gewerbe or one of its affiliates. The task of this committee was the issue of a joint statement of Executive Board and Supervisory Board pursuant to Section 27 WpÜG on the voluntary tender offer IDUNA Vereinigte Lebensversicherung a.G. für Handwerk, Handel und Gewerbe had addressed to the shareholders of OVB Holding AG.

Audit of separate and consolidated financial statements 2010

PricewaterhouseCoopers AG, Wirtschaftsprüfungsgesellschaft, Düsseldorf, appointed auditor by shareholders' resolution at the Annual General Meeting of 11 June 2010 and retained by the Supervisory Board, audited the financial statements and the management report of OVB Holding AG for the year ended 31 December 2010, 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 2010, prepared in accordance with the International Financial Reporting Standards IFRS as applicable in the European Union, and issued an unqualified audit 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 retained earnings and the audit reports prepared by the auditor were submitted to the members of the Supervisory 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 informed the Supervisory Board in its subsequent full-session meeting about this preliminary review of the audit documents, the auditor's findings and the auditor's additional 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 2010 which are thus deemed adopted. The consolidated financial statements for 2010 are also approved. Furthermore, the Supervisory Board agreed with the Executive Board's proposal for the appropriation of retained earnings 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 corresponding audit report prepared by the auditor. 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,
3. no circumstances suggest a materially different assessment from the Executive Board's assessment with respect to the measures listed in the report."

The Supervisory Board reviewed the Executive Board's report on relationships with affiliated companies and the corresponding audit report prepared by the auditor and approves of the auditor's findings. Therefore 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 board memberships

Wolfgang Fauter and Marlies Hirschberg Tafel retired from the Supervisory Board as of the end of the Annual General Meeting of OVB Holding AG on 11 June 2010. In their stead the Cologne District Court (Amtsgericht Köln) appointed Dr Frank Grund and Jan De Meulder new members of the Supervisory Board by order of 29 June 2010 with immediate effect. The Supervisory Board thanks its former members for their commitment and their valuable support to the Supervisory Board over the past years.

In its extraordinary meeting of 8 July 2010, the Supervisory Board elected Michael Johnigk as its Chairman and Dr Frank Grund and Jan De Meulder as new members of the Audit Committee, which consists of four members. Dr. Grund was also elected Chairman of the Audit Committee. Michael Johnigk and Dr. Frank Grund were elected the two members of the Nomination and Remuneration Committee chaired by Mr Johnigk.

The Supervisory Board expresses its thanks and appreciation to the acting members of the Executive Board, the management teams and executives of the associates and all financial advisors and employees of the OVB Group for their personal commitment and the work they have done in an environment that continues to be challenging.

Cologne, 25 March 2011
The Supervisory Board

Michael Johnigk
Chairman

Corporate governance report

Corporate Governance stands for the responsible management and control of companies aiming for long-term value added to them. At OVB Holding AG we orient ourselves to the German Corporate Governance Code. Executive Board and Supervisory Board feel committed to see to the company's continued existence and a sustainable increase in shareholder value by means of responsible corporate management with a long-term horizon. Thus we want to strengthen the confidence of investors, financial markets, business partners, employees and the general public in the management and supervision of the company. The corporate governance principles defined by OVB are another component that contributes to increasing transparency and efficiency of corporate management and stabilising the confidence on the part of investors, clients, financial advisors and employees as well as the public.

In the following chapter the Executive Board reports – also on behalf of the Supervisory Board – on corporate governance at OVB Holding AG in accordance with No. 3.10 of the German Corporate Governance Code. The chapter also includes the statement on corporate governance pursuant to Section 289a HGB and the remuneration report.

Statement on corporate governance

Division of tasks and responsibilities between Executive Board and Supervisory Board

As required by German stock corporation law, OVB Holding AG has a dual board system characterised by a separation in respect to personnel between the governing and the supervising body. Both Boards cooperate closely for the benefit of the company and maintain an intensive and open dialogue. The Executive Board of OVB Holding, currently consisting of three members, is responsible for the management of the group's parent company on its own authority. The Supervisory Board on the other hand has monitoring and advisory tasks. Material business transactions are subject to the Supervisory Board's approval. The Supervisory Board has six members.

Working methods of the Executive Board

The Executive Board governs OVB Holding AG, which is the management holding company at the top of the OVB Group, with the objective of sustainably increasing the shareholder value and reaching the determined business targets. Its management task especially includes the definition of business targets, the group's strategic orientation and its control. The Executive Board determines the guidance as well as the principles of business policies for the group companies. The Board runs business operations in compliance with the legal provisions, the articles of association and the Executive Board's rules of procedure and cooperates with the company's Supervisory Board on the basis of mutual trust.

The members of the Executive Board jointly assume the responsibility for the entire management. 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 a distribution-of-business plan, resolved by the Executive Board with the Supervisory Board's approval and made part of the rules of procedure.

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

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

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 on the subject compliance.

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

Wilfried Kempchen
(born 1944, in office since 2009,
appointed until 31 December 2012)
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 2015)
Member of the Executive Board, Finance and Administration, OVB Holding AG
Member of the Executive Board, Finance 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

Working methods of the Supervisory Board

The Supervisory Board monitors and advises the Executive Board, appoints its members and is directly involved in all decisions of essential importance to the company. Essential decisions of the Executive Board require the Supervisory Board's approval. The Supervisory Board 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 separate and consolidated financial statements as well as the management report and consolidated management report of OVB Holding AG based on its own examination and in consideration of the audit reports provided by the auditor.

According to Section 10 (1) of the articles of association, the Supervisory Board consists of six members all of which are elected by the Annual General Board.

The terms of members of the Supervisory Board elected by shareholders' resolution expire as of the end of the Annual General Meeting in the year 2013 that will decide on the formal approval of the actions of the Executive Board and of the Supervisory Board for financial year 2012.

For fulfilling its tasks, the Supervisory Board has established altogether two standing committees to effectively supporting the work in full session: the Audit Committee and the Nomination and Remuneration Committee. If necessary, the Supervisory Board introduces further committees with special tasks, as was the case in summer 2010 with the committee for the issue of the statement in accordance with Section 27 WpÜG (German Securities Acquisition and Takeover Act) on the occasion of the voluntary tender offer of IDUNA Vereinigte Lebensversicherung a.G. für Handwerk, Handel und Gewerbe.

Within their respective scope of responsibility, the committees prepare the resolutions to be passed by the Supervisory Board as well as the topics to be dealt with in full session. In the each following Supervisory Board meeting a report is given on the committees' work. Completing the rules of procedure of the Supervisory Board there are rules of procedure for the Audit Committee as well as the Nomination and Remuneration Committee.

Audit Committee

Members of the Audit Committee are Michael Johnigk, Christian Graf von Bassewitz, Dr Frank Grund and Jan De Meulder. Dr Frank Grund is the committee's Chairman. In preparing resolutions for the Supervisory Board, the Audit Committee particularly addresses the diligent audit of the separate and consolidated financial statements as well as issues of financial accounting, risk management, compliance, the required independence of the auditor and commissioning the audit assignment to the auditor. It resolves the determination of focal points of the audit and the conclusion of a fee agreement with the auditor. The Audit Committee also discusses the quarterly and half-year financial reports with the Executive Board prior to their respective publication.

Nomination and Remuneration Committee

Members of the Nomination and Remuneration Committee are Michael Johnigk and Dr Frank Grund. Michael Johnigk is the committee's Chairman. The Nomination and Remuneration Committee suggests suitable candidates for Executive Board membership to the Supervisory Board for its election proposals to the Annual General Meeting, concerns itself with the composition of the Executive Board and its succession planning and with issues relating to the remuneration of Executive Board members.

Each Supervisory Board member discloses any conflict of interest resulting from its involvement in the Supervisory Board without delay to the Supervisory Board. The Supervisory Board informs on any arising conflict of interest and its management in the report to the Annual General Meeting.

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

Michael Johnigk
(born 1953, in office since 2001, elected until 2013)
Chairman of the Supervisory Board
Member of the Executive Board, 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; 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, 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; PVAG Polizeiversicherungs-Aktiengesellschaft, Dortmund

Christian Graf von Bassewitz
(born 1940, in office since 2006, elected until 2013)
Retired banker, former general partner of Bankhaus Lampe KG

Dr Frank Grund
(born 1958, in office since 29 June 2010, appointed by court order until the company's Annual General Meeting on 10 June 2011)
Chairman of the Executive Board, Basler Versicherungen, Bad Homburg; Deutscher Ring Lebensversicherungs-AG, Hamburg; Deutscher Ring Sachversicherungs-AG, Hamburg

Jan De Meulder
(born 1955, in office since 29 June 2010, appointed by court order until the company's Annual General Meeting on 10 June 2011)
Head of International, Corporate Executive Committee, Baloise Group, Basel, Switzerland

Winfried Spies
(born 1953, in office since 1 January 2010, elected until 2013)
Chairman of the Executive Board, Generali Versicherung AG, Munich; Generali Lebensversicherung AG, Munich, Generali Beteiligungs- und Verwaltungs-AG, Munich

An overview of the members of the Executive Board, the Supervisory Board and the Supervisory Board committees of OVB Holding AG in the 2010 financial year as well as their memberships of comparable corporate bodies can be found in the annual report beginning on page XX.

Declaration of conformity in accordance with Section 161 AktG

Section 161 AktG (German Stock Corporation Act) 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 were and are complied with, and which recommendations are or were 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 the Executive Board and the Supervisory Board of OVB Holding AG also indicates which Code suggestions are or were not complied with.

Executive Board and Supervisory Board of OVB Holding AG declare that the recommendations of the German Corporate Governance Code in the currently effective version of 26 May 2010, released by the Federal Ministry of Justice in the electronic Federal Gazette on 2 July 2010, have been complied with since the issue of the last declaration of conformity in March 2010 and will be complied with in the future, subject to the following deviations:

Recommendations:

Directors & Officers (D&O) insurance (No. 3.8 GCGC)

OVB Holding AG has so far not provided for a deductible in the D&O insurance policy taken out for the members of the Supervisory Board. In the opinion shared by Executive Board and Supervisory Board, a deductible would not have any noteworthy advantages in terms of encouraging the members of the Supervisory Board to fulfil their duties.

Tasks and responsibilities of the Executive Board (No. 4.1.5 GCGC)

The Executive Board of OVB Holding AG is interested in promoting women and has acted accordingly in the past. Women are represented in the executive hierarchies of the group companies both in Germany and abroad. However, OVB Holding AG holds the opinion that the aspect of diversity, which includes the consideration of women, is no deciding criterion for filling executive positions. For the benefit of the company, the right choices much rather depend on management and leadership qualities as well as expert knowledge in response to the respective executive areas and responsibilities. Against this backdrop, OVB Holding AG declares a deviation from No. 4.1.5 GCGC.

Composition of the Executive Board (No. 5.1.2 sentence 2 GCGC)

The Supervisory Board does not comply with the recommendation to aim for an adequate consideration of women in the composition of the Executive Board insofar as it is feels committed to be governed in the composition of the Executive Board in the interest of the company and its shareholders – as it was in the past – exclusively by the qualification of the candidates and as it does not attach principal decision-making relevance to their sex in this context.

Definition of specific goals for the composition of the Supervisory Board (No. 5.4.1 (2) and (3) GCGC)

The Supervisory Board is asked to define specific goals for its composition, taking into account the international activity of the company, potential conflict of interest, an age limit to be determined for Supervisory Board members and diversity, all in consideration of the company-specific situation. Those specific goals shall especially provide for an adequate participation of women. Election proposals of the Supervisory Board to the respective corporate bodies shall consider said goals.

The definition of goals and the status quo of their implementation shall be published in the corporate governance report.

In the composition of the Supervisory Board, the aspect of diversity is generally taken into account.

Until summer 2010 the Supervisory Board had one female member. After this member's retirement, the Supervisory Board was completed by one member with an international profile in view of the European orientation of OVB.

In the interest of the company, the Supervisory Board will be governed in its election proposals to the Annual General Meeting by the knowledge, capabilities and expert experience of the candidates to be suggested and not by their sex, leading in effect to a deviation from No. 5.4.1 (3) GCGC.

Appropriate support of the Supervisory Board members in training and further education measures (No 5.4.1 (4) sentence 2 GCGC)

A new recommendation provides that Supervisory Board members shall be supported adequately by the company in taking measures for training and further education required for fulfilling their tasks. As it is currently still unclear what conditions are to be met in order to consider the support of the Supervisory Board members' measures for training and further education appropriate on the part of the company, a deviation from No. 5.4.1 (4) sentence 2 GCGC is declared preventively.

Remuneration of the Supervisory Board (No. 5.4.6 GCGC)

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

Suggestions:

Proxies (No. 2.3.3 GCGC)

The proxy nominated by the Executive Board is only available up to and including the day before the Annual General Meeting but not during the meeting.

Annual General Meeting on the Internet (No. 2.3.4 GCGC)

There are no plans for making it possible to follow the

Annual General Meeting by using new communication media (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 made available on the Internet after the Annual General Meeting.

Independence of the chairman of the audit committee (No. 5.3.2 GCGC)
The Chairman of the Audit Committee is Dr Frank Grund, who is a member of the Executive Board of one of the principal shareholders of OVB Holding AG.

Formation of other committees (No. 5.3.4 GCGC)
Apart from the responsibilities delegated to the Audit Committee and the Nomination and Remuneration Committee newly established in 2010, the Supervisory Board has not delegated any other subjects to be dealt with by other committees. Due to the Supervisory Board's size, the Board does not consider the formation of other committees necessary; it deals with the issues in the Supervisory Board's regular meetings in full session

Remuneration of the Supervisory Board (No. 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, 25 March 2011

For the Executive Board

Wilfried Kempchen   Oskar Heitz   Mario Freis

For the Supervisory Board

Michael Johnigk

Detailed information on this subject is also available on our website. Among other documents, the current declaration of compliance and the declarations of the previous years are also available there.

Essential corporate governance practices

Compliance as an essential management task of the Executive Board

Compliance with the statutory provisions is a prerequisite for sound corporate governance. In addition to that, business, company and group internal guidelines safeguard an increase in transparency and efficiency of the processes of business activity. The Group's management defines the basic principles and makes the essential decisions. Furthermore, the management teams 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 incidents, the continuous analysis of workflow with respect to potential compliance risks and the regular training and counselling of the employees.

Borrowing from the German Corporate Governance Code, OVB Holding AG developed and resolved its own corporate governance principles in the year 2007. They are intended to increase transparency with regard to the company's corporate governance structures; they also represent 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 reviewed annually based on the developments of the German Corporate Governance Code and adjusted if considered necessary.

Further organisational measures are based on the company's orientation towards capital market law. To guarantee the law-abiding handling of potential inside information, OVB Holding AG maintains an insider register on all individuals that inevitably are given access to information that might have the nature of inside information. In addition, directors' dealings are recorded and reported in compliance with the statutory requirements.

Additional information on corporate governance at OVB Holding AG

Implementation of the German Corporate Governance Code

Executive Board and Supervisory Board of OVB Holding AG continued to concern themselves thoroughly with compliance with the provisions of the German Corporate Governance Code in the year under review, particularly with the amendments resolved by the Code Commission on 26 May 2010. Within the framework of these amendments to the Code, provisions on the consideration of women in the composition of the Executive Board and in filling executive positions in the company were introduced. According to new regulations on the composition of the Supervisory Board, the Board is asked to define specific goals for its composition and consider those in its election proposals to the respective corporate bodies. The Code Commission also stresses the obligation of the Supervisory Board members to see to their own training and further education insofar as their tasks require it and suggests to the companies to provide adequate support.

After intense discussion, as of 25 March 2011 Executive Board and Supervisory Board released the declaration of conformity pursuant to Section 161 (1) AktG (German Stock Corporation Act), reproduced in its entirety in this chapter. The declaration of conformity indicates six deviations from the recommendations of the GCGC. No. 5.3.3 (formation of a nomination committee) has been complied with since the year under review. There are five deviations from the suggestions of the GCGC. The respective deviations are presented and explained in the declaration of conformity. In line with the development of the German Corporate Governance Code, OVB Holding AG has also reviewed its own corporate governance principles, a voluntary comprehensive statement on the German Corporate Governance Code, and adjusted them accordingly.

Directors' dealings

Reportable securities transactions according to Section 15 WpHG (German Securities Trading Act) can be found on the website of OVB Holding AG
www.ovb.ag > Investor Relations > Corporate Governance.

Share ownership

As of the reporting date 31 December 2010, no member of the Executive Board or the Supervisory Board held directly or indirectly more than 1 per cent of the shares issued by the company. Even combined, the members of the Executive Board and the Supervisory Board hold an interest of less than 1 per cent in the company's share capital. A disclosure of share ownership as required by No. 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 compliance
- Executive Board and Supervisory Board of OVB Holding AG
- Articles of association of OVB Holding AG
- Information on the committees

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 (German Commercial Code) and states the individual remuneration paid to the members of 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).

** Part of the management report*

Executive Board remuneration

The Executive Board's remuneration is determined by the Supervisory Board. The Supervisory Board regularly reviews the Executive Board remuneration for this purpose.

In the 2010 financial year the Supervisory Board concerned itself in detail with the remuneration system of the Executive Board. For the determination of the customary amount of the remuneration, it applied a vertical comparison with the salary structure in the company as well as a horizontal comparison with the Executive Board remuneration payments of comparable European sales companies. In addition, it developed a new remuneration model with a stronger emphasis on criteria oriented towards long-term effects and sustainability for the definition of bonus targets for the Executive Board members, complying with the provisions of the new stock corporation legislation and the German Corporate Governance Code.

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 that consists of a fixed annual basic remuneration, paid monthly in fixed rates, and an aggregate bonus of which more than half is determined on the basis of long-term bonus criteria; the smaller part is based on annual bonus targets. The amount of the 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 evaluated each year in advance on the basis of the budget prepared by the Executive Board and adopted by the Supervisory Board – company targets are rated at 70 per cent and individual targets at 30 per cent. If the targets are fully met, the contractually agreed maximum target bonus is paid. If the targets are not met, the bonus is determined on a prorata basis. With respect to the long-term bonus, the target achievement of the current financial year must be reaffirmed once again – for the purpose of sustainability – in the following year. If the targets are met or exceeded in the following year as well, a long-term bonus is due, corresponding in terms of percentage with the annual bonus. If targets are missed, the long-term bonus is reduced percentage-wise. In any case the long-term bonus will only be paid in the third year, respectively.

So-called change-of-control clauses are not included in the contracts of employment which provide for a severance pay cap in case of premature termination of the Executive Board contract without good cause, compliant with the recommendation under No. 4.2.3 of the German Corporate Governance Code. For the determination of the amount of severance pay, the total remuneration of the past financial year and, if applicable, the probable total remuneration of the current financial year would be taken into account.

There are no pension commitments or benefit commitments or retirement annuities to be paid to currently acting Executive Board members by OVB Holding AG. The pension obligations to a former member of management amount to Euro 436 thousand as of the reporting date 31 December 2010 (Euro 416 thousand in the year 2009). In the event of death, the Executive Board member's remuneration continues to be paid to his surviving dependants for a period of six months

The total remuneration paid to the Executive Board in 2010 was approx. Euro 1.60 million, after Euro 0.95 million in the previous year. The Executive Board's remuneration covers all remuneration received for services to the parent and to subsidiary companies. The following table shows the remuneration paid to the individual 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	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**
Wilfried Kempchen	124,268.60	596,307.48	187,778.33	269,999.45	312,046.93	866,306.93
Oskar Heitz	272,054.66	311,193.89	81,000.00	103,500.00	353,054.66	414,693.89
Mario Freis (since 1 January 2010)	–	234,860.14	–	82,800,00	–	317,660.14
Former Executive Board member (until 21 July 2009)	289,718.88	–	–	–	289,718.88	–
Total	**686,042.14**	**1,142,361.51**	**268,778.33**	**456,299.45**	**954,820.47**	**1.598,660.96**

Since 1 July 2010, the D&O insurance policy taken out includes the statutory deductible for Executive Board members.

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 German Corporate Governance Code:

- a fixed annual remuneration

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

- a variable cash component

The variable component consists of a payment of 0.8 per mil of the net income for the year as reported in the consolidated financial statements of OVB Holding AG, issued with an unqualified audit opinion and formally adopted.

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 audit opinion and formally adopted, stating net income for the year of Euro 4.0 million, total remuneration paid to Supervisory Board members in the past financial year was roughly Euro 56 thousand. Based on a consolidated net income of OVB Holding AG in the amount of Euro 8.8 million, the previous year's Supervisory Board total remuneration came to roughly Euro 80 thousand. In accordance with the guidelines, the following fixed and variable components were paid to the members of the Supervisory Board on a pro rata temporis basis:

in Euro		Fixed salary		Variable component		Total
Supervisory Board member	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**
Michael Johnigk (Chairman since 8 July 2010)	5,000.00	7,424.66	7,011.14	3,203.92	12,011.14	10,628.58
Jens O. Geldmacher (Deputy Chairman)	7,500.00	7,500.00	7,011.14	3,203.92	14,511.14	10,703.92
Christian Graf von Bassewitz	5,000.00	5,000.00	7,011.14	3,203.92	12,011.14	8,203.92
Dr Frank Grund (since 29 June 2010)	–	2,547.95	–	1,632.68	–	4,180.63
Jan De Meulder (since 29 June 2010)	–	2,547.95	–	1,632.68	–	4,180.63
Winfried Spies (since 1 January 2010)	–	5,000.00	–	3,203.92	–	8,203.92
Wolfgang Fauter (until 11 June 2010)	10,000.00	4,438.36	7,011.14	1,422.01	17,011.14	5,860.37
Marlies Hirschberg-Tafel (until 11 June 2010)	5,000.00	2,219.18	7,011.14	1,422.01	12,011.14	3,641.19
Jörn Stapelfeld (until 31 December 2009)	5,000.00	–	7,011.14	–	12,011.14	–
Total	**37,500.00**	**36,678.10**	**42,066.84**	**18,925.06**	**79,566.40**	**55,603.16**

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

Company Boards and Board Memberships

Executive Board	Memberships of Supervisory Boards and comparable supervisory bodies:
Wilfried Kempchen, *Kaufmann* Chairman of the Executive Board Responsible for Corporate Development, European Marketing, European Training, Auditing, Press and Public Relations	- Chairman of the Administrative Board of OVB Vermögensberatung (Schweiz) AG, Baar, Switzerland; - Member of the Supervisory Board of OVB Allfinanz Slovensko a.s., Bratislava, Slovakia; - Member of the Supervisory Board of OVB Allfinanz a.s., Prague, Czech Republic
Oskar Heitz, *Bankkaufmann* Member of the Executive Board Finance and Administration Responsible for Corporate Accounting, Finance, Tax, Controlling, HR, Legal, Investor Relations, Compliance, Coordination IT Europe, Data Protection	
Mario Freis, *Versicherungsfachwirt (IHK)* Member of the Executive Board (since 1 January 2010) International Sales Responsible for International Sales, European Product Management	- Member of the Supervisory Board of OVB Allfinanz Slovensko a.s.; Bratislava, Slovakia; - Member of the Administrative Board of OVB Vermögensberatung (Schweiz) AG, Baar, Switzerland

Supervisory Board	Memberships of Supervisory Boards and comparable supervisory bodies:
Michael Johnigk, *Diplom-Kaufmann* Chairman of the Supervisory Board (since 8 July 2010, until then Supervisory Board Member) Member of the Executive Board, 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; PVAG Polizeiversicherungs-Aktiengesellschaft, Dortmund	- Chairman of the Supervisory Board of OVB Vermögensberatung AG, Cologne (since 14 July 2010, until then Supervisory Board Member); - Deputy Chairman of the Supervisory Board of DEURAG Deutsche Rechtsschutz Versicherung AG, Wiesbaden; - Deputy Chairman of the Supervisory Board of SIGNAL IDUNA Vertriebspartnerservice AG, Dortmund; - Deputy Chairman of the Supervisory Board of ALLWEST Allgemeine Westfälische Sterbekasse, Dortmund; - Deputy Chairman of the Supervisory Board of SDV Servicepartner der Versicherungsmakler AG, Augsburg - Member of the Supervisory Board of ADLER Verwaltungs-AG, Hamburg; - Member of the Supervisory Board of ADLER Versicherung AG, Dortmund; - Deputy Chairman of the Supervisory Board of SIAM SIGNAL IDUNA ASSET MANAGEMENT GmbH, Hamburg; - Member of the Supervisory Board of SIGNAL IDUNA Online GmbH, Hamburg; - Deputy Member of the Administrative Board of Vereinigte IKK (formerly SI-IKK), Körperschaft des Öffentlichen Rechts, Dortmund

Supervisory Board	Memberships of Supervisory Boards and comparable supervisory bodies:
Jens O. Geldmacher, *Diplom-Kaufmann* Deputy Chairman of the Supervisory Board Member of the Executive Board, 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; PVAG Polizeiversicherungs-Aktiengesellschaft, Dortmund	- Chairman of the Supervisory Board of SIGNAL IDUNA Vertriebspartnerservice AG, Dortmund; - Chairman of the Supervisory Board of SDV Servicepartner der Versicherungsmakler AG, Augsburg - Deputy Chairman of the Supervisory Board of OVB Vermögensberatung AG, Cologne; - Member of the Supervisory Board of BCA AG, Bad Homburg (since 9 July 2010); - Member of the Supervisory Board of Deutscher Ring Bausparkasse AG, Hamburg; - Member of the Supervisory Board of Roland Schutzbrief Versicherung AG, Cologne (until 12 July 2010)
Christian Graf von Bassewitz, *Banker (ret.)* Member of the Supervisory Board	- Deputy Chairman of the Supervisory Board of Balance Vermittlungs- und Beteiligungs-AG, Hamburg (until 13 December 2010); - Deputy Chairman of the Supervisory Board of Deutscher Ring Krankenversicherung a.G., Hamburg; - 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 OVB Vermögensberatung AG, Cologne (since 31 August 2010); - Member of the Supervisory Board of Sozietät Chorvs AG; Düsseldorf; - Member of the Supervisory Board of SIGNAL IDUNA Holding AG, Dortmund; - Member of the Supervisory Board of SIGNAL IDUNA Allgemeine Versicherungs AG, Dortmund
Dr Frank Grund, *Jurist* Member of the Supervisory Board (since 29 June 2010) Chairman of the Executive Board, Basler Versicherungen, Bad Homburg; Deutscher Ring Lebensversicherungs-AG, Hamburg; Deutscher Ring Sachversicherungs-AG, Hamburg	- Chairman of the Supervisory Board of AVETAS Versicherungs-AG, Bad Homburg; - Chairman of the Supervisory Board of DRMM Maklermanagement AG, Hamburg; - Chairman of the Supervisory Board of Deutscher Ring Bausparkasse AG, Hamburg (since 5 May 2010); - Member of the Supervisory Board of OVB Vermögensberatung AG, Cologne (since 14 July 2010); - Member of the Supervisory Board of Roland Rechtsschutz-Versicherungs-AG, Cologne (since 6 August 2010, until then Member of the Advisory Board) - Member of the Supervisory Board of Atlantic Union S.A., Athens, Greece

Supervisory Board	Memberships of Supervisory Boards and comparable supervisory bodies:
Jan De Meulder, *Diplom-Mathematiker* Member of the Supervisory Board (since 29 June 2010) Head of International, Corporate Executive Committee, Baloise Group, Basel, Switzerland	- Chairman of the Supervisory Board of Basler Securitas Versicherungs-AG, Bad Homburg (since 24 February 2011, until then Deputy Chairman); - Chairman of the Supervisory Board of Deutscher Ring Lebensversicherungs-AG, Hamburg (since 25 February 2011, until then Deputy Chairman); - Chairman of the Supervisory Board of Deutscher Ring Sachversicherungs-AG, Hamburg (since 25 February 2011, until then Deputy Chairman); - Member of the Supervisory Board of OVB Vermögensberatung AG, Cologne (since 14 July 2010); - Member of the Administrative Board of Mercator Verzekeringen N.V., Antwerp, Belgium; - Member of the Administrative Board of Baloise Life (Liechtenstein) AG, Balzers, Liechtenstein; - Vice-President of the Administrative Board of Bâloise Assurances Luxembourg S.A., Bertrange, Luxembourg; - Vice-President of the Administrative Board of Baloise Vie Luxembourg S.A., Bertrange, Luxembourg; - Deputy Chairman of the Supervisory Board of Basler Versicherungs-Aktiengesellschaft, Vienna, Austria; - Member of the Supervisory Board of Basler Osiguranje Zagreb d.d., Zagreb, Croatia; - Member of the Administrative Board of Noordstarfonds, Gent, Belgium; - Member of the Supervisory Board of Avéro Schadeverzekering Benelux N.V., Brussels, Belgium (since 1 January 2011); - Chairman of the Supervisory Board of Neživotno osiguranje "Basler" a.d.o., Belgrad, Serbia (since 24 December 2010)
Winfried Spies, *Diplom-Mathematiker* Member of the Supervisory Board (since 1 January 2010) Chairman of the Executive Board, Generali Versicherung AG, Munich; Generali Lebensversicherung AG, Munich; Generali Beteiligungs- und Verwaltungs-AG, Munich	- Member of the Supervisory Board of OVB Vermögensberatung AG, Cologne (since 1 January 2010); - Chairman of the Supervisory Board of Volksfürsorge AG Vertriebsgesellschaft für Vorsorge- und Finanzprodukte, Hamburg; - Chairman of the Supervisory Board of Advocard Rechtsschutzversicherung AG, Hamburg (until 30 June 2010); - Chairman of the Supervisory Board of Europ Assistance Versicherungs-AG, Munich; - Deputy Chairman of the Supervisory Board of Cosmos Lebensversicherungs-AG, Saarbrücken (until 30 June 2010); - Deputy Chairman of the Supervisory Board of Cosmos Versicherung AG, Saarbrücken (until 30 June 2010); - Deputy Chairman of the Supervisory Board of Dialog Lebensversicherungs-AG, Augsburg (until 30 June 2010); - Deputy Chairman of the Supervisory Board of ENVIVAS Krankenversicherung AG, Cologne (until 30 June 2010); - Member of the Supervisory Board of Central Krankenversicherung AG, Cologne (until 30 June 2010); - Chairman (until 30 June 2010) / Member (since 1 July 2010) of the Supervisory Board of Generali Deutschland Schadenmanagement GmbH, Cologne; - Chairman of the Supervisory Board of Pensionskasse der Angestellten der Thuringia Versicherungs-AG, Cologne; - Member of the Supervisory Board of Bank1Saar eG, Saarbrücken

Supervisory Board	Memberships of Supervisory Boards and comparable supervisory bodies:
Wolfgang Fauter, *Diplom-Kaufmann* Chairman of the Supervisory Board (until 11 June 2010) Deputy Chairman of the Executive Board, 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; PVAG Polizeiversicherungs-Aktiengesellschaft, Dortmund (until 31 December 2010, respectively)	At the time of retiring from the Supervisory Board, Mr Fauter was a member of the following Supervisory Boards and comparable supervisory bodies: - Chairman of the Supervisory Board of OVB Vermögensberatung AG, Cologne (until 11 June 2010); - Member of the Supervisory Board of Roland Rechtsschutz-Versicherungs-AG, Cologne; - Member of the Supervisory Board of DePfa-Holding Verwaltungsges.mbH, Frankfurt; - Chairman of the Supervisory Board of SIGNAL Biztosito ZRt., Budapest, Hungary; - Chairman of the Supervisory Board of SIGNAL IDUNA Polska Towarzystwo 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 - Member or the Administrative Board of Wealth Assurance AG, Vaduz, Liechtenstein
Marlies Hirschberg-Tafel, *Diplom-Mathematikerin* Member of the Supervisory Board (until 11 June 2010) Member of the Executive Board, 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; PVAG Polizeiversicherungs-Aktiengesellschaft, Dortmund	At the time of retiring from the Supervisory Board, Mrs Hirschberg-Tafel was a member of the following Supervisory Boards and comparable supervisory bodies: - Member of the Supervisory Board of OVB Vermögensberatung AG, Cologne (until 11 June 2010); - 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

Supervisory Board Committees

Audit Committee	Dr Frank Grund (Chairman), Christian Graf von Bassewitz, Michael Johnigk, Jan De Meulder
Nomination and Remuneration Committee	Michael Johnigk (Chairman), Dr Frank Grund
Committee for providing an opinion pursuant to Section 27 WpÜG (German Securities Acquisition and Takeover Act) on the voluntary public takeover bid of IDUNA Vereinigte Lebensversicherung a.G. für Handel, Handwerk und Gewerbe*	Christian Graf von Bassewitz (Chairman), Dr Frank Grund, Winfried Spies

* temporary

Financial Calendar

30 March 2011	Publication of the annual financial statements for 2010, Annual Report 2010
12 May 2011	Results for the first quarter of 2011
11 June 2011	Annual General Meeting, Cologne
12 August 2011	Results for the second quarter of 2011
10 November 2011	Results for the third quarter of 2011

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Our Annual Report is published in German and English

Key figures for the regions

Central and Eastern Europe

	Unit	2009	2010	Change
Clients (31/12)	Number	1.77 m	1.81 m	+ 2.3 %
Financial advisors (31/12)	Number	2,697	2,890	+7.2 %
Total sales commission	Euro million	84.3	93.2	+10.6 %
Earnings before interest and taxes (EBIT)	Euro million	9.2	8.2	-10.9 %
EBIT margin*	%	10.9	8.8	-2.1 %-pts.

*Based on total sales commission

Germany

	Unit	2009	2010	Change
Clients (31/12)	Number	693,100	681,100	-1.7 %
Financial advisors (31/12)	Number	1,323	1,282	-3.1 %
Total sales commission	Euro million	77.0	71.4	-7.3 %
Earnings before interest and taxes (EBIT)	Euro million	7.1	5.6	-21.1 %
EBIT margin*	%	9.2	7.8	-1.4 %-pts.

*Based on total sales commission

Southern and Western Europe

	Unit	2009	2010	Change
Clients (31/12)	Number	308,150	306,350	-0.6 %
Financial advisors (31/12)	Number	644	428	-33.5 %
Total sales commission	Euro million	40.3	32.7	-18.9 %
Earnings before interest and taxes (EBIT)	Euro million	1.2	-0.5	–
EBIT margin*	%	3.0	-1.4	-4.4 %-pts.

*Based on total sales commission

Financial Service Provider for Europe

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