Annual Report 2012

OVB Allfinanz – simply better

OVB

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Key figures for the OVB Group

Key operating figures

	Unit	2011	2012	Change
Clients (31/12)	Number	2.86 m	3.00 m	+ 4.9 %
Financial advisors (31/12)	Number	4,908	5,097	+ 3.9 %
New business	Number	523,733	587,140	+ 12.0 %
Total sales commission	Euro million	222.1	214.7	- 3.3 %

Key financial figures

	Unit	2011	2012	Change
Earnings before interest and taxes (EBIT)	Euro million	6.1	10.5	+ 73.0 %
EBIT margin*	%	2.7	4.9	+ 2.2 %-pts.
Consolidated net income	Euro million	4.2	8.2	+ 95.2 %

*Based on total sales commission

Key figures for OVB shares

	Unit	2011	2012	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	0.29	0.57	+ 96.6 %
Dividend per share*	Euro	0.35	0.55	+ 57.1 %

*For the respective financial year; proposed dividend for 2012

Facts about OVB

OVB Allfinanz – simply better!

The people in Europe need comprehensive, interdisciplinary financial advice. OVB system distribution connects clients and financial advisors. Independence and financial strength make OVB a reliable partner.

- over 40 years of experience
- active in 14 countries
- 3.0 million clients
- 5,100 financial advisors
- 587,000 new contracts a year
- more than 100 product partners

Michael Rentmeister
CEO

- Born in 1965
- 2012: Chairman of the Executive Board of OVB Holding AG and Chairman of the Executive Board of OVB Vermögensberatung AG.

Oskar Heitz
CFO and COO

- Born in 1953
- 2001: Member of the Executive Board of OVB Vermögensberatung AG.
- 2004: Member of the Executive Board of OVB Holding AG.

Mario Freis
CSO

- Born in 1975
- 2010: Member of the Executive Board of OVB Holding AG.

Ladies and gentlemen, shareholders,

OVB has ambitious plans. We want to become the leading system distributor of financial products in Europe over the next years. And we have made good progress on this path in financial year 2012: The number of our clients in 14 European countries has exceeded the 3-million mark for the first time, the OVB sales force has reached a new record strength with 5,100 financial advisors and the number of new contracts brokered went up significantly to close to 600,000.

OVB also continued to improve in terms of key financials in 2012: The operating income gained 73 per cent to Euro 10.5 million. The EBIT margin was raised from 2.7 to 4.9 per cent. Executive Board and Supervisory Board will propose to the Annual General Meeting on 21 June 2013 to pay a dividend of Euro 0.55 per share, up from Euro 0.35 per share, out of a consolidated net income that was increased from Euro 4.2 million to Euro 8.2 million.

More than 400 million people live in the 14 countries of Europe in which OVB operates. Their demand for comprehensive, interdisciplinary financial advice has never been as great as it is today. Time is running out. Each new year without the necessary private pension provision increases the risk of old-age poverty for every single citizen. The same holds true now for health care and other areas of private protection. Against this backdrop, OVB's financial advisors do an outstanding job in a challenging environment. They point out and explain these fundamental issues in hundreds of thousands of consultation meetings every year. Our mission statement "OVB allfinanz solutions – simply better!" gives expression to the way we provide our services every day. Clients, financial advisors and shareholders all benefit from that.

Ladies and gentlemen, OVB wants to continue its successful development in the year 2013. And our self-employed financial advisors who commit themselves to their work with entrepreneurial spirit and passionate dedication every day are the ones who make the difference. We are happy to be part of this OVB team and would like to invite you to make your contribution to our success story.

Kind regards

Michael Rentmeister
CEO

Oskar Heitz
CFO and COO

Mario Freis
CSO

OVB system distribution: simply better allfinanz solutions!

Asset management

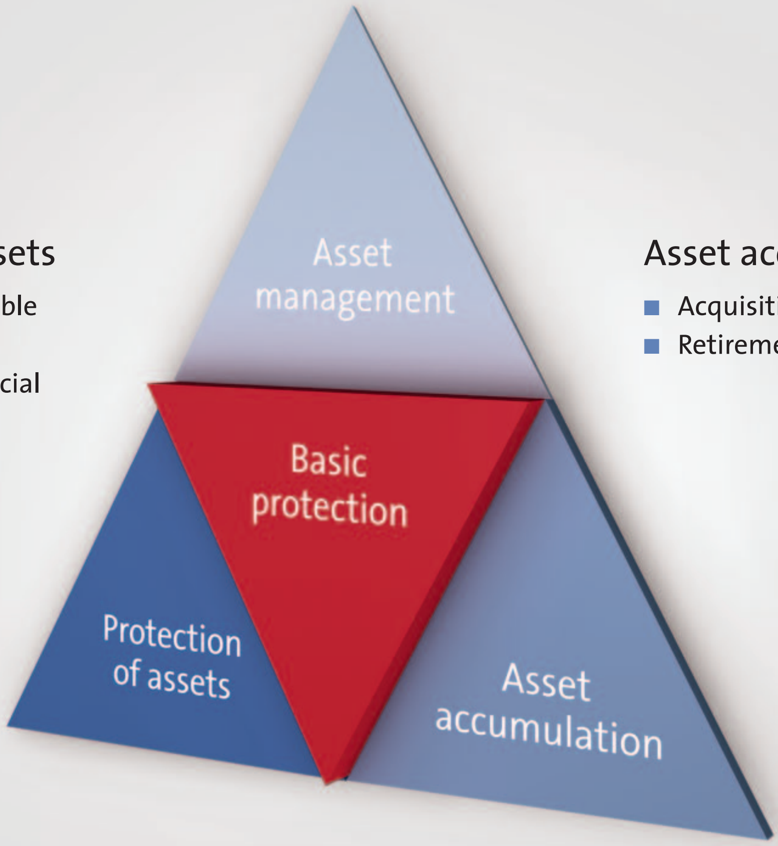
- Investment portfolio optimisation
- Transfer of assets

Protection of assets

- Protection of tangible assets
- Protection of financial assets

Asset accumulation

- Acquisition of real estates
- Retirement provision



Basic protection

- Health protection
- Protection against loss of income
- (Privileged) private pensions
- Joining the OVB team

What is OVB system distribution?

The market-leading business model for financial advice in Europe.

What is the secret to its success?

The sustained focus on the clients' needs.

What is OVB's claim?

Competent and interdisciplinary advice based on quality products and the best possible service.

Interview

In financial year 2012 – the first year under the auspices of CEO Michael Rentmeister – OVB has strengthened its market position in Europe. What are the success factors that drive OVB? What is the target image Michael Rentmeister has in mind for OVB? In this interview he responds to these and other questions.

■ *Mr Rentmeister, how do you rate the past financial year 2012 from OVB's point of view?*
2012 was a good year for OVB in many respects: The number of our clients climbed to 3 million for the first time, our sales force now comprises 5,100 financial advisors, the number of brokered new contracts was increased significantly by 12 per cent to close to 600,000 contracts. The OVB Group has strengthened its market position in Europe.

■ *Yet total sales commission did not go up in 2012.*
That is true. At Euro 215 million, total sales commission in 2012 barely reached the prior-year amount. The main reasons are negative foreign currency effects in the Central and Eastern Europe segment and the fact that despite rising numbers of new signings the average premium volume has gone down due to lower contract volumes.

■ *Don't the people in Europe want to invest more in retirement provision and risk prevention or aren't they able to?*
Both. The private households are burdened by additional taxes and dues in order to promote the financial restructuring of the national budgets. At the same time they are supposed to commit more to private retirement provision. This cannot work: Private households can do more prevention only if the government lets them keep more money in their pockets for acting on their own responsibility. Yet it is also true that some people unfortunately still haven't fully comprehended how dramatic the future development of the public social security systems is. A significant part of the population is threatened by old-age poverty. Therefore one's own provision for the future must be given priority over today's consumption – even if that entails making sacrifices.

■ *The long-term demand for private provision is a fact then. Why is it that there are still fluctuations from year to year in the sale of financial products?*
That's just like that fable of the cricket and the ant: The former sings in the summer, the latter has enough to eat in the winter because she has provided for herself. Seriously: At precisely that point the effect of responsible financial advice with a long-term horizon sets in. You must show the people time and again that a considerable improvement of the income situation in old age is achievable even with relatively small regular payments in the long run. I don't shy away from big words here: This is where competent financial advice has immense importance to society. Contrary to many false claims, there are far too few financial advisors in Europe!

■ *How do you assess the business performance in the current year 2013?*
The increase in client and advisor numbers over the past year laid the foundation for a continued positive development. How the actual growth curves will look like cannot be predicted with sufficient certainty today.

Michael Rentmeister – profile

- Born 1965, married, two children.
- Technical vocational training at Deutsche Bundespost.
- 18 years in Sales and Management of BHW Bausparkasse AG.
- 2006 to 2011 CEO of Bonnfinanz AG.
- Since 2012 CEO of OVB Holding AG and OVB Vermögensberatung AG.

- *And what are the topics that will engage the industry in the year 2013 in your opinion?*

Unfortunately the current debate of issues such as fee-based advisory service is too one-dimensional and does not regard resulting developments. Of course this makes the importance of high-quality and integrated advisory service quite evident. Our business performance of the past year shows that the interdisciplinary commission-based advisory service is widely accepted among the people. We do not fight fee-based advisory service, yet we favour keeping entrepreneurial diversity of systems for the compensation of services in place. Moreover, fee-based advisory service is not a fair option particularly for smaller-income households as it will make the service more expensive.

- *Are there any differences in quality and transparency between fee-based and commission-based advisory service?*

The form of compensation doesn't have anything to do with transparency and the quality of advice to begin with. We emphasize clear general conditions that will lead to a further improvement in the quality of financial advisory service and encourage the professionally trained and minded advisors out there. We are certain that this development will make the existing high quality of OVB all the more visible. The deciding factor for the successful work of a financial advisor cannot be regulated anyway: That is his or her reputation, essential to maintaining one's position in the market in the long term. Even because of that,

”We are firmly convinced that interdisciplinary allfinanz advisory service à la OVB suits the needs of the people in Europe best.“

an advisor will dedicate all the power and commitment there is to give competent and interdisciplinary advice to his or her clients.

■ *And how will OVB fare in the medium and long term? Where will it be in 2016?*

OVB operates in growth markets. The OVB business model is unique and has stood the test for more than 40 years. We want to continue this success story. We want to become the leading system distributor in Europe. OVB will generate considerably higher sales than today in 2016 and profitability will further improve as a general trend. Our mission statement says it all: “OVB Allfinanz – simply better!”

■ *That was quite a number of central statements. Let us begin with the mission statement: “OVB Allfinanz – simply better!”*

We are firmly convinced that interdisciplinary allfinanz advisory service à la OVB suits the needs of the people in Europe best. Based on our systematic AAS approach – analysis – advice – service – we offer our clients a high-quality product portfolio that makes individual all-around provision possible in any situation of life. Constant regulatory interventions will not raise the quality of advisory service. The OVB business model has been tried and tested for 43 years and does not need any general “modernisation”.

■ *What does “OVB system distribution” mean in this context?*

Our business model is built on providing people with the right framework for developing their own client potential. Considering the fact that some 400 million citizens of “OVB Europe” are not yet our clients, we have enormous potential. What we still can improve is the way and intensity our support is provided. Starting points are for example innovative product offers, creating platforms for the exchange of know-how of the financial advisors among each other or the advancement of our systems. In 2016 OVB wants to be market leader with respect to the quality of the portfolio that includes these elements.

■ *And what is the slogan "entrepreneurs within the enterprise" all about?*

OVB's corporate history proves that client support provided by people with long-term entrepreneurial interest benefits our clients above all. We see no alternative to our business model of the entrepreneurial-minded financial service provider who gives good advice to his or her clients in a lasting relationship. Product providers themselves or independent advisors are not capable in the long run of assuring the scope and quality of advice offered by OVB. The entrepreneurial behaviour of financial advisors, determined by the principle of sustainability, carries the OVB business model – yesterday, today and tomorrow.

■ *That brings us to the buzzword "OneOVB".*

The great opportunities for an international group are in the things we share and have in common. Acting together creates trust and bonds, commitment and synergy. This is not about levelling down but about creating common ground and multiplication, forming the big picture out of the multitude of capabilities. On Group level we keep asking ourselves how to tap potential for synergy in the sense of better growth prospects. "OneOVB" therefore does not stand for egalitarian mush but for the search for opportunities of improvement.

■ *What is your comment on the partly wholesale criticism of the quality of the advice given by financial service providers?*

Wholesale judgements guarantee media attention at present. I find it especially unfortunate that individual topics can be jazzed up to alleged systemic weaknesses without protest or examination. We know that product providers adhere to the promised benefits under 99 per cent of our brokered contracts. With respect to the one per cent were that is so far not the case we welcome legal initiative and we also know that our premium partners work on improvements every day. We are still on the lookout for improvement potential, yet we also say that our high quality of services will certainly stand up to comparison with other sectors.

"We see no alternative to our business model of the entrepreneurial-minded financial service provider who gives good advice to his or her clients in a lasting relationship."

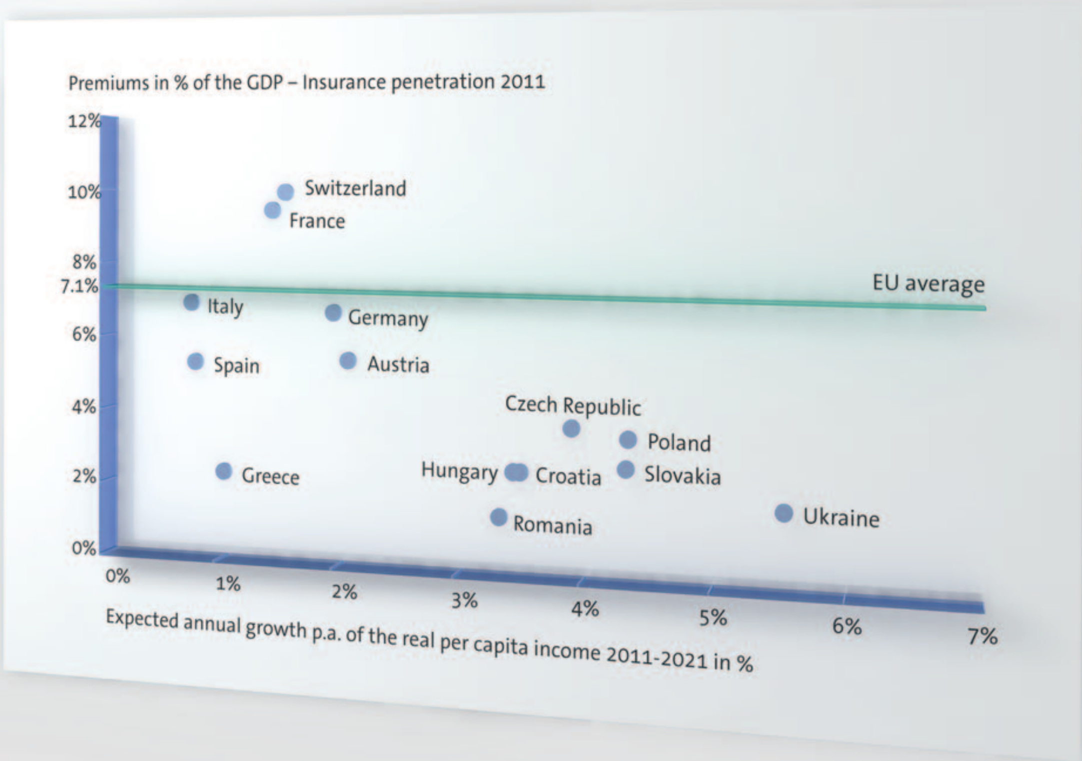
■ *Mr Rentmeister, in closing this interview, what is your personal message to all the OVBians in Europe?*

You are needed. You are with the original and you have a future ahead of you!

European financial services

A business model with a future

OVB has a leading position in markets that combine high income growth rates with pent-up demand for spending on insurance coverage and provision.



Sources: 2011 data: Swiss Re, sigma, Nr. 3/ 2012; prognostic data: U.S. Census Bureau, International Data Base (http://www.census.gov/ipc/www/idb/)

What makes OVB unique?

OVB is the only truly European financial services provider: with 3 million clients and 5,100 financial advisors in 14 countries.

What are the advantages of the international positioning?

- Growth potential in many respects
- Balanced opportunity/risk profile
- International career opportunities

Where are we going?

Our unique career plan offers more than 400 million opportunities in Europe for each entrepreneur within the enterprise OVB.

Growth market financial advice

There is tremendous growth potential for providing financial advice to the private households of Europe – despite or just because of the economic uncertainties of recent years. Good financial advice is of great importance to society and creates added value.

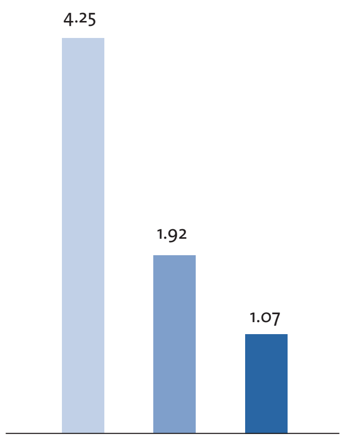
System distribution under the mission statement „allfinanz solutions – simply better!" represents the best business model to benefit from the growth market for financial advice.

The Organisation for Economic Co-operation and Development (OECD) has analysed the pensions landscape in the leading industrialised nations and heralded the "end of the golden age for pensions" in its "pensions outlook 2012". From the viewpoint of the OECD the necessity of private retirement provision is growing, and across the nations at that. Demographic changes are the main reason: Over the next 50 years life expectancy of the citizens of the industrialised nations will grow by 7 years on average. Thus a trend established for many years has been accelerating. At the same time, birth rates in many countries are at a very low level. The consequence: Less and less contributors to the public social security systems must support ever more beneficiaries. In order to counter this development, 28 of 34 OECD member states have already raised their retirement age or are planning to take this step. Furthermore, government pension commitments have been cut by an average 20 to 25 per cent through pension reforms over the past ten years. To put it bluntly: People receive increasingly less money ever later in life.

This situation is aggravated by the sovereign debt crisis in the euro area. Tax-funded subsidies to the social security systems are not possible in many cases, considering the drastic cost cutting efforts toward the financial restructuring of national budgets, made necessary for many years to come. One effect of devastating consequences in the long run adds to this: In order to promote economic growth and reduce the current debt service, the interest level is deliberately kept at a low level. For provision-minded savers and investors it therefore becomes ever harder to achieve an adequate return or even merely real asset preservation – after consideration of loss of purchasing power.

The necessity of private retirement provision is obvious against this backdrop – as is the demand for interdisciplinary, competent and comprehensive personal financial advice. Good financial advice is of great relevance to society and creates recognisable added value. Another factor that underlines the growth potential for financial advice in Europe is the striking under-supply of private households with financial services that protect against existential risks and serve asset generation and management as well as private retirement provision. Even in prosperous countries such as Germany, 90 per cent of all households have either no or insufficient health care or nursing care insurance protection, 75 per cent have no adequate occupational disability insurance and 60 per cent have no accident insurance. As income level and insurance penetration are directly linked to each other, the corresponding ratios in the countries with lower income – for example in Central and Eastern Europe – are much lower still. However, the per capita income in the nations of this region, more than 4 per cent per annum on average until 2021, is expected to grow more than twice as fast as the income in Germany and four times faster than in the countries of Southern and Western Europe.

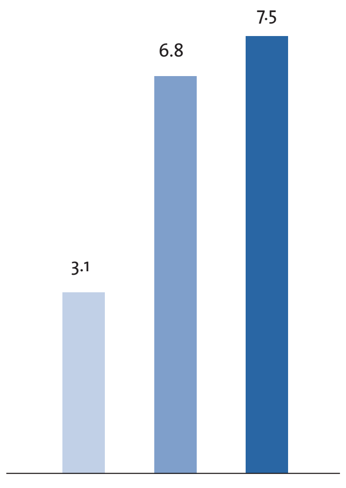
Average growth p.a. of the real per capita income 2011-2021 in %



OVB segment Central and Eastern Europe[1]
OVB segment Germany
OVB segment Southern and Western Europe[2]

Source: Prognostic data provided by the U.S. Census Bureau, International Data Base

Insurance premiums 2011 in % of the GDP (insurance penetration)



OVB segment Central and Eastern Europe[1]
OVB segment Germany
OVB segment Southern and Western Europe[2]

Source: Swiss Re, sigma, no. 3/2012

[1] Croatia, Czech Republic, Hungary, Poland, Romania, Slovakia, Ukraine
[2] Austria, France, Greece, Italy, Spain, Switzerland

OVB is active in 14 European countries and thus the only financial service provider operating throughout Europe. The OVB portfolio of national markets comprises both mature and emerging markets, giving it an appealing opportunity/risk profile. OVB is very well positioned in the European growth market for financial advisory services. Its system distribution under the mission statement „allfinanz solutions – simply better!“ represents the best business model to benefit from the growth market for financial advice.

OVB – our business model

Why are some sales organisations more successful than others? Because they are better at responding to what people need – the clients and the financial advisors. OVB has put such a business model to practice for more than 42 years.

OVB gives advice to some 3 million clients Europe-wide in all issues of financial provision, risk prevention and asset generation. The core target group of OVB are private households of medium and high income – thus the clear majority of the population of Europe, more than 700 million people altogether. Equally great is OVB's potential based on our business model, tried and tested since 1970!

Strong focus on clients

The long-term growth of our number of clients is based on OVB's strong focus on the client. The needs and desires of our clients are at the centre of our advisory activity. The first step to take is the careful analysis of our clients' financial, personal and professional situation. Other relevant data are the client's general plans for life and his or her risk acceptance. On the basis of this information, our financial advisors develop a provision and asset management strategy that is reviewed at regular intervals or on special occasion and adjusted if necessary. In line with our mission statement "allfinanz solutions – simply better!", OVB pursues a comprehensive interdisciplinary advisory approach. This gives credence to the recommendations of our financial advisors. Systematic support of the clients over the years – backed up by ongoing first-rate service – makes OVB an acknowledged partner. Client satisfaction results in client loyalty and the willingness to recommend OVB or even become an OVB financial advisor.

Systematic support of the clients over the years – backed up by ongoing first-rate service – makes OVB an acknowledged partner.

Selected premium products

The OVB sales team brokered roughly 587,000 new contracts in the year 2012. The emphasis is on products for retirement provision and asset generation, without preference to individual products or product suppliers. Thanks to hundreds of thousands of client meetings, OVB has a good idea of the products and benefit features that will suit the client requirements best.

This insight becomes part of a systematic process for the selection of our product portfolio and is the subject of constant exchange with the product suppliers.

In its cooperation with more than 100 reputable product suppliers OVB works towards the definition of standards, thus increasing efficiency and the quality of the products for the benefit of our clients. In choosing its product partners, OVB looks for assured long-term performance capability, reliability and service orientation.

Excellence in distribution

OVB is an enterprise for enterprising people. Close to 5,100 full-time financial advisors work for OVB as self-employed sales agents in 14 countries of Europe. They derive their will to perform and their motivation from this self-employed entrepreneurship. The success of OVB is the sum of all the successes of its sales agents. The financial advisor's individual performance determines the rise to executive positions and the performance of the teams he or she leads determines the path within the unique international OVB career model.

People from different occupational groups and different countries form the OVB team, exchange experiences and give support to each other – even across the national boundaries. The OVB business model combines the best of both worlds: entrepreneurial self-employment and the integration into a high-performance network. This can be found in this form only at OVB.

Efficient processes and high transparency

Established trading principles have been embedded in OVB's corporate DNA since its beginnings. With more than 3 million clients, some 587,000 completed transactions a year and more than 5,000 financial advisors, constantly improving the workflows is of the utmost importance. The extensive administrative tasks of our internationally operating Group listed on the stock exchange are fulfiled by about 440 employees in the holding company and the head administrations of the subsidiaries with great commitment.

Generally speaking, OVB has a very lean organisational setup by industry standards, contributing to an increase in the income margins.

Since 21 July 2006 OVB Holding AG has been listed on the stock exchange and its share is traded in the Prime Standard of Deutsche Börse in Frankfurt/Main – the segment with the highest transparency requirements. With the release of annual and quarterly financial statements in accordance with international financial reporting standards, OVB offers comprehensive transparency relating to the Company's business performance and financial position. This openness creates trust among clients and business partners, adds considerably to OVB's image building positioning in Germany and abroad and gives evidence of our financial strength, for example with an equity ratio of more than 50 per cent at the end of the year 2012.

The success of OVB is the sum of all the successes of its sales agents.

The only European financial service provider

OVB's business activities cover 14 European countries. 56 per cent of total sales commission generated in 2012 is accounted for by Central and Eastern Europe, 31 per cent by Germany and 13 per cent by Southern and Western Europe. In some countries OVB has achieved a market leading position. Thus OVB is the only European financial service provider. This broad international positioning stabilises the Company's business development and opens up cross-border career opportunities. The experience collected over many years in the different national markets has been an investment that is paying off today. The brand OVB has established itself in Europe.

Making a career as a financial advisor

About 5,100 full-time financial advisors work for OVB in 14 countries of Europe. “Entrepreneurs within the enterprise”, they keep pushing the development of OVB – and their own careers.

What especially distinguishes OVB is the consistent career and compensation system, unique in the industry.

At OVB distinct performance orientation and the pursuit of great social and expert competence are of paramount importance. Only this way will the Company keep asserting itself in the market. Therefore OVB is looking for people of character who think and act as entrepreneurs, who support our some 3 million clients as self-employed sales agents on their own authority, continuously expand the client base on their own initiative and sign, inspire and successfully lead their own staff with the strength of conviction and motivation. This focus on performance can be found among people of all occupational groups and in all countries in which OVB operates. In our experience it is also particularly prevalent where the standard of living has not yet reached the highest level and where the principles of a market economy have only been in place for some years.

With all their entrepreneurial freedom and the outstanding importance of individual initiative and motivation, the OVB financial advisors are not left to their own devices: They are part of the international OVB team, rely on a powerful organisation and operate with the framework of the unique OVB business model, tried and tested for over 40 years. Only if you had excellent professional training you can give competent interdisciplinary advice to your clients. Sustained high performances in distribution can be achieved only with high quality of financial advice. In training its financial advisors OVB equals or exceeds the standards stipulated in the respective countries. By continuous training courses we safeguard the quality of advice and promote the entrepreneurial competence of the executives in distribution. Various new legal provisions have increased the administrative expense in the financial services industry significantly over the last years. OVB provides its sales force with instruments for the efficient execution of the processes required. A web-based customer relationship management (CRM) system unburdens the sales agents from administrative activity.

But what especially distinguishes OVB is the consistent career and compensation system, unique in the industry. OVB is a fair, reliable and financially strong partner in terms of contract negotiations and compensation. The supplementary agreement for executive financial advisors comprises adequate compensation and offers unique social security – among other features, OVB has its financial sales agents participate in the policy service commission based on the portfolio of contracts they have generated. The low fluctuation rate among OVB executives compared to industry ratios gives proof of the success of our concept of partnership.

OVB also offers another competitive edge – its internationality. It opens up cross-border career opportunities for reaching many people in Europe as clients and colleagues. And it gives the opportunity to recognise common ground across national boundaries and to exchange “best of” approaches and to make use of them in bringing “OneOVB” to life.

OVB on the capital market

Our shareholders participate in OVB's success with a dividend total of Euro 7.8 million.

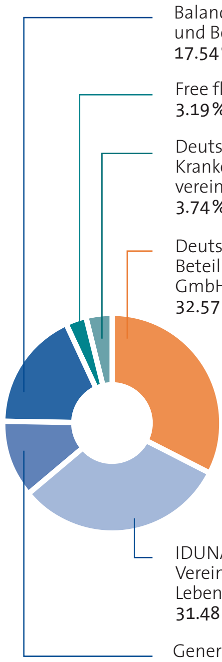
The share of OVB Holding AG has been listed in the Regulated Market of Deutsche Börse AG in Frankfurt/Main since 21 July 2006. The Company also meets the transparency requirements and responds all obligations relating to a listing on the stock exchange as defined for the Prime Standard, corresponding with the highest international standard of transparency.

The share capital of OVB Holding AG is placed predominantly with a number of reputable German insurance companies. The free float comes to about 3 per cent of the share capital.

At the end of 2012 the equity ratio of OVB Holding AG was 54.3 per cent. This solid equity ratio is an expression of the Company's financial strength, creates trust among clients and business partners alike and provides space for further growth. The Company's non-current liabilities in the amount of Euro 1.9 million or 1.2 per cent of total assets are of minor relevance. Neither foreseeable demand for capital nor a large share of free float demands the stock exchange listing of the OVB share. And yet we adhere to it. We consider the listing of our share and the corresponding fulfilment of the highest international transparency requirements a seal of quality for our Company. The release of annual and quarterly financial statements in accordance with international financial reporting standards and the detailed elaboration of corporate governance in the Company bring OVB up to par with the largest German and international groups of companies.

The OVB share price moved between Euro 17.20 and Euro 22.05 in the course of the year 2012; as of the end of the year the share price was Euro 21.75. Due to the small free float, the price performance of the OVB share is not associated at all with the general trends on the stock exchange. The average monthly trading volume of the OVB share came to 11,364 shares in the year 2012.

Shareholder structure of OVB Holding AG
as of 31/12/2012



Share data

WKN/ ISIN code	628656 / DE0006286560	
Stock symbol /Reuters /Bloomberg	O4B / O4BG.DE / O4B:GR	
Type of shares	No-par value ordinary bearer shares	
Number of shares	14,251,314	
Share capital	Euro 14,251,314.00	
Xetra price (closing prices)		
Beginning of year	Euro 19.25	(02/01/2012)
High	Euro 22.05	(10/12/2012)
Low	Euro 17.20	(26/10/2012)
Last	Euro 21.75	(28/12/2012)
Market capitalisation	Euro 310 million	(28/12/2012)

Independence

■ Profitability

... creates the basis for the sustainability of our business model and an adequate return for our shareholders

■ Financial strength

... makes OVB a reliable partner, safeguards independence and opens up growth potential

■ Stock exchange listing

... in Frankfurt/Main provides transparency and thus confidence among all stakeholders

Why is independence important?

Independence is the basis of interdisciplinary advice. It is the foundation for creating value for all stakeholders.

How do stakeholders benefit?

Clients benefit from high-quality advice with a long-term approach, financial advisors from a solid and future-oriented business model, shareholders from continuity in dividends and sustainability.

What is the contribution of the stock exchange listing?

OVB offers the greatest transparency in accounting and corporate governance. This has a disciplinary effect within the Company and creates confidence around it.

Consolidated management report of OVB Holding AG 2012

Business and general conditions

Throughout Europe, OVB stands for the interdisciplinary, competent and comprehensive financial advice of private households based on a long-term approach. OVB's mission statement is: simply better allfinanz solutions! The Company cooperates with more than 100 high-capacity product providers and fulfils its clients' individual needs for retirement provision, risk protection as well as asset accumulation and asset management with competitive products.

The early and successful positioning in promising growth markets sets OVB apart from the competition. OVB benefits from many years of experience in the successful development of the foreign subsidiaries. The success is obvious particularly in Central and Eastern Europe. In many of the region's markets, OVB has assumed a market leading position among the independent brokers. OVB generates 69 per cent of total sales commission outside Germany.

Therefore it is important to consider the macroeconomic developments in Europe for the assessment of the 2012 business performance. Among the relevant factors are economic growth, developments in the labour markets and changes in the income situation of private households. Of particular importance are also changes in the general conditions for personal financial planning such as pension reforms or the unisex issue of the past financial year (uniform insurance rates regardless of gender).

Macroeconomic environment

The global economy lost considerable momentum in the course of the year 2012. The growth drivers in the industrialised nations were on a noticeable decline which had a negative effect on the fast-growing emerging markets as well. The growth rate of the global economic performance went down altogether from 3.9 per cent in 2011 to 3.2 per cent in 2012, according to the International Monetary Fund (IMF). Growth came to an average 1.3 per cent for the industrialised nations (2011: 1.6 per cent) and 5.1 per cent in the emerging markets (2011: 6.3 per cent). Many industrialised nations – especially in Southern Europe – continue to be burdened by the high debts of private households and the public sector and a further increase in unemployment.

The OVB Group generated more than half its total sales commission in the seven national markets of the Central and Eastern Europe segment. The economic situation went worse for this group of countries in the course of the year 2012. In Croatia, the Czech Republic and Hungary, the economic performance went down, coinciding with an increasing inflation rate. Accordingly weak was the demand among private households. Even the recently fast-growing nations of the region – Poland and Slovakia – recorded a slowdown in the pace of expansion. On the whole, the general macroeconomic conditions of 2012 were less favourable for the business activities in Central and Eastern Europe than in previous years. Still OVB's business remained stable in this segment.

Macroeconomic key data – Central and Eastern Europe

	Real GDP Changes in %		Consumer prices Changes in %		Public budget deficits (in % of the GDP)	
	2011	2012e	2011	2012e	2011	2012e
Croatia	0.0	- 1.8	2.3	3.5	- 5.0	- 4.1
Czech Republic	1.7	- 0.9	1.9	3.3	- 3.1	- 4.7
Hungary	1.6	- 1.0	3.9	5.7	4.3	- 2.7
Poland	4.3	2.1	4.3	3.8	- 5.0	- 3.5
Romania	2.2	0.1	5.8	3.3	- 5.7	- 3.0
Slovakia	3.2	2.4	3.9	3.6	- 4.9	- 4.6
Ukraine	5.2	0.5	8.0	0.8	- 4.3	- 4.5

e (estimated)
Source: Raiffeisen RESEARCH, Strategy Austria & CEE, 1st quarter 2013

The Germany segment accounts for about a third of the OVB Group's total sales commission. The German economy was sucked into the downward spiral of the international economic development increasingly in 2012. Following growth rates of 4.2 per cent in 2010 and 3.0 per cent in 2011, the real gross domestic product only gained 0.7 per cent in 2012, according to first calculations of the Federal Statistical Office. At an average increase of consumer prices by 2.0 per cent, private consumption gained 0.8 per cent adjusted for price changes. The economic situation of the private households was relatively favourable in 2012. However, OVB's sales were behind those of the previous year.

With the exception of Switzerland, all countries of OVB's Southern and Western Europe segment belong to the euro area, whose economic performance went down 0.5 per cent on average in 2012 (2011: + 1.5 per cent). Greece, Italy and Spain are in deep recession while the French economy stagnates. Austerity measures of the national budgets forced by high debt levels, loss of confidence in the financial markets, restrictive lending to the private sector, high unemployment and income loss of the private households determine the precarious economic situation in these countries. OVB still managed to grow considerably in the countries of this segment except for Greece.

Macroeconomic key data – Southern and Western Europe

	Real GDP Changes in %		Consumer prices Changes in %		Public budget deficits (in % of the GDP)	
	2011	**2012e**	**2011**	**2012e**	**2011**	**2012e**
Austria	2.7	0.5	3.6	2.6	- 2.5	- 3.2
France	1.7	0.1	2.3	2.2	- 5.2	- 4.6
Greece	- 7.1	- 6.8	3.1	1.2	- 9.4	- 7.3
Italy	0.6	- 2.1	2.9	3.3	- 3.9	- 2.5
Spain	0.4	- 1.5	3.1	2.4	- 9.4	- 8.0
Switzerland	1.9	0.9	0.2	- 0.6	0.5	0.4

e (estimated)
Source: Raiffeisen RESEARCH, Strategy global markets, 1st quarter 2013

The situation in the industry

OVB centres its business activity on providing advice to private households with respect to private retirement provision and risk protection. The people in Europe understand how pressing an issue the threat of old-age poverty really is. People who begin their professional careers in an OECD member state today can expect a net state pension of roughly half of their net income on average. And that applies only if they retire after a complete working life at full retirement age. On the whole an alarming "pension gap" is impending. Due to increasing life expectancy at declining birth rates, demographics are changing. This has led to radical changes in the public social security systems. Private and corporate pension provision must give relief to the public welfare system as additional pillars.

Regardless of these groundbreaking trends that support OVB's business model and the Group's strategic orientation, the private households' capability and willingness to see to private individual provision are subject to fluctuations depending on the respective current economic situation and the confidence in the instruments and providers of private retirement provision. Against this backdrop, the sale of financial products has become more difficult in the current environment than in former years. In many of the national markets in which OVB operates, the effects of the uncertainty resulting from the persistent difficult debt situations of some member states of the euro area are noticeable. Discussions about and concern for the euro continued to determine the capital markets in 2012. Resolute measures taken by the European Central Bank resulted in stabilisation of the euro area that remains subject to considerable risks. One of the consequences is the policy of low interest rates governed by the central banks. The deliberately low interest rates beat the savers: The interest achievable for investors with common investments still remain at a historical all-time low and amount to less than the rate of price increase in most cases. This situation additionally aggravates the already complex matter of private provision. An almost inscrutable product offering, barely comprehensible conditions for state subsidies and the necessity of a continuous review of financial decisions once made in view of changing needs and life situations increase the demand for interdisciplinary, competent and comprehensive personal advice. Thus the market for private provision offers long-term market potential and good opportunities for growth from the perspective of OVB.

Business model and strategy

OVB is currently active in 14 countries of Europe. 3.0 million clients trust the advisory service provided by some 5,100 full-time OVB advisors. The broad European positioning which no direct competitor can match stabilises the business performance of OVB and opens up growth potential in many respects.

The OVB business model is based on the AAS approach (analysis, advice, service). The identification and analysis of the client's financial situation form the basis of counselling. The advisor particularly asks for the client's wishes and goals and then creates a tailored solution in consideration of what is financially possible, a solution with a long-term horizon that is both affordable and sufficiently flexible.

The OVB advisor accompanies his or her clients over many years. By constant adjustments of the financial decisions to all relevant changes in the clients' needs, the resulting provision concepts are suited to the clients' demand and aligned with the respective situation in life.

The professional training of the advisors, the analysis of client demands and the corresponding product recommendations are based on the general conditions prevailing in the respective market. The continuous advancement of these issues is given great emphasis for making OVB capable of early response to future regulatory or qualitative requirements. OVB's 14 national markets are different in terms of structure, development status, size and growth potential, providing the OVB business model with a stabilising factor. OVB has a strong market position in a number of countries – especially in Central and Eastern Europe; market penetration is still relatively low particularly in these countries and the growth potential for per capita income is particularly high.

In financial year 2012 OVB managed to expand its market position as one of the leading financial service providers in Europe: The number of clients was up 4.9 per cent to 3.00 million (2.86 million), the sales team grew to 5,097 financial advisors and the number of brokered new contracts gained 12.0 per cent to 587,140 contracts (523,733).

OVB aims at sustainable and profitable growth for the Group, thus a continuous increase in sales at high and generally increasing profitability.

In the markets in which OVB is already active, the Company seeks to consolidate and expand its market position by winning new clients and using existing client relationships for even more comprehensive advice.

OVB feels well-prepared for the possible changes in the regulatory framework. These are going to accelerate the process of a consolidating industry even more. OVB is willing and capable of assuming an active part in this. It goes without saying that the factors economic sense and

OVB's clients and financial advisors

(31/12)	2008	2009	2010	2011	2012
Clients (number in million)	2.78	2.77	2.80	2.86	3.00
Financial advisors (number)	4,862	4,664	4,600	4,908	5,097

compatibility as well as an adequate opportunity/risk ratio of any potential commitment are deciding.

A lot more than 400 million people live in the 14 countries of Europe in which OVB operates. Because of the imperative private provision to be taken on one's own initiative and the demand for advisory service derived from that, from OVB's viewpoint there are far too few advisors in any of the European countries.

Owing to the shortage of trained advisors, in winning new financial advisors OVB counts on finding and qualifying people with a will to perform from all occupational groups for the responsible work of the financial advisor in order to fulfil the increasing demand of the people in Europe for advice. The possible part-time entry presents a sustainable opportunity for beginners.

Group structure

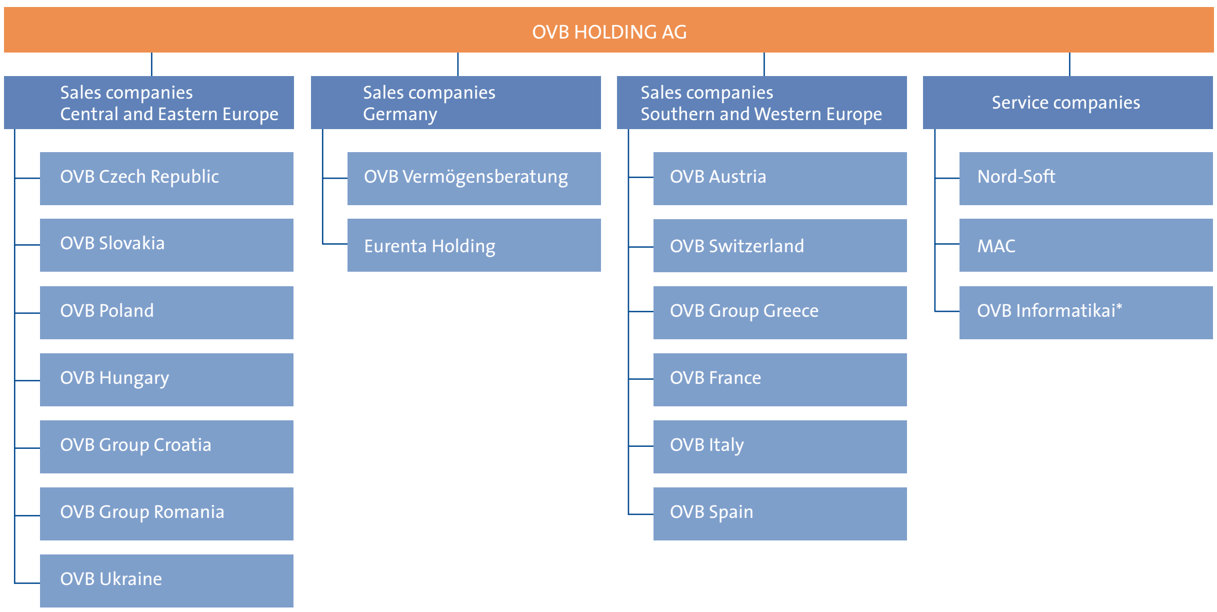
As a management holding company, OVB Holding AG is at the top of the OVB Group. The Company determines the strategic goals and safeguards the coordination of business policies. Business operations are divided in regional segments. The independent financial advisors of OVB's operating subsidiaries advise private clients in 14 European countries on financial issues and provision. Four service companies support these core business activities by providing IT services and coordinating comprehensive marketing activity. OVB Holding AG is the sole shareholder of these subsidiaries, with the exception of the two IT service providers Nord-Soft EDV-Unternehmensberatung GmbH and Nord-Soft Datenservice GmbH (50.4 per cent interest respectively). OVB Holding AG has concluded a profit-and-loss transfer agreement with OVB Vermögensberatung AG.

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. The Executive Board, currently consisting of three members, directs the Company on its own authority with the objective of continuously increasing the shareholder value.

The OVB Group



* indirect interest

Michael Rentmeister, CEO, is responsible for Strategy, Basic Corporate Policies, Auditing, Marketing/Communication and Compliance. He is also responsible for business in Germany. Oskar Heitz is the Company's CFO and COO; his responsibilities primarily include Finance, Risk Management, IT, Processing, Tax, HR, Legal and Data Protection. Mario Freis, CSO, is in charge of Sales in OVB's thirteen international markets and European Product Management.

Supervisory Board

The Supervisory Board of OVB Holding AG has six members, all of whom are elected by the Annual General Meeting.

Chairman of the Supervisory Board is Michael Johnigk, member of the Executive Boards of Deutscher Ring Krankenversicherungsverein a.G., SIGNAL Krankenversicherung a.G., IDUNA Vereinigte Lebensversicherung aG für Handwerk, Handel und Gewerbe, SIGNAL Unfallversicherung a.G., SIGNAL IDUNA Allgemeine Versicherung AG and SIGNAL IDUNA Holding AG. The Supervisory Board supervises and advises the Executive Board on 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 as well as a Nomination and Remuneration Committee. Detailed information on the cooperation between Executive Board and Supervisory Board and on corporate governance at OVB Holding AG is provided in the report of the Supervisory Board and in the chapter "Corporate governance" as parts of the Annual Report.

Corporate management

Corporate management of the OVB Group has both a strategic and an operating element. In the realm of strategic controlling, long-term planning with a five-year planning horizon connects the corporate strategy with specific quantitative targets.

A cross-national exchange of know-how supports the efficient and integrated management of the 14 subsidiaries in various areas. Committees of OVB Holding AG e.g. 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 regional markets.

Operational controlling supports the management of business operations. The Company's key targets and control variables are sales (total sales performance) and earnings before interest and taxes (EBIT). Apart from these monetary indicators, key figures 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 also serve as indicators of the success of business operations.

Cost controlling involves a monthly analysis of the development of income and expenses. These findings are incorporated into the Company's investment budget and financial planning.

Targets defined by the Executive Board establish the cornerstones of the strategic multi-annual budget and the annual operating 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 where expenses and income budgeted for the Group are coordinated in particular. Moreover, budget parameters are contrasted with the measures that form their basis and made transparent in addition to the figures.

OVB prepares monthly updated projections for the full year and is thus capable of responding to deviances.

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 the cash flows.

In the year under review, the Company has advanced the system of its processes for planning and controlling in terms of quality for the purpose of continuous improvement.

Business performance

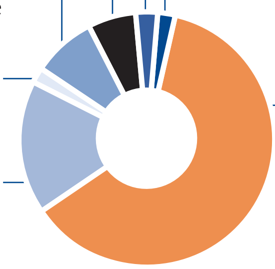
In an altogether challenging market environment, OVB has well asserted its position as one of the leading financial service providers in Europe in financial year 2012. The

Group's total sales commission went down slightly by 3.3 per cent from Euro 222.1 million in the previous year to Euro 214.7 million in the year 2012, a development that resulted among other factors from negative foreign exchange effects in the Central and Eastern Europe segment. Included in this amount is commission forwarded to sales agents on behalf of product partners in the amount of Euro 20.2 million (previous year: Euro 22.6 million). While the commission collected in the Central and Eastern Europe segment and the Germany segment was down slightly, business grew strongly in the Southern and Western Europe segment – despite the macroeconomic problems of some of the region's countries.

At the same time OVB strengthened its market position: The number of supported clients grew in the course of the year 2012 from 2.86 million to 3.0 million clients. By the end of 2012 5,097 full-time financial advisors were working for OVB, 3.9 per cent or 189 sales agents more than twelve months before. The number of brokered new contracts gained considerably from 523,733 contracts in the year 2011 by 12.0 per cent to 587,140 contracts in financial year 2012. The average commission volume went down because of lower contract volumes, changes in the product portfolio and currency effects.

The structure of new business with respect to the kind of brokered products remained unchanged for the most part in financial year 2012 compared to 2011. Product demand focused on unit-linked provision products, providing the opportunity to make provisions for one's old age while benefiting from the positive long-term development of the stock markets. This product group is the mainstay of new business with a share of 62 per cent (previous year: 62 per cent). The share of other provision products – primarily classic life and pension insurance policies – climbed from 14 per cent to 17 per cent of new business. While products from the categories property and accident insurance, building society savings contracts/financing, health insurance and corporate pension provision kept their relative positions in product sales largely unchanged, the share of investment funds in new business dropped from 4 per cent to 2 per cent.

Breakdown of new business 2012 (2011)



Central and Eastern Europe

The Central and Eastern Europe segment – comprising the national markets Croatia, Czech Republic, Hungary, Poland, Romania, Slovakia and Ukraine – accounts for more than half respectively of the OVB Group's clients, financial advisors and brokerage income. Following extremely dynamic growth in the year 2011, total sales commission generated in this segment stabilised in 2012: It amounted to Euro 121.1 million after Euro 126.2 million the previous year. A continued vital business in the Czech Republic, Slovakia, Hungary and – in lower absolute terms – Ukraine was contrasted by an only moderate business performance in Poland, Romania and Croatia. The number of sales agents kept growing in the course of the year 2012 from 3,226 to 3,307 financial advisors. This increase was particularly high in Czechia. Over the past six years, OVB managed to support its sales team in this segment by about 1,000 financial advisors altogether. The 2.0 million OVB clients in Central and Eastern Europe (previous year: 1.89 million clients) continued to focus their product demand in 2012 primarily on unit-linked provision products, accounting for 77 per cent (previous year: 78 per cent) of new business. 10 per cent of product sales (previous year: 8 per cent) fell upon other provision products and 6 per cent upon the product range of building society savings contracts/financing (previous year: 7 per cent).

Germany

Even though the economic situation of the private households – the principal target group of OVB's distribution – was relatively favourable in 2012, the willingness to commit to private retirement provision on one's own declined in Germany. According to findings of the Postbank survey 2012/2013 on old-age provision, fewer Germans than ever before since the survey was first conducted in the year 2003 were willing to expand their private retirement provision. Intense public debate on the subject of retirement provision as was held in the year 2012 in Germany seems rather to add to the citizens' uncertainty in their provision and investment behaviour. The relevance of this problem to each of us is moving out of focus.

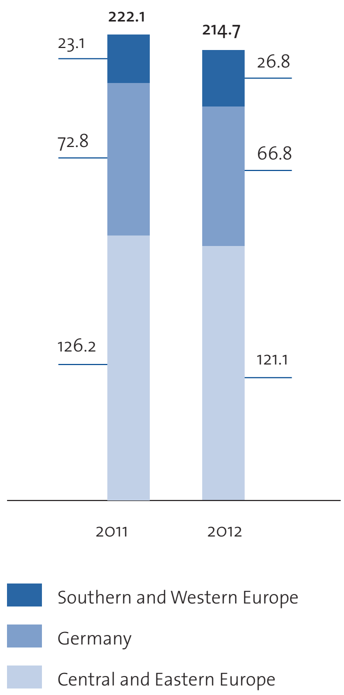
Total sales commission collected in the Germany segment reached Euro 66.8 million in 2012 after Euro 72.8 million the year before.

The number of financial advisors working for OVB in Germany has been in the vicinity of the mark of 1,300 sales agents for years. At the end of 2012 the sales force had a staff of 1,343 (previous year: 1,319). They supported 652,059 clients, compared with 656,113 clients one year before. In the course of financial year 2012, other provision products gained in relevance considerably: Their share in new business climbed from 25 per cent in the previous year to now 34 per cent. Contrary to that, unit-linked provision products recorded a decline from 33 per cent to 27 per cent. Property and accident insurance are met with unchanged interest, accounting for 14 per cent of product sales in 2012 and the year before. Products of building society savings contracts/financing follow with 8 per cent (previous year: 6 per cent), health insurance with 6 per cent (previous year: 8 per cent) and corporate pension products also account for 6 per cent (previous year: 8 per cent) of new business.

Southern and Western Europe

The business performance in the national markets of the Southern and Western Europe segment was rather diverse in 2012 yet very satisfying on the whole. Sales in Austria, the highest-volume market in this segment, and in France largely remained at the prior-year level. The development of business in Spain, Italy and Switzerland was clearly positive. In Greece, however, the business performance fell short of the previous year's figures. OVB managed to increase total sales commission in the Southern and Western Europe segment considerably altogether from Euro 23.1 million in 2011 by 16.0 per cent to Euro 26.8 million in the year under review. The number of OVB clients rose from 308,298 clients by the end of 2011 to 310,129 clients as of the end of 2012. Even more pronounced than the year before, client demand focused on unit-linked provision products, reaching a share in new business of 70 per cent

Total sales commission by region
Euro million, figures rounded



(previous year: 61 per cent). 10 per cent of product sales in 2012 were respectively accounted for by other provision products (previous year: 11 per cent) and property and accident insurance (previous year: 9 per cent). Following a decline in former years, the OVB sales team in the Southern and Western Europe segment was continuously expanded again. At the end of 2012 447 financial advisors were working here for OVB, as opposed to 363 sales agents 12 months earlier. The strongest increases were recorded in Spain, Italy and Switzerland, emphasizing once more the close connection between the development of the number of advisors and total sales commission.

Financial advisors and employees

The OVB business model centres on the organisation of financial advisors. The continued growth of the number of financial advisors reflects the demand for and potential of interdisciplinary financial advice and represents the deciding factor of business success.

Against this backdrop, the clients' advice is scheduled to be further intensified and structured. Comprehensive, interdisciplinary and responsible support and advice of clients facilitate individual solutions tailored to the respective situation in life, of benefit for both sides: integral provision and protection solutions for our clients, business success and growth for OVB.

OVB's financial advisors and employees share certain values: performance orientation, striving for high social competence and expert skills and the sense of responsibility for the common good. This set of values corresponds to the principles of a social market economy.

OVB offers the best career opportunities for entrepreneurial-minded people. OVB's full-time financial advisors distribute our product providers' provision and financial products as self-employed sales agents. In terms of the financial advisors' compensation, OVB is a fair, reliable and financially strong partner. Its new business commission makes the Company internationally competitive. In addition to that, sales agents from a certain seniority level upward participate in the income from the contract base they have established. OVB also supports its executives in many ways and protects them against risks. The growth of the OVB sales team confirms our appeal and our positioning as an "enterprise for enterprising people".

In financial year 2012 the number of full-time OVB financial advisors exceeded the number of 5,000 sales agents for the first time. It went up 3.9 per cent from the 4,908 financial advisors at the end of 2011 in the course of the year, or by 189 to 5,097 sales agents at the end of 2012. The expansion of the sales team was particularly strong in the Southern and Western Europe segment – despite the challenging macroeconomic situation in some countries of this segment.

The number of employees in the holding company, the service companies and the central administrations of the subsidiaries virtually remained unchanged on year-on-year comparison 2011/2012 with now 438 after 436 employees as of the respective reporting date. They have administrative functions or work in sales support, marketing or IT. OVB strives for continuous optimisation of the efficiency of business processes.

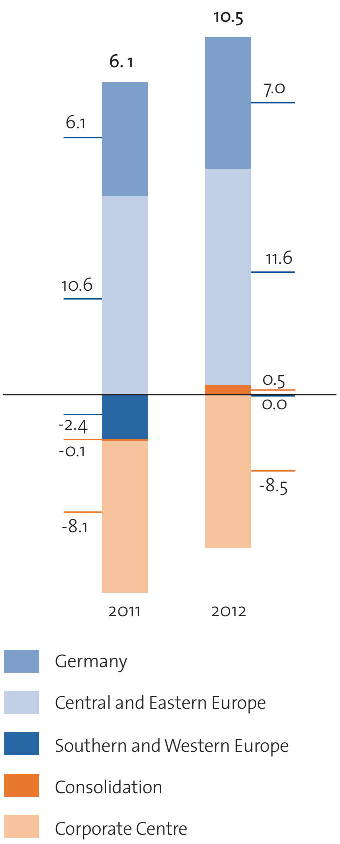
Profit/Loss

In the 2012 financial year OVB generated total sales commission of Euro 214.7 million. In the previous year this key sales figure amounted to Euro 222.1 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 came to Euro 20.2 million in 2012 after Euro 22.6 million the previous year. Brokerage income reported in the income statement of Euro 194.5 million in 2012 was 2.5 per cent below the prior-year amount of Euro 199.5 million. Other operating income of Euro 9.0 million in the year under review almost reached the prior-year level of Euro 9.6 million.

Brokerage expenses were down 4.0 per cent from Euro 134.2 million in 2011 to Euro 128.8 million in the year under report. Current commission paid to sales agents decreased by 2.0 per cent and other commission expense dropped a disproportionate 20.8 per cent. Personnel expenses for the Group's employees remained virtually constant at Euro 24.5 million (previous year: Euro 24.8 million). Depreciation and amortisation went down 19.1 per cent to Euro 3.2 milli-

Earnings before interest and taxes (EBIT) by segment

Euro million, figures rounded



on (previous year: Euro 3.9 million), mostly because impairment loss on goodwill reported in the previous year did not apply this year. Other operating expenses were reduced by 8.9 per cent to Euro 36.5 million in the year under review (previous year: Euro 40.0 million). The optimisation of administrative processes had a positive effect here.

In financial year 2012 the OVB Group increased its result from operations from Euro 6.1 million in the previous year by 73.0 per cent to Euro 10.5 million. All regional segments made contributions to this improvement of earnings. The EBIT loss of the Corporate Centre segment amounted to Euro 8.5 million in 2012 after Euro 8.1 million the previous year.

The financial result climbed to Euro 1.4 million (previous year: Euro 1.2 million). The income tax burden went up from Euro 3.1 million to Euro 3.7 million on year-on-year comparison corresponding to respective earnings. The consolidated net income after non-controlling interests was almost doubled from Euro 4.2 million to Euro 8.2 million. Basic earnings per share increased significantly from Euro 0.29 in 2011 to Euro 0.57 in 2012, based respectively on 14,251,314 no-par value shares

The OVB Group's total comprehensive income in financial year 2012 reached Euro 8.3 million after Euro 3.7 million the previous year.

Executive Board and Supervisory Board will propose to the Annual General Meeting on 21 June 2013 the payment of a dividend of Euro 0.55 per share for financial year 2012. The total dividend payout would come to Euro 7.8 million, based on the distributable net income of OVB Holding AG.

Financial position and assets and liabilities

Financial management

The holding company coordinates and monitors the financing activities of OVB Holding AG and its operating companies. The aim is to ensure sufficient liquidity for the business operations of the subsidiaries as well as for capital expenditure. As part of a monthly reporting cycle in which all group companies are involved, we gain insight into the financial developments at the subsidiaries on the basis of which we determine the liquidity requirements of the individual entities.

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

Financial position

The cash flow from operating activities came to Euro 2.6 million in the year under review; it had been Euro 13.4 million in the previous year. One of the reasons was the acquisition of claims for commission. Capital tie-up within trade receivables and other assets gained Euro 13.0 million. Moreover, the increase in trade payables and other liabilities was reduced from Euro 2.0 million in the previous year to Euro 0.2 million. The increase in provisions of Euro 2.7 million was Euro 1.2 million below the prior-year amount.

The cash flow from investing activities was negative in 2012 at Euro -1.1 million after a cash inflow of 2.3 million in the previous year. This is accounted for primarily by re-arrangements in the investment portfolio: While a decrease in securities and other short-term investments of Euro 2.9 million was reported for 2011, this portfolio item increased again by Euro 0.9 million in the year 2012.

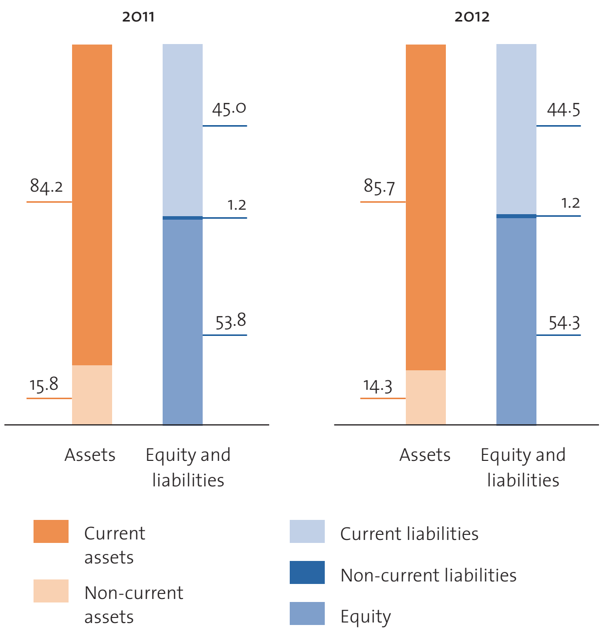
The cash outflow from financing activities in the amount of Euro -5.0 million in the year under review (previous year: Euro -7.2 million) is due for the most part to the dividend distribution. Cash and cash equivalents were Euro 35.7 million as of the 2012 reporting date after Euro 38.7 million one year before .

Assets and liabilities

The OVB Group's total assets gained Euro 4.8 million from Euro 148.8 million at the end of 2011 to Euro 153.6 million as of the 2012 reporting date. The increase primarily results from a Euro 8.0 million gain in receivables and other assets to Euro 30.3 million (previous year: Euro 22.2 million) due to the acquisition of all claims for future new business and policy service commission of a former financial advisor (Euro 8.9 million). An opposite effect had the decrease in cash and cash equivalents by Euro 4.3 million to Euro 35.7 million (previous year: Euro 40.0 million). With respect to non-current assets, intangible assets went down by Euro 1.0 million to Euro 10.6 million (previous year: Euro 11.6 million).

Regarding equity and liabilities reported in the statement of financial position, equity climbed from Euro 80.1 million to Euro 83.4 million – due for the most part to the increase in net retained earnings. The Company's equity ratio was slightly up from 53.8 per cent at the end of 2011 to 54.3 per cent as of the 2012 reporting date. Beyond immediate operational necessities, this solid equity ratio is an expression of the Company's financial strength, thus creating confidence among clients and business partners. Furthermore, the sound equity foundation provides space for further growth.

Asset allocation and capital structure
In per cent, figures rounded



Compared to that, the Company's non-current liabilities of Euro 1.9 million (previous year: Euro 1.8 million) are of minor significance. Current liabilities gained Euro 1.4 million to Euro 68.4 million (previous year: Euro 66.9 million). They result from transacting business operations. Other provisions were up Euro 2.1 million to Euro 29.5 million (previous year: Euro 27.4 million) while trade payables dropped Euro 1.3 million to Euro 6.8 million (previous year: Euro 8.1 million).

Report on risks and opportunities

Principals and objectives of risk management

Entrepreneurial activity is inconceivable without taking risks. For OVB risk means the threat of possible 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 entire organisation and thus taking risks deliberately 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 controlling system. The Executive Board of OVB Holding AG is responsible for directing the corporate strategy. In collaboration with the management teams of the subsidiaries, the Executive Board determines the pan-European strategy for business operations and defines the risk policy 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 yet taking into account the specific business of the respective subsidiary. An efficient controlling process with the help of corporate planning and internal reporting supports the early identification of risks that could prove fatal to the business. Corporate planning involves OVB's 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 internal audit division which assumes responsibilities of group monitoring and control. Internal Auditing works on behalf of the Group's Executive Board as an independent body responsible for internal auditing throughout the Group, not subject to any instructions or processes. It also operates autonomously with respect to reporting and the evaluation of audit findings. On the basis of its annual audit schedule, Internal Auditing regularly audits the holding company as well as the domestic and international subsidiaries with a focus on risks 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 accounting and advises on their continuous improvement.

An important component of risk management is the system for early risk detection, subject to constant adjustment to new developments, 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 holding company's top risk management officer 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 by regular communication with the executives of the sales force. In urgent cases, ad hoc risks are reported directly to the holding company's risk management officer, thus bypassing the usual reporting channels.

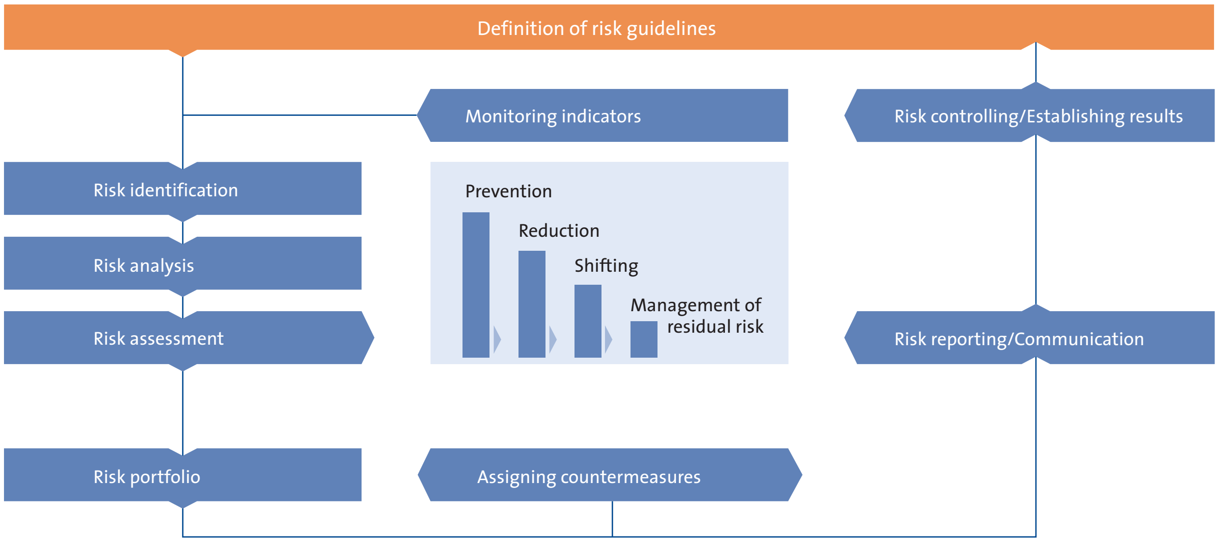
Development of risk management

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 2012, all measures for early detection, management and control of risks were analysed, adjusted and enhanced in response to internal and external developments within the scope of an annual review. In financial year 2012 the risk catalog was revised and the reporting system was improved in particular.

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 internal audit system insofar as it focuses on financial accounting. Like the internal control system of which it is a component, the risk management system with regard to financial accounting addresses 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 are:

- 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.
- Separation of functions and four-eye-principle as basic standards
- clear separation and assignment of responsibilities with respect to areas materially involved in financial accounting, namely local accounting, tax, group accounting, controlling, compliance and investor relations
- Protection against unauthorised access to any of the systems used in financial accounting
- Utilisation of standard software in the financial systems involved
- adequate guidance system (e.g. group handbook, payment guidelines, purchasing guidelines, etc.) subject to constant update

- adequate equipment in response to requirements of all departments and visions involved in the financial accounting process in terms of quality and quantity
- clearly defined workflow as well as documentation and tracking of all matters subject to accounting for the purpose of complete and reviewed financial reporting
- ensuring that accounting records are checked for mathematical and factual correctness; payment runs observe the four-eye-principle
- constant random inspection of accounting data received or referred by persons not involved in the financial accounting process
- Monitoring committees (e.g. Internal Auditing and the Audit Committee of the Supervisory Board) are established with regard to the compliance and reliability of internal accounting and financial reporting
- routine checks of financial accounting processes by process-independent Internal Auditing

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, consistent and continuous accounting process. A clear separation of areas of responsibility and various subsequent control and audit mechanisms as described above in detail safeguard correct and responsible accounting. Thus it is made sure in the individual case 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 as a basis both completely and promptly.

Presentation of risks

In the following we provide a qualitative description of risks that could have material adverse effects 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 observe the political, regulatory, economic and financial developments in the markets in which we operate and utilise various resources such as external market analyses and the know-how of external experts and analysts in order to review the strategic and operational orientation in light of such developments. This particularly applies to risks associated with tapping into new markets.

Plans for regional expansion depend on orderly political and legal conditions prevailing in the respective country and on an economic environment that clearly indicates that OVB will be able to profitably forge ahead with business activities within a timeframe that appears reasonable given the respective market conditions.

In view of the specific risks associated with the economic development, the broad regional positioning of the OVB Group in Europe, able to compensate market risks and downturns in individual countries with opportunities in other markets, plus a broad client base help mitigate risks. The diversification of business activities across highly varied products, designed to facilitate asset generation and risk protection and tailored to the respective situation in the relevant markets, also helps offset risks, at least in certain sub-segments.

Risks relating to company-specific factors of value creation

Key factors of the commercial success of the companies of the OVB Group are an increasing number of clients, the expansion of our team of financial advisors and low turnover within that team as well as the structure and quality of our advisory and brokerage business.

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.

The effects of uncertainty as a result of the persisting difficult debt situation of some countries of the euro area are noticeable in many of the regional markets in which OVB operates. Negative effects on economic growth, the private households' income situation and the labour market emanate from this development.

The European Central Bank has made an essential contribution to calming the markets with its policy and by taking stabilising measures. It remains to be seen if this mitigation of the sovereign debt crisis will be permanent.

On the whole, however, we do not expect permanent adverse effects on OVB's new business because of the still existing necessity of private provision and in light of the demographic trends in most countries in which OVB subsidiaries operate.

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 on safeguarding 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 management with regard to their effects on the business success. The sector of financial service distributors is undergoing a phase of consolidation which might temporarily entail the risk of increased turnover of financial advisors. That might have negative effects on sales and earnings of the group companies. Based on its experience of many years, OVB finds itself capable of countering any potential advisor turnover. Among such countermeasures are transparent contracts and a competitive commission model for the sales force. At the same time, the group companies place great emphasis on the professional training and further education of its financial advisors.

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 sociopolitical conditions, capital market influences and regulation of the broking profession play a key role here. Changes of the regulatory framework are associated with new requirements and with potential risks. A case in point, the Act to Amend the Law for Investment Intermediaries and Capital Investments (Gesetz zur Novellierung des Finanzanlagenvermittler- und Vermögensanlagenrechts) passed in December 2011 governs, in Section 34 f GewO (German Trade Regulation Act), the permits of investment intermediaries in the German market effective 1 January 2013. This entails higher entry requirements for rookie advisors and increased demands on the brokering process. It is foreseeable even today that the regulation will proceed in the future throughout Europe. This requires a continuous further development of the brokering process and an ongoing adjustment of our training focus.

We constantly monitor all efforts toward more extensive regulation of the financial services market in Europe that particularly pursue the goal of increased investor protection and analyse their effects on our business model and our strategic positioning in our regional markets early on. We meet the increasing requirements, accompanied by increasing monitoring by the national supervisory authorities, in particular with systematic advancement of our professional training measures, a Group-wide screening of legal regulatory efforts and the ongoing development of risk and compliance management.

OVB has a broad portfolio of high-capacity partners. The Company brokers financial products provided by more than 100 insurance companies, investment trusts, building societies and banks. The risk associated with product selection is contained by working only with renowned and internationally experienced product providers on the basis of long-term partnerships. OVB identifies client needs and market trends through extensive market research and then uses its findings to develop competitive products tailored to the clients' needs in cooperation with the product partners. OVB ensures the quality and competitiveness of its product portfolio by maintaining ongoing communication with the partners.

OVB combats the risk of diminishing product appeal by continually monitoring client response and feedback. Established committees liaise with the financial advisors and process their experiences and suggestions for improving and developing the product range and the associated support services. OVB can at least partially compensate for declining turnover of some products through higher turnover of other products.

Financial risks

Bad debt risks may arise from receivables from business partners and from advance commission payments to sales agents and commission charge-back. In individual cases, commission that has been earned but not yet received is paid to sales agents in order to bridge the gap until payment is received from the product providers. OVB counters bad debt risks by way of risk-sensitive accounts receivable management and the careful selection of business and product partners. Appropriate allowances are made for receivables that are considered doubtful from today's perspective. 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 OVB by corresponding provisions whose amounts are determined on the basis of commission inflow during the period of liability and the anticipated claims for commission refunds based on past experience.

Issuer risks associated with the investment of liquid assets are contained by means of strict credit rating requirements and appropriate investment management. OVB maintains business relationships with several banks belonging to different banking systems. OVB closely monitors the standing of these banks to ensure among other aspects that the funds invested are covered by adequate guarantee schemes of the respective banks.

Market risks are risks of losses as a result of unfavourable changes in market prices or other price-affecting parameters. Market price risks include interest rate risks, exchange rate risks and stock price risks. Shares, bonds and funds in the portfolio may be primarily exposed to price risk as a result of market price fluctuations. OVB varies investment volumes and issuers in order to counter this risk. Potential effects on earnings as a result of heavy price fluctuations are identified early on by monitoring and assessing the portfolio on an ongoing basis. Containing such risks may also necessitate the full liquidation of individual positions at short notice. The relevance of capital investments to the group companies has altogether decreased.

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

Liquidity risks are relatively low because business operations are financed out of the current cash flow and as liquidity reports assist in the management and investment 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.

With these measures OVB also effectively diversifies 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 transact its business. Binding workflow rules have been defined for processing and settling business transactions, including provisions relating to powers of representation. Employees entrusted with confidential information commit themselves to comply with binding regulations and to handle such data responsibly.

OVB limits the risk of breaches of in-house and external rules and regulations by separating management from control functions. OVB protects itself from loss or damage and potential liability by means of appropriate insurance protection.

IT risks

IT structures are largely standardised. We use up-to-date, primarily industry-specific standard software of well-known providers in order to prevent malfunction, data loss, data manipulation and unauthorised access to our IT network. If necessary, Group-specific in-house developments subject to continuous quality control are used for complementing the standard software. Back-up systems, mirror databases and a defined emergency plan keep the database secure and guarantee its availability. The 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 group companies.

Reputational risks

Reputational risks arise from a loss of reputation either of the entire industry, OVB itself or one or several operating segments for example among clients, business partners or the general public. Advising on financial products and broking them are activities subject to critical public scrutiny from time to time. OVB is particularly exposed to the risk that the public's trust in OVB could be affected if negative media reports about activities of 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 them. OVB follows and analyses any such discussions with the aim of taking preventive action to halt any damage to reputation even before it arises. Our training standards are compliant with statutory requirements and are constantly advanced and adapted to a changing legal framework. A comprehensive documentation of counselling interviews and strict selection criteria for the inclusion of new product providers and products support this goal.

Risks associated with advisory services and liability risks

The brokerage of financial products by OVB's financial advisors generally takes place on the basis of previous advice to the client. 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 demand-specific advice and by documenting and recording client meetings in the required manner. The public and extensive debate on the quality of financial advisory services in Europe leads to aggravated legal requirements that might entail increased risk. OVB closely follows all regulatory efforts on the national levels and on the European scale so that potential effects on the business model are recognised in good time and any required adjustments can be implemented.

Legal risks

OVB guards against legal risks by drawing on comprehensive advice both from in-house specialists and external specialist lawyers and advisors before making final decisions and in the course of structuring business processes. The management of legal risks is coordinated by the legal department. Its tasks include the monitoring and assessment of current legal disputes. Constant monitoring and evaluation conducted by the legal department is the first step in enabling OVB to counter risks associated with potentially incorrect advice to clients and brokering financial and insurance products. OVB further reduces its risk of liability in parts by taking out adequate financial liability insurance.

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 respective tax authorities.

Estimation risks

Assumptions and estimates primarily concern the evaluation of provisions, the collectability of receivables, the impairment of goodwill, 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 time better information becomes available.

Overall assessment of risks

OVB's business performance is essentially influenced by industry-specific and financial risks. The risk management system of OVB and the implemented reporting system make an essential contribution to the fact that the overall risks that exist for the Group are being controlled and made transparent.

OVB has made adequate provision for currently identified material risks. From today's perspective there are no material risks that carry a threat to the OVB Group's continued existence. Fundamental changes of this risk assessment are currently not expected.

The risk management and control system is constantly advanced in order to increase transparency in relation to risks taken and to further improve our risk management capabilities.

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

Opportunities for future business development

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

OVB assumes that the demand for its services and the financial and insurance products brokered by OVB's sales force will hold up in the years ahead. The citizens 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 toward private provision.

OVB recognises opportunities for greater market penetration in all of the markets in which it already operates. OVB intends to exploit this growth potential consistently. Apart from expanding business in markets already developed, OVB will move 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 economic situation of OVB Holding AG

In financial year 2012 OVB significantly increased its earnings over the previous year even against the backdrop of a slight sales decline. OVB thus continues to present itself in a good economic condition. OVB has a solid asset position with a strong financial foundation that enables the Company to take swift action in a flexible manner even in times of crisis. The growth drivers that push the internationally oriented business model of OVB are intact for the short, medium and long term.

Events after the reporting date

There were no reportable significant events after the reporting date.

Outlook

The international economic performance will gain in dynamics again in 2013 and 2014, in the opinion of the International Monetary Fund (IMF). However, the upswing will be modest and entail risks. The structural problems of a large number of European economies and the U.S. have not yet been overcome for example. While the world economy is supposed to grow by 3.5 per cent and 4.1 per cent respectively in this year and the next, the corresponding growth rates in the industrialised nations will probably be much smaller at 1.4 per cent and 2.2 per cent.

The macroeconomic situation in the countries of the region Central and Eastern Europe is expected to become slowly better in the course of the years 2013 and 2014. Especially the export-oriented nations should profit from rising demand from abroad. Price increase rates will move within an acceptable bandwidth – with the exception of Ukraine. Budget consolidation is slowly progressing in most countries. The return to the economic dynamics of former years is still a long time coming, though.

Macroeconomic key data – Central and Eastern Europe

	Real GDP Changes in %		Consumer prices Changes in %		Public budget deficits (in % of the GDP)	
	2013f	2014f	2013f	2014f	2013f	2014f
Croatia	0.5	1.5	3.5	2.8	- 4.5	- 4.0
Czech Republic	- 0.2	1.8	2.2	2.3	- 2.9	- 2.6
Hungary	- 0.5	1.5	3.6	3.8	- 3.0	- 3.3
Poland	1.2	2.7	2.7	2.5	- 3.3	- 2.8
Romania	1.5	3.0	4.5	3.3	- 2.8	- 2.5
Slovakia	0.9	2.5	2.2	2.5	- 2.9	- 2.4
Ukraine	2.5	3.0	5.5	8.0	- 3.0	- 2.0

f (forecast)
Source: Raiffeisen RESEARCH, Strategy Austria & CEE, 1st quarter 2013

In the years 2013 (+ 0.9 per cent) and 2014 (+ 2.2 per cent) the German economy will show stronger growth again, according to the forecast of the German Institute for Economic Research (DIW Berlin). Private consumption will be a key factor to benefit from high employment rates and considerable increases in wages and salaries. The increase of consumer prices on the contrary will probably be contained within a small margin of close to 2 per cent. Driven by economic recovery, the manoeuvring space for the private households in Germany to take saving initiative for retirement provision should indeed become larger.

The improvement of the macroeconomic situation in the European countries in crisis attributable to OVB's Southern and Western Europe segment, initially expected to happen in 2013, will be delayed. Even 2014 will probably see no fundamental upswing here. Too grave are the structural problems and too high rises the accumulated debt than to provide sufficient space for measures of economic and financial policy. Austria and Switzerland are so far alone in avoiding a recession. However, a comparable unfavourable macroeconomic environment reigned back in the year 2012 when OVB managed to increase the sales performances in the countries of the Southern and Western segment significantly. OVB has set the target to repeat this sales success in the years 2013 and 2014.

OVB Holding AG anticipates slightly higher sales for the Corporate Centre segment in 2013. Due to cost discipline, profitability should continue to improve as well. This trend is expected to hold up through 2014.

An essential strength of OVB is its broad international positioning over 14 European countries. Market conditions will remain challenging on the whole. Despite the enormous

Macroeconomic key data – Southern and Western Europe

	Real GDP Changes in %		Consumer prices Changes in %		Public budget deficits (in % of the GDP)	
	2013f	**2014f**	**2013f**	**2014f**	**2013f**	**2014f**
Austria	0.5	1.5	2.2	2.1	- 2.6	- 1.8
France	0.0	1.0	1.8	1.9	- 3.5	- 2.5
Greece	- 4.5	- 1.0	0.0	0.5	- 5.9	- 4.7
Italy	- 1.0	1.2	2.3	1.8	- 1.9	- 1.5
Spain	- 1.5	1.0	1.9	1.5	- 5.5	- 4.5
Switzerland	1.0	1.6	0.6	0.9	0.5	0.7

f (forecast)
Source: Raiffeisen RESEARCH, Strategy global markets, 1st quarter 2013

demand for private provision it cannot be ruled out that clients will continue to act cautiously with respect to long-term investment decisions partly due to the European sovereign debt crisis.

OVB will make every effort to set the course for growth. In doing so, the Company's strategy pursues several objectives:

- OVB wants to increase the penetration of the markets in which it already operates
- OVB wants to tap into new, promising markets in case of suitable basic conditions
- OVB is a reliable partner to smaller sales organisations and individual financial advisors who seek new orientation
- OVB wants to seize the opportunities provided in a consolidating industry. With our infrastructure and our product portfolio tailored to demand, we are an attractive partner in this environment.

These activities are enhanced by stringent cost management and permanent endeavours for making OVB's business processes more efficient. On this basis, the Executive Board expects a sales increase in the mid single-digit percentage range in the year 2013. On that basis, an increase in earnings of between 10 and 15 per cent should be possible. For 2014 the Executive Board assumes that the Company will manage to increase consolidated sales and consolidated earnings over the 2013 results.

Remuneration 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 the Executive Board members. The basic principles and the amount of the remuneration of the Supervisory Board members are disclosed as well. The remuneration report is part of the management report and is included in the chapter "Corporate governance" of the Annual Report 2012 of OVB Holding AG. The remuneration report is also available on the Internet at http://www.ovb.ag/Investor Relations/Corporate Governance.

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

Composition of subscribed capital

The Company's share capital was Euro 14,251,314.00 as of 31 December 2012 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. The following groups of shareholders are also referred to as core shareholders.

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, Basler 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 für Handwerk, Handel und Gewerbe, Hamburg, holds roughly 31.48 per cent of the shares directly. As the insurance companies of the Signal Iduna Group represent a horizontal group (“Gleichordnungskonzern”) pursuant to Section 18 (2) AktG (German Stock Corporation Act), the group indirectly holds 52.76 per cent of the shares. Balance Vermittlungs- und Beteiligungs-AG, Hamburg, holds roughly 17.54 per cent of the shares directly. Deutscher Ring Krankenversicherungsverein a.G., Hamburg, holds roughly 3.74 per cent of the shares directly. 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, and 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, holds roughly 11.48 per cent of the shares directly, attributed to Generali Deutschland Holding AG, Cologne, 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 2012, based on the information available to OVB Holding AG.

Restrictions on voting rights or share assignment

The core shareholders have concluded a shareholder voting agreement whose content the Company is not familiar with.

Appointment and dismissal of members of the Executive Board and amendments to the Articles of Association

The Executive Board, consisting of at least two members pursuant to Section 7 (1) of the Articles of Association, is appointed and dismissed exclusively in accordance with the relevant statutory provisions (Sections 84 and 85 AktG (German Stock Corporation Act)). The Supervisory Board has sole responsibility for the appointment and dismissal of Executive Board members. The Supervisory Board 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 resolution of the General Meeting of shareholders. Amendments become valid upon entry in 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, resolutions passed by 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. The Annual General Meeting of 11 June

2010 authorised the Company to acquire a total of up to 300,000 treasury shares 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 those 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 respectively offered. The Company may give priority to shareholders seeking to sell 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 bought back 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 the obligations under any plans for share-based payment in favour of members of management, other executives and independent sales agents of OVB Holding AG and its domestic and foreign subsidiaries (within the meaning of Sections 15 et seq. AktG).

The Executive Board may also, with the Supervisory Board‘s approval, retire the repurchased shares without requiring another resolution of the Annual General Meeting.

The Executive Board may elect to retire only some of the acquired shares; the authorisation to 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 treasury 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 Annual General Meeting has 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 pursuant to Section 312 AktG (German Stock Corporation Act)

For each reportable transaction, our Company has received appropriate consideration according to the circumstances known to the Company at the time of the transaction.

Responsibility statement

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, February 28, 2013

Michael Rentmeister
CEO

Oskar Heitz
CFO and COO

Mario Freis
CSO

OVB strategy 2016

Initiatives in distribution are the core of our strategy:

- **BOOST**

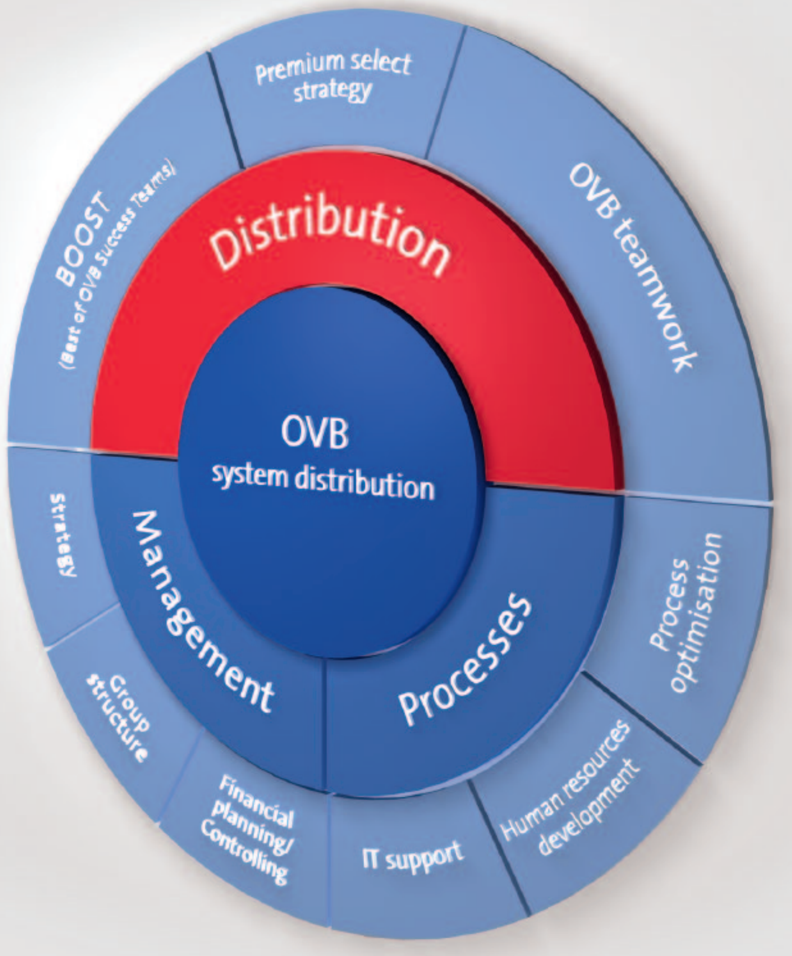
... Best of OVB Success Teams gives support to successful entrepreneurial careers with a "best of" approach.

- **OVB teamwork**

... offers platforms for the exchange of experiences and creates synergy through transparency.

- **Premium select strategy**

... strengthens the partnership with product suppliers for the benefit of our clients, increases efficiency and generates unique selling points.



What is the goal?

OVB is the leading system distributor in Europe.

What are the starting points?

Outstanding performances for the benefit of our clients, optimisation of processes, best-in-class management.

When will it start?

Right now.

Consolidated financial statements 2012

Consolidated statement of financial position

of OVB Holding AG as of 31 December 2012 according to IFRS

Assets

Note	in Euro'000	31/12/2012	31/12/2011
	A. Non-current assets		
1	Intangible assets	10,619	11,577
2	Tangible assets	4,483	4,790
3	Investment property	586	561
4	Financial assets	397	383
5	Deferred tax assets	5,897	6,135
		21,982	**23,446**
	B. Current assets		
6	Trade receivables	23,976	22,958
7	Receivables and other assets	30,285	22,238
8	Income tax receivables	2,402	1,859
9	Securities and other investments	39,236	38,316
10	Cash and cash equivalents	35,726	39,980
		131,625	**125,351**
	Total assets	**153,607**	**148,797**

▲ *Note*

Equity and liabilities

Note	in Euro'000	31/12/2012	31/12/2011
	A. Equity		
11	Subscribed capital	14,251	14,251
12	Capital reserve	39,342	39,342
13	Treasury shares	0	0
14	Revenue reserves	13,646	13,646
15	Other reserves	1,523	1,386
16	Non-controlling interests	150	138
17	Retained earnings	14,465	11,297
		83,377	**80,060**
	B. Non-current liabilities		
18	Liabilities to banks	287	341
19	Provisions	1,351	1,133
20	Other liabilities	46	60
21	Deferred tax liabilities	175	280
		1,859	**1,814**
	C. Current liabilities		
22	Provisions for taxes	3,277	2,863
23	Other provisions	29,525	27,450
24	Income tax liabilities	61	111
25	Trade payables	6,799	8,075
26	Other liabilities	28,709	28,424
		68,371	**66,923**
	Total equity and liabilities	**153,607**	**148,797**

Note

Consolidated income statement

of OVB Holding AG for the period from 1 January to 31 December 2012 according to IFRS

Note	in Euro'000	2012	2011
27	Brokerage income	194,465	199,494
28	Other operating income	9,030	9,622
	Total income	**203,495**	**209,116**
29	Brokerage expenses	-128,813	-134,219
30	Personnel expenses	-24,463	-24,826
31	Depreciation and amortisation	-3,180	-3,928
32	Other operating expenses	-36,494	-40,047
	Earnings before interest and taxes (EBIT)	**10,545**	**6,096**
	Finance income	1,752	1,741
	Finance expenses	-381	-565
33	**Financial result**	**1,371**	**1,176**
	Earnings before taxes	**11,916**	**7,272**
34	Taxes on income	-3,748	-3,149
35	Consolidated net income	8,168	4,123
36	Non-controlling interests	-12	36
	Consolidated net income after non-controlling interests	**8,156**	**4,159**
37	Basic earnings per share in Euro	0.57	0.29

Note

Consolidated statement of comprehensive income

of OVB Holding AG for the period from 1 January to 31 December 2012 according to IFRS

in Euro'000	2012	2011
Consolidated net income	**8,168**	**4,123**
Change in revaluation reserve	29	60
Change in deferred taxes on unrealised gains and losses from investments	-9	-16
Change in currency translation reserve	117	-466
Other comprehensive income for the period	**137**	**-422**
Non-controlling interest in total comprehensive income	-12	36
Total comprehensive income	**8,293**	**3,737**

Consolidated statement of cash flows

of OVB Holding AG for the period from 1 January to 31 December 2012 according to IFRS

in Euro'000		2012	2011
Cash and cash equivalents		35,726	38,721
Net income for the period (before non-controlling interests)		8,168	4,123
-/+	Increase/decrease in non-controlling interests	-12	36
+/-	Write-downs/write-ups of non-current assets	3,155	3,883
-/+	Unrealised currency gains/losses	-443	169
+/-	Increase in/reversal of provision for impairment of receivables	3,366	4,696
-/+	Increase/decrease in deferred tax assets	238	-969
+/-	Increase/decrease in deferred tax liabilities	-105	168
-	Other finance income	-358	-223
-	Interest income	-1,394	-1,518
+/-	Increase/decrease in provisions	2,707	3,924
+/-	Increase/decrease in available-for-sale reserve (net)	20	44
+/-	Expenses/income from the disposal of intangible and tangible assets (net)	21	232
+/-	Decrease/increase in trade receivables and other assets	-12,975	-3,227
+/-	Increase/decrease in trade payables and other liabilities	205	2,024
= Cash flow from operating activities		**2,593**	**13,362**
+	Proceeds from the disposal of property, plant and equipment and tangible assets	85	190
+	Proceeds from the disposal of financial assets	457	344
-	Purchases of tangible assets	-954	-1,183
-	Purchases of intangible non-current assets	-1,014	-1,501
-	Purchases of financial assets	-469	-208
+/-	Decrease/increase in securities and other short-term investments	-919	2,904
+	Other finance income	358	223
+	Interest received	1,395	1,518
= Cash flow from investing activities		**-1,061**	**2,287**
-	Payments to the company's owners and non-controlling interests (dividends, equity repayments, other payments)	-4,988	-7,126
+/-	Increase/decrease in non-controlling interests	12	-36
+	Proceeds from the issue of bonds and taking out (financial) loans	-54	-49
= Cash flow from financing activities		**-5,030**	**-7,211**
Overview:			
Cash flow from operating activities		2,593	13,362
Cash flow from investing activities		-1,061	2,287
Cash flow from financing activities		-5,030	-7,211
= Net change in cash and cash equivalents		**-3,498**	**8,438**
Exchange gains/losses on cash and cash equivalents		503	-571
+ Cash and cash equivalents at end of the prior year		38,721	30,854
= Cash and cash equivalents at the end of the period		**35,726**	**38,721**
Income tax paid		4,380	3,118
Interest paid		58	149

Consolidated statement of changes in equity

of OVB Holding AG as of 31 December 2012 according to IFRS

in EUR'000	Subscribed capital	Capital reserve	Retained profits brought forward	Statutory reserve	Other revenue reserves
Balance as at 31/12/2011	**14,251**	**39,342**	**7,138**	**2,649**	**10,997**
Consolidated profit			4,159		
Treasury shares					
Corporate actions					
Dividends paid			-4,988		
Change in available-for-sale reserve					
Transfer to other reserves					
Change in currency translation reserve					
Net income for the period					
Balance as at 31/12/2012	**14,251**	**39,342**	**6,309**	**2,649**	**10,997**

of OVB Holding AG as of 31 December 2011 according to IFRS

in EUR'000	Subscribed capital	Capital reserve	Retained profits brought forward	Statutory reserve	Other revenue reserves
Balance as at 31/12/2010	**14,251**	**39,342**	**10,311**	**2,597**	**10,997**
Consolidated profit			4,005		
Treasury shares					
Corporate actions					
Dividends paid			-7,126		
Change in available-for-sale reserve					
Transfer to other reserves			-52	52	
Change in currency translation reserve					
Net income for the period					
Balance as at 31/12/2011	**14,251**	**39,342**	**7,138**	**2,649**	**10,997**

	Available-for-sale reserve/ revaluation reserve	Deferred taxes on unrealised gains/losses	Currency translation reserve	Net income recognised directly in equity	Net income for the period	Total comprehensive income	Non-controlling interests	Total
	320	**-56**	**1,122**		**4,159**		**138**	**80,060**
					-4,159			
								-4,988
	29	-9		20		20		20
			117	117		117		117
					8,156	8,156	12	8,168
	349	**-65**	**1,239**	**137**	**8,156**	**8,293**	**150**	**83,377**

	Available-for-sale reserve/ revaluation reserve	Deferred taxes on unrealised gains/losses	Currency translation reserve	Net income recognised directly in equity	Net income for the period	Total comprehensive income	Non-controlling interests	Total
	260	**-40**	**1,588**		**4,005**		**174**	**83,485**
					-4,005			
								-7,126
	60	-16		44		44		44
			-466	-466		-466		-466
					4,159	4,159	-36	4,123
	320	**-56**	**1,122**	**-422**	**4,159**	**3,737**	**138**	**80,060**

Segment reporting 2012
of OVB Holding AG according to IFRS

in EUR'000	Central and Eastern Europe	Germany	Southern and Western Europe	Corporate Centre	Consolidation	Consolidated
Segment income						
Income from business with third parties						
- Brokerage income	121,135	46,518	26,812	0	0	194,465
Other operating income	1,722	3,796	1,559	1,995	-42	9,030
Income from inter-segment transactions	35	1,175	3	7,390	-8,603	0
Total segment income	**122,892**	**51,489**	**28,374**	**9,385**	**-8,645**	**203,495**
Segment expenses						
Brokerage expense						
- Current commission for sales force	-80,852	-20,775	-15,596	0	0	-117,223
- Other commission for sales force	-5,086	-4,505	-1,739	-260	0	-11,590
Personnel expenses	-6,867	-7,462	-3,173	-6,961	0	-24,463
Depreciation/amortisation	-695	-1,091	-311	-1,083	0	-3,180
Other operating expenses	-17,832	-10,665	-7,520	-9,615	9,138	-36,494
Total segment expenses	**-111,332**	**-44,498**	**-28,339**	**-17,919**	**9,138**	**-192,950**
Earnings before interest and taxes (EBIT)	**11,560**	**6,991**	**35**	**-8,534**	**493**	**10,545**
Interest income	582	284	143	736	-349	1,396
Interest expenses	-44	-491	-45	-91	350	-321
Other financial result	0	7	192	-165	262	296
Earnings before taxes (EBT)	**12,098**	**6,791**	**325**	**-8,054**	**756**	**11,916**
Taxes on income	-2,498	-393	110	-967	0	-3,748
Non-controlling interests	0	0	0	0	-12	-12
Segment result	**9,600**	**6,398**	**435**	**-9,021**	**744**	**8,156**
Additional disclosures						
Capital expenditures	838	332	158	640	0	1,968
Material non-cash expenses (-) and income (+)	-1,055	481	-191	-128	0	-893
Impairment expenses	-1,277	-2,334	-1,243	-820	746	-4,928
Reversal of impairment loss	104	841	97	61	0	1,103

Segment reporting 2011

of OVB Holding AG according to IFRS

in EUR'000	Central and Eastern Europe	Germany	Southern and Western Europe	Corporate Centre	Consolidation	Consolidated
Segment income						
Income from business with third parties						
- Brokerage income	126,172	50,224	23,098	0	0	199,494
Other operating income	2,150	3,696	1,617	2,144	15	9,622
Income from inter-segment transactions	30	1,160	41	9,926	-11,157	0
Total segment income	**128,352**	**55,080**	**24,756**	**12,070**	**-11,142**	**209,116**
Segment expenses						
Brokerage expense						
- Current commission for sales force	-84,060	-22,344	-13,173	0	0	-119,577
- Other commission for sales force	-6,784	-5,709	-1,865	-284	0	-14,642
Personnel expenses	-6,602	-7,306	-3,507	-7,411	0	-24,826
Depreciation/amortisation	-1,891	-911	-434	-692	0	-3,928
Other operating expenses	-18,420	-12,709	-8,198	-11,830	11,110	-40,047
Total segment expenses	**-117,757**	**-48,979**	**-27,177**	**-20,217**	**11,110**	**-203,020**
Earnings before interest and taxes (EBIT)	**10,595**	**6,101**	**-2,421**	**-8,147**	**-32**	**6,096**
Interest income	483	449	119	629	-163	1,517
Interest expenses	-66	-177	-62	-63	152	-216
Other financial result	-11	18	74	-217	11	-125
Earnings before taxes (EBT)	**11,001**	**6,391**	**-2,290**	**-7,798**	**-32**	**7,272**
Taxes on income	-3,003	-184	3	35	0	-3,149
Non-controlling interests	0	0	0	36	0	36
Segment result	**7,998**	**6,207**	**-2,287**	**-7,727**	**-32**	**4,159**
Additional disclosures						
Capital expenditures	668	479	152	1,384	0	2,683
Material non-cash expenses (-) and income (+)	-154	101	375	-52	0	270
Impairment expenses	-2,804	-2,209	-1,741	-544	11	-7,287
Reversal of impairment loss	220	705	129	130	0	1,184

Notes to the consolidated financial statements for financial year 2012

I. General information

1. General information on the OVB Group

OVB Holding AG (hereinafter also referred to 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 2012 were released for publication on 22 March 2013 pursuant to a resolution of the Executive Board and with the consent of the Supervisory Board.

2. Basis of preparation

As 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, in accordance with Section 315a of the German Commercial Code (Handelsgesetzbuch – HGB), has prepared its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as applicable in the European Union, released by the International Accounting Standards Board (IASB). All International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) subject to mandatory application for financial year 2012 as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC) were taken into account. The requirements under Section 315a (1) HGB were also considered.

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 (EUR'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 and the consolidated income statement, the consolidated financial statements include the statement of comprehensive income, the statement of changes in equity, the 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.

Standards applied for the first time:

- IFRS 7 Financial Instruments: Disclosures – Transfer of Financial Assets

The amendment to IFRS 7 comprises extensive new disclosures relating to transferred financial assets that have been derecognised in order to enable the addressee of the consolidated financial statements to comprehend rights and obligations potentially retained or assumed within the framework of the transaction. Apart from that, mandatory disclosures of transferred yet still fully accounted-for assets are expanded in order to enable the addressee to comprehend the kind and the risk of the continued commitment to those assets. The amended standard is subject to mandatory application for financial years beginning on or after 1 January 2012. The amendment solely relates to the notes and has no effect on the Group's assets, liabilities, financial position and profit or loss.

Released standards not yet subject to mandatory application

The standards listed below have been released but are not yet subject to mandatory application or may only be applied in future reporting periods.

- Improvements to IFRS

Within the scope of the Annual Improvements Process, the IASB has released the fourth compilation of its "Improvements to IFRSs" resulting in minor changes to five standards. The amendments are subject to mandatory application for financial years beginning on or after 1 January 2013. These amendments have no effects on the Group's assets, liabilities, financial position and profit or loss.

- IAS 1 Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income

The amendment to IAS 1 leads to changes in the arrangement of items presented under other comprehensive income. Those components designated for reclassification through profit or loss (so-called recycling) must henceforth be presented separately from components to remain in equity. This amendment only concerns the method of presentation in the financial statements and therefore has no effect on the Group's assets, liabilities, financial position and profit or loss. The amendment is subject to mandatory application for financial years beginning on or after 1 July 2012.

- IAS 12 Income Taxes – Deferred Tax: Recovery of Underlying Assets

This amendment clarifies the determination of deferred tax on investment property measured at fair value. According to rebuttable presumption, the recovery of the book value through sale is generally considered the deciding factor for the determination of deferred tax on real estate measured at fair value in accordance with IAS 40. For non-depreciable tangible assets measured according to the revaluation method pursuant to IAS 16, sale is also always to be considered. The amendment to this standard will have no effect on the Group's assets, liabilities, financial position and profit or loss and is subject to mandatory application for financial years beginning on or after 1 January 2013.

- IAS 19 Employee Benefits (revised 2011)

The IASB has revised IAS 19 extensively. The new provisions allow for material changes in the recognition and measurement of expenses for defined benefit pension plans and benefits due to termination of employment. Furthermore, the amendment results in increased mandatory disclosures of employee benefits for many companies. The amendment is subject to mandatory application for financial years beginning on or after 1 January 2013 and will have no material effect on the Group's assets, liabilities, financial position and profit or loss.

- IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities

The amendment to IAS 32 comprises clarifications and explanations relating to the practical aspects of offsetting financial instruments while the previously defined conditions for offsetting remain unchanged. At the same time, additional mandatory disclosures were defined in this context, contained in an amendment to IFRS 7. The new guidance on offsetting financial instruments explains the two criteria "legally enforceable right to set off the amounts" and "intent of simultaneous settlement" under IAS 32.42. The standard's effects on the Group's assets, liabilities, financial position and profit or loss as well as on the mandatory disclosures are currently being examined. The amendment to IAS 32 is subject to mandatory application for financial years beginning on or after 1 January 2014. The IFRS 7 disclosures are effective for financial years beginning on or after 1 January 2013.

- IFRS 9 Financial Instruments

IFRS 9 reflects phase I of the IASB project for replacing IAS 39 and deals with the categorisation and measurement of financial assets and financial liabilities. The standard is subject to mandatory application for financial years beginning on or after 1 January 2015. In further project phases, the IASB will concern itself with the accounting treatment of hedging relationships and the impairment of financial assets. In order to reach a comprehensive understanding of the potential effects, the Group will assess the consequences of the revisions of IFRS 9 only upon completion of the next phases.

- IFRS 10 Consolidated Financial Statements

IFRS 10 supersedes the provisions of previous IAS 27 Consolidated and Separate Financial Statements on group accounting and contains issues formerly regulated in SIC 12 Consolidation – Special Purpose Entities.

IFRS 10 establishes a consistent concept of control, applicable to all kinds of companies including special purpose entities toward the determination of the basis of consolidation. Compared to the previous legal situation, the amendment to IFRS 10 requires discretionary management decisions in assessing which entities are controlled within the Group and whether those entities must therefore be included in consolidated financial statements by way of full consolidation. The introduction of the amended standard is not expected to have an effect on the Group's assets, liabilities, financial position and profit or loss. The Standard is subject to mandatory application for financial years beginning on or after 1 January 2014.

- IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 consolidates and expands the disclosures of all investments in subsidiaries, joint ventures and associates. The new standard provides for quantitative and qualitative statements that enable the addressee to assess the kind, the risks and the financial consequences of the investments. Corresponding disclosures are enhanced in the Group's notes to consolidated financial statements. The standard must be applied for financial years beginning on or after 1 January 2014.

- IFRS 13 Fair Value Measurement

IFRS 13 comprises consistent standards for the determination of fair value. For this purpose the standard defines the term of fair value and states the methods eligible for its determination. The first-time application will not have a material effect on assets, liabilities, financial position and profit or loss. The standard is subject to mandatory application for financial years beginning on or after 1 January 2013.

2.2 Principles of consolidation

The consolidated financial statements for the financial year ended 31 December 2012 incorporate OVB Holding AG and the companies under its control. Control usually applies if the parent directly or indirectly holds more than 50 per cent of the voting rights in an entity or if it can influence the financial and operating policies of an entity in such a way that it 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.

Subsidiaries are fully consolidated from the date of acquisition, i.e. the date on which OVB Holding AG assumes control. Inclusion in the consolidated financial statements by way of full consolidation ends as soon as an entity is no longer controlled by the parent company.

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

Consolidated companies	Shareholding in per cent 2012	Shareholding in per cent 2011	Subscribed capital in EUR'000 31/12/2012
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., Budapest	100	100	134
OVB Allfinanz a.s., Prague	100	100	570
OVB Allfinanz Slovensko a.s., Bratislava	100	100	849
OVB Allfinanz Polska Spółka Finansowa Sp. z o.o., Warsaw	100	100	245
OVB Allfinanz Romania Broker de Asigurare S.R.L., Cluj	100	100	140
OVB Imofinanz S.R.L., Cluj	100	100	149
OVB SW Services s.r.o., Prague*	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 Consulting s.r.o., Brno	100	100	37
EFCON 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 Allfinanz Vermittlungs 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, GmbH, Kiev	100	100	1,339

* OVB SW Services s.r.o., Prague was consolidated for the first time in the financial year.

2.3 Foreign currency translation

2.3.1 Foreign currency transactions

Foreign currency transactions are generally translated at the closing exchange rate of the transaction date. Monetary items denominated in foreign currencies (e.g. liquid assets, receivables, liabilities) are consequently translated at the respective closing exchange rates and any translation differences are recognised in profit or loss. Non-monetary items valued at historical cost continue to be translated at historical exchange rates. The historical exchange rate equals the exchange rate used when the item was first recognised.

2.3.2 Foreign entities

Annual financial statements presented in a foreign currency are translated according to the functional currency approach under IAS 21 in application of 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 closing exchange rate of the reporting date ("closing rate") while expenses and income are translated at the average annual exchange rate ("average rate"). Translation differences are recognised outside profit or loss.

The exchange rates of relevance to the preparation of the consolidated financial statements have developed in relation to the Euro as follows:

EUR	Closing rate 31/12/2012	Closing rate 31/12/2011	Change in %	Average rate 2012	Average rate 2011	Change in %
CHF	0.828300	0.821900	0.78 %	0.829830	0.812690	2.11 %
CZK	0.039860	0.038940	2.36 %	0.039830	0.040740	-2.23 %
HUF	0.003441	0.003212	7.13 %	0.003470	0.003600	-3.61 %
HRK	0.133100	0.133000	0.08 %	0.133330	0.134820	-1.11 %
PLN	0.245500	0.225800	8.72 %	0.239530	0.244060	-1.86 %
RON	0.225500	0.231800	-2.72 %	0.224630	0.236340	-4.95 %
UAH	0.094120	0.097820	-3.78 %	0.097570	0.091160	7.03 %

3. Summary of essential accounting policies and valuation methods

3.1 Historical cost convention

Generally speaking, the amortised acquisition cost, 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 as they are recognised at fair value. The fair value is the amount that would be recoverable on the market if an asset was traded or a debt was repaid between knowledgeable, willing and independent parties.

The fair value of available-for-sale securities corresponds with the market value in an active market. If no market price is available, fair value is determined on the basis of the requirements defined by IAS 39.48A according to a valuation model. Unrealised gains and losses are generally recognised outside profit or loss. If such a security is disposed of, the cumulative gains or losses previously recognised directly in equity are then recognised in profit or loss. If the security is permanently impaired, the cumulative losses previously recognised outside profit or loss are then 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 assets and liabilities are recognised in the consolidated statement of financial position only when a group company of the OVB Group becomes a contracting party with respect to the contractual provisions of the respective financial instrument. Recognition is thus made as of the settlement date.

Financial instruments can be divided into the following categories which particularly determine how the instruments are measured after first-time recognition.

Loans and receivables

After their first-time recognition loans and receivables are measured at amortised cost. This is the amount at which a financial asset was initially recognised, less repayments, plus or less 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. All future cash flows to maturity are discounted to the asset's net carrying amount.

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 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 through the revaluation reserve.

Financial liabilities

Financial liabilities are generally recognised at amortised cost or the expected expense required for meeting the current obligation as of the reporting date.

3.2.1 Impairment and reversal of impairment loss 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 material financial difficulties, significant changes in the issuer's market or the permanent decline of the fair value of a financial asset below amortised cost. If there are such objective indications, an individual evaluation follows at a second stage that may result in the assessment of the existence of actual impairment.

If impairment loss 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 cease to exist. Reversal of 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 has to be taken into account.

With respect to financial assets attributed to the category loans and receivables for which impairment loss was recognised in the statement of financial position, impairment loss will be reversed through profit or loss up to the amount of amortised cost if the reasons for impairment cease to exist.

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 time of 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 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 contract. Commissions received in instalments are recognised at fair value of the received or claimable amount at the time the claim for payment arises.

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 accounting standard. Estimates are continually revised and they 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 utilised that had an effect on the disclosure and value of assets and contingent liabilities as recorded in the statement of financial position.

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

These assumptions and estimates essentially relate to the measurement of provisions and legal risks, the collectability of receivables and deferred taxes on loss carry-forward, impairment of goodwill and depreciation/amortisation or rather the determination of the useful lives of assets. Actual values may deviate from the assumptions and estimates in the individual case. Changes are recognised at the time that better information becomes 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, with 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 corresponds with 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 made 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 valuation allowance. Specific valuation allowances are calculated on the basis of individual risk assessment in consideration of all available information on 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 homogenous classification of non-significant receivables that share a consistent profile relating to risks and opportunities, 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 that 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 value in use, estimates of expected future cash flows are required. Moreover, the parameters required for calculating value in use must also be determined. These parameters primarily include the risk-free interest rate and a risk premium.

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

Insofar as estimates were necessary to a larger extent, the underlying assumptions are explained in detail below in the explanatory notes to the respective item.

3.5 Objectives and methods of financial risk management

OVB pursues a corporate policy according to which the Company's shareholders participate adequately in the business success. The Executive Board has the objective to keep distributing business profits to the shareholders. The capital structure of OVB Holding AG is distinguished by a solid equity ratio of 54.3 per cent (previous year 53.8 per cent) which is rewarded by the clients with 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 the Company's management, risks are regularly analysed and promptly reported. The risk management system identifies gross exposure, i.e. the risks that materialise if no measures are taken by the Company, and net risk, i.e. the residual risk that remains after appropriate measures have been taken. The risk report is delivered at regular intervals; in case of increased individual risks reports are given directly to the Company's management. Management decides on strategies and procedures for managing individual types of risk explained below in the perspective subsections.

The following table shows the carrying amounts and fair values of all financial assets reported in the consolidated financial statements:

in EUR'000		Carrying amount 2012	Fair value 2012	Carrying amount 2011	Fair value 2011
Financial assets	L+R	397	397	383	383
Trade receivables	L+R	23,976	23,976	22,958	22,958
Receivables and other assets		30,285	30,285	22,238	22,238
Receivables	L+R	21,132	21,132	19,657	19,657
Other assets		9,153	9,153	2,581	2,581
Securities and other investments		39,236	39,236	38,316	38,316
Securities	AfS	5,413	5,413	6,963	6,963
Other investments	L+R	33,823	33,823	31,353	31,353
Cash and cash equivalents	L+R	35,726	35,726	39,980	39,980

L+R = Loans and Receivables
AfS = Available for Sale

Aggregated according to the categories defined under IAS 39, carrying amounts and fair values of financial instruments can be presented as follows:

in EUR'000	Carrying amount 2012	Amortised cost	Historical cost	Change in value outside profit or loss	Change in value through profit or loss
Loans and receivables	115,054 (2011: 114,331)	115,054 (2011: 114,331)	-	-	-17,343 (2011: -17,053)
Available-for-sale financial assets	5,413 (2011: 6,963)	-	6,040 (2011: 7,732)	350 (2011: 320)	-977 (2011: -1,089)
Financial liabilities	34,579 (2011: 36,840)	34,579 (2011: 36,840)	-	-	-

The Company's current liabilities fall under the category "financial liabilities" recognised at amortised cost. "Loans and receivables" include all of the Company's receivables, loans reported as financial assets, fixed-term deposits and cash equivalents with a maturity of more than three months reported as other 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 consideration of impairment. All securities are classified as "available-for-sale financial assets".

No financial assets were reclassified in the reporting period pursuant to IFRS 7.12.

Financial assets with a carrying amount of EUR 4,955 thousand (previous year: EUR 3,352 thousand) were pledged as collateral.

The fair values of the available-for-sale financial assets stated in the 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:

		From subsequent measurement			Net result	
in EUR'000	**From interest income and similar income**	**At fair value**	**Valuation allowance/ Appreciation in value**	**From disposal**	**2012**	**2011**
Loans and receivables	1,395 (2011: 1,518)	-	-2,043 (2011: -3,314)	-1,243 (2011: -1,228)	-1,891	-3,024
Available-for-sale financial assets	118 (2011: 196)	97 (2011: 36)	-16 (2011: -341)	162 (2011: 23)	361	-86
Financial liabilities	-320 (2011: -218)	-	-	1,034 (2011: 1,707)	714	1,489
Total	1,193 (2011: 1,496)	97 (2011: 36)	-2,059 (2011: -3,655)	-47 (2011: 502)	-816	-1,621

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 with the exception of:

- allowances for receivables assigned to the category loans and receivables that are reported under distribution expenses as essentially receivables from sales agents are concerned,
- income from the cancellation of statute-barred liabilities that are reported under other operating income and
- adjustments to the fair value of available-for-sale financial instruments outside profit or loss that are recognised outside profit or loss.

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

Total interest income from financial assets amounted to EUR 1,513 thousand in the year under review (previous year: EUR 1,636 thousand). Total interest expense for financial liabilities was EUR 320 thousand (previous year: EUR 218 thousand).

For the qualitative statements relating to the type of risks carried by financial instruments pursuant to IFRS 7.31-7.42, please refer to the management report (chapter "Financial risks").

3.5.1 Credit risks

The group companies are exposed to default risks relating to receivables from sales agents. OVB counters these risks by retaining securities, running an efficient accounts receivable management at the respective group companies and practising a 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 less the cumulative amortisation of any premium/discount and less any allowances for impairment.

The maximum amount of exposure in the category "loans and receivables" is equivalent to the carrying amount of EUR 115,054 thousand (2011: EUR 114,331 thousand). Securities held as collateral for this purpose come to EUR 3,365 thousand (2011: EUR 2,457 thousand) so that the residual risk amounts to EUR 111,689 thousand (2011: EUR 111,874 thousand). No material terms and 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 2012 is equivalent to the carrying amount of EUR 5,413 thousand (2011: EUR 6,963 thousand).

The credit quality of financial assets that are neither overdue nor impaired 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 EUR'000	AAA	AA	A	BBB	Lower than BBB	No rating	Total
Loans and receivables	5,218 (2011: 4,912)	20,974 (2011: 7,163)	63,474 (2011: 70,187)	1,374 (2011: 769)	199 (2011: 137)	9,607 (2011: 14,002)	100,846 (2011: 97,170)
Available-for-sale financial assets	0 (2011: 0)	0 (2011: 0)	2,872 (2011: 3,053)	0 (2011: 0)	0 (2011: 0)	0 (2011: 0)	2,872 (2011: 3,053)

For the monitoring of risks associated with receivables from financial advisors and receivables from employees, please see the explanatory notes on the impairment of other receivables.

Assets overdue yet not impaired as of the reporting date amount to EUR 15 thousand (2011: EUR 30 thousand).

As of the reporting date there were no receivables whose conditions had been renegotiated in the year under review and that would otherwise have been overdue or impaired.

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

in EUR'000	Gross amount	Impairment loss	Carrying amount (net)
Loans and receivables	31,536 (2011: 34,184)	-17,343 (2011: -17,053)	14,193 (2011: 17,131)
Available-for-sale financial assets	3,518 (2011: 4,996)	-977 (2011: -1,086)	2,541 (2011: 3,910)

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 within the meaning 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. Material 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 largely distribute their profits to the parent company so that corresponding currency risks are low. OVB's currency risk from current operations is therefore considered low altogether.

The Group generates 48 per cent (2011: 49 per cent) of consolidated sales in functional currencies other than the Euro. Changes in exchange rates between these currencies and the Euro may 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.

Had the exchange rates of the currencies of relevance to OVB not changed from the previous year, consolidated sales would have been higher by EUR 2,096 thousand and the consolidated net income by EUR 185 thousand.

3.5.3 Interest rate risks

The Group is exposed to interest rate risks in the form of 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, on 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 EUR 32,645 thousand (2011: EUR 27,991 thousand) and variable-interest liabilities of EUR 200 thousand (2011: EUR 1,360 thousand). If market interest rates for the full year 2012 had been 100 basis points higher (lower), net income would have been EUR 324 thousand (2011: EUR 266 thousand) higher (lower). For fixed-income securities in the amount of EUR 520 thousand (2011: EUR 626 thousand), any increase (decrease) in market interest rates by 100 basis points would have decreased (increased) the total market prices by approx. EUR 5 thousand (2011: EUR 6 thousand).

3.5.4 Liquidity risks

The Group continuously monitors the risk of a potential liquidity squeeze 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 the capitalisation of internally generated intangible 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
- Reliable determination of acquisition and production cost
- Adequate technical, financial and other resources are available for the completion of the development and the intangible asset's use or sale
- Probability that the internally generated asset will yield future economic benefits

In accordance with IAS 38.21, 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 determined 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 impairment.

Unless special circumstances make deviation necessary, the amortisation of 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 to several subsidiaries of the OVB Group. The software is gradually amortised over 10 years, according to its introduction at the respective subsidiary, in application of the straight-line method. The total period of the software's introduction will probably range from March 2010 to June 2014. As the individualised national market modules are introduced subsequently and the software is constantly updated, the total amortisation period for this asset will come to 14.3 years due to the scheduled introduction period throughout the Group of 4.3 years.

Payments on account of software are measured at face value.

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 that date. The assigned value is deemed the new cost. Instead of 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 or divisions of these. This scheduled impairment testing is conducted in the fourth quarter on the basis of multi-year budget figures. OVB applies a DCF procedure. If there are indications of impairment, new tests have to be carried out during the reporting period 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 sale 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:

	Expected useful life
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 capitalised at cost including 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 entity and if the cost of the property can be reliably measured.

Investment property is re-measured at fair value on subsequent reporting dates (fair value model). Unless there are reasons that suggest that a revaluation should be conducted substantially earlier, revaluations are carried out at least once a year by an independent valuer. Pursuant to IAS 40 investment property is thus not subject to depreciation.

Revaluation is carried out generally on the basis of current market prices for similar property with respect to location and condition. In the absence of market prices or market prices for comparable properties, the Company measures the property based on the DCF method. This method takes into account local and regional conditions (e.g. rental income, location, vacancy rates, age, condition, etc.). The independent 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 cost to sell.

During the reporting period, rental income of EUR 34 thousand was generated from investment property (previous year: EUR 26 thousand). This income was offset by directly attributable operating expenses of EUR 27 thousand (previous year: EUR 30 thousand).

Value adjustments on investment property came to EUR 25 thousand in the year under review (previous year: EUR -9 thousand).

4.1.4 Financial assets

Financial assets relate to loans granted to staff at market interest rates. They are recognised at amortised cost less impairment loss if applicable.

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 capitalised 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 under operating leases is 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 (impairment test). Such objective 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 it is determined in the context of the impairment test that an asset’s carrying amount 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 loss 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 recognised at amortised cost less any necessary valuation allowances. Impairment loss is determined on the basis of risk assessment for each item and of past experience.

Claims for commission acquired from financial advisors against payment are recognised according to their nature as either non-financial assets or financial assets at amortised cost less saved commission expense. The reduction of the carrying amount by saved commission expense increases brokerage expenses by the full amount.

4.2.2 Securities

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

Given the incidental nature of OVB’s investments, only such securities are purchased that can be sold at any time. All securities and other investments are classified as “available for sale”.

Financial assets are measured at fair value plus transaction costs upon their first-time recognition.

“Available-for-sale” financial assets are subsequently measured at fair value, 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 reclassified in profit or loss only if gains or losses are realised. A loss is deemed realised even without the sale of the security if there are objective indications (triggering events) for the identification of impairment (IAS 39.58 in conjunction with 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. If there are objective indications of impairment, assessment are made with respect to actual impairment and impairment loss is recognised if necessary.

4.2.3 Cash and cash equivalents

Cash and short-term deposits recognised 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 recognised at nominal value. If the offsetting requirements are fulfilled, current liabilities to banks are offset against cash equivalents.

Cash and cash equivalents reported in the statement of cash flows comprise cash-in-hand and bank balances with terms to maturity of less than three months less current liabilities to banks.

5. Group liabilities

5.1 Non-current liabilities

Non-current liabilities are liabilities that fall due more than twelve months after the reporting date or whose payment OVB can postpone by at least twelve months from the reporting date as well as liabilities paid 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. In contrast to the previous year, actuarial gains and losses were fully recognised in profit or loss in advance as the "corridor approach" cannot be applied anymore as of 1 January 2013. 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 toward the interest rate applicable to long-term first-class corporate or government bonds and comes to 3.6 per cent (previous year: 5.0 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 commission. The amount of the provision is determined by the respective subsidiary based on nationally specific aspects (esp. 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. The probable non-current portion of the provision is subject to discounting. The discount rate applied is 0.9 per cent (previous year: 3.4 per cent).

Unbilled liabilities

Provisions are made 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 measured 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 disputes

Provisions are set aside for legal disputes 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

Current 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 annual financial statements / Audit costs

Companies of the OVB Group have the obligation under commercial and tax law to prepare annual financial statements in accordance with the applicable domestic provisions as well as 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 2012 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 expected settlement amount.

5.2.3 Other liabilities

Trade payables

Trade payables are recognised at settlement amounts.

Loans

Interest-bearing bank loans are recognised at the disbursed amount at the time the loan was received. 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 in application of the total cost method.

6.1 Income / Expenses

Please refer to chapter 3.3 for the recognition of sales.

The offsetting expense items are recognised on an accrual basis.

6.2 Financial result

Finance expense and finance 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. The calculation was based on the budgeted medium-term earnings of the respective companies. Deferred taxes are calculated based on the respective expected 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 first-time 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 rule are items that are recognised outside profit or loss, 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 information on segment reporting

The principal business activities of OVB's operating subsidiaries consist of advising clients in structuring their finances and in broking various financial products offered by 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 on group level. For this reason, the individual companies are each categorised as single-product companies. Consequently segment reporting is based exclusively on geographic aspects since corporate governance and the internal reporting to group management are also structured according to these criteria exclusively. In this regard, 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 fourth segment, Corporate Centre. 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. Bratislava; OVB Allfinanz Polska Spółka Finansowa Sp. z o.o., Warsaw; OVB Allfinanz Romania Broker de Asigurare 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 Consulting s.r.o., Brno; EFCON s.r.o., Bratislava, and TOV OVB Allfinanz Ukraine, GmbH, Kiev.

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 Allfinanzvermittlungs 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; EF-CON Insurance Agency GmbH, Vienna, and OVB SW Services s.r.o., Prague. The companies of the Corporate Centre segment are not involved in broking financial products but primarily concerned with providing services to the OVB Group. The range of services comprises particularly management and consulting services, software and IT services as well as marketing services.

Corresponding with the presentation in internal reporting to the Executive Board, the separate items are presented in segment reporting after consolidation of investments, inter-segment liabilities and expense and income as well as after the elimination of interim results. Intra-Group dividend distributions are not taken into account. For intra-Group allocations an appropriate additional overhead charge is levied on the individual cost items incurred.

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.

Please refer to the disclosures on related-party transactions for information about relevant product partners.

II. Notes to the consolidated statement of financial position

ASSETS

A Non-current assets

	2012: EUR'000	**21,982**
	2011: EUR'000	23,446

1

1 Intangible assets

	2012: EUR'000	**10,619**
	2011: EUR'000	11,577

in EUR'000	31/12/2012	31/12/2011
Software		
Software purchased from third parties	9,603	10,006
Self-created software	64	100
Goodwill	520	810
Other intangible assets	432	661
	10,619	**11,577**

The purchased software relates to a group-wide uniform customer relationship management program (CRM). The carrying amount of the CRM system is EUR 8,725 thousand as of 31 December 2012 (previous year: EUR 9,044 thousand).

Goodwill is recognised in accordance with IFRS 3. The discount rate applied for the determination of the value in use of goodwill is 3.0 per cent (previous year: 4.5 per cent).

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

The goodwill accounted for at EUR 810 thousand in the previous year was determined as of 31 December 2004 in accordance with IFRS 3. The expected future receipt of payments still substantiates a carrying amount of EUR 520 thousand as of the reporting date.

2

2 Tangible assets

	2012: EUR'000	**4,483**
	2011: EUR'000	4,790

in EUR'000	31/12/2012	31/12/2011
Land, land rights and buildings		
- Own-use property	1,818	1,882
Other equipment, office and operating equipment		
- Machinery, equipment, furniture, vehicles, other	2,130	2,140
- IT equipment	281	402
- Assets under finance lease	28	47
- Tenant fixtures and fittings	207	319
- Payments on account of tangible assets under construction	19	0
	4,483	**4,790**

A land charge entered for one property under the Company's own use in the amount of EUR 715 thousand (previous year: EUR 715 thousand) serves as the bank's security. The underlying loan is valued at EUR 75 thousand as of 31 December 2012.

Depreciation of EUR 111 thousand (previous year: EUR 103 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 Group in accordance with IAS 17 amounts to EUR 28 thousand as of 31 December 2012 (previous year: EUR 47 thousand). The total amount of minimum lease payments due within one year is EUR 15 thousand (previous year: EUR 20 thousand) and the amount due in between one and five years combined is EUR 31 thousand (previous year: EUR 46 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 assets. There are no other options.

3

3 Investment property

	2012: EUR'000	**586**
	2011: EUR'000	561

in EUR'000	2012	2011
Rental income from investment property	34	26
Corresponding operating expenses	-27	-30
Net gains or losses from adjustment to fair value	25	-9

Investment property relates to land in Hamburg, Germany on which an office building has been erected. The value of this property increased in the year under review by EUR 25 thousand. Rental income was increased by EUR 8 thousand to EUR 34 thousand.

The fair value attributable in this case is the market value determined by an independent valuer. The most recent independent valuation was prepared in December 2012.

4

4 Financial assets

	2012: EUR'000	**397**
	2011: EUR'000	383

Financial assets relate to loans with terms to maturity of more than one year, extended at market interest rates.

5

5 Deferred tax assets

	2012: EUR'000	**5,897**
	2011: EUR'000	6,135

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

in EUR'000	31/12/2012	31/12/2011
Goodwill	7	16
Tangible assets and other intangible assets	16	18
Financial assets	1	12
Financial instruments	159	234
Other assets	52	38
Provisions	1,805	1,349
Liabilities	1,843	1,668
Tax loss carry-forward	2,558	3,484
	6,441	**6,819**
Net off deferred tax liabilities	-544	-684
	5,897	**6,135**

As of 31 December 2012 deferred tax liabilities of EUR 9 thousand (previous year: EUR 16 thousand) were offset against equity outside profit or loss.

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

All in all, no deferred taxes were recognised for loss carry-forward of EUR 23,210 thousand (previous year: EUR 25,857 thousand) for group companies. This would have corresponded with deferred tax assets of EUR 6,196 thousand (previous year: EUR 7,357 thousand).

Of this loss carry-forward, the amount of EUR 5,006 thousand (previous year: EUR 5,125 thousand) can be utilised over a period of 5 to 15 years. The amount of EUR 18,204 thousand (previous year: EUR 20,732 thousand) can be carried forward indefinitely.

B Current assets

	2012: EUR'000	**131,625**
	2011: EUR'000	125,351

6

6 Trade receivables

	2012: EUR'000	**23,976**
	2011: EUR'000	22,958

in EUR'000	31/12/2012	31/12/2011
Trade receivables		
1. Receivables from insurance brokerage	21,936	20,086
2. Receivables from other brokerage	753	774
3. Other trade receivables	1,287	2,098
	23,976	**22,958**

The development of valuation adjustments on trade receivables is as follows:

in EUR'000	2012	2011
Valuation adjustments as of 1 January	327	223
Exchange rate differences	1	0
Allocations (impairment loss expense)	132	152
Consumption	311	31
Releases	11	17
Valuation adjustments as of 31 December	**138**	**327**

Trade receivables in the amount of EUR 2,022 thousand (previous year: EUR 2,170 thousand) have remaining terms to maturity of more than one year.

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 30 days.

2. Receivables from other brokerage

Receivables from other brokerage relate primarily to claims for commission against product providers not qualifying as insurance companies. Those receivables do not bear interest and generally fall due within 30 days.

3. Other trade receivables

Other trade receivables include all receivables that do not relate to brokerage services.

7

7 Receivables and other assets

	2012: EUR'000	**30,285**
	2011: EUR'000	22,238

in EUR'000	31/12/2012	31/12/2011
7.1 Other receivables	21,018	19,657
7.2 Other assets	9,267	2,581
	30,285	**22,238**

Schedule of Group non-current assets

of OVB Holding AG as of 31 December 2012

	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**			
Historical cost						
31/12/2011	26,925	4,078	318	11,271	2,495	45,087
Currency translation differences	21	32	2	21	2	78
01/01/2012	26,946	4,110	320	11,292	2,497	45,165
Change in consolidated Group	0	0	0	0	0	0
Additions	974	0	0	0	40	1,014
Disposals	355	0	0	0	49	404
Transfers	0	0	0	0	0	0
31/12/2012	**27,565**	**4,110**	**320**	**11,292**	**2,488**	**45,775**
Accumulated depreciation/amortisation						
31/12/2011	16,919	3,911	318	9,416	1,834	32,398
Currency translation differences	17	33	2	0	2	54
01/01/2012	16,936	3,944	320	9,416	1,836	32,452
Change in consolidated Group	0	0	0	0	0	0
Additions	1,381	35	0	0	166	1,582
Disposals	355	0	0	0	49	404
Umbuchung	0	0	0	0	0	0
31/12/2012	**17,962**	**3,979**	**320**	**9,416**	**1,953**	**33,630**
Accumulated impairments						
31/12/2011	0	67	0	1,045	0	1,112
Currency translation differences	0	0	0	21	0	21
01/01/2012	0	67	0	1,066	0	1,133
Change in consolidated Group	0	0	0	0	0	0
Impairments	0	0	0	290	103	393
Impairment loss reversal	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
31/12/2012	**0**	**67**	**0**	**1,356**	**103**	**1,526**
Book value 31/12/2012	**9,603**	**64**	**0**	**520**	**432**	**10,619**
Book value 31/12/2011	**10,006**	**100**	**0**	**810**	**661**	**11,577**

						Tangible assets	Investment property	Financial assets
					Operating and office equipment	Total		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			
3,355	7,084	4,146	75	1,729	0	16,389	1,101	382
46	48	9	0	7	0	110	0	3
3,401	7,132	4,155	75	1,736	0	16,499	1,101	385
0	0	0	0	0	0	0	0	0
16	811	108	0	0	19	954	0	469
10	582	608	0	201	0	1,401	0	457
0	2	-2	0	0	0	0	0	0
3,407	**7,363**	**3,653**	**75**	**1,535**	**19**	**16,052**	**1,101**	**397**
1,473	4,944	3,744	28	1,410	0	11,599	0	0
15	35	7	0	3	0	60	0	0
1,488	4,979	3,751	28	1,413	0	11,659	0	0
0	0	0	0	0	0	0	0	0
111	783	228	19	64	0	1,205	0	0
10	530	606	0	149	0	1,295	0	0
0	1	-1	0	0	0	0	0	0
1,589	**5,233**	**3,372**	**47**	**1,328**	**0**	**11,569**	**0**	**0**
0	0	0	0	0	0	0	540	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	540	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	25	0
0	0	0	0	0	0	0	0	0
0	**0**	**0**	**0**	**0**	**0**	**0**	**515**	**0**
1,818	**2,130**	**281**	**28**	**207**	**19**	**4,483**	**586**	**397**
1,882	**2,140**	**402**	**47**	**319**	**0**	**4,790**	**561**	**382**

7.1 Other receivables

in EUR'000	31/12/2012	31/12/2011
Other receivables		
1. Receivables from financial advisors	16,008	15,498
2. Receivables from employees	252	220
3. Miscellaneous other receivables	4,704	3,481
4. Other taxes	54	458
	21,018	**19,657**

Changes in valuation adjustments on other receivables are as follows:

in EUR'000	2012	2011
Valuation adjustments as of 1 January	16,726	14,681
Exchange rate differences	115	-93
Allocations (impairment loss expense)	2,858	4,059
Consumption	1,636	1,141
Releases	858	780
Valuation adjustments as of 31 December	**17,205**	**16,726**

Allocations to valuation adjustments on other receivables relate to receivables from financial advisors. Risk provisions are made with regard to all available information concerning the credit rating of the debtors and the age structure of the receivables.

Other receivables have remaining terms to maturity of less than one year.

1. Receivables from financial advisors

Receivables from financial advisors primarily relate to advance commission payments and claims for commission refunds. They usually fall due within 30 days. Receivables from individual financial advisors are offset against 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 with respect to current financial advisors are not subject to offsetting as their purpose is to cover potential future commission refund claims.

Individual valuation allowances are made with 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 financial advisors. Due to the large number of individual 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.

2. Receivables from employees

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

3. Miscellaneous other receivables

Miscellaneous other 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. The item also comprises the portion of acquired commission claims of a former financial advisor that is allotted to brokerage concluded as of the acquisition date.

4. Other taxes

Other taxes include only other current tax assets e.g. for overpaid income tax, value-added tax and property tax that can be determined exactly or for which there is a tax assessment notice.

7.2 Other assets

2012: EUR'000	**9,267**
2011: EUR'000	2,581

in EUR'000	31/12/2012	31/12/2011
Other assets		
1. Accrued investment income	168	315
2. Prepaid expenses	424	502
3. Advertising and office supplies	558	775
4. Payments on account	673	714
5. Acquired future commission claims	7,163	0
6. Miscellaneous other assets	281	275
	9,267	**2,581**

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 following year, insurance premiums and commission of the following financial year that has already been paid but not yet billed.

3. Advertising and office supplies

This item includes advertising materials 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.

5. Acquired future commission claims

This position regards the portion of commission claims of a financial advisor purchased for a consideration and relating to the probable brokerage of contracts after the acquisition date.

6. Miscellaneous other assets

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

8

8 Income tax assets

2012: EUR'000	**2,402**
2011: EUR'000	1,859

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

9

9 Securities and other investments

2012: EUR'000	**39,236**
2011: EUR'000	38,316

in EUR'000	2012			2011		
	Securities	Other investments	Total	Securities	Other investments	Total
Historical acquisition cost	**6,040**	**33,823**	**39,863**	**7,732**	**31,353**	**39,085**
Revaluation reserve	350		350	320		320
Impairment	-977		-977	-1,089		-1,089
Market value	**5,413**	**33,823**	**39,236**	**6,963**	**31,353**	**38,316**
Carrying amount	**5,413**	**33,823**	**39,236**	**6,963**	**31,353**	**38,316**

In the past financial year write-downs on securities were recognised in profit or loss in the amount of EUR 61 thousand (2011: EUR 343 thousand). The write-downs are included in the financial result in "Investment expenses" under item 33. The reversal of impairment loss on securities is also disclosed in the financial result, item 33, under "Reversal of impairment loss on investments".

The revaluation reserve increased by the amount of EUR 29 thousand in the past financial year (2011: EUR 60 thousand). Furthermore, net losses of EUR 68 thousand (2011: net gains of EUR 24 thousand) were incurred in the financial year.

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 interest rates apply or otherwise at present value.

10

10 Cash and cash equivalents

2012: EUR'000	**35,726**
2011: EUR'000	39,980

in EUR'000	31/12/2012	31/12/2011
Cash	34	45
Cash equivalents	35,692	39,935
	35,726	**39,980**

Cash means 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 face value and foreign currencies are stated in euros at the closing rate of the reporting date.

EQUITY AND LIABILITIES

A Equity

2012: EUR'000	**83,377**
2011: EUR'000	80,060

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

11

11 Subscribed capital

2012: EUR'000	**14,251**
2011: EUR'000	14,251

The subscribed capital (share capital) of OVB Holding AG amounts to EUR 14,251 thousand as of 31 December 2012 and consists of 14,251,314 no-par value ordinary bearer shares (previous year: 14,251,314 shares).

12

12 Capital reserve

2012: EUR'000	**39,342**
2011: EUR'000	39,342

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

13

13 Treasury shares

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

The Annual General Meeting of OVB Holding AG of 11 June 2010 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 up to and including 10 June 2015. Shares acquired on the basis of this authorisation may also be retired.

14

14 Revenue reserves

2012: EUR'000	**13,646**
2011: EUR'000	13,646

15

15 Other reserves

2012: EUR'000	**1,523**
2011: EUR'000	1.386

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

2012: EUR'000	**150**
2011: EUR'000	138

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

Changes from the previous year represent the proportionate share in the net income of the Nord-Soft entities for the year under review.

17

17 Retained earnings

2012: EUR'000	**14,465**
2011: EUR'000	11,297

Distributable profits and dividends

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

At the Annual General Meeting of 5 June 2012, the shareholders adopted the resolution on the appropriation of the retained earnings of OVB Holding AG for financial year 2011.

In financial year 2012 a dividend of EUR 4,988 thousand was distributed to the shareholders, equivalent to EUR 0.35 per no-par value share. The dividend was paid out to the shareholders of OVB Holding AG on 6 June 2012.

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 as reported in the financial statements of OVB Holding AG as of 31 December 2012:

in EUR	2012
Distribution to shareholders	7,838,222.70
Profit carry-forward	5,709,632.62
Retained earnings	**13,547,855.32**

The dividend payout is thus equivalent to EUR 0.55 per share (previous year: EUR 0.35 per share).

The number of shares carrying dividend rights and thus the amount distributable to shareholders may still change prior to the Annual General Meeting due to the Executive Board's option to purchase treasury shares.

B Non-current liabilities

2012: EUR'000	**1,859**
2011: EUR'000	1,814

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 31/12/2012

in EUR'000 Type of liability	Total amount	1 year to less than 3 years	3 years to less than 5 years	5 and more years	No maturity	Secured amount
Liabilities to banks	287	87	200	0	0	0
Other liabilities	46	46	0	0	0	0

Maturity of liabilities as of 31/12/2011

in EUR'000 Type of liability	Total amount	1 year to less than 3 years	3 years to less than 5 years	5 and more years	No maturity	Secured amount
Liabilities to banks	341	120	221	0	0	122
Other liabilities	60	60	0	0	0	0

18

18 Liabilities to banks

2012: EUR'000	**287**
2011: EUR'000	341

The item "Liabilities to banks" includes long-term bank loans for setting up the businesses of subsidiaries in the amount of EUR 212 thousand (2011: EUR 218 thousand) and for financing own-use property in the amount of EUR 75 thousand (2011: EUR 123 thousand). Repayments on the first loan amounted to EUR 7 thousand (2011: EUR 3 thousand) and on the second loan EUR 47 thousand (2011: EUR 46 thousand).

19

19 Provisions

2012: EUR'000	**1,351**
2011: EUR'000	1,133

in EUR'000	31/12/2012	31/12/2011
Provisions for pensions	911	799
Long-term provisions for employees	408	299
Other long-term provisions	32	35
	1,351	**1,133**

in EUR'000	01/01/2012	Exchange rate differences	Allocation	consumption	Release	31/12/2012
Provisions for pensions	799	2	146	36	0	911
Long-term provisions for employees	299	0	125	16	0	408
Other long-term provisions	35	0	32	35	0	32
	1,133	**2**	**303**	**87**	**0**	**1,351**

The interest effects included in allocations are immaterial.

Provisions for pensions

OVB Holding AG is under the obligation to pay pension benefits. The following pension benefits are granted to the beneficiary:

- a retirement pension from the age of 65
- disability 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 five commercial employees. The following pension benefits are granted to the beneficiaries:

- retirement benefits
- pension for surviving dependents
- disability pension

OVB Allfinanzvermittlungs GmbH, Salzburg, has an obligation to grant pension benefits by way of settlement obligation to five employees if they reach the statutory retirement age or take early retirement in accordance with the relevant statutory provisions, or if they leave 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:

Pension provisions as of 31/12/2012 in EUR'000	**OVB Holding AG**	**OVB Switzerland**	**OVB Austria**
Defined benefit obligations as of 01/01/2012	**476**	**549**	**172**
Exchange rate changes	0	5	0
Interest expense	23	14	9
Current service cost	0	34	13
Contributions plan participants	0	23	0
Benefits paid	0	-23	-13
Transfer	0	0	-29
Actuarial gains / losses	94	25	34
Defined benefit obligations as of 31/12/2012	**593**	**627**	**186**
Plan assets as of 01/01/2012	**0**	**430**	**0**
Exchange rate changes	0	3	0
Employer's contributions	0	45	0
Employee contributions	0	23	0
Expected investment income	0	13	0
Benefits paid	0	-24	0
Actuarial gains / losses	0	5	0
Plan assets as of 31/12/2012	**0**	**495**	**0**
Unrecognised actuarial gains/losses as of 31/12/2012	0	0	0
Pension provisions as of 31/12/2012	**593**	**132**	**186**

Pension provisions as of 31/12/2011 in EUR'000	**OVB Holding AG**	**OVB Switzerland**	**OVB Austria**
Defined benefit obligations as of 01/01/2011	**466**	**479**	**157**
Exchange rate changes	0	12	0
Interest expense	23	15	7
Current service cost	0	42	12
Contributions plan participants	0	19	0
Benefits paid	0	-5	-12
Actuarial gains / losses	-13	-13	8
Defined benefit obligations as of 31/12/2011	**476**	**549**	**172**
Plan assets as of 01/01/2011	**0**	**354**	**0**
Exchange rate changes	0	9	0
Employer's contributions	0	43	0
Employee contributions	0	19	0
Expected investment income	0	13	0
Benefits paid	0	-5	0
Actuarial gains / losses	0	-3	0
Plan assets as of 31/12/2011	**0**	**430**	**0**
Unrecognised actuarial gains/losses as of 31/12/2011	-17	49	-21
Pension provisions as of 31/12/2011	**459**	**168**	**172**

The actuarial expert assessments were prepared by the companies Mercer Human Resources Consulting GmbH and Helvetia Consulta Gesellschaft für Vorsorgeberatung AG respectively. The expert assessments are based on the following actuarial assumptions:

	31/12/2012	31/12/2011
Discount rate	2.0 % to 3.6 %	2.5 % to 5.0 %
Expected future salary increases	0.0 % to 1.9 %	0.0 % to 2.2 %
Expected future pension adjustments	0.0 % to 2.0 %	0.25 % to 2.0 %
Expected inflation rate	0.8 % to 2.0 %	1.3 % to 2.0 %

Current service cost and actuarial gains or losses are included in personnel expense. The interest expense of the defined benefit obligation is included in finance expense.

Plan assets of OVB Switzerland are divided into the following categories:

- Debt instruments 62.4 per cent (2011: 67.4 per cent)
- Real estate 17.0 per cent (2011: 16.8 per cent)
- Equity instruments 15.2 per cent (2011: 10.0 per cent)
- Other assets 5.4 per cent (2011: 5.8 per cent).

Provisions for pensions according to IAS 19 have changed as follows:

in EUR'000	2012	2011
Pension provisions according to IAS 19 as of 01/01	799	761
Exchange rate differences	2	3
+ changes in pension provisions OVB Holding	134	23
+ changes in pension provisions OVB Switzerland	-38	-3
+ changes in pension provisions OVB Austria	14	15
Pension provisions according to IAS 19 as of 31/12	911	799

Long-term provisions for employees

Long-term provisions for employees primarily relate to provisions set aside for anniversary bonus payments.

20

20 Other liabilities

2012: EUR'000	**46**
2011: EUR'000	60

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

21

21 Deferred tax liabilities

2012: EUR'000	**175**
2011: EUR'000	280

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

in EUR'000	31/12/2012	31/12/2011
Goodwill	169	263
Tangible assets and intangible assets	12	22
Financial instruments	111	375
Other assets	0	3
Provisions	345	294
Liabilities	82	7
	719	**964**
Net of deferred tax assets	-544	-684
	175	**280**

C Current liabilities

2012: EUR'000	**68,371**
2011: EUR'000	66,923

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

22

22 Provisions for taxes

2012: EUR'000	**3,277**
2011: EUR'000	2,863

in EUR'000	**31/12/2012**	**31/12/2011**
Income tax provisions	3,037	2,427
Other tax provisions	240	436
	3,277	**2,863**

The provisions for taxes have altogether changed as follows:

in EUR'000	**01/01/2012**	**Exchange rate differences**	**Allocation**	**Consumption**	**Release**	**31/12/2012**
Provisions for taxes	2,863	46	2,611	2,193	50	3,277

23

23 Other provisions

2012: EUR'000	**29,525**
2011: EUR'000	27,450

in EUR'000	**31/12/2012**	**31/12/2011**
1. Cancellation risk	13,433	11,680
2. Unbilled liabilities	12,740	12,054
3. Legal disputes	1,266	1,291
	27,439	**25,025**
4. Others		
- Obligations to employees	742	1,036
- Costs relating to annual financial statements/Audit cost	479	694
- Other obligations	865	695
	2,086	**2,425**
	29,525	**27,450**

in EUR'000	**01/01/2012**	**Exchange rate differences**	**Allocation**	**Consumption**	**Release**	**31/12/2012**
1. Cancellation risk	11,680	129	2,137	513	0	13,433
2. Unbilled liabilities	12,054	177	10,912	9,857	546	12,740
3. Legal disputes	1,291	19	161	156	49	1,266
4. Other	2,425	18	1,934	1,967	324	2,086
	27,450	**343**	**15,144**	**12,493**	**919**	**29,525**

Allocations include expenses from the accumulation of interest on provisions in the amount of EUR 74 thousand (previous year: EUR 82 thousand). Provisions for cancellation risk are generally recognised as current provisions due to uncertainty in respect of the time and extent of their usage. Assumed that the clients' cancellation behaviour equals that of the recent past, the resulting non-current portion would amount to EUR 3,600 thousand (previous year: EUR 3,476 thousand).

24

24 Income tax liabilities

2012: EUR'000	**61**
2011: EUR'000	111

Income tax liabilities primarily originate from taxation of earnings generated over the previous years.

25

25 Trade payables

2012: EUR'000	**6,799**
2011: EUR'000	8,075

This item includes commission billed by financial advisors unless categorised as retained security as well as bonuses accrued as of the reporting date but not yet paid. Liabilities 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 31/12/2012:

in EUR'000 Type of liability	Total amount	Overdue	Due daily	Less than 3 months	3 – 6 months	6 – 12 months	No maturity
Trade payables	6,799	46	648	1,944	2,186	0	1,975

Maturity of liabilities as of 31/12/2011:

in EUR'000 Type of liability	Total amount	Overdue	Due daily	Less than 3 months	3 – 6 months	6 – 12 months	No maturity
Trade payables	8,075	288	813	2,416	2,529	0	2,029

26

26 Other liabilities

2012: EUR'000	**28,709**
2011: EUR'000	28,424

Maturity of liabilities as of 31/12/2012:

in EUR'000 Type of liability	Total amount	Overdue	Due daily	Less than 3 months	3 – 6 months	6 – 12 months	No maturity
1. Retained security	25,163	62	93	645	7,724	2,721	13,918
2. Liabilities based on other taxes	849	0	220	586	43	0	0
3. Liabilities to employees	1,407	0	33	1,257	66	0	51
4. Liabilities to product partners	730	18	3	0	23	0	686
5. Liabilities to banks	0	0	0	0	0	0	0
6. Other liabilities to sales agents	44	0	0	0	6	0	38
7. Miscellaneous liabilities	516	14	169	287	28	0	18
Total	28,709	94	518	2,775	7,890	2,721	14,711

Maturity of liabilities as of 31/12/2011:

in EUR'000 Type of liability	Total amount	Overdue	Due daily	Less than 3 months	3 – 6 months	6 – 12 months	No maturity
1. Retained security	23,126	528	396	651	6,831	2,682	12,038
2. Liabilities based on other taxes	937	0	428	497	12	0	0
3. Liabilities to employees	1,690	0	10	1,497	82	0	101
4. Liabilities to product partners	803	0	21	7	0	146	629
5. Liabilities to banks	1,260	0	1,260	0	0	0	0
6. Other liabilities to sales agents	50	0	0	0	0	0	50
7. Miscellaneous liabilities	558	9	160	298	79	0	12
Total	28,424	537	2,275	2,950	7,004	2,828	12,830

There are no liabilities with terms to maturity of more than 12 months.

1. Retained security

Retained security includes 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 to employees due in the short term for work performed, such as holiday pay, bonuses or premiums as well as benefits paid to employees due to the termination of employment are reported under this item at estimated settlement amounts.

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 measured at nominal value.

5. Liabilities to banks

Current liabilities to banks are those with a maturity of twelve months or less from the reporting date. They are measured 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.

7. Miscellaneous liabilities

Miscellaneous liabilities comprise all liabilities that are not attributable to any of the above positions. The item essentially includes liabilities from social security contributions and deferrals

III. Notes to the consolidated income statement

27

27 Brokerage income

2012: EUR'000	**194,465**
2011: EUR'000	199,494

All income from product partners is recognised as brokerage income. Apart from commission, it also includes bonuses and other benefits paid by product partners relating to distribution. To provide for the case of reimbursements of commission to product partners upon contract cancellation/default, corresponding provisions are created on the basis of past experience (provisions for cancellation risk). Changes in provisions for cancellation risk are credited or charged on account of sales.

28

28 Other operating income

2012: EUR'000	**9,030**
2011: EUR'000	9,622

in EUR'000	2012	2011
Refunds from financial advisors	3,077	3,486
Income from release of provisions	968	495
Own work capitalised	259	425
Income from the cancellation of expired liabilities	1,034	1,707
Rental income from sub-leases	111	110
Income from the disposal of intangible assets and tangible assets	60	55
Reversals of impairment loss	948	963
Income from currency translation	338	246
Contributions to costs by partners	332	0
Other	1,903	2,135
	9,030	**9,622**

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

Own work capitalised relates to CRM software (cf. the asset schedule).

Other income relates to contributions made by product partners toward the cost of materials, personnel, representation, training and events, as well as insurance payouts.

Reversals of impairment loss primarily concern receivables from financial advisors.

29

29 Brokerage expenses

2012: EUR'000	**-128,813**
2011: EUR'000	-134,219

in EUR'000	2012	2011
Current commission	-117,223	-119,578
Other commission	-11,590	-14,641
	-128,813	**-134,219**

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 expenses

2012: EUR'000	**-24,463**
2011: EUR'000	-24,826

in EUR'000	2012	2011
Wages and salaries	-20,353	-20,821
Social security	-3,636	-3,727
Expenses for retirement provision	-474	-278
	-24,463	**-24,826**

31

31 Depreciation and amortisation

2012: EUR'000	**-3,180**
2011: EUR'000	-3,928

in EUR'000	2012	2011
Amortisation of/Write-down on intangible assets	-1,976	-2,688
Depreciation of tangible assets	-1,204	-1,240
	-3,180	**-3,928**

Depreciation and amortisation in financial year 2012 are shown in the asset schedule.

32

32 Other operating expenses

2012: EUR'000	**-36,494**
2011: EUR'000	-40,047

in EUR'000	2012	2011
Administrative expenses		
Legal, financial statement and consulting expenses	-4,132	-4,807
Facility expenses	-2,537	-2,780
Communication costs	-1,216	-1,363
IT expenses	-3,082	-2,258
Vehicle expenses	-649	-629
Rent for furniture and equipment	-134	-163
Other administrative expenses	-4,160	-4,282
	-15,910	**-16,282**
Sales and marketing costs		
Seminars, competitions, functions	-8,258	-8,742
Advertising cost, public relations	-2,325	-2,635
Write-down on/Allowances for receivables	-4,234	-5,505
Other sales and marketing costs	-2,704	-2,997
	-17,521	**-19,879**

in EUR'000	2012	2011
Other operating expenses		
Foreign currency loss	-126	-138
Supervisory Board remuneration	-125	-125
Losses from disposal of investments	-81	-288
Miscellaneous expenses	-365	-589
	-697	**-1,140**
Non-income-based taxes		
Value added tax on purchased goods/services	-2,150	-2,432
Other non-income-based tax	-216	-314
	-2,366	**-2,746**
	-36,494	**-40,047**

Other administrative expenses essentially relate to travel expenses, expenses for insurance, fees and contributions, money transfer costs and office supplies.

Other sales and marketing costs particularly relate to cost of material, entertainment expenses and sales support expenses.

Miscellaneous expenses concern among others expenses for financial reports and the Annual General Meeting as well as all expenses that are not attributable to any of the above positions.

Other non-income-based taxes essentially relate to taxes on representation expenses, vehicle tax and property tax.

For better comparability, in the prior-year statements an amount of EUR 515 thousand has been reclassified from the item "Other sales and marketing costs" to the item "IT expenses".

Operating lease

Future minimum lease payments under non-cancellable operating leases essentially comprise future lease payments of group companies for office space of the respective head offices and can be broken down as follows:

in EUR'000	31/12/2012	31/12/2011
Twelve months or less	2,266	2,120
Between one year and five years	5,281	878
More than five years	2,237	0
	9,784	**2,998**

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

in EUR'000	2012	2011
Amount of minimum lease payments	2,179	2,441
Contingent rent	3	5
	2,182	**2,446**
Amount of sub-lease payments	56	19
	2,126	**2,427**

Payments were made under operating leases for the following commodities: vehicles, telephone equipment, photocopiers and other operating and office equipment as well as office space. 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.

Within the framework of letting office space in the building declared as "investment property", OVB Holding AG also acts as lessor. Resulting future minimum lease payments up to twelve months amount to EUR 26 thousand (2011: EUR 17 thousand) and those of more than year amount to EUR 4 thousand (2011: EUR 0 thousand).

33

33 Financial result

2012: EUR'000	**1,371**
2011: EUR'000	1,176

in EUR'000	2012	2011
Finance income		
Bank interest	1,055	1,018
Income from securities	280	225
Reversal of impairment loss on investments	45	2
Income from investment property (net)	32	-4
Interest income from loans	41	38
Other interest income and similar income	299	462
	1,752	**1,741**
Finance expense		
Interest expense and similar expenses	-320	-216
Investments expenses	-61	-349
	-381	**-565**
Financial result	**1,371**	**1,176**

Interest income and interest expense are recognised on an accrual basis.

Income from securities primarily relates to interest credits and dividends as well as distributions from investment funds.

34

34 Taxes on income

2012: EUR'000	**-3,748**
2011: EUR'000	-3,149

in EUR'000	2012	2011
Actual income taxes	-3,538	-4,081
Deferred income taxes	-210	932
	-3,748	**-3,149**

Tax expenses include foreign current taxes in the amount of EUR 3,050 thousand (previous year: EUR 3,562 thousand) and foreign deferred tax income of EUR 640 thousand (previous year: deferred tax income of EUR 537 thousand).

Actual and deferred taxes are determined based on the domestic tax rates applicable in the respective country. Deferred taxes for domestic companies were calculated on the basis of a company tax rate of 15.0 per cent (previous year: 15.0 per cent), the solidarity surcharge of 5.5 per cent (previous year: 5.5 per cent) and an average trade tax rate of 16.625 per cent (previous year: 16.625 per cent).

In addition to the amount recognised in the consolidated income statement, deferred taxes of EUR 9 thousand (previous year: EUR 16 thousand) relating to items recognised outside profit or loss were settled outside profit or loss.

The effective income tax rate applied to the result from ordinary business activities before income tax comes to 31.45 per cent (previous year: 43.3 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 combined German income tax rate of currently 32.45 per cent.

Reconciliation statement

in EUR'000	2012	2011
Earnings before income tax according to IFRS	11,916	7,272
Consolidated income tax rate	32.45 %	32.45 %
Theoretical income tax expense in the financial year	**-3,867**	**-2,360**
Taxes based on non-deductible expenses (-) / tax-free income (+)	-620	-1,331
Effect of other tax rates applicable to domestic and foreign operating subsidiaries	1,781	1,489
Income taxes relating to other reporting periods	-289	-391
Changes 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 (+)	-1,022	-253
Other	269	-303
Taxes on income	**-3,748**	**-3,149**

35

35 Consolidated net income

	2012: EUR'000	**8,168**
	2011: EUR'000	4,123

36

36 Net loss/income attributable to non-controlling interests

	2012: EUR'000	**-12**
	2011: EUR'000	36

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.

37

37 Earnings per share

Basic/diluted earnings per share are calculated on the basis of the following data:

in EUR'000	2012	2011
Earnings		
Basis for basic/diluted earnings per share (net income for the period attributable to owners of the parent)	8,156	4,159

Number of shares	2012	2011
Weighted average number of shares for determination of basic/diluted earnings per share	14,251,314	14,251,314
Basic earnings per share in EUR	0.57	0.29

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

IV. Other information

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 whose value can be reliably estimated. Guarantees and assumed liabilities to third parties totalled EUR 3,542 thousand as of the reporting date (previous year: EUR 4,037 thousand).

Litigation risks

Some 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 arising from such 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

In the year under review, the Group employed an average of 438 (previous year: 436) commercial staff of which 47 (previous year: 51) worked in a managerial capacity.

Disclosures relating to Executive Board and Supervisory Board

Members of the Executive Board of OVB Holding AG are:

- Michael Rentmeister, Chairman
- Oskar Heitz, Executive Board Member for Finance and Administration
- Mario Freis, Executive Board Member for International Sales

Members of the Supervisory Board of OVB Holding AG:

- Michael Johnigk, (Chairman of the Supervisory Board); Member of the Executive Boards 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;
- Marlies Hirschberg-Tafel, (Deputy Chairwoman and Member of the Supervisory Board, until 5 June 2012); Member of the Executive Boards 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
- Christian Graf von Bassewitz, Banker (ret.) (Deputy Chairman since 5 June 2012)
- Winfried Spies, Chairman of the Executive Boards of Generali Versicherung AG, Munich, Generali Lebensversicherung AG, Munich, Generali Beteiligungs- und Verwaltungs AG, Munich
- Dr Frank Grund, Chairman of the Executive Boards of Basler Versicherungen, Bad Homburg; Deutscher Ring Lebensversicherung-AG, Hamburg; Deutscher Ring Sachversicherungs-AG, Hamburg
- Jan De Meulder, Head of International, Corporate Executive Committee, Bâloise Group, Basel, Switzerland
- Wilfried Kempchen, businessman (ret.) (Member of the Supervisory Board since 5 June 2012)

Remuneration of Supervisory Board and Executive Board

Remuneration of the Supervisory Board in the year under review was EUR 77 thousand (previous year: EUR 55 thousand).

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

in EUR'000	Michael Rentmeister	Oskar Heitz	Mario Freis	Wilfried Kempchen [1]
Fixed remuneration	544 (2011: 0)	348 (2011: 300)	246 (2011: 249)	0 (2011: 474)
Variable remuneration	350 (2011: 0)	129 (2011: 165)	92 (2011:112)	48 (2011:310)
Upon termination of employment relationship	0 (2011: 0)	0 (2011: 0)	0 (2011: 0)	0 (2011: 700)
Total remuneration	**894 (2011: 0)**	**477 (2011: 465)**	**338 (2011: 361)**	**48 (2011: 1,484)**

[1] Former member of the Executive Board

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

No remuneration was paid upon termination of an employment relationship in accordance with IAS 24.17(d). Long-term benefits were granted in the amount of EUR 511 thousand (2011: EUR 219 thousand) in the year under report. No share-based payments were made.

Pension commitments of OVB Holding AG to a former member of management come to EUR 593 thousand as of the reporting date (2011: EUR 459 thousand). No pension benefits were paid in the year under review.

Consulting expenses and audit costs

Consulting expenses and audit costs include the fee of the auditor, PricewaterhouseCoopers AG, Düsseldorf, totalling EUR 367 thousand (previous year: EUR 404 thousand). The auditor's fees comprise the following items in the financial year2012:

in EUR'000	2012	2011
Audit costs	280	271
Other certifications and assessments	87	88
Tax consulting services	0	0
Other services	0	45

Events after the reporting date

Apart from the facts and circumstances presented there have been no reportable events after the reporting date.

Related-party transactions

Transactions between the Company and its subsidiaries to be regarded as related parties were eliminated as intra-Group transactions through consolidation and are not discussed in these notes.

Principal shareholders as of 31/12/2012 are companies of:

- the Signal Iduna Group
- the Bâloise Group
- the Generali Group

The Signal Iduna Group represents a horizontal group ("Gleichordnungsvertragskonzern"). Its 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 2012 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 2012. Deutscher Ring Krankenversicherungsverein a.G. held shares in OVB Holding AG carrying 3.74 per cent of the voting rights as of 31 December 2012.

As of 31 December 2012 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 2012 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.

In January 2012 all claims for new business, policy service and dynamic commission of a member of management in a key position were acquired.

This acquisition resulted in an increase of the item “Receivables and other assets” in the amount of EUR 10,300 thousand and a corresponding decrease in the item “Cash and cash equivalents” in the statement of financial position at the beginning of the financial year. At the end of the financial year, the remaining carrying amount comes to EUR 8,819 thousand. Due to the payment in 2012, the cash flow from operating activities has been reduced under the item “Increase in trade receivables and other assets” in the financial year in the amount of the current carrying amount.

Based on the expected developments in the six following financial years, the item will lead to an increase of the cash flow that will in total equal or exceed the carrying amount.

The item “Brokerage expenses” includes commission paid to members of management in key positions in the amount of EUR 10 thousand (previous year: EUR 2,331 thousand).

As of the reporting date there are receivables from members of management in key positions in the amount of EUR 2 thousand (previous year: EUR 1 thousand) and liabilities to them in the amount of EUR 2 thousand (previous year: EUR 700 thousand).

German subsidiary OVB Vermögensberatung AG leased office space in financial year 2012 that is the property of a close relative of a member of the Supervisory Board. Lease payments correspond to market conditions and amount to EUR 30 thousand per annum.

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 EUR 7,977 thousand (previous year: EUR 7,272 thousand), or total sales commission in the amount of EUR 14,053 thousand (previous year: EUR 13,734 thousand), principally in the Germany segment.

As of the reporting date, receivables from companies of the SIGNAL IDUNA Group come to EUR 714 thousand (2011: EUR 870 thousand) and corresponding liabilities amount to EUR 0 thousand (2011: EUR 0 thousand).

Sales from contracts with companies of the Bâloise Group in the amount of EUR 21,682 thousand (previous year: EUR 19,814 thousand), or total sales commission in the amount of EUR 31,825 thousand (previous year: EUR 31,791 thousand), are essentially generated in the Germany segment.

As of the reporting date, receivables from companies of the Bâloise Group come to EUR 3,784 thousand (2011: EUR 3,142 thousand) and corresponding liabilities amount to EUR 0 thousand (2011: EUR 0 thousand).

Sales generated under contracts with companies of the Generali Group in the amount of EUR 33,355 thousand (previous year: EUR 35,502 thousand), or total sales commission in the amount of EUR 35,619 thousand (previous year: EUR 37,678 thousand), essentially involve the Germany and the Central and Eastern Europe segments.

As of the reporting date, receivables from companies of the Generali Group come to EUR 3,927 thousand (2011: EUR 4,995 thousand) and corresponding liabilities amount to EUR 0 thousand (2011: EUR 0 thousand).

The terms and conditions of brokerage contracts concluded with related parties are similar to the terms and conditions of contracts OVB has concluded with suppliers of financial products that are not related parties.

D&O insurance with coverage of EUR 20,000 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 the contract relationships with companies of the SIGNAL IDUNA Group in financial year 2012 and in the previous years in accordance with Section 312 AktG (German Stock Corporation Act). In its audit report, the auditor has provided the following statement:

"After due examination and assessment, 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

The Executive Board and the Supervisory Board of OVB Holding AG have issued the statement required under Section 161 AktG (German Stock Corporation Act) for 2012 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

The financial statements constitute an annual financial report within the meaning of the German Transparency Directive Implementation Act ("Transparenzrichtlinie-Umsetzungsgesetz") of 22 December 2011 (Section 37v WpHG – German Securities Trading Act).

Responsibility statement

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, 28 February 2013

Michael Rentmeister | Oskar Heitz | Mario Freis

Auditor's report

We have audited the consolidated financial statements prepared by OVB Holding AG, Cologne, comprising the statement of financial position, the income statement and the statement of comprehensive income, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from 1 January to 31 December 2012. The preparation of the consolidated financial statements and the group management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch": German Commercial Code) is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company´s Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit the consolidated financial statements comply with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Düsseldorf, 4 March 2013

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,

looking back on a good financial year 2012, the Supervisory Board gives a report in the following paragraphs on the focus of its supervisory and advisory activities. These referred particularly to the Group's economic situation and financial position as well as the implementation of the adopted strategy "system distribution 2016" with which OVB Holding AG and its subsidiaries pursue the continued expansion of their market position in Europe.

Counselling and supervising the Company's management
The Supervisory Board supervised the Executive Board's activities continuously in financial year 2012 and gave regular advice to the Executive Board on the Company's management.

The Supervisory Board always convinced itself of the compliance of Executive Board activity. The Executive Board attended to its duties of providing information to the Supervisory Board about all developments, events and measures of relevance to the Company, giving written and oral reports regularly, comprehensively and in good time. The reports also contained information on deviations of the course of business from corporate planning. The members of the Supervisory Board always had sufficient opportunity for debate of the reports furnished by the Executive Board both in full session and in the committees, discussion of the proposed resolutions and input of its own suggestions to the consultations. Particularly all business transactions of relevance to the Company were discussed intensively based on the Executive Board's written or oral reports and reviewed for their economic implications as well as other consequences for the Company's development. The Supervisory Board's expectation of a clear and differentiated presentation of the opportunities and risks of strategic steps were adequately accommodated in each case. Where the approval of the Supervisory Board to individual business transactions was required by law or the Articles of Association, the Supervisory Board gave its approval following thorough examination and discussion in full session.

There were five Supervisory Board meetings altogether in financial year 2012, each attended by all members of the Supervisory Board, with one exception. Accordingly no member of the Supervisory Board attended less than half of the meetings. Outside these meetings, two resolutions were passed in writing by way of the circulation procedure. The Chairman of the Supervisory Board and the Chairman of the Audit Committee maintained close and regular exchange of information with the Executive Board outside the framework of the bodies' meetings and informed themselves about material developments. The Chairmen reported on significant events in the following respective Supervisory Board or committee meeting at the latest.

No own conflicts of interest were either identified or announced by any of the members of Executive Board or Supervisory Board. There were no indications of conflicts of interest of Executive Board or Supervisory Board members subject to immediate disclosure to the Supervisory Board and information of the General Meeting of shareholders.

Committee activities
The Supervisory Board has established two standing committees for the support of its own work: the Audit Committee and the Nomination and Remuneration Committee.

The Supervisory Board is informed in full session about the topics and the outcome of the committee meetings in good time, in the next Supervisory Board meeting at the latest. The respective committee members are presented in a separate overview in this Annual Report.

Audit Committee
The four members of the Audit Committee support the Supervisory Board in attending to its supervisory function and in retaining the auditor. The Audit Committee held four regular meetings in the year 2012, each attended by all committee members. Three additional conference calls were conducted. Two meetings were also attended by the auditor for the auditor's reporting. For selected topics, several executives of the respective divisions were consulted as well.

The Audit Committee especially concerned itself with the separate and consolidated financial statements 2012, monitoring of the accounting process and the effectiveness of the internal control system. Recurring subjects were also the risk management system and its advancement and internal auditing. The Audit Committee also discussed the half-year and quarterly financial reports in detail prior to their publication.

Prior to the Supervisory Board's accounts review on 23 March 2012 and in preparation of the decisions to be made in full session, the Audit Committee focused on the separate and the consolidated financial statements of OVB Holding AG, the management reports, the audit reports prepared by the auditor and the Executive Board's proposal for the appropriation of retained earnings. The auditor's certified accountants gave a detailed report on the findings of the audits they had conducted and were available to the committee members for further questions.

The Audit Committee also prepared the Supervisory Board's proposal for the election of PricewaterhouseCoopers AG, Wirtschaftsprüfungsgesellschaft, Düsseldorf, as auditor for financial year 2012 to the shareholders prior to the Annual General Meeting. The Audit Committee had first obtained the required declaration of auditor independence and convinced itself of the qualification of the proposed auditor.

That declaration made to the Audit Committee made clear that there were no grounds for concern about the auditor's impartiality. After the election by the General Meeting of shareholders in June 2012, the auditor was commissioned with the audit of the separate and consolidated financial statements 2012 as well as the review of the interim financial statements by the Chairman of the Executive Board; a corresponding agreement was signed.

One of the subjects of debate in the Audit Committee's meeting on 23 March 2012 was the annual report of the internal auditing division. In its meeting of 4 September 2012, the committee concerned itself extensively with the findings of the internal audit for the first half-year 2012 conducted by Group Auditing. The new personnel organisation of Group Auditing was introduced to the committee members as well. The committee looked into the audit schedule, quality control as applied by Group Auditing and the findings of the conducted audits and convinced itself on that basis of the lawfulness of the Company's management. Furthermore, the Audit Committee determined the procedure and the focal points of the 2012 audit after discussion with the auditor appointed by the General Meeting of shareholders.

In its meeting held on 4 December 2012, the Audit Committee dealt extensively with the Group's compliance activities and their advancement on the basis of the furnished compliance report.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee, made up of two members, suggests suitable candidates to the Supervisory Board for its election proposals to the Annual General Meeting or for the appointment of Supervisory Board members by court order. The committee also makes suggestions for appointment to the Executive Board and recommendations on the structure and amounts of Executive Board remuneration in preparation of the decisions made in full session. The committee held two meetings in the year under review. Both members saw to a close and regular exchange of views outside the framework of sessions as well.

The committee is also responsible for monitoring the development of the remuneration parameters of the variable Executive Board remuneration. Moreover, it prepares the Supervisory Board's decisions on the adjustment of the parameters of variable Executive Board remuneration and the determination of the Executive Board members' remuneration. Details of the remuneration system are presented in the remuneration report. The committee's activities in the year under review focused on the examination of the structure of variable Executive Board remuneration and the options for an advancement of the Executive Board remuneration system in line with the Group's strategic development. Substantial topics of debate were also issues relating to Executive Board personnel which were subsequently dealt with in full session as well.

Discussions in full session

Based on the Executive Board's reporting, the Supervisory Board regularly discussed the sales and earnings performances of the Group and its segments as well as the developments with respect to financial advisors and employees in full session. The Board also dealt with the financial position, medium-term corporate planning, the implementation of the Europe-wide strategy and the development of the operating subsidiaries in several sessions. Another subject of debate was the advancement of corporate governance. The accounts review on 23 March 2012 focused on the separate and consolidated financial statements as of 31 December 2011 and the Executive Board's proposal for the appropriation of retained earnings. The report of the Executive Board on relationships with affiliates was also among the topics discussed, subject of detailed information provided in the Annual Report on the previous financial year. The Supervisory Board also adopted the agenda for the Company's Annual General Meeting on 5 June 2012 along with the proposed resolutions.

Emphasis of the debates in the meeting held right before the Annual General Meeting of 5 June 2012 was placed on the report on the Group's situation and the presentation of the concept for the Group's strategic development prepared by the Executive Board. Based on detailed analysis of the Company and the economic environment carried out by the Executive Board, a Group-wide bundle of measures, "system distribution 2016", was introduced. In this meeting the Executive Board elaborated on the substance of the conception. It comprises altogether ten key measures, among them Group-wide optimisation of processes, strengthening the Group-wide management function of OVB Holding AG in reorganising Executive Board responsibilities and the further expansion of stable long-term premium partnerships with product providers. The Supervisory Board acknowledged the strategic concept after thorough discussion.

In the Supervisory Board meeting held on 4 September 2012, the Executive Board reported extensively on the Group's current situation again. The expansion of the product portfolio in individual countries was discussed as well.

The Executive Board also reported on the Group's current situation in the meeting of 4 December 2012. Corporate planning for 2013 as presented by the Executive Board and the multi-year planning derived from that were discussed in detail.

Efficiency review of the Supervisory Board

Among the topics of the meetings held in September and December 2012 was the regular efficiency review of the Supervisory Board's work.

The Supervisory discussed the results of the questionnaire filled out by all Supervisory Board members in detail. The corporate body agreed on its high efficiency and performance. However, several suggestions were made towards a further increase in supervisory efficiency, scheduled for continuous implementation.

Corporate governance and declaration of conformity

The implementation of the recommendations of the German Corporate Governance Code by OVB and the general development of the standards of corporate government are constantly monitored by the Supervisory Board. The Executive Board reports, also on behalf of the Supervisory Board, on corporate governance practised at OVB in accordance with No. 3.10 of the German Corporate Governance Code. This report is released on the Company's website and in the Annual Report together with the statement on corporate governance.

After full-session discussion, as of 22 March 2013 the Supervisory Board and the Executive Board jointly released the statement of conformity with the recommendations of the German Corporate Governance Code in its version of 15 May 2012, according to Section 161 (1) AktG, which has been made permanently available to the shareholders on the Company's website.

Audit of separate and consolidated financial statements 2012

PricewaterhouseCoopers AG, Wirtschaftsprüfungsgesellschaft, Düsseldorf, has audited the separate financial statements as of 31 December 2012, prepared by the Executive Board in accordance with the provisions of the German Commercial Code (HGB), and the management report of OVB Holding AG for the financial year 2012. The auditor issued an unqualified audit opinion. The consolidated financial statements of OVB Holding AG as of 31 December 2012 and the consolidated management report for the financial year 2012 were prepared in accordance with the International Financial Reporting Standards IFRS as applicable in the European Union, pursuant to Section 315a HGB. The auditor issued an unqualified audit opinion for consolidated financial statements and consolidated management report as well. The auditor also ascertained that the Executive Board has implemented an early warning system for risks in an appropriate way which is oriented in conception and handling towards the early identification of developments that might jeopardise the Company's continued existence.

The financial statements and management reports as well as the audit reports were discussed in detail in the respective meetings of the Audit Committee and the Supervisory Board on 22 March 2013 which were attended by the auditor as well. The auditor gave a report on the key findings of the audit, also provided information on the findings with respect to the internal control and risk management system relating to the accounting process and was available to the Committee members for further information and queries from the members. The Audit Committee informed the Supervisory Board in its subsequent full-session meeting about the committee's preliminary review of the separate financial statements and consolidated financial statements. After its own review and in-depth discussion of the separate financial statements, consolidated financial statements, management report and consolidated management report, the Supervisory Board agreed with the auditor's findings, thus following the recommendation of the Audit Committee, and adopted the separate financial statements and approved the consolidated financial statements. Moreover, the Supervisory Board also assented to the Executive Board's proposal for the appropriation of retained earnings for financial year 2012 after conducting 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. In its audit report, the auditor has provided the following statement:

"After due examination and assessment, 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 has 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. After concluding its own review, the Supervisory Board states that there were no objections to the Executive Board's concluding statement of its report on relationships with affiliated companies.

Personnel changes to Supervisory Board and Executive Board

Upon conclusion of the Annual General Meeting of 5 June 2012, Deputy Chairwoman of the Supervisory Board Marlies Hirschberg-Tafel retired from the Supervisory Board after her appointment by court order had expired at that time. On the initiative of shareholder IDUNA Vereinigte Lebensversicherung aG für Handwerk, Handel und Gewerbe, the Annual General Meeting of 5 June 2012 elected the former Chairman of the Executive Board Wilfried Kempchen new member of the Supervisory Board in accordance with Section 100 (2) sentence 1 no. 4 AktG (German Stock Corporation Act). In the next Supervisory Board Meeting held that same day, Christian Graf von Bassewitz was elected Deputy Chairman of the Supervisory Board. The Supervisory Board expressed its thanks to Mrs Hirschberg-Tafel for the good teamwork of many years.

The Supervisory Board thanks the Executive Board, the management teams and executives of the holdings and all financial advisors and employees of the OVB Group for their great commitment and their performances in the past financial year.

Cologne, 22 March 2013

On behalf of the Supervisory Board

Michael Johnigk
Chairman

Corporate Governance Report

Good corporate governance is of great significance to OVB. It strengthens the confidence of investors, financial markets, business partners, financial advisors, employees and the general public in the Company's management and supervision and represents an essential cornerstone of sustained business success. Executive Board and Supervisory Board feel committed to safeguard the Company's existence and a sustained increase in shareholder value through responsible corporate management with a long-term horizon.

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 includes the statement on corporate governance pursuant to Section 289a HGB (German Commercial Code) as well as the remuneration report

Statement on corporate governance

Working methods of Executive Board and Supervisory Board

In accordance with the statutory provisions for a German stock corporation, OVB Holding AG has a dual board system consisting of Executive Board and Supervisory Board. The third corporate body is the General Meeting of shareholders. Executive Board and Supervisory Board cooperate closely for the benefit of the Company and maintain an intensive and open dialogue on a regular basis.

Direction and management – the Executive Board

The Executive Board of OVB Holding directs the Company and the Group managed by the Company on its own authority. The Board assumes its management tasks, including particularly corporate planning, the Group's strategic orientation and its control and supervision as well as the Group's financing as a corporate body whose members jointly assume the responsibility for corporate management. They work together as colleagues and inform one another constantly about the measures and transactions of relevance in their respective areas of responsibility. Overall responsibility of all Executive Board members notwithstanding, its individual members manage the responsibilities assigned to them within the scope of Executive Board resolutions on their own authority.

The Executive Board's work is defined in detail by the rules of procedure adopted by the Supervisory Board which also determines the topics that are subject to the Executive Board's decision in full session and other formalities for the Executive Board's resolutions. The specific scope and content of the areas of responsibility assigned to the members of the Executive Board derives from a distribution-of-business plan which is part of the rules of procedure.

The Executive Board regularly consults the Supervisory Board on the Company's strategic orientation, sees to the strategy's implementation and discusses its status quo at regular intervals with the Supervisory Board. The Executive Board reports to the Supervisory Board on all aspects of relevance to the Company relating to business development, assets and liabilities, financial position and profit/loss, planning and the achievement of goals, risk position and risk management regularly, timely and comprehensively. Deviations of the course of business from the scheduled plans and targets are discussed and explained. The Executive Board's regular and in-depth reports in the meetings of the Supervisory Board and the Audit Committee also include the subject of compliance, i.e. measures for the observance of statutory provisions and corporate guidance.

Certain Executive Board decisions of special importance require the approval of the Supervisory Board. Those cases are defined in the Executive Board's rules of procedure and relate to e.g. the acquisition of non-current assets exceeding a certain amount. The formation, acquisition, liquidation and disposal of investments require approval as well.

Executive Board resolutions are adopted in meetings held regularly – at least once a month – and chaired generally by the Chairman of the Executive Board. Furthermore, any member may call for the convening of a meeting. Insofar as not required otherwise by law, the Executive Board decides by simple majority. In case of a tie of votes, the Chairman has the casting vote.

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

Michael Rentmeister
(born 1965, on the Board since 2012,
appointed until 31 December 2016)
CEO, OVB Holding AG and OVB Vermögensberatung AG

Oskar Heitz
(born 1953, on the Board since 2001,
appointed until 31 December 2015)
CFO and COO, OVB Holding AG and OVB Vermögensberatung AG

Mario Freis
(born 1975, on the Board since 2010,
appointed until 31 December 2015)
CSO, OVB Holding AG

Supervising and advising company management – the Supervisory Board

The Supervisory Board supervises and advises the Executive Board, appoints its members and is involved in all decisions of essential relevance to the Company. The Supervisory Board also coordinates the Company's strategic orientation 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 its meetings. Maintaining constant exchange with the Executive Board, the Supervisory Board is always informed about the business policy, corporate planning and strategy. The Supervisory Board also 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. Within the framework of its report to the Annual General Meeting, the Supervisory Board informs the shareholders about its work.

According to Section 10 (1) of the Articles of Association, the Supervisory Board consists of six members all of whom are elected by the Annual General Meeting.

The terms of members of the Supervisory Board elected by the Annual General Meeting 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 the Supervisory Board for financial year 2012. The Supervisory Board has established two standing committees to support a focused discussion of topics and the body's efficient performance of its tasks, providing assistance to the work in full session: the Audit Committee and the Nomination and Remuneration Committee. Within their respective scope of responsibility, the committees prepare the resolutions of the Supervisory Board as well as the topics to be dealt with in full session. In each following Supervisory Board meeting a report is given on the committees' work. Completing the rules of procedure of the Supervisory Board, there are separate rules of procedure for the Audit Committee and the Nomination and Remuneration Committee.

Audit Committee

In preparing resolutions for the Supervisory Board, the four committee members particularly address the diligent examination of the separate and consolidated financial statements as well as the management report and the consolidated management report. The Audit Committee also concerns itself with issues of financial accounting, risk management and compliance and it examines the required independence of the auditor before the audit assignment is commissioned. The committee determines the focal points of the audit together with the auditor and decides on 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 publication.

Nomination and Remuneration Committee

The members of this committee, consisting of the Chairman of the Supervisory Board and one other member, prepare the body of work for the Supervisory Board's full-session consideration and suggest suitable candidates to the Supervisory Board for its election proposals to the Annual General Meeting. It also concerns itself with the composition of the Executive Board and its succession planning as well as with issues relating to the remuneration of Executive Board members.

Working methods of Supervisory Board in full session and of its committees

The Supervisory Board fulfils its supervisory and advisory function with high diligence. Even outside of the framework of meetings, the Chairmen of the Supervisory Board and the Audit Committee maintain a regular exchange of information with the Executive Board. They report on significant events in the following Supervisory Board or committee meeting at the latest.

The Supervisory Board regularly reviews its own efficiency. This is generally done by way of self-inspection by analysing the answers given by Supervisory Board members on a questionnaire. Topics of this year's efficiency review were in particular an assessment of the information base of the Supervisory Board, the course of meetings and the organisation of the Supervisory Board. The analysis and the following discussion in the Supervisory Board meeting result in suggestions for the further improvement of its work, to be implemented in full session by the Supervisory Board and by the committees if applicable.

Each Supervisory Board member discloses conflicts of interest resulting from his involvement to the Supervisory Board without delay. The Supervisory Board informs about any conflicts of interest and how they have been dealt with in its report to the Annual General Meeting of shareholders.

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

Michael Johnigk
born 1953, on the Board since 2001, elected until 2013)
Chairman of the Supervisory Board

Member of the Executive Boards of Deutscher Ring Krankenversicherungsverein a.G., Hamburg; SIGNAL Krankenversicherung a.G., Dortmund; IDUNA Vereinigte Lebensversicherung a.G. für Handwerk, Handel und Gewerbe, Hamburg; SIGNAL Unfallversicherung a.G., Dortmund; SIGNAL IDUNA Allgemeine Versicherung AG, Dortmund; SIGNAL IDUNA Holding AG, Dortmund

Christian Graf von Bassewitz
(born 1940, on the Board since 2006, elected until 2013)
Deputy Chairman of the Supervisory Board

Retired banker, former General Partner of Bankhaus Lampe KG

Dr Frank Grund
(born 1958, on the Board since 2010, elected until 2013)
Chairman of the Executive Boards of Basler Versicherungen (Basler Securitas Versicherungs-AG, Bad Homburg; Basler Lebensversicherungs-AG, Hamburg; Deutscher Ring Sachversicherungs-AG, Hamburg) – until 31 December 2012 respectively

Jan De Meulder
(born 1955, on the Board since 2010, elected until 2013)
Chairman of the Executive Boards of Basler Versicherungen (Basler Securitas Versicherungs-AG, Bad Homburg; Basler Lebensversicherungs-AG, Hamburg; Deutscher Ring Sachversicherungs-AG, Hamburg), Managing Director of Basler Leben AG Direktion für Deutschland, Bad Homburg; Managing Director of Basler Versicherung AG Direktion für Deutschland, Bad Homburg; Head of International, Corporate Executive Committee, Baloise Group, Basel, Switzerland

Wilfried Kempchen
(born 1944, on the Board since 2012, elected until 2013)
Retired businessman, former Chairman of the Executive Board of OVB Holding AG

Winfried Spies
(born 1953, on the Board since 2010, elected until 2013)
Chairman of the Executive Boards of 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 financial year 2012 as well as their memberships in comparable corporate bodies can be found in this Annual Report beginning on page 105.

Objectives for the composition of the Supervisory Board

The decision of the Supervisory Board on election proposals to be made to the Annual General Meeting of shareholders shall be oriented solely towards the Company's best interest. The deciding criteria are the respective candidates' individual expert knowledge and professional experience. This also applies to the independent financial expert within the meaning of Section 100 (5) AktG (German Stock Corporation Act). For the benefit of the Company, the Supervisory Board is particularly dependent on its members' specific knowledge and experience relating to the Company's business activity, the distributed products and the markets in which the group companies operate. The Supervisory Board members' in-depth knowledge of the peculiarities of the insurance industry as well as of the market and the competition enable the Supervisory Board to assume its statutory task of supervision efficiently and to be available to the Executive Board as a competent contact and advisor for the Company's strategic orientation and for issues of its future development. This objective with respect to the Supervisory Board's fulfilment of its tasks forbids the definition of fixed targets for its composition to be reached at a certain point in time.

Declaration of conformity

Section 161 AktG (German Stock Corporation Act) requires the executive board and the supervisory board of listed German stock corporations to declare at least once a year to what extent the German Corporate Governance Code was and is complied with and which of the Code's recommendations were or are deviated from, and for what reason.

As of 23 March 2012, Executive Board and Supervisory Board of OVB Holding AG have released the following declaration of conformity pursuant to Section 161 (1) sentence 1 AktG with respect to the recommendations of the Government Commission on the German Corporate Governance Code in its version of 26 May 2010, released by the Federal Ministry of Justice in the Federal Gazette of 2 July 2010, as follows:

» Declaration of conformity

Section 161 AktG (German Stock Corporation Act) requires the executive board and the supervisory board of German listed stock corporations to state annually to what extent the German Corporate Governance Code was, and is, complied with and which of the Code's recommendations were, or are, deviated from, and for what reason.

In their respective sessions held on 20 and 23 March 2012, Executive Board and Supervisory Board of OVB Holding AG adopted the following declaration in accordance with Section 161 AktG:

Executive Board and Supervisory Board of OVB Holding AG declare that the recommendations of the Government Commission on the German Corporate Governance Code in the currently effective version of 26 May 2010, released by the Federal Ministry of Justice on 2 July 2010, have been complied with since the issue of the last declaration of conformity on 25 March 2011, and will be complied with in the future, subject to the following deviations:

Recommendations:
Directors & Officers (D&O) liability insurance (No. 3.8 GCGC)
OVB Holding AG has so far not provided for a deductible in the D&O liability 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 with respect to the Supervisory Board members' fulfilment of their duties.

Tasks and responsibilities of the Executive Board (No. 4.1.5 GCGC)
The Executive Board of OVB Holding AG pursues the goal of promoting women and aims at having more women assume executive positions. 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 not a deciding criterion for filling executive positions. For the benefit of the Company, the right choice much rather depends on management and leadership qualities, expert knowledge in response to the respective executive areas and responsibilities and professional experience. 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 guided 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 gender in this context.

Definition of specific goals for the composition of the Supervisory Board (No. 5.4.1 (2) and (3) GCGC)
In the composition of the Supervisory Board, the aspect of diversity is generally taken into account.

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 gender. Fixed targets to be reached at a specific point in time have not been determined, however, 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)
Supervisory Board members shall be supported adequately by the Company in taking measures for training and further education required for fulfilling their tasks. The Company generally supports the members of the Supervisory Board in taking necessary measures for training and further education yet has not adopted any formal procedures or guidance. Therefore 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 compensated by the remuneration provided for.

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 event.

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 Code. However, the minutes, the presentation and the written version of the speech delivered by the Chairman of the Executive Board are 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, the Supervisory Board has not delegated any other subjects to be dealt with by one or more other committees. Due to the Supervisory Board's size, the Board does not consider the formation of other committees necessary but rather 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, 23 March 2012

On behalf of the Executive Board

Michael Rentmeister
Oskar Heitz
Mario Freis

On behalf of the Supervisory Board

Michael Johnigk

Detailed information on this subject is also available on our website. All previously released declarations of conformity are permanently available on the website.

Essential corporate governance practices

Compliance as an essential management task of the Executive Board

Compliance as a body of measures for adherence to the law and to corporate guidelines as well as their observance by the group companies is an essential task for management and supervision at OVB. Compliance principles were implemented already in financial year 2008. Moreover, a compliance management system was introduced, subject to continuous advancement and ongoing review with respect to changing legal requirements.

The paramount goal of the OVB compliance strategy is to prevent or minimize risks from non-adherence to applicable law, internal standards and processes by taking preventive measures. In the best interest of OVB as well as its clients, shareholders and employees, Compliance supports and advises the Executive Board in its task of seeing to the adherence to statutory provisions and corporate guidelines and creating consistent standards for all group companies. With the help of the compliance management system, the continuous development of OVB's internal standards of conduct and the implementation of internal and external requirements are managed and controlled. The entire OVB management has made it their job to bring compliance to life and to be role models in terms of compliance.

The Chief Compliance Manager (CCM) is entrusted by the Executive Board with the management, monitoring and development of the organisation of compliance. He directly reports to the CEO who is responsible for compliance. The management teams of the subsidiaries are responsible for compliance with the respective national regulations and provisions, supported by their compliance officers. Apart from the implementation and observation of all Group-internal compliance guidelines, the subsidiaries are responsible for reporting, the processing of compliance-relevant incidents, the continuous analysis of workflows with respect to potential compliance risks and the regular training and counselling of the employees.

Based on regular reports given by the Chief Compliance Manager, the Executive Board, the Supervisory Board's Audit Committee and the Supervisory Board in full session are informed about recent developments in this field. The compliance department is also available to all employees and third parties in all issues of compliance for communication and giving advice. This holds true for any information (also anonymous information) relating to criminal acts or breaches of compliance regulations as well.

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 concerned themselves thoroughly with conformity with the provisions of the German Corporate Governance Code (GCGC) once again in the year under review. Following intense discussion, as of 22 March 2013 Executive Board and Supervisory Board released the declaration of conformity pursuant to Section 161 (1) AktG (German Stock Corporation Act), reproduced in its entirety on the Company's website at www.ovb.ag > Investor Relations > Corporate Governance > Declarations of Conformity, presenting and explaining the respective deviations from the recommendations and suggestions of the Code.

OVB Holding AG has also developed voluntary corporate governance principles that are routinely reviewed and adjusted accordingly. They are also available on the website of OVB Holding AG (www.ovb.ag > Investor Relations > Corporate Governance).

Directors' Dealings

In order to guarantee that potential insider information is handled in compliance with the law, OVB Holding AG keeps an insider directory, including all persons whose access to information that might have the quality of insider information is indispensable. In addition to that, directors' dealings are recorded and announcements of reportable transactions of this kind are released without delay on the Internet at www.ovb.ag > Investor Relations > Corporate Governance.

Share ownership

As of the reporting date 31 December 2012, 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 GCGC is therefore not necessary.

Corporate Governance der OVB Holding AG im Internet

www.ovb.ag > Investor Relations > Corporate Governance

- Directors´ dealings
- Corporate governance principles
- Statements on corporate governance and corporate governance reports
- Declarations of conformity
- Executive Board and Supervisory Board of OVB Holding AG
- Articles of Association of OVB Holding AG
- Information on the committees

Remuneration report*

The following remuneration report is part of the management report.

Executive Board remuneration

The determination of the individual remuneration of the Executive Board is exclusively the responsibility of the Supervisory Board, following preparatory work performed by its Nomination and Remuneration Committee.

Criteria for the appropriateness of remuneration paid to the Executive Board members are the individual member's respective responsibilities and functions as well as personal performance, the Company's economic situation, success and prospects and the remuneration structure of the Company as a whole as well as the customary amount of remuneration paid in the financial services industry. The remuneration of the Executive Board members is composed of non-performance-based and performance-based components.

Fixed remuneration and fringe benefits

The non-performance-based components consist of a fixed annual basic remuneration, paid monthly in fixed rates. The members of the Executive Board are also granted fringe benefits as remuneration in kind; these are essentially the usage of company cars and insurance premiums. As part of the remuneration these fringe benefits are subject to each Executive Board member's income tax. They are generally granted to all members of the Executive Board equally; the amounts paid depend on the personal situation.

Management bonus

The performance-based component consists of an aggregate bonus of which more than half is determined on the basis of long-term bonus criteria; the lesser portion 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-specific targets, especially profitability components, are rated at up to 80 per cent and individual targets at up to 30 per cent. If the targets are fully met, the short-term bonus components of the contractually agreed maximum target bonus are paid at first. If the targets are partly met, the bonus is determined on a pro-rata basis and does not apply at all if the lowest target is not met. With respect to the long-term bonus components, 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, these components are paid out after completion of the two-year period.

Payment commitments to Executive Board members upon premature termination of Executive Board contracts in case of a change of control, so-called change-of-control clauses, are not included in the contracts of employment. The contracts 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 for the past financial year and, if applicable, the probable total remuneration for the current financial year would be taken into account.

There are no pension or benefit commitments or payments of retirement annuities in favour of or to currently acting Executive Board members by OVB Holding AG. In the event of death, the remuneration continues to be paid to the surviving dependents for a period of six months. The pension obligations to a former member of management amount to EUR 505 thousand as of the reporting date 31 December 2012 (EUR 476 thousand in the year 2011).

The Executive Board's total remuneration in 2012 was approx. Euro 1.8 million. The total remuneration paid to Executive Board members 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:

** Part of the management report*

in EUR'000	Fixed remuneration components		Variable remuneration components: Short-term		Variable remuneration components: Long-term		Fringe benefits		Total remuneration	
Executive Board	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
Michael Rentmeister	0	511	0	0	0	350	0	33	0	894
Oskar Heitz	300	321	74	64	64	65	27	27	465	477
Mario Freis	249	236	53	44	48	48	11	10	361	338
Wilfried Kempchen*	473	0	143	0	107	48	60	0	783	48
Total	**1,022**	**1,068**	**270**	**108**	**219**	**511**	**98**	**70**	**1,609**	**1,757**

* Former member of the Executive Board

In addition to that, in 2011 the amount of EUR 700 thousand was paid to Mr Kempchen upon the termination of employment.

The D&O liability insurance policy taken out for the members of the Executive Board 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 2 times and the Deputy Chairman receives 1.5 times that amount.

- a variable 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 are also reimbursed for out-of-pocket expenses incurred in connection with their work. No additional remuneration is paid for committee memberships. Based on the consolidated net income for the year of Euro 8.1 million, total remuneration (including reimbursements) paid to Supervisory Board members in the past financial year was roughly Euro 76.7 thousand. Based on a consolidated net income of OVB Holding AG in the amount of Euro 4.2 million, the previous year's Supervisory Board remuneration had come to roughly Euro 55 thousand (including reimbursements). 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 EUR'000	Fixed remuneration		Variable remuneration		Total	
Supervisory Board	2011	2012	2011	2012	2011	2012
Michael Johnigk, Chairman	10.0	10.0	3.3	6.5	13.3	16.6
Marlies Hirschberg-Tafel, Deputy Chairwoman (until 5 June 2012)	2.5	3.2	1.1	2.8	3.6	6.0
Christian Graf von Bassewitz (Deputy Chairman since 5 June 2012)	5.0	6.4	3.3	6.5	8.3	13.0
Dr Frank Grund	5.0	5.0	3.3	6.5	8.3	11.5
Jan De Meulder	5.0	5.0	3.3	6.5	8.3	11.5
Winfried Spies	5.0	5.0	3.3	6.5	8.3	11.5
Wilfried Kempchen	0	2.9	0	3.7	0	6.6
Total	**35.6**	**37.5**	**19.1**	**39.0**	**54.7**	**76.7**

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
Michael Rentmeister Chairman of the Executive Board; CEO Responsible for Strategy, General Corporate Policies, Auditing, Marketing/Communication, Compliance	- 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 Member of the Executive Board; CFO and COO Responsible for Finance, Risk Management, IT, Processing, Tax, HR, Law, Data Protection	
Mario Freis Member of the Executive Board; CSO Responsible for International Sales, European Product Management	- Member of the Supervisory Board of OVB Allfinanz Slovensko a.s., Bratislava, Slovakia

Supervisory Board	Memberships of Supervisory Boards and comparable supervisory bodies
Michael Johnigk Chairman of the Supervisory Board Member of the Executive Boards 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 21 May 2012)	- Chairman of the Supervisory Board of OVB Vermögensberatung AG, Cologne; - Chairman of the Supervisory Board of SIGNAL IDUNA Vertriebspartner-service AG, Dortmund; - Chairman of the Supervisory Board of SDV Servicepartner der Versiche-rungsmakler AG, Augsburg; - Member of the Supervisory Board of BCA AG, Bad Homburg

Supervisory Board	Memberships of Supervisory Boards and comparable supervisory bodies
Christian Graf von Bassewitz Deputy Chairman of the Supervisory Board (since 5 June 2012) Banker, retired; former General Partner of Bankhaus Lampe KG	- 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; - 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 Versicherung AG, Dortmund
Dr Frank Grund Member of the Supervisory Board Chairman of the Executive Boards of Basler Versicherungen, Bad Homburg; Deutscher Ring Lebensversicherungs-AG, Hamburg; Deutscher Ring Sachversicherungs-AG, Hamburg (until 31 December 2012 respectively)	- Chairman of the Supervisory Board of Deutscher Ring Bausparkasse AG, Hamburg (until 31 December 2012); - Member of the Supervisory Board of OVB Vermögensberatung AG, Cologne; - Member of the Supervisory Board of Roland Rechtsschutz-Versicherungs-AG, Cologne; - Member of the Supervisory Board of Atlantic Union S.A., Athens, Greece (until 31 December 2012)
Jan De Meulder Member of the Supervisory Board Chairman of the Executive Board of Basler Versicherungen (Basler Securitas Versicherungs-AG, Bad Homburg; Basler Lebensversicherungs-AG, Hamburg; Deutscher Ring Sachversicherungs-AG, Hamburg), Managing Director of Basler Leben AG Direktion für Deutschland, Bad Homburg; Managing Director of Basler Versicherung AG Direktion für Deutschland, Bad Homburg (since 1 January 2013 respectively); Head of International, Corporate Executive Committee, Baloise Group, Basel, Switzerland	- 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; - Member of the Administrative Board of Mercator Verzekeringen N.V., Antwerp, Belgium; - Member of the Administrative Board of Baloise Life (Liechtenstein) AG, Balzers, Liechtenstein; - Member of the Administrative Board of Nateus N.V., Antwerp, Belgium; - Member of the Administrative Board of Nateus Life N.V., Antwerp, Belgium; - President of the Supervisory Board of Neživotno osiguranje „Basler" a.d.o., Belgrad, Serbia; - Member of the Supervisory Board of Basler Osiguranje Zagreb d.d., Zagreb, Croatia; - Member of the Supervisory Board of OVB Vermögensberatung AG, Cologne (until 23 March 2012)
Wilfried Kempchen Member of the Supervisory Board Businessman, retired; former Chairman of the Executive Board of OVB Holding AG	

Supervisory Board	Memberships of Supervisory Boards and comparable supervisory bodies
Winfried Spies Member of the Supervisory Board Chairman of the Executive Boards of Generali Versicherung AG, Munich; Generali Lebensversicherung AG, Munich; Generali Beteiligungs- und Verwaltungs-AG, Munich	- Chairman of the Supervisory Board of Volksfürsorge AG Vertriebsgesellschaft für Vorsorge- und Finanzprodukte, Hamburg; - Chairman of the Supervisory Board of Europ Assistance Versicherungs-AG, Munich; - Chairman of the Supervisory Board of Pensionskasse der Angestellten der Thuringia Versicherungs-AG, Munich; - Member of the Supervisory Board of Generali Deutschland Schadenmanagement GmbH, Cologne; - Member of the Supervisory Board of OVB Vermögensberatung AG, Cologne; - Member of the Supervisory Board of Generali Deutschland Pensor Pensionsfonds AG, Frankfurt; - Member of the Supervisory Board of Bank1Saar eG, Saarbrücken
Marlies Hirschberg-Tafel Deputy Chairwoman of the Supervisory Board (until 5 June 2012) Member of the Executive Boards 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 21 May 2012)	- Chairwoman of the Supervisory Board of SIGNAL IDUNA Pensionskasse AG, Hamburg; - Chairwoman of the Supervisory Board of ALLWEST Allgemeine Westfälische Sterbekasse, Dortmund; - Chairwoman of the Supervisory Board of Pensionskasse SIGNAL Versicherungen, Dortmund; - Deputy Chairwoman of the Supervisory Board of OVB Vermögensberatung AG, Cologne; - Member of the Supervisory Board of Deutscher Ring Bausparkasse AG, Hamburg; - Member of the Supervisory Board of SDV Servicepartner der Versicherungsmakler AG, Augsburg; - Member of the Supervisory Board of SIAM SIGNAL IDUNA ASSET MANAGEMENT GmbH, Hamburg; - Deputy Chairwoman of the Advisory Board of SIGNAL IDUNA Online GmbH, Hamburg; - Member of the Advisory Board of ROLAND Rechtsschutz-Versicherung AG, Cologne

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

Financial Calendar

26 March 2013	Publication of the annual financial statements for 2012, Annual Report 2012
08 May 2013	Results for the first quarter of 2013
21 June 2013	Annual General Meeting, Cologne
08 August 2013	Results for the second quarter of 2013
07 November 2013	Results for the third quarter of 2013

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Our Annual Report is published in German and English

Key figures for the regions

Central and Eastern Europe

	Unit	2011	2012	Change
Clients (31/12)	Number	1.89 m	2.00 m	+ 5.8 %
Financial advisors (31/12)	Number	3,226	3,307	+ 2.5 %
Total sales commission	Euro million	126.2	121.1	- 4.0 %
Earnings before interest and taxes (EBIT)	Euro million	10.6	11.6	+ 9.4 %
EBIT margin*	%	8.4	9.6	+ 1.2 %-pts.

*Based on total sales commission

Germany

	Unit	2011	2012	Change
Clients (31/12)	Number	656,113	652,059	- 0.6 %
Financial advisors (31/12)	Number	1,319	1,343	+ 1.8 %
Total sales commission	Euro million	72.8	66.8	- 8.2 %
Earnings before interest and taxes (EBIT)	Euro million	6.1	7.0	+ 14.8 %
EBIT margin*	%	8.4	10.5	+ 2.1 %-pts.

*Based on total sales commission

Southern and Western Europe

	Unit	2011	2012	Change
Clients (31/12)	Number	308,298	310,129	+ 0.6 %
Financial advisors (31/12)	Number	363	447	+ 23.1 %
Total sales commission	Euro million	23.1	26.8	+ 16.0 %
Earnings before interest and taxes (EBIT)	Euro million	- 2.4	0.0	– %
EBIT margin*	%	-10.5	0.0	+ 10.5 %-pts.

*Based on total sales commission

Germany
OVB Holding AG
Cologne
www.ovb.ag

OVB Vermögensberatung AG
Cologne
www.ovb.de

Eurenta Holding GmbH
Köln
www.eurenta.de

France
OVB Conseils en patrimoine
France Sàrl
Entzheim
www.ovb.fr

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Athens
www.ovb.gr

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