Annual Report 2013

OVB Allfinanz – simply better

OVB

Contents

Key figures for the OVB Group

Key operating figures

	Unit	2012	2013	Change
Clients (31/12)	Number	3.00 m	3.08 m	+ 2.7 %
Financial advisors (31/12)	Number	5,097	5,082	- 0.3 %
New business	Number	587,140	503,136	- 14.3 %
Total sales commission	Euro million	214.7	204.8	- 4.6 %

Key financial figures

	Unit	2012	2013	Change
Earnings before interest and taxes (EBIT) 1)	Euro million	10.7	10.2	- 4.5 %
EBIT margin 1) 2)	%	5.0	5.0	± 0.0 %-pts.
Consolidated net income 1)	Euro million	8.3	8.0	- 2.9 %

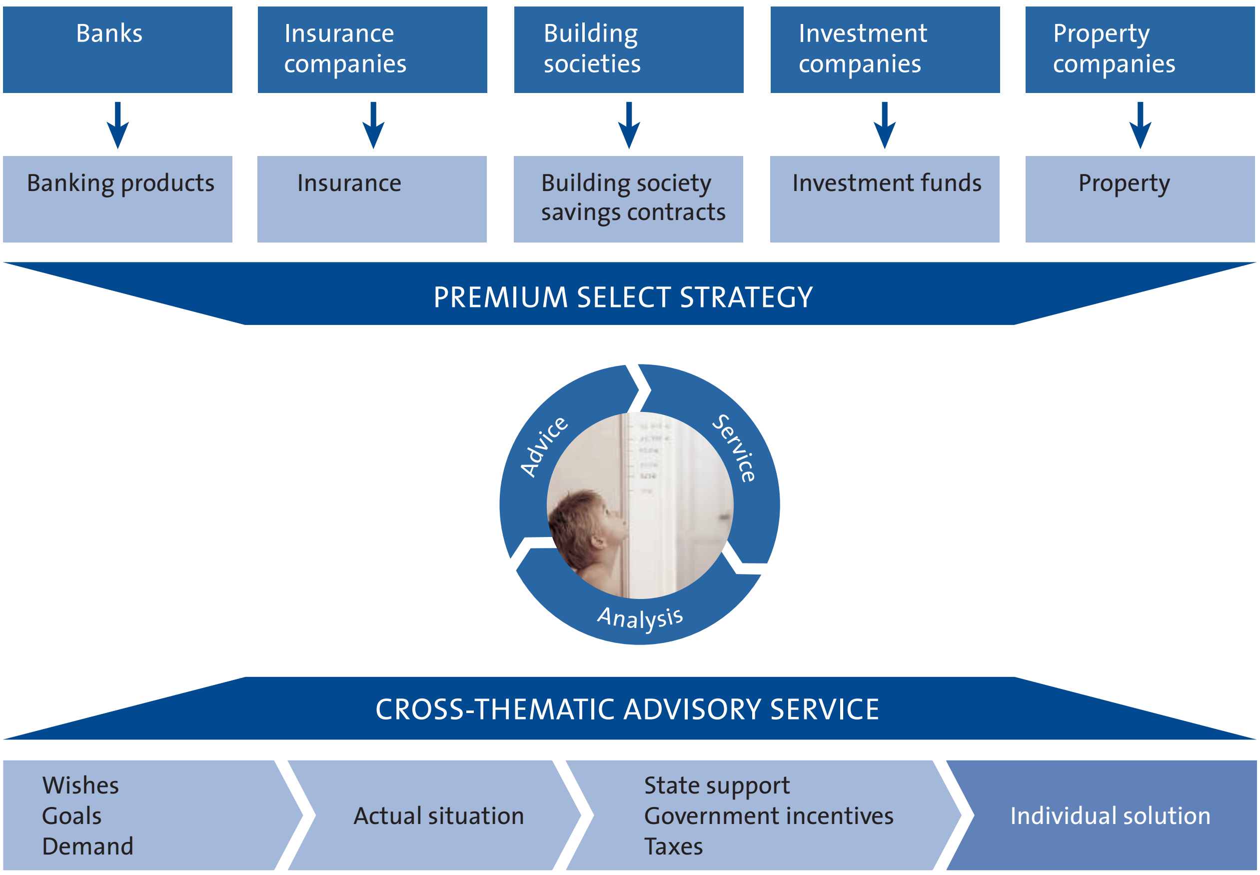
1) Adjustment due to application of IAS 19 revised
2) Based on total sales commission

Key figures for OVB shares

	Unit	2012	2013	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) 1)	Euro	0.58	0.56	- 3.4 %
Dividend per share 2)	Euro	0.55	0.55	± 0.0 %

1) Adjustment due to application of IAS 19 revised
2) 2013 proposed dividend

What exactly is it that OVB does?

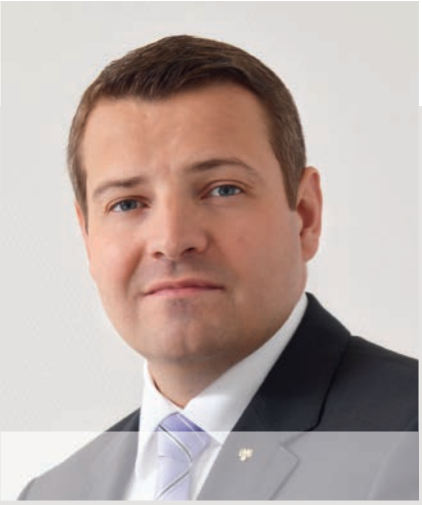


Actually our services are very simple.

We talk to people about their wishes and goals, find out about their current situation in life and work out individual solutions in consideration of state-guaranteed social security and government incentives. In doing this, OVB has been emphasising the protection of the people's financial existence for more than 40 years.

With our premium-select strategy we help our clients make the right choices among the various product types and product providers in response to their individual demands. This cross-thematic approach to our advisory service therefore protects our clients from specific providers' interests where demand-oriented advice might not always come first.

Apart from the necessary expert qualification, OVB's AAS system (**A**nalysis – **A**dvice – **S**ervice) enables our financial advisors to find their path through the jungle of financial services, not that easily penetrable indeed, and thus to find the solution with the perfect fit for each client.



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,

with the following chapter of our Annual Report 2013, “From Our Perspective”, we want to take a stand:

against
- naysayers and false prophets,
- the risk of excessive government regulation,
- prejudices and criticism directed at the business model of financial service distributors,

for
- a common Europe,
- private responsibility and entrepreneurship,
- the OVB allfinanz model based on cross-thematic advice.

2013 was a challenging financial year during which our Company asserted its strong market position well against the backdrop of a negative industry performance. Total sales commission of Euro 204.8 million were slightly below the prior-year level, the operating result of Euro 10.2 million came close to the prior-year amount after the 73 per cent leap of earnings of the year before. The main reason for the fact that OVB did not record slight gains as expected was primarily an unexpectedly significant sales drop in the important market of Czechia, caused by a failed pension reform. In other national markets such as Spain, Italy and Hungary, OVB achieved outstanding successes. The broad international positioning of OVB, unique among the competitors, stabilises our Company’s business performance. Therefore we can propose to the Annual General Meeting on 6 June 2014 to distribute a dividend of Euro 0.55 per share for 2013, unchanged from the previous year.

The demographic change has been and remains the biggest challenge of the European continent as its effects and implications become visible only very slowly. Major problems must be addressed over and over again so that the threat they carry will eventually alert each and every citizen. We know: Only private provision with a long-term horizon may save large parts of the European population from drastically falling living standards in old age. From our perspective it is highly remarkable that in 2013 OVB would achieve its largest business expansion in Spain and Italy, thus in countries where even the last illusions about the capacity of state welfare systems burst over the past years. Without wanting to sound boastful: From our perspective OVB has been assuming an important social responsibility for the people in Europe for 44 years with its entrepreneurial commitment to private provision. We will purposefully continue on this path in the years to come. We cordially invite you to come along

Kind regards

Michael Rentmeister	Oskar Heitz	Mario Freis
CEO	CFO and COO	CSO

From our perspective ...

Private provision

»The commitment of many people to private provision and risk protection is diminishing. Insurance companies and their provision products allegedly fail to deliver what they promise.«

We know

that product providers are currently facing special challenges in view of Europe's policy of low interest rates. Media reports on this topic, incorrect or out of context in part, unfortunately adds to the scepticism among many citizens and makes it harder for the decision-makers to keep track of what is relevant. The fact is, the consolidation process among the product providers will continue, because instead of doing their homework, some providers call for government help and favour solutions that will further jeopardise the people's supply with advisory services by interfering with the advisors' compensation. The consequence is as simple as it is logical: fewer advisors and thus even less private provision.

From our perspective

there is a ticking time bomb that has its cause in Europe's demographic development. As its result, state pension benefits, health and care services will have a noticeably lower level in the future. Therefore there is no alternative to long-term private saving for retirement provision as the only effective means for sufficient provision or against the threat of poverty in old age. The situation is very serious. It is not okay to tire people out with repeated debates about systems and references to the failures of others. We hope we are allowed to focus more strongly on our clients again in the future.

Europe

The idea of a united Europe seems to be losing steam at present. The number of Euro-critical voices is increasing, anti-European and anti-euro parties are gaining popularity.«

We know

from our everyday work the value a strong European Union as a continent without borders, a strong common currency and comparable European general conditions have for us.

From our perspective

it is obvious that the European way must be continued consistently even if some criticism e.g. with respect to overregulation is surely justified. The European Union is beneficial for all member states, their citizens and companies.

Europe must no longer gamble with the trust of its citizens. In demand is not a lofty technocracy but even more intensive, constructive cooperation.

OVB commits itself to Europe and the single currency area.

Regulation

People expect politics to keep a tight rein on the financial services industry.«

We know

that particularly in difficult times drastic measures are often called for. It belongs to the basic principles of a social market economy that free competition may thrive within certain "side rails" the government will set up. Yet we also know that prosperity is based on each person's individual responsibility and on free enterprise. Germany's positive development over the past years gives impressive evidence of what is possible if these factors are at the centre of political decision-making.

From our perspective

politicians must create a framework that ensures the fair and responsible interaction of all people and market participants. "**No** to turbo-capitalism, **yes** to a social market economy." If you share this view, you know that individual responsibility and freedom will remain the foremost basic conditions for sustained prosperity. This applies also, or even particularly, for all issues of private provision and risk protection. In this regard, additional amendments or revisions, whether European or domestic, will provide no additional benefit to the people – quite the contrary.

Financial advisors

There are too many financial advisors in Germany and other European countries.«

We know:

Due to the absolutely necessary provision of the people to be made on their own and the resulting demand for advisory service, there are too few adequately trained financial advisors in Europe. In the 14 countries alone in which OVB operates live more than 400 million people. In order to ensure that these people receive competent, cross-thematic advice as long as they live more trained financial advisors are needed. Therefore any deliberation that prevents the status quo and an expansion of the number of financial advisors are irresponsible.

From our perspective

it is obvious that deficiently regulated or overregulated markets such as Great Britain or Scandinavia are no role models. In these markets it has long become apparent to what extent gaps in the provision of the people open up if regulatory interventions address the competitive coexistence of different compensation models or the compensation amount is governed by government pricing. Good cross-thematic advice must not become an issue of social class and income.

Friends and acquaintances as clients

»*Many financial distributors urge their staff to acquire new business among family, friends and acquaintances.*«

We know:

Only well-advised and well-supported clients are satisfied in the long term and willing to recommend us to others. That this happens is essential for a business model to work out in the long run. For every person – entrepreneur or not – it is a matter of course to talk to others one is close with about important issues or experiences. Surveys show over and over again that particularly when it comes to financial advice people will rely on the council and recommendations of family members, friends and acquaintances.

From our perspective

it goes without saying that we do not neglect the people we are closely related to in view of the high quality and the relevance of our services. Each form of entrepreneurial action has something to do with developing human relationships – in other words, networking. It is therefore important that we accelerate the expansion of our advisor network, a path taken over 40 years ago, so that even more people will benefit from our services.

Recruiting clients as financial advisors

»

Self-employed financial advisors enlarge their operating range by recruiting clients as advisors and participating in their distribution success.«

We know:

Satisfied clients are “ambassadors” of acknowledged good service.
OVB clients appreciate the cross-thematic financial advice, focusing on them individually with their goals and wishes, their experiences and personal preferences. Through the regular attention to their own financial situation, quite many of them discover an interest in financial advice and are – as people from all lines of work who are willing to perform – intrigued by the opportunities of professional development.

From our perspective

3 million satisfied clients in 14 European countries are proof of the quality and sustainability of OVB’s business model. If you know that all OVB advisors throughout Europe are trained from scratch and only get to advise clients on their own if they meet the respective qualification requirements, you will recognise the quality-assuring mechanisms and the sustainability of the business model of OVB. Only the orientation as a company for entrepreneurs ensures in the long run that we can offer sufficient advisory capacity to meet an increasing demand.

People make markets

These people represent the interests of OVB in our 14 subsidiaries and they stand here on behalf or more than 5,000 financial advisors. They see to it that our clients are given highly competent advice and support.

The starting points on our path to becoming the leading system distributor of financial services in Europe are outstanding performances for the benefit of our clients, the optimisation of processes and a best-in-class management.

The OVB teamwork offers them the platform for continuous exchange of experiences, creates synergy and transparency and facilitates the know-how transfer of OVB's best-of approach.

We are proud of this strong team because it represents the interests of our clients, our financial advisors and shareholders – in a trustworthy, growth-oriented and sustainable manner.

“What does it mean for us to be clients of OVB?”

“We are supported by a financial advisor who responds to our individual needs and requests and offers us solutions from first-rate product providers.”

“We receive reasonably priced, comprehensive and competent financial advice based on more than 40 years of experience, together with the security of a listed company.”

“Our OVB advisor is the expert next door who knows our family personally and accompanies us over years with good service as a friend would.”

Share performance and investor relations

OVB share price disconnected from stock market trend – Shareholders receive a dividend of Euro 7.8 million

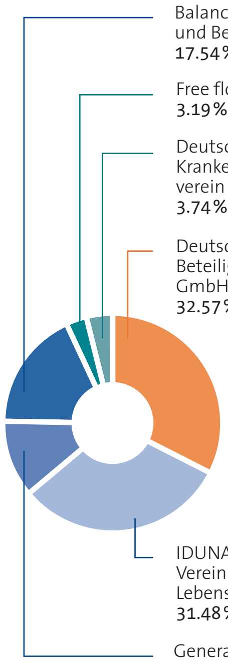
The German stock market showed a very positive performance in the year 2013. The DAX (Xetra closing prices) reached a new all-time high of 9,594 points and closed the year at 9,552 points, equivalent to a performance of more than 25 per cent in the year 2013. The performance of the SDAX exceeded 29 per cent in 2013.

The OVB share did not benefit from the positive stock market environment. At the end of the year the share traded at Euro 20.80; compared to the year-end price of Euro 21.75 in 2012 this corresponds to a share price decline of 4.3 per cent. The share recorded its 52-week high for the year 2013 at Euro 22.00 in early January and its low at Euro 16.01 in early September. In consideration of the dividend yield of about 2.5 per cent, the resulting total performance of the OVB share in the year 2013 comes to -1.8 per cent. The reason for the fact that the performance of the OVB share fell short of the general development in the stock market is the low trading activity on account of the small free float.

The average monthly trading volume of the OVB share was 1,843 shares in the year 2013 as compared to the 6,813 shares traded monthly in the previous year. Approx. 80 per cent of the OVB share's trade was handled through the electronic trading system Xetra.

Close to 97 per cent of the share capital were represented at the Annual General Meeting on 21 June 2013 in Cologne. The shareholders adopted all agenda items with a large majority of the votes. They decided the payment of a dividend raised to Euro 0.55 per share for the 2012 financial year. Furthermore, elections to the Supervisory Board were held: The election proposals prepared by the Nomination and Remuneration Committee were approved respectively by a large majority of the shareholders in attendance.

Shareholder structure of OVB Holding AG
as of 31/12/2013



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 21.75	(02/01/2013)
High	Euro 22.00	(04/01/2013)
Low	Euro 16.01	(10/09/2013)
Last	Euro 20.80	(30/12/2013)
Market capitalisation	Euro 296 million	(30/12/2013)

“What does it mean for me to be a financial advisor with OVB?”

“Being an‘entrepreneur within the Company’ gives me a lot of freedom, yet I am part of a strong team.”

“I work for a financial service provider with a unique corporate culture, a superior international career system and above-average income opportunities.”

“I receive excellent training as a basis of the high quality of financial advice. This encourages me to speak to everyone about my services – including my friends of course.”

Consolidated management report of OVB Holding AG 2013

Basic information on the Group

Business model of the OVB Group

Throughout Europe, OVB stands for the interdisciplinary, competent and comprehensive financial advice principally 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, asset generation, asset and financial risk protection as well as wealth management with competitive products.

OVB is currently active in 14 countries of Europe. 3.1 million clients trust the advisory service and support 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. OVB's 14 national markets are different in terms of structure, development status and size. 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.

Clients and financial advisors

(31/12)	2009	2010	2011	2012	2013
Clients (number in million)	2.77	2.80	2.86	3.00	3.08
Financial advisors (number)	4,664	4,600	4,908	5,097	5,082

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.

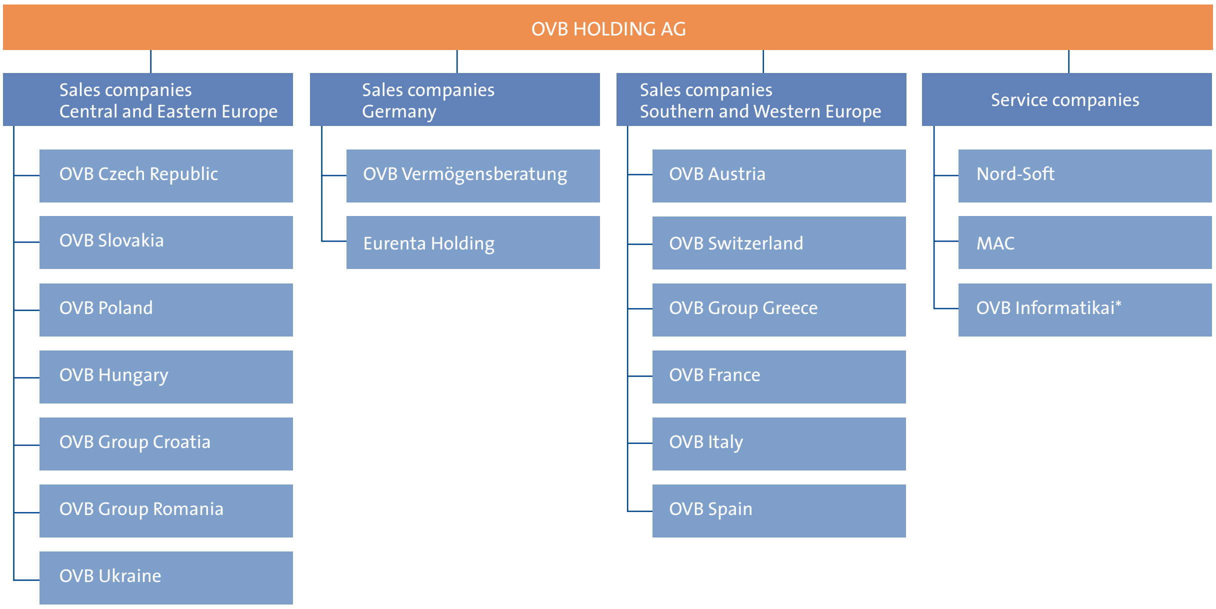
The professional training of the advisors, the analysis of client demands and the corresponding product recommendations are based on the general conditions prevailing in the respective market. The continuous advancement of these issues is given great emphasis for making OVB capable of an early response to future regulatory or qualitative requirements.

Management control system

Group structure
As 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 into regional segments. The independent financial advisors of OVB's operating subsidiaries advise predominantly 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.

The OVB Group



* indirect interest

Management and supervision of the Group

Executive Board
Michael Rentmeister, CEO, is responsible for Strategy, Basic Corporate Policies, Auditing, Marketing/Communication and Compliance. He is also responsible for the Company's strategic orientation in the German market. Oskar Heitz is the Company's CFO and COO; his responsibilities primarily include Finance, Risk Management, IT, Processing, Tax, HR, Legal Affairs and Data Protection. Mario Freis, CSO, is in charge of Sales in OVB's thirteen international markets and manages 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 professional 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”, both part 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 time horizon of five years connects the corporate strategy with specific quantitative targets. Cross-national exchange of know-how in various areas supports the effective and integrated management of the 14 subsidiaries. Committees of OVB Holding AG routinely coordinate marketing and market cultivation activities, 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 monitoring 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, non-monetary indicators such as the number of financial advisors, the number of clients and the new business in the individual product categories also serve as evidence of the success of business operations.

Cost monitoring 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-year 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 aligned with the strategy for the respective national market by applying a combined top-down and bottom-up procedure. Apart from that, particularly the expenses and income budgeted for the Group are subject to a centralised quality assurance process. Budget parameters are contrasted with their respective underlying measures and assumptions and made transparent for each business unit as well as for the Group.

The starting points are the current distribution and financial data as of the end of the third quarter prior to the budget period. In a first step, the basic data available at the start of planning are adjusted for significant events that probably have no more relevance for the planning period. Then the planned measures are incorporated into the basic data in the shape of costs and process.

OVB prepares monthly target/actual deviation analyses and continuously updates the projections of material financial and distribution data for the full year and is thus able to respond immediately to deviations from the budget.

Within the OVB Group medium and long-term financing of business operations is safeguarded for the most part by the available liquidity.

OVB Holding AG as the Group’s parent continuously monitors the 14 subsidiaries demands for liquidity and makes liquid assets available if necessary.

Goals and strategies

OVB aims at a continuous increase in sales at generally increasing profitability for the Group as a whole.

With its broad European positioning, OVB has a unique selling point among its competitors. The early and successful positioning in promising growth markets sets OVB apart from the competition. 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. 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. The factors economic sense and compatibility as well as an adequate opportunity/risk ratio of any potential commitment play the deciding part. At suitable general conditions – above all political stability, legal certainty, market size and market potential – OVB has another option for growth by developing new promising national markets.

Far 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 that can be 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 the 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.

Business report

Macroeconomic and industry-related general conditions

General economic development

OVB generates 70 per cent of total sales commission outside Germany. Against this backdrop it is important to observe the macroeconomic development in Europe for an assessment of the 2013 business performance. Relevant factors are among others economic growth, the development of the labour market and changes in the income of private households.

The international economic development stabilised in the course of the year 2013 at a low level and picked up some speed again during the second half-year. Primarily the industrialised nations contributed to this initial stimulation.

The euro area slowly began to escape the recession by mid-year 2013. Relevant emerging markets such as China and India also accelerated their respective economic growth toward the end of the year. Yet on the whole, the growth rate of the global economic performance is assumed to have gone down from 3.1 per cent in 2012 to 3.0 per cent in 2013, according to an estimate of the International Monetary Fund (IMF) from January 2014. Economic growth of the industrialised nations came to 1.3 per cent, the corresponding value for the developing nations and emerging markets was 4.7 per cent.

In 2013 the OVB Group generated 54 per cent of its total sales commission in the seven national markets of the Central and Eastern Europe segment. The economic growth achieved by this group of countries was generally below that of the year before. In Croatia, the Czech Republic and Ukraine, the economic performance even went down. Poland asserted itself best, supported by the demand of the large domestic economy. In the other countries, growth stimulation came primarily from the exports to the euro area. Adding to that, a less restrictive fiscal policy allowed for a slightly increased growth. On the whole, the general macroeconomic conditions of 2013 were less favourable for OVB's business activities in the countries of this segment – especially in the revenant market of Czechia – than in the previous year.

Key economic data Central and Eastern Europe

	Real GDP Changes in %		Consumer prices Changes in %		Public budget deficits (in % of the GDP)	
	2012	2013e	2012	2013e	2012	2013e
Croatia	- 2.0	- 1.0	3.4	2.2	- 5.0	- 5.8
Czech Republic	- 0.9	- 1.3	3.3	1.4	- 4.4	- 2.9
Hungary	- 1.7	0.7	5.7	1.7	- 1.9	- 2.9
Poland	1.9	1.4	3.7	1.0	- 3.9	- 4.1
Romania	0.7	2.7	3.3	4.0	- 3.0	- 2.8
Slovakia	1.8	0.9	3.6	1.4	- 4.4	- 2.8
Ukraine	0.2	- 1.0	0.6	- 0.2	- 5.5	- 4.0

e (estimated)
Source: Raiffeisen RESEARCH, Strategy Austria & CEE, 1st quarter 2014

The Germany segment accounts for 30 per cent of the OVB Group's total sales commission. In 2013 the German economy recorded a moderate growth of 0.4 per cent, following a 0.7 per cent gain in the previous year. It showed the burden of the recession in some European countries and the slowdown in the global economic performance. Strong domestic demand compensated for that only in part. Favoured by a good employment situation and wage increases, private consumption was the strongest pillar of growth. The income situation of the private households in Germany improved over 2013. However, the sale of financial products could not benefit from this relatively favourable environment.

With the exception of Switzerland, all countries of the Southern and Western Europe segment – where OVB generated 16 per cent of total sales commission in the year under review – belong to the euro zone. The economic performance of this currency area went down 0.4 per cent on average in 2013, after having registered a loss of 0.6 per cent in 2012 already. The large economies of Italy and Spain as well as Greece had to put up with a negative economic performance. Unemployment rates in these countries reach historically high levels. France may have reached a slight growth of 0.1 per cent in 2013. Comparatively good is the economic situation in Austria and particularly in Switzerland. Despite predominantly difficult general conditions, OVB managed to expand its business in the Southern and Western Europe segment in 2013.

Key economic data Southern and Western Europe

	Real GDP Changes in %		**Consumer prices Changes in %**		**Public budget deficits (in % of the GDP)**	
	2012	**2013e**	**2012**	**2013e**	**2012**	**2013e**
Austria	0.9	0.3	2.6	2.1	- 2.5	- 1.6
France	0.0	0.1	2.2	1.1	- 4.8	- 4.0
Greece	- 6.4	- 3.7	1.0	- 0.9	- 10.0	- 13.5
Italy	- 2.6	- 1.8	3.3	1.3	- 3.0	- 3.0
Spain	- 1.6	- 1.2	2.4	1.5	- 10.6	- 6.7
Switzerland	1.1	1.8	- 0.7	- 0.1	0.7	0.5

e (estimated)
Source: Raiffeisen RESEARCH, Strategy global markets, 1st quarter 2014

Industry situation

OVB centres its business activity on providing advice and support primarily to private households with respect to retirement provision, asset generation, asset and financial risk protection as well as wealth management.

The sale of financial products has become more difficult than it was in former years. Although the economic recession seems to have bottomed out in the euro area, the financial situation of many private households especially in the countries of Southern, Central and Eastern Europe remains tight. Unemployment is still very high in several countries. The effects of uncertainty as a result of the euro debt crisis have faded in the course of the year 2013. But many governments cut social spending and government aid for private financial provision within the scope of urgently required austerity measures. Another factor of negative impact is the interest rate level, kept deliberately low by the central banks, decreasing the interest expense of highly indebted countries but making the generation of assets for private provision more difficult. Many financial products currently have only a minimum return, which is then even consumed by the price increase entirely or in part.

Especially for the sale of financial products, the current debate on commission or fee-based compensation for financial advice is also not helpful. OVB holds the view that both compensation models are justified while commission-based compensation gives access to competent financial advice even to lower-income private households.

Because of these special challenges combined with an increasing scepticism of the citizens with respect to the stability of the euro, the industry recorded a declining performance in the business of retirement provision in the year 2013. In this market environment, OVB was slightly below the prior-year level with total sales commission of Euro 204.8 million in the year under review. However, 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 cross-thematic, competent and comprehensive personal advice. From OVB's vantage, the market for private provision therefore offers long-term market potential and good opportunities for growth despite the currently challenging environment.

Business performance

In the 2013 financial year OVB asserted its position as one of the leading financial service distributors in Europe in an altogether challenging market environment.

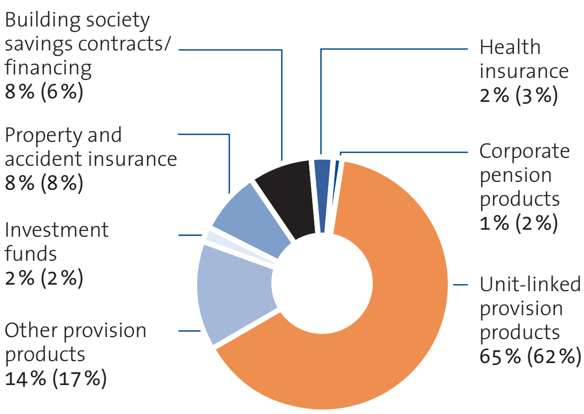
The company benefited from its broad international positioning which stabilised the sales performance. Declining sales in some countries of the Central and Eastern Europe segment as well as in Germany faced strong sales growth in a number of national markets of the Southern and Western Europe segment. On the whole, the Group's total sales commission went down slightly from Euro 214.7 million in the year 2012 by 4.6 per cent to Euro 204.8 million in the year under review. This total includes commission forwarded to sales agents on behalf of product partners, reduced from Euro 20.2 million in the previous year to Euro 17.2 million in 2013.

OVB's business model is distinguished by high stability. The number of supported clients amounted to 3.1 million at the end of 2013 compared to 3.0 million clients one year before. The OVB sales force comprises – virtually unchanged from the previous year – 5,082 full-time financial advisors (previous year: 5,097 financial advisors). The number of brokered new contracts comes to 503,136 contracts, particularly due to declining capital investments in the region of Central and Eastern Europe, after 587,140 contracts in the previous year.

The structure of new business with respect to the kind of brokered products remained unchanged for the most part in financial year 2013 compared to 2012. 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. With a share in new business of 65 per cent (previous year: 62 per cent), this product group represented the mainstay of new business in the past financial year.

Other provision products – primarily classic life and pension insurance policies – recorded a share of 14 per cent in new business after 17 per cent in the previous year. The remaining 21 per cent of new business are accounted for by property and accident insurance, building society savings contracts/financing, investments funds, health insurance and corporate pension provision products.

Breakdown of new business 2013 (2012)



Central and Eastern Europe segment

The Central and Eastern Europe segment comprises the seven national markets Croatia, Czech Republic, Hungary, Poland, Romania, Slovakia, and Ukraine. In financial year 2013 the individual national markets recorded very different developments. Significant sales declines had to be accepted in Czechia, a market of special relevance to OVB, and in Croatia. Opposed to that, OVB achieved partly significant sales growth in Hungary, Slovakia and Ukraine. Brokerage income generated in this segment amounted to Euro 110.5 million in 2013, equivalent to an 8.8 per cent drop from the prior-year value of Euro 121.1 million. The number of sales agents is still at a high level: At the end of 2013 3,247 financial advisors worked for OVB, in comparison with 3,307 advisors one year before. An increase in the number of advisors particularly took place in Poland, the advisor base decreased in the Czech Republic. OVB's financial advisors supported altogether 2.1 million clients in the segment's seven markets (previous year: 2.0 million clients). The clients of the Central and Eastern Europe segment focused their demand primarily on unit-linked provision products – unchanged from the year before: This product group accounted for 78 per cent of the new business in the year under report (previous year: 77 per cent). Other important product categories are building society savings contracts/financing (8 per cent of new business), other provision products (6 per cent) and property and accident insurance (5 per cent).

Germany segment

In the Germany segment the downward trend in the development of total sales commission continued in the 2013 financial year: Total sales commission went down from Euro 66.8 million in the previous year by 8.1 per cent to Euro 61.3 million in the year under review. The economic situation of Germany's private households was comparatively favourable in 2013, due primarily to the good situation in the labour market and noticeable increases in wages and salaries. However, the willingness to invest in one's own private retirement provision was still curbed by a number of negative factors. Among those are the low level of interest rates, hardly allowing for a positive return on monetary assets, and the critical reporting, in OVB's opinion excessively critical in the last couple of years, about the financial services industry in the media. Yet the interest in a responsible position with good prospects on the OVB sales force has not diminished: At the end of 2013 1,356 financial advisors worked for OVB in Germany, compared to 1,343 advisors one year before. They attended to 640,093 clients, after 652,059 clients at the end of 2012. OVB's financial advisors work against a demographic effect in the German market: At present a large number of life insurance policies expire, concluded in former decades by clients from the baby boomer generation at high average annual premiums. As new long-term contracts for those baby boomers do not appear to make sense in many cases, portfolio volumes shrink despite a stable new business. New business in the Germany segment emphasises other provision products with a share of 30 per cent, followed closely by unit-linked provision products with 29 per cent. 16 per cent of the new business are accounted for by property and accident insurance and 10 per cent come from building society savings contracts/financing.

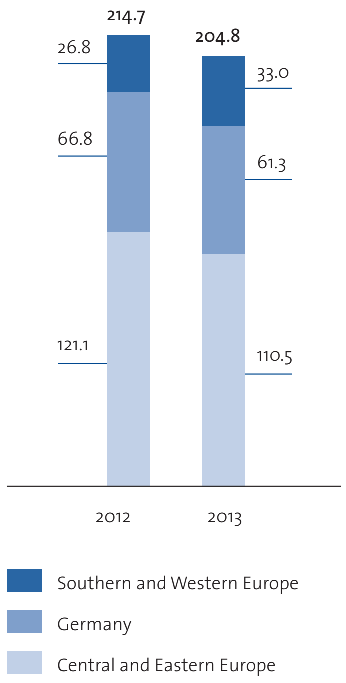
Southern and Western Europe segment

The Southern and Western Europe segment includes the six national markets Austria, France, Greece, Italy, Spain and Switzerland. In 2013 OVB achieved particularly high sales increases in Spain and Italy. On the other hand, sales in Austria and Greece fell short of the respective prior-year amounts, and the business was stable in Switzerland and France. On the whole, OVB managed to increase total sales commission in the Southern and Western Europe segment considerably from Euro 26.8 million in the previous year by 22.9 per cent to Euro 33.0 million in the year under review.

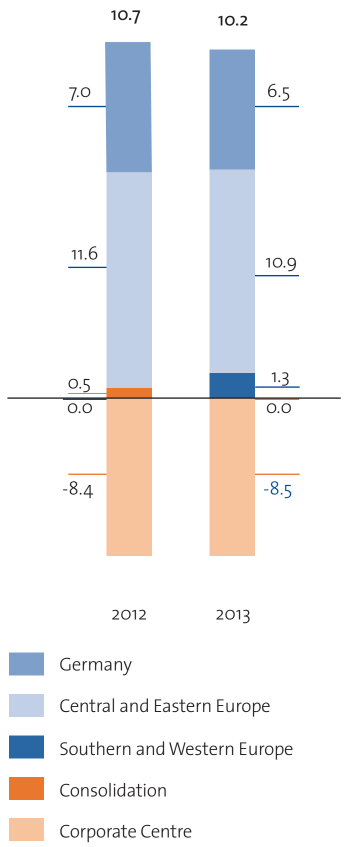
The number of OVB clients grew from 310,129 at the end of the year 2012 to 329,482 clients as of the 2013 reporting date. OVB's sales force in the segment's national markets expanded from 447 to 479 financial advisors by year-on-year comparison, with Spain recording the most prominent increase.

Client preferences were in favour of unit-linked provision products with a new business share of 75 per cent while other provision products and property and accident insurance were good for 9 per cent each.

Total sales commission by region
Euro million, figures rounded



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



Profit/loss, financial position and assets and liabilities of the OVB Group

Profit/loss

In the 2013 financial year OVB generated total sales commission of Euro 204.8 million. In the previous year this key sales figure amounted to Euro 214.7 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 17.2 million in 2013 after Euro 20.2 million in the previous year. Brokerage income reported in the income statement of Euro 187.6 million in 2013 was 3.5 per cent below the prior-year amount of Euro 194.5 million. At Euro 8.7 million for the year under review, other operating income almost reached the prior-year level of Euro 9.0 million.

Brokerage expenses were down 5.4 per cent from Euro 128.8 million in 2012 to Euro 121.8 million in the year under review. Personnel expense for the Group's employees of Euro 25.5 million was up slightly by 5.0 percent (previous year: Euro 24.5 million). Depreciation and amortisation were reduced by 9.8 per cent to Euro 2.9 million (previous year: Euro 3.2 million). Other operating expenses were down by 1.9 per cent to Euro 35.8 million in the year under review (previous year: Euro 36.5 million). The optimisation of administrative processes had a positive effect here.

At Euro 10.2 million in financial year 2013, the OVB Group almost reached the prior-year operating result of Euro 10.7 million.

While the contributions to earnings made by the segments Central and Eastern Europe and Germany were on a slight decline, earnings of the Southern and Western Europe segment were up. The EBIT loss of the Corporate Centre segment was almost unchanged from the previous year at Euro 8.5 million.

The financial result went down to Euro 0.9 million (previous year: Euro 1.4 million) due to market related lower finance income. The income tax burden dropped from Euro 3.8 million to Euro 3.1 million in 2013. The consolidated net income after non-controlling interests amounted to Euro 8.0 million, compared to Euro 8.3 million in the previous year. Basic earnings per share of Euro 0.56 remained basically unchanged (previous year: Euro 0.58), based respectively on 14,251,314 no-par value shares.

The OVB Group's total comprehensive income in financial year 2013 reached Euro 7.5 million after Euro 8.3 million the previous year. While the other comprehensive income hardly had any effects on the total comprehensive income in 2012, the year under review recorded burdens from changes in currency translation reserve and revaluation reserve in the total amount of Euro 0.5 million.

Executive Board and Supervisory Board propose to the Annual General Meeting on 6 June 2014 the payment of a dividend of Euro 0.55 per share for financial year 2013, unchanged from the previous year. The total dividend payout would come to Euro 7.8 million, based on the distributable net income of OVB Holding AG.

Financial position

The cash flow from operating activities came to Euro 8.9 million in the year under review. The corresponding prior-year amount was only Euro 2.6 million, resulting primarily from an outflow of funds in connection with the acquisition of all rights to future commission of a sales structure. Contrary to this trend, provisions were down by Euro 5.3 million in the year under review, compared to an increase in this item by Euro 2.7 million in the previous year.

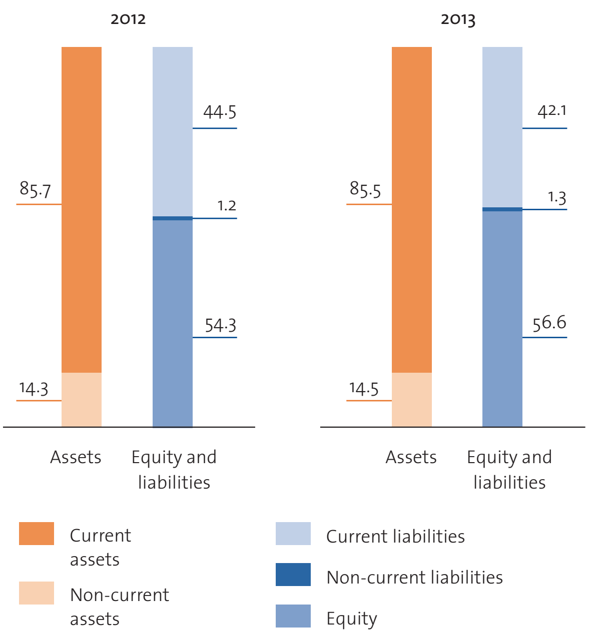
A decrease in the portfolio of securities and other short-term investments of Euro 4.3 million was the deciding factor in 2013 for an inflow of cash from investing activities in the amount of Euro 2.4 million (previous year: cash outflow of Euro 1.1 million). Capital expenditures for tangible and intangible non-current assets added up to Euro 3.1 million (previous year: Euro 2.0 million).

The cash flow from financing activities showed an outflow of funds in the amount of Euro 7.9 million in 2013 (previous year: cash outflow of Euro 5.0 million) and was determined almost entirely by the distribution of the dividend, which was higher than the year before. Cash and cash equivalents amounted to Euro 38.4 million as of the 2013 reporting date, compared to Euro 35.7 million one year before.

Assets and liabilities

Total assets of the OVB Group were reduced from Euro 153.6 million at the end of 2012 by Euro 6.9 million to Euro 146.7 million at the end of the year 2013. With respect to current assets, the main reasons were declining figures for securities and other short-term investments (Euro -4.3 million to Euro 35.0 million), trade receivables (Euro -2.3 million to Euro 21.6 million) and receivables and other assets (Euro -2.1 million to Euro 28.2 million). Contrary to that, the portfolio of cash and cash equivalents was up by Euro 2.6 million to Euro 38.4 million. Year-on-year as of the respective reporting dates, non-current assets remained largely unchanged at Euro 21.3 million at the end of 2013 compared to Euro 22.0 million.

Asset allocation and capital structure
In per cent, figures rounded



The equity of OVB Holding AG amounted to Euro 83.0 million as of the 2013 reporting date – hardly changed from the prior-year amount of Euro 83.4 million. Non-current liabilities remained at the previous year's low level at Euro 1.9 million in 2013. Current liabilities were down from Euro 68.4 million by Euro 6.5 million to Euro 61.8 million. Declining figures were primarily reported for other provisions (Euro -3.5 million to Euro 26.0 million), provisions for taxes (Euro -1.9 million to Euro 1.4 million) and other liabilities (Euro -1.3 million to Euro 27.4 million).

The equity ratio of OVB Holding AG increased from 54.3 per cent at the end of 2012 to 56.6 per cent at the end of the year 2013. The non-current debt is very low. OVB's solid finances create trust among clients, financial advisors and product partners. Thus OVB also has sufficient flexibility for taking strategic initiative.

Comparison with the previous year

In the outlook of the 2012 consolidated management report, released on 26 March 2013, the Executive Board of OVB Holding AG had expressed the expectation that sales would grow in the mid single-digit percentage range and that the operating result would gain 10 to 15 per cent in the year 2013. Under the impression of the business performance of the first half-year 2013, the Executive Board adjusted its outlook for the full year in the interim financial report as of 30 June 2013, released on 8 August 2013, by announcing altogether stable sales compared to the previous year and a slightly increased operating result. In the interim financial report as of 30 September 2013, released on 7 November 2013, the Executive Board stated its outlook more precisely: The Board now expected total sales commission slightly below the prior-year amount and operating result on par with the prior-year level.

Total sales commission achieved by OVB Holding AG in the amount of Euro 204.8 million in 2013 was below the prior-year amount of Euro 214.7 million. At Euro 10.2 million, operating result almost reached the prior-year level of Euro 10.7 million.

The principal reason why the 2013 business results fell somewhat short of the initial expectations was the weaker business performance in Czechia, an important market for OVB. The background is provided by an unfavourable macroeconomic framework and a pension reform that has found little acceptance among the country's citizens. Furthermore, currency effects also had a negative impact. In Germany, the sales performance also lagged behind the expectations due to a lingering uncertainty regarding decisions for long-term investments and provision and a noticeable preference for consumption. The consumers' propensity to save, on a steady decline in the course of the year 2013, finally hit the lowest value since Germany's reunification in January 2014, as announced by the Society for Consumer Research (GfK) at the end of January 2014.

Therefore even the sales successes achieved in the other countries of the Central and Eastern Europe segment and in Southern and Western Europe could not entirely compensate the sales loss in Czechia and Germany.

General statement

The business performance of OVB Holding AG in the year 2013 fell short of the Executive Board's expectations to some extent. Declining sales were recorded particularly in the Czech Republic and in Germany. However, several subsidiaries – for example in Spain, Italy and Hungary – achieved very good results. The Group's financial position is extremely solid. OVB's business model is intact and offers considerable potential for growth in the medium term. The Company's strategy aims at making OVB the leading system distributor of financial products in Europe.

Subsequent events

There were no reportable significant events after the reporting date.

Report on opportunities and risks

Opportunity management

OVB's corporate culture attaches great importance to entrepreneurially-minded acting and thinking. Particularly OVB's self-employed financial advisors consider themselves entrepreneurs within the Company. Therefore continuously seeking and seizing business opportunities is among the natural tasks of all OVB financial advisors and employees, irrespective of their respective area and scope of responsibility. The OVB Group's subsidiaries are required to identify opportunities at the level of operations, resulting e.g. in the context of distribution activity or from improved market conditions, and to exploit them with the goal of achieving an above-target performance of earnings if possible. Strategic opportunities are identified by OVB Holding AG. They are evaluated and measures are developed for their exploitation. It is also the responsibility of the Executive Board of OVB Holding AG to routinely discuss strategic opportunities – in collaboration with the Supervisory Board in many cases – and to take adequate initiative for seizing promising opportunities.

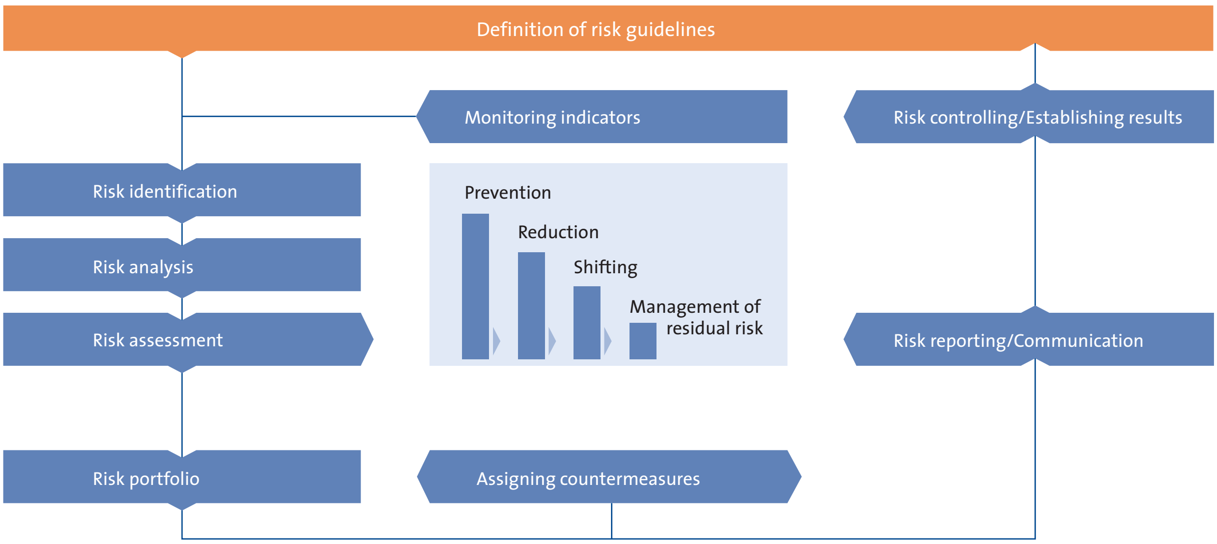
Principles and goals of risk management

Entrepreneurial activity is inconceivable without taking risks. For OVB risk means the threat of possible losses or missed profits. Such 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 deliberate risk-taking based on the comprehensive knowledge of the risks and risk connections.

Structure and process of risk management

OVB's risk management is an integral part of the planning and control system. The organisation of risk management, the methods applied and the processes implemented are put down in writing and available in the form of a handbook to all employees who assume responsibility in this field.

OVB risk management process



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 operating subsidiaries are obligated to establish and continually review 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. Material risks are identified and quantified by conducting a risk inventory. Early warning indicators are defined and continuously monitored. 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 protocols were also defined within the scope of risk reporting. Risk control and risk management are subject to standardised processes.

The decentralised risk managers continuously report any changes in the early warning indicators and the measures taken to the Chief Risk Manager. Apart from the direct exchange of information between the Chief Risk Manager and the Executive Board, standardised risk reports are delivered to the Executive Board and the Supervisory Board, discussing OVB's current risk position. Risk analyses are initially conducted at the level of the subsidiaries and the individual areas of responsibility. The routine reporting of the various divisions of the holding company and the subsidiaries is condensed to Group-wide, current and, if necessary, immediate reporting to the Executive Board and the Supervisory Board by the holding company's Chief Risk Manager.

At the core of the Group's risk report is the "Group's risk cockpit" where the material risks of the subsidiaries are presented and aggregated to risks at Group level.

Group-wide consultations and regular coordination with the executives of the sales force complement this early warning system. In addition to that, the holding company's Chief Risk Manager is also informed directly by way of ad hoc risk notifications in cases of urgency outside the usual reporting channels.

Within the framework of corporate planning, OVB assesses the potential risks before material business decisions are made while reporting allows for an adequate monitoring of such risks in the context of business activity. An efficient risk control process supports the early detection of going-concern risks.

Key elements of the risk management system are internal auditing and compliance management, divisions that assume monitoring and control functions throughout the Group. 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.

The paramount goal of compliance management is to prevent or minimise risks from non-compliance with applicable law, internal standards and processes by taking preventive action.

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.

Apart from risk inventory, 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 the course of the year 2013. Moreover, in the 2013 financial year the risk catalogue was revised, the reporting system was improved and reporting as such was advanced.

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 operating activities, 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.

Key features of the of the accounting-related internal control system:

- Clear management and corporate structure: OVB Holding AG provides the centralised management of inter-departmental key functions while the Group's individual 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 updates
- Adequate equipment in response to requirements of all departments and divisions involved in the financial accounting process in terms of both 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 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. The clear separation of areas of responsibility and various subsequent control and audit mechanisms 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 that they are entered correctly and promptly 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 opportunities and risks

The following is a qualitative description of opportunities and risks that could have material favourable or adverse effects on OVB's assets, liabilities, financial position and profit or loss. Please see section 3.5 of the notes to the consolidated financial statements, "Objectives and methods of financial risk management", for quantitative disclosures relating to financial instruments in accordance with IFRS 7.

Macroeconomic opportunities and risks

OVB's business environment is affected by changes in the economic and political general conditions. OVB observes the political, regulatory and economic developments in the markets it operates in, utilises external market analyses, among other tools, and the know-how of external experts and analysts in order to review the strategic and operational orientation in view of such developments. This also applies for the opportunities and risks linked to the development of new markets.

OVB's 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 its 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 within Europe, able to compensate market risks and downturns in individual countries with opportunities in other markets, plus a broad client base help mitigate risks. At the same time, OVB's international orientation opens opportunities for participation in especially favourable developments of individual markets. The diversification of business activities across highly varied products, designed to facilitate retirement provision, asset generation, asset and financial risk protection and tailored to the respective situation in the relevant markets, also helps offset risks, at least in certain sub-segments.

Opportunities and risks from the development of Company-specific factors of value

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

OVB focuses on providing advice and support 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 essential factors of 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. However, there has been an increasing number of recent indications that the crisis-ridden countries of Europe have overcome their phase of weakness. For OVB there is the opportunity to benefit from the effects of an improving economic situation on the private households.

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, OVB does not expect permanent adverse effects on the new business because of the 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. On the other hand, the consolidation within the industry may open up opportunities for OVB, for example by acquiring client bases, financial advisors or technical know-how.

Industry-specific opportunities and risks

OVB is exposed to industry-specific risks particularly in connection with changes in the markets for pension provision, health care, investments and financing. Tax and socio-political conditions, capital market influences and a host of regulatory modifications and requirements represent material factors of potential impact on OVB's business.

A case in point, since 1 January 2013 Section 34f GewO (German Trade Regulation Act) has governed the permits of investment intermediaries in the German market. OVB's financial advisors are given support by providing comprehensive information and introducing changes in organisational processes to meet the higher entry requirements for rookie advisors and the increased demands on the brokering process.

At EU level, important general conditions of relevance to financial and provision advisory service in Europe were defined in January 2014. The European Parliament, the European Commission and the member states agreed on an amendment to the EU Markets in Financial Instruments Directive of 2004 (MiFID2). Debates also continue on the issue of an amendment to the Insurance Mediation Directive (IMD2).

OVB constantly monitors all risks linked to efforts toward more extensive regulation of the financial services market in Europe that particularly pursue the goal of increased investor protection. We particularly analyse the political decision making processes in order to be able to evaluate effects on our business model and our strategic positioning in our regional markets early on. In addition to that, we observe changes and developments and base decisions for the future strategic positioning of OVB from such analysis. The Group considers itself well-prepared for the impending changes.

OVB will meet the increasing requirements, accompanied by increasing monitoring by the national supervisory authorities, in particular with a systematic advancement of all professional training measures, a Group-wide screening of legal regulatory efforts and the ongoing development of risk and compliance management.

For OVB there is the opportunity that the Group, due to its experience of many years, its competent teams and its great financial strength, might fulfil the increased regulatory requirements in a better and more efficient way than other market participants, especially the smaller ones. From this scenario, advantages might result for OVB in the competition and in the consolidation of the industry.

OVB has a broad portfolio of high-capacity partners. The Company brokers financial products of 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 throughout Europe 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 portfolio and the associated support services. OVB can at least partially compensate for declining turnover of some products through higher turnover of other products.

The premium-select strategy is an important component of OVB’s corporate strategy. An especially close cooperation with high-capacity product partners creates the foundation for the development of exclusive products, providing OVB with the opportunity to gain market shares through a pronounced competitive edge.

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 its 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.

Capital investments are altogether of minor relevance to the group companies.

Exchange rate risks result from OVB's international orientation. OVB constantly monitors the development on the currency markets and deliberates the necessity of additional hedging measures in particular.

Liquidity risks are relatively low at OVB because business operations are financed out of the current cash flow and liquidity reports assist in the management and investment of surplus liquidity. These reports provide a regular insight into financial developments and the liquidity demands of the subsidiaries and the holding company derived from them.

With these measures OVB also 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 external 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 contains 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 opportunities and risks

Reputational risks arise from a loss of reputation either of the entire industry, OVB itself or one or several of its 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 the Company 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 distributed 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 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 new products support this goal.

The flip side of this coin provides OVB with the opportunity to further improve the Company's image as perceived by the general public and potential clients through the consistently competent and responsible work of OVB's financial advisors. The Company's professional public relations work serves the same purpose.

Risks associated with advisory service and liability risk

The brokerage of financial products by OVB's financial advisors generally takes place on the basis of previous advice given to the client. The purpose of this advisory service 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 as required. 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 initiated.

Litigation risks

OVB guards against litigation risk by drawing on comprehensive advice both from in-house specialists and external specialist lawyers and advisors before making final decisions as well as in the course of structuring business processes. The management of litigation risk is coordinated by our legal department. Its tasks include the monitoring and assessment of current legal disputes. Constant monitoring and evaluation conducted by our 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 part 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. Both in-house and external experts monitor the tax requirements applicable to the Company in accordance with the relevant tax provisions and the directives 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, litigation risk, 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 opportunities and risks

According to its own firm conviction, OVB operates in growth markets. Fundamental trends – such as the demographic development in Europe – increasingly require private retirement provision. Only a small fraction of the citizens currently has adequate private pension provision and protection against major risks of life.

For OVB this opens up the opportunity for growing numbers of clients, sales and earnings for decades to come.

With respect to risks, OVB's business performance is essentially influenced by industry-specific and financial risks. OVB’s risk management system 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 Company’s continued existence. Fundamental changes of this risk assessment are currently not expected.

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

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

Outlook

The international economic performance will gain momentum in 2014 and 2015 to some extent, in the opinion of the International Monetary Fund (IMF). However, the upswing will be modest and still entail risks. The structural problems of a considerable number of European economies and the U.S.A. have not yet been overcome for example. While the world economy is supposed to grow by 3.7 per cent and 3.9 per cent respectively over the next two years, the corresponding growth rates in the industrialised nations will probably be much smaller at 2.2 per cent and 2.3 per cent.

The macroeconomic situation in the countries of the region Central and Eastern Europe is expected to improve gradually in the course of the years 2014 and 2015. Especially the export-oriented nations are likely to profit from rising demand from abroad. Price increase rates will move within an acceptable bandwidth – with the exception of Ukraine. Budget consolidation has been slowly progressing in most countries. The return to the economic dynamics of former years is still a long time coming, though. The more favourable macroeconomic environment can generally be expected to support OVB’s business activities in the Central and Eastern Europe segment. However, the regional markets in this segment are subject to structural changes that might slow down the business performance. OVB therefore expects rather slightly declining sales in the Central and Eastern Europe segment for the year 2014, at a correspondingly declining operating result.

Key economic data Central and Eastern Europe

	Real GDP Changes in %		Consumer prices Changes in %		Public budget deficits (in % of the GDP)	
	2014f	2015f	2014f	2015f	2014f	2015f
Croatia	0.0	1.0	1.6	2.0	- 5.8	- 5.2
Czech Republic	2.3	2.4	1.3	2.0	- 2.9	- 2.9
Hungary	1.5	1.5	1.4	3.3	- 2.9	- 2.9
Poland	2.9	3.0	2.0	2.5	- 3.2	- 2.8
Romania	2.3	2.5	2.1	3.3	- 2.5	- 2.3
Slovakia	2.2	3.0	0.7	2.7	- 2.6	- 2.4
Ukraine	0.0	1.5	5.0	7.5	- 5.0	- 3.5

f (forecast)
Source: Raiffeisen RESEARCH, Strategy Austria & CEE, 1st quarter 2014

In the years 2014 (+ 1.6 per cent) and 2015 (+ 2.0 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, benefiting 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 initiative for retirement provision should indeed become larger. If this space will be made use of, however, remains doubtful in view of the experience of the last few years. For the Germany segment, OVB therefore expects a lateral movement in sales and operating result at best in 2014.

The long-awaited improvement of the macroeconomic situation in Europe's crisis-ridden countries attributed to OVB's Southern and Western Europe segment is anticipated to gradually take place in the years 2014 and 2015. The expected growth rates for the gross domestic product range between one and two per cent for Italy, Spain and France. Even Greece may record an increase in the economic performance again for 2015. Switzerland and Austria continue on a stable course for moderate growth. Consumer prices will rise only insignificantly in the countries under review, public budget deficits will tend to decrease. This macroeconomic environment, altogether appearing rather more favourable again, can be expected to support OVB in continuing the distribution successes achieved in the countries of the Southern and Western Europe segment over the past years. Sales could therefore grow by around 20 per cent once again in 2014 and accordingly the operating result could record a disproportionately high increase.

Key economic data Southern and Western Europe

	Real GDP Changes in %		Consumer prices Changes in %		Public budget deficits (in % of the GDP)	
	2014f	2015f	2014f	2015f	2014f	2015f
Austria	1.5	2.3	1.8	1.8	- 2.2	- 1.0
France	1.0	1.8	1.4	1.6	- 3.6	- 3.0
Greece	- 0.5	1.5	- 0.8	0.6	- 2.0	- 1.1
Italy	0.7	1.5	1.2	1.5	- 2.5	- 2.0
Spain	1.5	2.0	1.1	1.5	- 5.5	- 4.0
Switzerland	2.0	2.0	0.4	1.1	0.7	0.7

f (forecast)
Source: Raiffeisen RESEARCH, Strategy Global Markets, 1st quarter 2014

For the Corporate Centre segment, OVB Holding AG expects slightly higher earnings in 2014 in consideration of an expected modest economic recovery.

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 demand for private provision it cannot be ruled out that clients will continue to act cautiously with respect to long-term investment decisions. 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 that open up in a consolidating industry. With its infrastructure and its product portfolio tailored to demand, OVB is an attractive partner
- OVB wants to make its business processes even more efficient

One important element within the framework of OVB's strategy 2016 is the expansion of IT support. This project will be pushed considerably in 2014. The other core measures will also be implemented consistently. Thus OVB will further increase the quality of its advisory service and make its processes even more efficient. All these measures aim at gaining further relevance in the market.

The Executive Board of OVB Holding AG expects to increase sales slightly in 2014, provided market conditions remain stable. Under this condition, an operating result (EBIT) at the prior-year-level appears achievable in 2014.

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 amounts of the remuneration of the Supervisory Board members are disclosed as well. The remuneration report is part of the management report and can be found in the chapter "Corporate governance" of the 2013 Annual Report of OVB Holding AG.

The remuneration report is also available on the Internet at http://www.ovb.ag/InvestorRelations/CorporateGovernance.

Statement on corporate governance

Executive Board and Supervisory Board have released the joint statement on corporate governance that is part of the management report and can be found in the chapter "Corporate governance".

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

Composition of subscribed capital

The Company's share capital was Euro 14,251,314.00 as of 31 December 2013 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 principal shareholders.

Deutscher Ring Beteiligungsholding GmbH, Hamburg, holds roughly 32.57 per cent of the shares. This investment is attributed to Basler Versicherung Beteiligungen B.V. & Co. KG, Hamburg, Basler Sachversicherungs-Aktiengesellschaft, Bad Homburg, 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 WpHG (German Securities Trading Act).

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 directly by Balance Vermittlungs- und Beteiligungs-AG, Deutscher Ring Krankenversicherungsverein a.G. and IDUNA Vereinigte Lebensversicherung aG 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 52.76 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, Generali Beteiligungs-GmbH, Aachen, 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 amounts to roughly 3.19 per cent as of 31 December 2013 according to the information available to OVB Holding AG.

Restrictions on voting rights or share assignment

The principal shareholders have concluded a shareholder voting agreement; the Company is not familiar with its content.

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 authorisations 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 respectively.

In 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 respectively. 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 the self-employed 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 a part 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 (WpÜG). 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

For each reportable business transaction or measure, the Company has received appropriate consideration according to the circumstances known to the Company at the time of the respective transaction or measure.

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, 26 February 2014

Michael Rentmeister
CEO

Oskar Heitz
CFO and COO

Mario Freis
CSO

“What does it mean for me to be a shareholder of OVB?”

“With my investment in OVB I participate in a business model with a unique international orientation and an ideal balance between opportunity and risk.”

“With OVB as a strong and transparent partner I am on the safe side: I continuously receive information on the Company of the highest international order.”

“Financial advice continues to be a growth market. I want to invest in a sustainable company in this industry: That is why there is no alternative to OVB.”

Consolidated financial statements 2013

Consolidated statement of financial position

of OVB Holding AG as of 31 December 2013 according to IFRS

Assets

Note	in EUR'000	31/12/2013	31/12/2012
	A. Non-current assets		
1	Intangible assets	10,143	10,619
2	Tangible assets	5,011	4,483
3	Investment property	580	586
4	Financial assets	397	397
5	Deferred tax assets	5,151	5,897
		21,282	**21,982**
	B. Current assets		
6	Trade receivables	21,644	23,976
7	Receivables and other assets	28,177	30,285
8	Income tax receivables	2,296	2,402
9	Securities and other investments	34,961	39,236
10	Cash and cash equivalents	38,370	35,726
		125,448	**131,625**
	Total assets	**146,730**	**153,607**

Equity and liabilities

Note	in EUR'000	31/12/2013	31/12/2012
	A. Equity		
11	Subscribed capital	14,251	14,251
12	Capital reserve	39,342	39,342
13	Treasury shares	0	0
14	Revenue reserves	13,785	13,646
15	Other reserves 1)	865	1,385
16	Non-controlling interests	152	150
17	Retained earnings 1)	14,647	14,603
		83,042	**83,377**
	B. Non-current liabilities		
18	Liabilities to banks	241	287
19	Provisions	1,407	1,351
20	Other liabilities	87	46
21	Deferred tax liabilities	105	175
		1,840	**1,859**
	C. Current liabilities		
22	Provisions for taxes	1,405	3,277
23	Other provisions	26,021	29,525
24	Income tax liabilities	306	61
25	Trade payables	6,724	6,799
26	Other liabilities	27,392	28,709
		61,848	**68,371**
	Total equity and liabilities	**146,730**	**153,607**

Note

1) Adjustment due to application of IAS 19 revised

Consolidated income statement

of OVB Holding AG for the period from 1 January to 31 December 2013 according to IFRS

	in EUR'000	2013	2012
27	Brokerage income	187,581	194,465
28	Other operating income	8,658	9,030
	Total income	**196,239**	**203,495**
29	Brokerage expenses	-121,826	-128,813
30	Personnel expenses [1)]	-25,549	-24,316
31	Depreciation and amortisation	-2,870	-3,180
32	Other operating expenses	-35,786	-36,494
	Earnings before interest and taxes (EBIT) [1)]	**10,208**	**10,692**
	Finance income	1,136	1,752
	Finance expenses	-199	-381
33	**Financial result**	**937**	**1,371**
	Consolidated income before income tax [1)]	**11,145**	**12,063**
34	Taxes on income [1)]	-3,122	-3,789
35	**Consolidated net income [1)]**	**8,023**	**8,274**
36	Non-controlling interests	-2	-12
37	**Consolidated net income after non-controlling interests [1)]**	**8,021**	**8,262**
38	Basic earnings per share in Euro [1)]	0.56	0.58

Note

1) Adjustment due to application of IAS 19 revised

Consolidated statement of comprehensive income

of OVB Holding AG for the period from 1 January to 31 December 2013 according to IFRS

in EUR'000	2013	2012
Consolidated net income [1)]	**8,023**	**8,274**
Revaluation effect from provisions for pensions [1)]	-43	-147
Deferred tax due to revaluation effect from provisions for pensions [1)]	11	42
Other comprehensive income not to be reclassified to the income statement	**-32**	**-106**
Change in revaluation reserve	-166	29
Change in deferred taxes on unrealised gains and losses from investments	28	-9
Change in currency translation reserve	-351	117
Other comprehensive income to be reclassified to the income statement	**-489**	**137**
Non-controlling interest in total comprehensive income	-2	-12
Total comprehensive income [1)]	**7,500**	**8,293**

1) Adjustment due to application of IAS 19 revised

Consolidated statement of cash flows

of OVB Holding AG for the period from 1 January to 31 December 2013 according to IFRS

in EUR'000		2013	2012
Calculation of cash and cash equivalents			
Cash and cash equivalents		**38,370**	**35,726**
Consolidated net income (before non-controlling interests) 1)		8,023	8,274
-/+	Increase/decrease in non-controlling interests	-2	-12
+/-	Depreciation, amortisation and impairment / Appreciation in value and reversal of impairment loss of non-current assets	2,857	3,155
-/+	Unrealised currency gains/losses	569	-443
+/-	Increase in/reversal of provision for impairment of receivables	3,328	3,366
-/+	Increase/decrease in deferred tax assets	746	238
+/-	Increase/decrease in deferred tax liabilities	-70	-106
-	Other finance income	-189	-358
-	Interest income	-946	-1,394
+/-	Increase/decrease in provisions	-5,320	2,707
+/-	Increase/decrease of unrealised gains/losses in equity (net) 1)	-169	-85
+/-	Expenses/income from the disposal of intangible and tangible assets (net)	-19	21
+/-	Decrease/increase in trade receivables and other assets	1,219	-12,975
+/-	Increase/decrease in trade payables and other liabilities	-1,106	205
= Cash flow from operating activities		**8,921**	**2,593**
+	Proceeds from the disposal of property, plant and equipment and tangible assets	94	85
+	Proceeds from the disposal of financial assets	226	457
-	Purchases of tangible assets	-1,892	-954
-	Purchases of intangible non-current assets	-1,234	-1,014
-	Purchases of financial assets	-243	-469
+/-	Decrease/increase in securities and other short-term investments	4,275	-919
+	Other finance income	188	358
+	Interest received	946	1,395
= Cash flow from investing activities		**2,360**	**-1,061**
-	Payments to the company's owners and non-controlling interests (dividends, equity repayments, other payments)	-7,838	-4,988
+/-	Increase/decrease in non-controlling interests	2	12
+	Proceeds from the issue of bonds and taking out (financial) loans	-46	-54
= Cash flow from financing activities		**-7,882**	**-5,030**
Overview:			
	Cash flow from operating activities	8,921	2,593
	Cash flow from investing activities	2,360	-1,061
	Cash flow from financing activities	-7,882	-5,030
= Net change in cash and cash equivalents		**3,399**	**-3,498**
	Exchange gains/losses on cash and cash equivalents	-755	503
+	Cash and cash equivalents at end of the prior year	35,726	38,721
= Cash and cash equivalents at the end of the period		**38,370**	**35,726**
	Income tax paid	4,571	4,380
	Interest paid	45	58

1) Adjustment due to application of IAS 19 revised

Consolidated statement of changes in equity

of OVB Holding AG as of 31 December 2013 according to IFRS

in EUR'000	Subscribed capital	Capital reserve	Retained profits brought forward	Statutory reserve	Other revenue reserves	Available-for-sale reserve/ revaluation reserve
Balance as at 31/12/2012 (old)	**14,251**	**39,342**	**6,309**	**2,649**	**10,997**	**349**
Change in accounting principles[1]			32			
Balance as at 31/12/2012 (new)	**14,251**	**39,342**	**6,341**	**2,649**	**10,997**	**349**
Consolidated profit			8,262			
Treasury shares						
Corporate actions						
Dividends paid			-7,838			
Change in available-for-sale reserve						-166
Transfer to other reserves			-139	4	135	
Change in currency translation reserve						
Revaluation effect from provisions for pensions						
Consolidated net income						
Balance as at 31/12/2013	**14,251**	**39,342**	**6,626**	**2,653**	**11,132**	**183**

1) Adjustment due to application of IAS 19 revised

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	Available-for-sale reserve/ revaluation reserve
Balance as at 31/12/2011 (old)	**14,251**	**39,342**	**7,138**	**2,649**	**10,997**	**320**
Change in accounting principles[1]			32			
Balance as at 31/12/2011 (new)	**14,251**	**39,342**	**7,170**	**2,649**	**10,997**	**320**
Consolidated profit			4,159			
Treasury shares						
Corporate actions						
Dividends paid			-4,988			
Change in available-for-sale reserve						29
Transfer to other reserves						
Change in currency translation reserve						
Revaluation effect from provisions for pensions						
Consolidated net income						
Balance as at 31/12/2012	**14,251**	**39,342**	**6,341**	**2,649**	**10,997**	**349**

1) Adjustment due to application of IAS 19 revised

Reserve from provisions for pensions	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
	-65	**1,239**		**8,156**		**150**	**83,377**
-216	79			106			
-216	**14**	**1,239**		**8,262**		**150**	**83,377**
				-8262			
							-7,838
	28		-138		-138		-138
		-351	-351		-351		-351
-43	11		-32		-32		-32
				8,021	8,021	2	8,023
-259	**53**	**888**	**-521**	**8,021**	**7,500**	**152**	**83,042**

Reserve from provisions for pensions	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
	-56	**1,122**		**4,159**		**138**	**80,060**
-69	37						
-69	**-19**	**1,122**		**4,159**		**138**	**80,060**
				-4,159			
							-4,988
	-9		20		20		20
		117	117		117		117
-147	42		-106		-106		-106
				8,262	8,262	12	8,274
-216	**14**	**1,239**	**30**	**8,262**	**8,293**	**150**	**83,377**

Segment reporting 2013

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	110,532	44,098	32,951	0	0	187,581
Other operating income	2,696	3,223	1,295	1,531	-87	8,658
Income from inter-segment transactions	47	1,366	5	8,919	-10,337	0
Total segment income	**113,275**	**48,687**	**34,251**	**10,450**	**-10,424**	**196,239**
Segment expenses						
Brokerage expense						
- Current commission for sales force	-71,189	-19,513	-19,054	0	0	-109,755
- Other commission for sales force	-5,744	-4,192	-2,134	0	0	-12,071
Personnel expenses	-6,912	-7,780	-3,426	-7,430	0	-25,549
Depreciation/amortisation	-743	-907	-260	-960	0	-2,870
Other operating expenses	-17,810	-9,807	-8,031	-10,596	10,457	-35,786
Total segment expenses	**-102,398**	**-42,199**	**-32,905**	**-18,986**	**10,457**	**-186,031**
Earnings before interest and taxes (EBIT)	**10,877**	**6,488**	**1,346**	**-8,536**	**33**	**10,208**
Interest income	369	282	118	370	-193	946
Interest expenses	-48	-230	-60	-36	193	-181
Other financial result	0	76	52	390	-346	172
Earnings before taxes (EBT)	**11,198**	**6,616**	**1,456**	**-7,812**	**-313**	**11,145**
Taxes on income	-2,578	-96	-53	-395	0	-3,122
Non-controlling interests	0	0	0	-2	0	-2
Segment result	**8,620**	**6,520**	**1,403**	**-8,209**	**-313**	**8,021**
Additional disclosures						
Capital expenditures	1,006	897	250	973	0	3,126
Material non-cash expenses (-) and income (+)	1,890	281	-695	-66	0	1,410
Impairment expenses	-1,288	-2,299	-1,089	-899	706	-4,868
Reversal of impairment loss	171	633	91	1,096	-1,053	937

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 1)	-6,867	-7,462	-3,119	-6,868	0	-24,316
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**	**-28,285**	**-17,826**	**9,138**	**-192,803**
Earnings before interest and taxes (EBIT) 1)	**11,560**	**6,991**	**90**	**-8,441**	**493**	**10,692**
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) 1)	**12,098**	**6,791**	**380**	**-7,961**	**756**	**12,063**
Taxes on income	-2,498	-393	98	-996	0	-3,789
Non-controlling interests	0	0	0	0	-12	-12
Segment result 1)	**9,600**	**6,398**	**478**	**-8,958**	**744**	**8,262**
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

1) Adjustment due to application of IAS 19 revised

“What does it mean for me to be an employee of OVB?”

“At OVB I have a secure job with international career opportunities.”

“OVB is an employer who expects much of me and offers me a fair and performance-related compensation.”

“I work for a Group with short decision-making processes that gives me leeway and expects me to use it for the success of the Company.”

Notes to the consolidated financial statements for financial year 2013

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 2013 were released for publication on 20 March 2014 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 2013 as well as the interpretations released by 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 IFRS financial statements of the subsidiaries included in the consolidated financial statements of OVB Holding AG are based on uniform accounting and valuation principles. The IFRS 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

In consideration of the following standards subject to first-time application, the accounting and valuation methods applied are the same as those applied in the previous year.

Standards applied for the first time

- Improvements to IFRS

Within the framework of the Annual Improvements project, the IASB has released the fourth collection of "Improvements to IFRS" (Cycle 2009 – 2011), resulting in minor amendments to five standards.

- 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 not to be reclassified to the income statement. This amendment does not address the definition of comprehensive income.

- 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 and are subject to retrospective application for the prior financial year as well. In comparison with the previous year, the option for the (partial) recognition of actuarial gains and losses in the income statement according to the corridor method has been eliminated. Adjusted prior-year figures have been marked accordingly. Had it not come to the first-time application of IAS 19 revised, earnings for the reporting period would have been lower by EUR 32 thousand.

- IFRS 7 Financial Instruments: Disclosures

Amended IFRS 7 requires information about offsetting assets and liabilities with respect to financial instruments. The amendment is aimed at increasing comparability of IFRS and US GAAP financial statements.

- 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. Accordingly it is presumed that generally the recovery of the carrying value through sale is the decisive factor for the calculation of deferred tax on property measured at fair value in accordance with IAS 40. With respect to non-depreciable tangible assets measured according to the revaluation model pursuant to IAS 16, sale is to be presumed as well.

- 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 regulations do not expand the scope of measurement at fair value but explain how fair value is determined in those cases where standards already require fair value measurement.

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.

- 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 2018. 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 addresses issues formerly regulated in SIC 12 Consolidation – Special Purpose Entities.

IFRS 10 establishes a uniform 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 11 Joint Agreements

IFRS 11 supersedes the provisions of IAS 31 Interests in Joint Ventures and eliminates the former option of proportionate consolidation. Henceforth the mandatory application of the equity method to joint ventures follows the provisions of IAS 28, whose scope has been expanded to the accounting treatment of joint ventures. Based on the present basis of consolidation, there are no effects 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.

- IAS 32 Financial Instruments: Presentation (Improvement)

The amendment to IAS 32 brings a clarification of several provisions for the offsetting of financial assets and financial liabilities in case of a legally enforceable right of set-off. Accordingly the right of set-off must exist as of the reporting date and there must be an intention to fulfil the liability net of the asset or to transact both items simultaneously. The right must also be legally enforceable for all parties involved in the ordinary course of business as well as in case of one party's insolvency. The clarification will probably have no effect on the Group's assets, liabilities, financial position and profit or loss. The standard is subject to application for financial years beginning on or after 1 January 2014.

- IAS 36 Impairment of Assets

The amendment to IAS 36 leads to the harmonisation of disclosures with respect to value in use and disclosures connected to fair value less costs to sell. The amendment will probably have no effect on the Group's assets, liabilities, financial position and profit or loss. The amended standard is subject to application for financial years beginning on or after 1 January 2014.

There are no other standards or interpretations not yet subject to mandatory application that have a potential material effect on the Group.

2.2 Principles of consolidation

The consolidated financial statements for the financial year ended 31 December 2013 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 elimination of all intra-group transactions by way of consolidation of investments, liabilities, expenses and income as well as the elimination of interim results.

Subsidiaries are fully consolidated as of 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 2013	Shareholding in per cent 2012	Subscribed capital in EUR'000 31/12/2013
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, Wals/Salzburg	100	100	1,500
OVB Vermögensberatung (Schweiz) AG, Cham	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 Społka Finansowa Sp. z.o.o., Warsaw	100	100	245
OVB Allfinanz Romania Broker de Asigurare S.R.L., Cluj	100	100	618
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, Kiev	100	100	1,339

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") and equity items are translated at historical rates. 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 31/12/2013	Closing rate 31/12/2012	Change in %	Average rate 2013	Average rate 2012	Change in %
CHF	0.815900	0.828300	-1.50	0.812780	0.829830	-2.05
CZK	0.036500	0.039860	-8.43	0.038580	0.039830	-3.14
HUF	0.003375	0.003441	-1.92	0.003370	0.003470	-2.88
HRK	0.131200	0.133100	-1.43	0.132180	0.133330	-0.86
PLN	0.241200	0.245500	-1.75	0.238630	0.239530	-0.38
RON	0.224200	0.225500	-0.58	0.226610	0.224630	-0.88
UAH	0.088710	0.094120	-5.75	0.093560	0.097570	-4.11

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 defined as the amount that would be received for the sale of an asset or paid for the transfer of a liability in a business transaction between market participants as of the cut-off date.

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 IFRS 13.61 according to a valuation model. Unrealised gains or 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 reclassified to the income statement. If the security is permanently impaired, the cumulative losses previously recognised outside profit or loss are then also reclassified to the income statement.

The fair value of investment property is established 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.

The OVB Group`s 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 final maturity based on the effective interest method, and less any allowances for impairment. In case of objective substantial indicators of impairment ("triggering events"), an individual assessment of the need for impairment is made. All future cash flows to maturity are discounted to the asset's net carrying amount.

Receivables and liabilities to and from the same former financial advisor are offset if they have the same maturity. 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 value up to amortised cost after previously recognised impairment of debt securities is recognised in profit or loss while the appreciation of equity securities is generally recognised outside profit or loss through the revaluation reserve.

Financial liabilities

After their initial measurement at cost, financial liabilities are generally recognised at amortised cost in the following period in application of the effective interest method.

3.2.1 Impairment and reversal of impairment loss of 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 is 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 loss had been recorded. Any excess amount is recognised in the revaluation reserve.

Impairment losses are not 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 for 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 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 might 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. Ceteris paribus an increase of the cancellation rate leads to a linear increase of the provisions for cancellation risk. 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 sales 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 56.6 per cent (previous year: 54.3 per cent) which is appreciated by the clients with their 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 respective subsections.

The following table shows the carrying amounts of all financial assets reported in the consolidated financial statements. It does not contain information on the fair value of financial assets and financial liabilities not measured at fair value as the carrying amount represents an adequate approximation of the fair value.

in EUR'000		**Carrying amount 2013**	**Carrying amount 2012**
Financial assets	L+R	397	397
Trade receivables	L+R	21,644	23,976
Receivables and other assets		28,177	30,285
Receivables	L+R	17,477	21,132
Other assets		10,700	9,153
Securities and other investments		34,961	39,236
Securities	AfS	5,039	5,413
Other investments	L+R	29,923	33,823
Cash and cash equivalents	L+R	38,370	35,726

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

All carrying amounts of financial assets correspond to the respective fair values. Securities are measured according to stage 1, at exchange or market prices, pursuant to IFRS 13.

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

in EUR'000	Carrying amount 2013	Amortised cost	Historical cost	Change in value outside profit or loss	Change in value through profit or loss
Loans and receivables	107,811 (2012: 115,054)	107,811 (2012:115,054)	-	-	-17,975 (2012: -17,343)
Available-for-sale financial assets	5,039 (2012: 5,413)	-	5,829 (2012: 6,040)	184 (2012: 350)	-974 (2012: -977)
Financial liabilities	33,172 (2012: 34,579)	33,172 (2012: 34,579)	-	-	-

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 improve comparability 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".

Neither in the year under review nor in the previous year were financial assets reclassified in accordance with IFRS 7.12.

Financial assets with a carrying amount of EUR 4,510 thousand (previous year: EUR 4,995 thousand) were pledged as collateral.

The fair values of the available-for-sale financial assets stated in the financial statements were 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	Total
Loans and receivables	946 (2012: 1,395)	-	-1,960 (2012: -2,043)	-1,238 (2012: -1,243)	-2,253 (2012: -1,891)
Available-for-sale financial assets	132 (2012: 118)	-166 (2012: 97)	3 (2012: -16)	22 (2012: 162)	-8 (2012: 361)
Financial liabilities	-181 (2012: -320)	-	-	1,200 (2012: 1,034)	1,019 (2012: 714)
Total	897 (2012: 1,193)	-166 (2012: 97)	-1,957 (2012: -2,059)	-16 (2012: -47)	-1,242 (2012: -816)

Foreign currency effects included in the net result are immaterial and therefore not reported separately. The net result includes EUR -166 thousand recognised in equity.

OVB reports the above mentioned expenses and income included in 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 expenses for valuation allowances and income from appreciation in value.

Total interest income from financial assets amounted to EUR 1,078 thousand in the year under review (previous year: EUR 1,513 thousand). Total interest expense for financial liabilities was EUR 181 thousand (previous year: EUR 320 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 107,811 thousand (previous year: EUR 115,054 thousand). Securities held as collateral for this purpose come to EUR 2,113 thousand (previous year: EUR 3,365 thousand) so that the residual risk amounts to EUR 105,698 thousand (previous year: EUR 111,689 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 2013 is equivalent to the carrying amount of EUR 5,039 thousand (previous year: EUR 5,413 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 categories, as follows:

in EUR’000	AAA	AA	A	BBB	Lower than BBB	No rating	Total
Loans and receivables	5,843 (2012: 5,218)	4,666 (2012: 20,974)	75,866 (2012: 63,474)	3,732 (2012: 1,374)	223 (2012: 199)	6,290 (2012: 9,607)	96,620 (2012: 100,846)
Available-for-sale financial assets	0 (2012: 0)	0 (2012: 0)	576 (2012: 2,872)	657 (2012: 0)	0 (2012: 0)	0 (2012: 0)	1,233 (2012: 2,872)

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 4 thousand (previous year: EUR 15 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	Valuation allowance	Carrying amount (net)
Loans and receivables	29,145 (2012: 31,536)	-17,957 (2012: -17,343)	11,187 (2012: 14,193)
Available-for-sale financial assets	4,779 (2012: 3,518)	974 (2012: -977)	3,806 (2012: 2,541)

With regard to receivables, other assets and financial assets that were neither overdue nor impaired, no circumstances exist as of the reporting date to suggest that the respective debtors will 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 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 each 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 44 per cent of sales (previous year: 48 per cent) 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 EUR 2,285 thousand higher and the consolidated net income would have been EUR 200 thousand higher.

3.5.3 Interest rate risks

The Group is exposed to interest rate risk 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 38,497 thousand (previous year: EUR 32,645 thousand) and variable-interest liabilities of EUR 200 thousand (previous year: EUR 200 thousand). If market interest rates for the full year 2013 had been 100 basis points higher (lower), net income would have been EUR 383 thousand (previous year: EUR 324 thousand) higher (lower). For fixed-income securities in the amount of EUR 499 thousand (previous year: EUR 520 thousand), an increase (decrease) in market interest rates by 100 basis points would have decreased (increased) the total market prices by approx. EUR 5 thousand (previous year: EUR 5 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 disposals.

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
- Availability of adequate technical, financial and other resources toward 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 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 at 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 September 2015. 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 15.5 years due to the scheduled introduction period throughout the Group of 5.5 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 application 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 entities forming the basis of the goodwill or divisions of these entities. 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, additional tests are carried out during the reporting period independently of the mandatory annual impairment test.

The asset schedule shows how the values of intangible assets have 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 upon 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 remeasured 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 generally provided by an independent valuer's current report utilising accepted real property valuation methods and taking into account property-specific distinctive features. For further explanations of the methods applied to investment property valuation please refer to the presentation of the corresponding asset items.

4.1.4 Financial assets

Financial assets relate to loans to in-house and sales force staff granted 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 useful life of the asset. Any liabilities under the lease agreement are recognised accordingly and discounted by the interest rate implicit in the lease.

If above 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 where OVB acts as lessor 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 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 thus 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 IAS 36.12).

Premiums and discounts are attributed directly to their respective financial assets and allocated over the remaining term with a constant effective interest rate. 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 respective requirements are fulfilled, current liabilities to banks are resented together with cash equivalents.

Cash and cash equivalents as 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. Actuarial valuation takes into account current mortality, disability and staff turnover rates. The interest 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 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 bonds and comes to 3.17 per cent (previous year: 3.6 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 respective applicable domestic tax rate.

Taxes on income from current and previous periods that have been assessed but not paid yet 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. 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, appropriate to the term to maturity, is 0.48 per cent (previous year: 0.9 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. 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. Provisions are reviewed as of each reporting date and adjusted in accordance with the best estimate at the time.

Obligations to employees

Current provisions are recognised for obligations to employees if the maturity date and/or the amount of such obligations are uncertain. Provisions are reviewed as of each reporting date and adjusted in accordance with the best estimate at the time.

Costs of preparing the 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 2013 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 by applying 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 on the basis of earnings before taxes as 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. However, a deferred tax asset will be recognised for accounting and valuation differences and for tax loss carry-forwards 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 on the basis of 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 allocated to other comprehensive income outside profit or loss, in which case the deferred tax on these items is recognised accordingly.

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 services 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 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 aggregation 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 Społka 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 TOB OVB Allfinanz Ukraine, 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, Wals/Salzburg; OVB Vermögensberatung (Schweiz) AG, Cham; 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 to 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 and 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 to 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 of related-party transactions for information about relevant product partners.

II. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

Non-current assets	**2013: EUR'000**	**21,282**
	2012: EUR'000	21,982

1

1 Intangible assets	**2013: EUR'000**	**10,143**
	2012: EUR'000	10,619

in EUR'000	31/12/2013	31/12/2012
Software		
Software purchased from third parties	8,947	9,603
Self-created software	29	64
Payments on account for software	544	0
Goodwill	273	520
Other intangible assets	350	432
	10,143	**10,619**

The purchased software relates to a group-wide uniform customer relationship management program (CRM). The carrying amount of this CRM system is EUR 8,121 thousand as of 31 December 2013 (previous year: EUR 8,725 thousand).

Goodwill is subject to impairment testing in accordance with IAS 36. The risk-free discount rate applied to goodwill for the determination of its value in use is 2.72 per cent (previous year: 3.0 per cent) at a detailed planning horizon of 5 years.

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

The goodwill accounted for at EUR 520 thousand in the previous year faces an expected future receipt of payments that substantiates a carrying amount of EUR 273 thousand as of 31 December 2013.

2

2 Tangible assets	**2013: EUR'000**	**5,011**
	2012: EUR'000	4,483

in EUR'000	31/12/2013	31/12/2012
Land, land rights and buildings		
- Own-use property	1,612	1,818
Other equipment, office and operating equipment		
- Machinery, equipment, furniture, vehicles, other	2,199	2,130
- IT equipment	871	281
- Assets under finance lease	47	28
- Tenant fixtures and fittings	161	207
- Payments on account of tangible assets under construction	121	19
	5,011	**4,483**

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 41 thousand as of 31 December 2013 (previous year EUR 75 thousand).

Depreciation of EUR 100 thousand (previous year: EUR 111 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 to be allocated to the Group in accordance with IAS 17 amounts to EUR 47 thousand as of 31 December 2013 (previous year: EUR 28 thousand). The total amount of minimum lease payments due within one year is EUR 15 thousand (previous year: EUR 15 thousand) and the amount due in between one and five years combined is EUR 55 thousand (previous year: EUR 31 thousand).

There were no future minimum lease payments under non-cancellable finance leases 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

2013: EUR'000	**580**
2012: EUR'000	586

in EUR'000	**2013**	**2012**
Rental income from investment property	33	34
Corresponding operating expenses	-21	-27
Net gains or losses from adjustment to fair value	-6	25

Investment property relates to land in Hamburg, Germany on which an office building has been erected. The value of this property decreased in the year under review by EUR 6 thousand.

The fair value attributable to the property held by the Group as an investment as of 31 December 2013 has been determined by an independent valuer. The most recent valuation was prepared in January 2014.

The determination of the fair value of investment property as of 31 December 2013 is allocated to level 3 of the fair value hierarchy according to IFRS 13.

No reallocations between the hierarchy levels have been made in the present financial year.

The following table shows the valuation technique applied for determining the fair value of investment property as well as the material unobservable inputs applied. The fair value is determined as the weighted average of asset value and capitalised value. Land value is determined by applying the comparative value method in both valuation models.

Valuation technique	Material unobservable inputs	Connection between material unobservable inputs and fair value measurement
Income approach: The determination of income is based on sustainable annual income, esp. rents (gross rental income), achievable with the investment property less operating expenses. The net income thus determined is considered for the calculation of the capitalised value through calculating the present value of annuity by applying property yield and remaining useful life.	1. Net cold rent (sustainable market rent): 7 EUR/m² (previous year: 7 EUR/m²)	1. As the rent increases, the fair value of investment property is rising.
	2. Operating expenses: 17 % of net cold rent (previous year: 17 %)	2. As operating expenses increase, the fair value of investment property is going down.
	3. Property yield: 6.1 % (previous year: 6.1 %)	3. As the property yield increases, the fair value of investment property is going down.
	4. Remaining useful life: 34 years (previous year: 35 years)	4. As the remaining useful life decreases, the fair value of investment property is going down.
	5. Specific features of the land	5. Improved specific features of the land increase the fair value of investment property.
Asset value method: The asset value of a building is derived from the building costs in consideration of individual features. The total of land value and asset value in consideration of the determined values of buildings and outdoor facilities represents the preliminary net asset value. The preliminary asset value is subject to market adjustment in line with the local real property market by considering the so-called asset value factor.	1. Building costs and ancillary building costs: EUR 1,431 thousand (previous year: EUR 1,401 thousand)	1. As building costs increase, the fair value of investment property is rising
	2. Depreciation: 46.88 % (previous year: 45.31 %)	2. As depreciation increases, the fair value of investment property is going down.
	3. Asset value factor: 0.65 (previous year: 0.61)	3. An increasing asset value factor increases the fair value of investment property.

The following table presents the reconciliation statement for investment property from the beginning to the end of the year 2013:

Investment property	**1 January 2013: EUR'000**	**586**
	(-/+) Impairment/Appreciation in value: EUR'000	-6
	31 December 2013: EUR'000	**580**

4 Financial assets

2013: EUR'000	**397**
2012: EUR'000	397

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

Schedule of Group non-current assets

of OVB Holding AG as of 31 December 2013

						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						
31/12/2012	27,565	4,110	320	11,292	2,488	45,775
Currency translation differences	-63	-39	-5	-76	-4	-187
01/01/2013	27,502	4,071	315	11,216	2,484	45,588
Change in consolidated Group	0	0	0	0	0	0
Additions	586	0	545	0	103	1,234
Disposals	103	11	0	0	0	114
Transfers	0	0	0	0	0	0
31/12/2013	**27,985**	**4,060**	**860**	**11,216**	**2,587**	**46,708**
Accumulated depreciation/amortisation						
31/12/2012	17,962	3,979	320	9,416	1,953	33,630
Currency translation differences	-51	-39	-4	0	-6	-100
01/01/2013	17,911	3,940	316	9,416	1,947	33,530
Change in consolidated Group	0	0	0	0	0	0
Additions	1,230	35	0	0	153	1,418
Disposals	102	10	0	0	0	112
Transfers	0	0	0	0	0	0
31/12/2013	**19,039**	**3,965**	**316**	**9,416**	**2,100**	**34,836**
Accumulated impairments						
31/12/2012	0	67	0	1,356	103	1,526
Currency translation differences	0	0	0	-76	0	-76
01/01/2013	0	67	0	1,280	103	1,450
Change in consolidated Group	0	0	0	0	0	0
Impairments	0	0	0	247	32	279
Impairment loss reversal	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
31/12/2013	**0**	**67**	**0**	**1,527**	**135**	**1,729**
Book value 31/12/2013	**8,947**	**29**	**544**	**273**	**350**	**10,143**
Book value 31/12/2012	**9,603**	**64**	**0**	**520**	**432**	**10,619**

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			
3,407	7,363	3,653	75	1,535	19	16,052	1,101	397
-169	-81	-18	0	-2	0	-271	0	-17
3,238	7,282	3,635	75	1,533	19	15,783	1,101	380
0	0	0	0	0	0	0	0	0
5	894	825	43	5	121	1,891	0	243
0	902	61	0	13	19	995	0	226
0	0	0	0	0	0	0	0	0
3,243	**7,274**	**4,399**	**118**	**1,525**	**121**	**16,679**	**1,101**	**397**
1,589	5,233	3,372	47	1,328	0	11,569	0	0
-58	-63	-13	0	-1	0	-135	0	0
1,531	5,170	3,359	47	1,327	0	11,434	0	0
0	0	0	0	0	0	0	0	0
100	753	229	24	48	0	1,154	0	0
0	848	60	0	12	0	920	0	0
0	0	0	0	0	0	0	0	0
1,631	**5,075**	**3,528**	**71**	**1,363**	**0**	**11,668**	**0**	**0**
0	0	0	0	0	0	0	515	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	515	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	6	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**	**521**	**0**
1,612	**2,199**	**871**	**47**	**162**	**121**	**5,011**	**580**	**397**
1,818	**2,130**	**281**	**28**	**207**	**19**	**4,483**	**586**	**397**

5

5 Deferred tax assets

	2013: EUR'000	5,151
	2012: EUR'000	5,897

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

in EUR'000	31/12/2013	31/12/2012
Goodwill	33	7
Tangible assets and other intangible assets	13	16
Financial assets	1	1
Financial instruments	264	159
Other assets	31	52
Provisions	1,724	1,805
Liabilities	1,843	1,843
Tax loss carry-forward	1,753	2,558
	5,662	**6,441**
Net off deferred tax liabilities	-512	-544
	5,151	**5,897**

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 18,957 thousand (previous year: EUR 23,210 thousand) for group companies. This would have corresponded with deferred tax assets of EUR 4,956 thousand (previous year: EUR 6,196 thousand).

Of this loss carry-forward, the amount of EUR 3,624 thousand (previous year: EUR 5,006 thousand) can be utilised over a period of between 5 and 15 years. The amount of EUR 15,333 thousand (previous year: EUR 18,204 thousand) can be carried forward indefinitely.

B Current assets

	2013: EUR'000	125,448
	2012: EUR'000	131,625

6

6 Trade receivables

	2013: EUR'000	21,644
	2012: EUR'000	23,976

in EUR'000	31/12/2013	31/12/2012
Trade receivables		
1. Receivables from insurance brokerage	19,539	21,936
2. Receivables from other brokerage	989	753
3. Other trade receivables	1,116	1,287
	21,644	**23,976**

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

in EUR'000	2013	2012
Valuation allowances as of 1 January	138	327
Exchange rate differences	-10	1
Additions (valuation allowance expense)	70	132
Consumption	114	311
Reversals	25	11
Valuation allowances as of 31 December	**59**	**138**

Trade receivables in the amount of EUR 2,292 thousand (previous year: EUR 2,022 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

2013: EUR'000	**28,177**
2012: EUR'000	30,285

in EUR'000	31/12/2013	31/12/2012
7.1 Other receivables	17,690	21,018
7.2 Other assets	10,487	9,267
	28,177	**30,285**

Receivables and other assets usually have terms to maturity of less than one year. An exception are claims for commission of former financial advisors, valued altogether at EUR 10,869 thousand as of the reporting date (previous year: EUR 8,819 thousand). Of this total, claims of EUR 8,991 thousand have terms to maturity of more than one year (previous year: EUR 7,582 thousand).

7.1 Other receivables

in EUR'000	31/12/2013	31/12/2012
Other receivables		
1. Receivables from financial advisors	12,163	16,008
2. Receivables from employees	164	252
3. Miscellaneous other receivables	5,078	4,704
4. Other taxes	285	54
	17,690	**21,018**

Changes in valuation allowances on other receivables are as follows:

in EUR'000	2013	2012
Valuation allowances as of 1 January	17.205	16.726
Exchange rate differences	-111	115
Additions (valuation allowance expense)	3.191	2.858
Consumption	1.629	1.636
Reversals	740	858
Valuation allowances as of 31 December	**17.916**	**17.205**

Additions to valuation allowances 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.

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 an individual former financial advisor are offset against liabilities to that same financial advisor 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 active financial advisors serve the purpose of covering potential future commission refund claims and are presented under other liabilities.

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 active 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 on the basis of 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 not allocated to any other item in the statement of financial position. The item also comprises the portion of acquired commission claims of former financial advisors 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

	2013: EUR'000	**10,487**
	2012: EUR'000	9,267

in EUR'000	**31/12/2013**	**31/12/2012**
Other assets		
1. Accrued investment income	71	168
2. Prepaid expenses	489	424
3. Advertising and office supplies	532	558
4. Payments on account	356	673
5. Acquired future commission claims	8,767	7,163
6. Miscellaneous other assets	272	281
	10,487	**9,267**

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 and insurance premiums.

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 item regards the portion of commission claims of two financial advisors acquired for a consideration 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 are not attributed to any other item in the statement of financial position.

8

8 Income tax assets

2013: EUR'000	**2,296**
2012: EUR'000	2,402

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

9

9 Securities and other investments

2013: EUR'000	**34,961**
2012: EUR'000	39,236

in EUR'000	2013			2012		
	Securities	Other investments	Total	Securities	Other investments	Total
Historical cost	**5,829**	**29,923**	**35,752**	**6,040**	**33,823**	**39,863**
Revaluation reserve	184		184	350		350
Impairment	-974		-974	-977		-977
Market value	**5,039**	**29,923**	**34,961**	**5,413**	**33,823**	**39,236**
Carrying amount	**5,039**	**29,923**	**34,961**	**5,413**	**33,823**	**39,236**

In the past financial year write-downs on securities were recognised in profit or loss in the amount of EUR 19 thousand (previous year: EUR 61 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 decreased by the amount of EUR 166 thousand in the past financial year (previous year: EUR + 29 thousand). Net losses or gains were not incurred in the financial year (previous year: net loss of EUR 68 thousand).

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.

The determination of the fair value of securities held in the amount EUR 5,039 thousand is allocated to level 1 of the valuation hierarchy according to IFRS 13 and considers market or exchange prices.

No reclassification between valuation hierarchy levels has been made in this financial year.

10

10 Cash and cash equivalents

2013: EUR'000	**38,370**
2012: EUR'000	35,726

in EUR'000	31/12/2013	31/12/2012
Cash	41	34
Cash equivalents	38,329	35,692
	38,370	**35,726**

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 measured at face value and foreign currencies are translated into euros at the closing rate.

EQUITY AND LIABILITIES

A Equity

	2013: EUR'000	**83,042**
	2012: EUR'000	83,377

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

11 Subscribed capital

	2013: EUR'000	**14,251**
	2012: EUR'000	14,251

The subscribed capital (share capital) of OVB Holding AG amounts to EUR 14,251 thousand as of 31 December 2013 and consists of 14,251,314 no-par value ordinary bearer shares (previous year: 14,251,314 shares).

12 Capital reserve

	2013: EUR'000	**39,342**
	2012: EUR'000	39,342

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

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 Revenue reserves

	2013: EUR'000	**13,785**
	2012: EUR'000	13,646

15 Other reserves

	2013: EUR'000	**865**
	2012: EUR'000	1,385[1)]

Other reserves essentially comprise currency translation reserve, pension reserves 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 Non-controlling interests

	2013: EUR'000	**152**
	2012: EUR'000	150

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.

1) Adjustment due to application of IAS 19 revised

17

17 Retained earnings

	2013: EUR'000	14,647
	2012: EUR'000	14,603

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 21 June 2013, the shareholders adopted the resolution on the appropriation of the retained earnings of OVB Holding AG for financial year 2012.

In financial year 2013 a dividend of EUR 7,838 thousand was distributed to the shareholders, equivalent to EUR 0.55 per no-par value share. The dividend was paid out to the shareholders of OVB Holding AG on 24 June 2013.

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 2013:

in EUR	2013
Distribution to shareholders	7,838,222.70
Profit carry-forward	5,947,168.64
Retained earnings	**13,785,391.34**

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

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

B Non-current liabilities

	2013: EUR'000	1,840
	2012: EUR'000	1,859

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 31/12/2013

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	241	241	0	0	0	0
Other liabilities	87	87	0	0	0	0

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

18

18 Liabilities to banks

2013: EUR'000	**241**
2012: EUR'000	287

The item "Liabilities to banks" includes long-term bank loans for setting up the businesses of subsidiaries in the amount of EUR 200 thousand (previous year: EUR 212 thousand) and for financing own-use property in the amount of EUR 41 thousand (previous year: EUR 75 thousand). Repayments on the first loan amounted to EUR 12 thousand (previous year: EUR 7 thousand) and on the second loan EUR 34 thousand (previous year: EUR 47 thousand).

19

19 Provisions

2013: EUR'000	**1,407**
2012: EUR'000	1,351

in EUR'000	31/12/2013	31/12/2012
Provisions for pensions	873	911
Long-term provisions for employees	532	408
Other long-term provisions	2	32
	1,407	**1,351**

in EUR'000	01/01/2013	Exchange rate differences	Allocation	Consumption	Release	31/12/2013
Provisions for pensions	911	-2	90	126	0	873
Long-term provisions for employees	408	0	126	1	0	532
Other long-term provisions	32	0	1	32	0	2
	1,351	**-2**	**218**	**159**	**0**	**1,407**

The interest effects included in additions are immaterial.

On 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, Cham is under statutory obligation to pay pension benefits to four commercial employees. The following pension benefits are granted to the beneficiaries:

- retirement benefits
- pension for surviving dependents
- disability pension

OVB Allfinanzvermittlungs GmbH, Wals/Salzburg has an obligation to grant pension benefits by way of settlement obligation to three employees once they reach the statutory retirement age or if they 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 31/12/2013 **in EUR'000**	**OVB Holding AG**	**OVB Switzerland**	**OVB Austria**
Defined benefit obligations as of 1/1/2013	**593**	**627**	**186**
Exchange rate changes	0	-9	0
Service cost	0	33	12
Past service cost	0	2	0
Interest expense/income	21	12	7
Gains (-) and losses (+) from revaluation:			
- Actuarial gains and losses from changes in demographic assumptions	0	53	0
- Actuarial gains and losses from changes in financial assumptions	0	-22	2
- Actuarial gains and losses from experience adjustments	37	-2	-18
Contributions:			
- Employers	0	0	-119
- Plan participants	0	21	0
Pension plan payments:			
- Current payments	0	-31	0
- Compensation	0	0	0
Defined benefit obligations as of 31/12/2013	**651**	**684**	**71**
Plan assets as of 1/1/2013	**0**	**495**	**0**
Exchange rate changes	0	-7	0
Contributions:			
- Employers	0	39	0
- Plan participants	0	21	0
Expected investment income	0	0	0
Pension plan payments:			
- Current payments	0	-31	0
- Compensation	0	0	0
Interest expense/income	0	10	0
Gains (-) and losses (+) from revaluation:			
- Income from plan assets not including interest income	0	8	0
Plan assets as of 31/12/2013	**0**	**533**	**0**
Pension provisions as of 31/12/2013	**651**	**151**	**71**

Pension provisions as of 31/12/2012 **in EUR'000**	**OVB Holding AG**	**OVB Switzerland**	**OVB Austria**
Defined benefit obligations as of 1/1/2012	**476**	**549**	**172**
Exchange rate changes	0	5	0
Service cost	0	34	13
Past service cost	0	0	0
Interest expense/income	24	14	9
Gains (-) and losses (+) from revaluation:			
- Actuarial gains and losses from changes in demographic assumptions	0	0	0
- Actuarial gains and losses from changes in financial assumptions	0	12	30
- Actuarial gains and losses from experience adjustments	93	13	4
Transfer	0	0	-29
Contributions:			
- Employers	0	0	0
- Plan participants	0	23	0
Pension plan payments:			
- Current payments	0	-23	-12
- Compensation	0	0	0
Defined benefit obligations as of 31/12/2012	**593**	**627**	**186**
Plan assets as of 1/1/2012	**0**	**430**	**0**
Exchange rate changes	0	3	0
Contributions:			
- Employers	0	45	0
- Plan participants	0	23	0
Expected investment income	0	0	0
Pension plan payments:			
- Current payments	0	-24	0
- Compensation	0	0	0
Interest expense/income	0	11	0
Gains (-) and losses (+) from revaluation:			
- Income from plan assets not including interest income	0	7	0
Plan assets as of 31/12/2012	**0**	**495**	**0**
Pension provisions as of 31/12/2012	**593**	**132**	**186**

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

2013	OVB Holding AG	OVB Switzerland	OVB Austria
Discount rate	3.17 %	2.25 %	3.40 %
Expected future salary increases	0.00 %	1.00 %	1.50 %
Expected future pension adjustments	2.00 %	0.00 %	0.00 %
Expected inflation rate	2.00 %	1.40 %	0.00 %

2012	OVB Holding AG	OVB Switzerland	OVB Austria
Discount rate	3.60 %	2.00 %	3.60 %
Expected future salary increases	0.00 %	1.00 %	1.50 %
Expected future pension adjustments	2.00 %	0.00 %	0.00 %
Expected inflation rate	2.00 %	0.80 %	0.00 %

Current service cost is 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 50.4 per cent (2012: 62.4 per cent)
- Real property 13.3 per cent (2012: 17.0 per cent)
- Equity instruments 26.5 per cent (2012: 15.2 per cent)
- Other assets 9.9 per cent (2012: 5.4 per cent).

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

in EUR'000	2013	2012
Pension provisions according to IAS 19 as of 01/01	911	799
Exchange rate differences	-2	2
+ changes in pension provisions OVB Holding AG	59	134
+ changes in pension provisions OVB Switzerland	20	-38
+ changes in pension provisions OVB Austria	-115	14
Pension provisions according to IAS 19 as of 31/12	873	911

in EUR'000		Amount of obligation	
	Changes in assumption	Increase in assumption	Decrease in assumption
OVB Holding AG			
Discount rate	0.25 %	633	671
OVB Switzerland			
Discount rate	0.25 %	634	744
Expected future salary increase	0.25 %	711	660
Expected future pension adjustment	0.25 %	706	
OVB Austria			
Discount rate	0.25 %	68	74
Expected future salary increase	0.25 %	74	68

The sensitivity analysis presented above is based on changes in one parameter as the other parameters remain constant. This isolated constellation will be extremely rare in reality as input parameters dynamics are often connected. Sensitivity assessment applies the projected unit credit method, also applied for determining the defined benefit obligation.

The funding of the acquired benefit claims is not uniformly regulated at the subsidiaries of the OVB Group. At OVB Switzerland financing is provided by employer and employees at 50 per cent each with respect to the basic plan. The employer pays the contributions to the staff plan in full. At OVB Austria the employer fully provides the financing of severance payment obligations. At OVB Holding AG pension obligations are financed entirely by the Company.

The expected contributions to the pension plans for benefits after termination of employment altogether amount to EUR 66 thousand for the financial year ended 31 December 2014.

The weighted average term of the defined benefit obligations is 12.6 years.

On long-term provisions for employees

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

20

20 Other liabilities

2013: EUR'000	**87**
2012: EUR'000	46

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

21

21 Deferred tax liabilities

2013: EUR'000	**105**
2012: EUR'000	175

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

in EUR'000	31/12/2013	31/12/2012
Goodwill	89	169
Tangible assets and intangible assets	18	12
Financial instruments	123	111
Other assets	1	0
Provisions	385	345
Liabilities	1	82
	617	**719**
Net of deferred tax assets	-512	-544
	105	**175**

C Current liabilities

2013: EUR'000	**61,848**
2012: EUR'000	68,371

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

22

22 Provisions for taxes

2013: EUR'000	**1,405**
2012: EUR'000	3,277

in EUR'000	31/12/2013	31/12/2012
Income tax provisions	1,166	3,037
Other tax provisions	240	240
	1,405	**3,277**

The provisions for taxes have altogether changed as follows:

in EUR'000	01/01/2013	Exchange rate differences	Allocation	Consumption	Reversal	31/12/2013
Tax provisions	3,277	-160	1,086	2,747	51	1,405

23

23 Other provisions

2013: EUR'000	**26,021**
2012: EUR'000	29,525

in EUR'000	31/12/2013	31/12/2012
1. Cancellation risk	13,237	13,433
2. Unbilled liabilities	10,102	12,740
3. Legal disputes	763	1,266
	24,101	**27,439**
4. Others		
- Obligations to employees	661	742
- Costs of preparing annual financial statements / Audit costs	599	479
- Other obligations	660	865
	1,919	**2,086**
	26,021	**29,525**

in EUR'000	01/01/2013	Exchange rate differences	Additions	Consumption	Reversal	31/12/2013
1. Cancellation risk	13,433	-331	1,492	1,357	0	13,237
2. Unbilled liabilities	12,740	-429	9,269	10,952	526	10,102
3. Legal disputes	1,266	-77	414	519	322	763
4. Others	2,086	-39	1,446	1,495	78	1,919
	29,525	**-877**	**12,621**	**14,322**	**926**	**26,021**

Additions include expenses from the accumulation of interest on provisions in the amount of EUR 104 thousand (previous year: EUR 74 thousand). Provisions for cancellation risk are generally recognised as current provisions due to uncertainty in respect of the time and extent of their utilisation. Assumed that the clients' cancellation behaviour equals that of the recent past, the resulting non-current portion would amount to approx. EUR 4,190 thousand (previous year: EUR 3,600 thousand).

24

24 Income tax liabilities

2013: EUR'000	**306**
2012: EUR'000	61

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

25

25 Trade payables

2013: EUR'000	**6,724**
2012: EUR'000	6,799

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 measured 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 31/12/2013:

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	6,724	3	436	2,136	2,195	0	1,954

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

26

26 Other liabilities

2013: EUR'000	**27,392**
2012: EUR'000	28,709

Maturity of liabilities as of 31/12/2013:

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	23,424	101	99	2,859	6,406	122	13,838
2. Liabilities based on other taxes	973	0	297	669	7	0	0
3. Liabilities to employees	1,989	0	611	1,272	59	0	47
4. Liabilities to product partners	647	0	6	6	0	0	635
5. Liabilities to banks	0	0	0	0	0	0	0
6. Other liabilities to sales agents	16	0	0	0	6	0	16
7. Miscellaneous liabilities	343	1	135	156	28	0	23
Total	**27,392**	**102**	**1,148**	**4,961**	**6,500**	**122**	**14,558**

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**

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

2013: EUR'000	**187,581**
2012: EUR'000	194,465

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

28

28 Other operating income

2013: EUR'000	**8,658**
2012: EUR'000	9,030

in EUR'000	2013	2012
Refunds from financial advisors	2,724	3,077
Income from release of provisions	977	968
Own work capitalised	40	259
Income from the cancellation of expired liabilities	1,200	1,034
Rental income from sub-leases	69	111
Income from the disposal of intangible assets and tangible assets	36	60
Reversals of impairment loss	898	948
Income from currency translation	102	338
Contributions to costs made by partners	597	332
Other	2,013	1,903
	8,658	**9,030**

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

2013: EUR'000	**-121,826**
2012: EUR'000	-128,813

in EUR'000	2013	2012
Current commission	-109,755	-117,223
Other commission	-12,071	-11,590
	-121,826	**-128,813**

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

30

30 Personnel expense

2013: EUR'000	**-25,549**
2012: EUR'000	-24,316[1)]

in EUR'000	2013	2012
Wages and salaries	-21,151	-20,353
Social security	-3,904	-3,636
Expenses for retirement provision	-494	-327[1)]
	-25,549	**-24,316**

1) Adjusted due to application of IAS 19 revised

31

31 Depreciation and amortisation

2013: EUR'000	**-2,870**
2012: EUR'000	-3,180

in EUR'000	2013	2012
Amortisation/Impairment of intangible assets	-1,702	-1,976
Depreciation of tangible assets	-1,168	-1,204
	-2,870	**-3,180**

Depreciation and amortisation in financial year 2013 are shown in the asset schedule.

32

32 Other operating expenses

2013: EUR'000	**-35,786**
2012: EUR'000	-36,494

in EUR'000	2013	2012
Administrative expenses		
Legal, financial statement and consulting expenses	-4,260	-4,132
Facility expenses	-2,561	-2,537
Communication costs	-1,138	-1,216
IT expenses	-3,162	-3,082
Vehicle expenses	-626	-649
Rent for furniture and equipment	-121	-134
Other administrative expenses	-3,552	-4,160
	-15,420	**-15,910**
Sales and marketing costs		
Seminars, competitions, functions	-7,818	-8,258
Advertising cost, public relations	-1,991	-2,325
Write-down on/Allowances for receivables	-4,097	-4,234
Other sales and marketing costs	-3,723	-2,704
	-17,629	**-17,521**
Other operating expenses		
Foreign currency loss	-262	-126
Supervisory Board remuneration	-126	-125
Losses from disposal of investments	-17	-81
Miscellaneous expenses	-392	-365
	-797	**-697**
Non-income-based taxes		
Value added tax on purchased goods/services	-1,735	-2,150
Other non-income-based tax	-205	-216
	-1,941	**-2,366**
	-35,786	**-36,494**

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 the preparation of 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.

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	31/12/2013	31/12/2012
Twelve months or less	2,347	2,266
Between one year and five years	6,610	5,281
More than five years	1,342	2,237
	10,299	**9,784**

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

in EUR'000	2013	2012
Amount of minimum lease payments	2,780	2,179
Contingent rent	2	3
	2,782	**2,182**
Amount of sub-lease payments	50	56
	2,832	**2,238**

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 8 thousand (previous year: EUR 26 thousand) and those of more than year amount to EUR 0 thousand (previous year: EUR 4 thousand).

33

33 Financial result

	2013: EUR'000	**937**
	2012: EUR'000	1,371

in EUR'000	2013	2012
Finance income		
Bank interest	562	1,055
Income from securities	155	280
Reversal of impairment loss on investments	22	45
Income from investment property (net)	12	32
Interest income from loans	46	41
Other interest income and similar income	339	299
	1,136	**1,752**
Finance expense		
Interest expense and similar expenses	-180	-320
Investments expenses	-19	-61
	-199	**-381**
Financial result	**937**	**1,371**

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 Taxes on income

2013: EUR'000	**-3,122**
2012: EUR'000	-3,789

in EUR'000	2013	2012
Current income tax	-2,475	-3,538
Deferred income tax	-646	-251
	-3,122	**-3,789**

Tax expenses include foreign current taxes in the amount of EUR 2,706 thousand (previous year: EUR 3,050 thousand) and foreign deferred tax assets of EUR 64 thousand (previous year: deferred tax assets of EUR 640 thousand).

Current and deferred taxes are determined on the basis of 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 39 thousand (previous year: EUR 33 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 28.01 per cent (previous year: 31.45 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	2013	2012
Earnings before income tax according to IFRS	11,144	11,916
Consolidated income tax rate	32.45 %	32.45 %
Theoretical income tax expense in the financial year	**-3,616**	**-3,867**
Taxes based on non-deductible expenses (-) / tax-free income (+)	-609	-620
Effect of other tax rates applicable to domestic and foreign operating subsidiaries	1,583	1,781
Income tax relating to other reporting periods	467	-289
Changes in tax effects from temporary differences and tax losses for which no deferred tax assets were recognised (-) / Capitalisation of deferred tax in financial year on loss carry-forward from previous year for which no deferred tax was recognised in the previous year (+)	-248	-1,022
Other	-699	228
Taxes on income	**-3,122**	**-3,789**

35 Consolidated net income

2013: EUR'000	**8,023**
2012: EUR'000	8,274

36 Net loss/income attributable to non-controlling interests

2013: EUR'000	**-2**
2012: EUR'000	-12

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 Consolidated net income after non-controlling interests

2013: EUR'000	**8,021**
2012: EUR'000	8,262

38

38 Earnings per share (basic/diluted)

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

in EUR'000	2013	2012
Earnings		
Basis for basic/diluted earnings per share (net income for the period attributable to owners of the parent)	8,021	8,262[1)]

Number of shares	2013	2012
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	0.56	0.58[1)]

1) Adjustment due to application of IAS 19 revised

Diluted earnings per share equal basic earnings per share 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 total EUR 3,015 thousand as of the reporting date (previous year: EUR 3,542 thousand).

Litigation risk

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 434 (previous year: 438) commercial staff of which 43 (previous year: 47) worked in a managerial capacity.

Management Board and Supervisory Board

Members of the Executive Board of OVB Holding AG:

- 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
- Dr. Thomas A. Lange, (Deputy Chairman of the Supervisory Board since 21 June 2013); Chairman of the Executive Board of NATIONAL-BANK AG, Essen
- Christian Graf von Bassewitz, (Deputy Chairman of the Supervisory Board until 21 June 2013), Banker (ret.)
- Jan De Meulder, Chairman of the Executive Boards of Basler Lebensversicherungs-AG, Hamburg and Basler Sachversicherungs-AG, Bad Homburg; General Representative of Basler Leben AG Direktion für Deutschland and Basler Versicherung AG Direktion für Deutschland, Bad Homburg; Managing Director of Basler Saturn Management B.V. in its capacity as general partner of Basler Versicherung Beteiligungen B.V. & Co.KG, Hamburg; Member of the Corporate Executive Committee of Baloise Group, Basel, Switzerland
- Dr. Frank Grund, (Member of the Supervisory Board until 21 June 2013); former Chairman of the Executive Boards of Basler Versicherungen, Bad Homburg; Deutscher Ring Lebensversicherung-AG, Hamburg; Deutscher Ring Sachversicherungs-AG, Hamburg (until 31 December 2012)
- Markus Jost, (Member of the Supervisory Board since 21 June 2013); Member of the Executive Boards of Basler Securitas Versicherungs-AG, Bad Homburg; Basler Lebensversicherungs-AG, Hamburg; Basler Sachversicherungs-AG, Hamburg; Managing Director of Basler Saturn Management B.V. in its capacity as general partner of Basler Versicherung Beteiligungen B.V. & Co.KG, Hamburg
- Wilfried Kempchen, businessman (ret.)
- Winfried Spies, Chairman of the Executive Boards of Generali Versicherung AG, Munich; Generali Lebensversicherung AG, Munich; Generali Beteiligungs- und Verwaltungs AG, Munich

Remuneration of Supervisory Board and Executive Board

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

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

in EUR'000	Michael Rentmeister	Oskar Heitz	Mario Freis
Fixed remuneration	547 (2012: 544)	353 (2012: 348)	272 (2012: 246)
Variable remuneration	377 (2012: 154)	146 (2012: 128)	123 (2012: 92)
Total remuneration	**924 (2012: 698)**	**499 (2012: 476)**	**395 (2012: 338)**

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 344 thousand (previous year: EUR 112 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 651 thousand as of the reporting date (previous year: EUR 593 thousand). No pension benefits were paid in the year under review.

Consulting expenses and audit costs

"Legal, financial statement and consulting expenses" include the fee of the auditor, PricewaterhouseCoopers AG, Düsseldorf, in the total amount of EUR 368 thousand (previous year: EUR 367 thousand). The auditor's fees comprise the following items in the 2013 financial year:

in EUR'000	2013	2012
Audit services	274	280
Other certifications and assessments	94	87
Tax consulting services	0	0
Other services	0	0

Significant events after the reporting date

There have been no reportable significant 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 December 2013 are companies of:

- the SIGNAL IDUNA Group
- the Baloise 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 2013 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 2013. Deutscher Ring Krankenversicherungsverein a.G. held shares in OVB Holding AG carrying 3.74 per cent of the voting rights as of 31 December 2013.

As of 31 December 2013 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 Baloise Group, whose parent is Bâloise Holding AG.

As of 31 December 2013 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.

Brokerage expenses include commission expense for members of key management personnel in the amount of EUR 10 thousand (previous year: EUR 10 thousand).

As of the reporting date, receivables from members of key management personnel amount to EUR 2 thousand (previous year: EUR 1 thousand) and liabilities to members of key management personnel amount to EUR 10 thousand (previous year: EUR 2 thousand).

The German subsidiary OVB Vermögensberatung AG leased office space in financial year 2012 which is the property of a close relative of a Supervisory Board member. Lease payments (including incidental rental costs) correspond to market conditions and amount to EUR 34 thousand annually. Of this total amount, EUR 30 thousand (previous year: EUR 30 thousand) are rent and EUR 4 thousand are incidental rental costs.

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

From contracts with companies of the SIGNAL IDUNA Group, sales were generated in the amount of EUR 12,447 thousand (previous year: EUR 7,977 thousand), or total sales commission in the amount of EUR 18,461 thousand (previous year: EUR 14,053 thousand), principally in the Germany segment.

As of the reporting date, receivables from companies of the SIGNAL IDUNA Group come to EUR 660 thousand (previous year: EUR 714 thousand) and corresponding liabilities amount to EUR 0 thousand (previous year: EUR 0 thousand).

The item „Securities and other investments" (note 9) includes securities of the SIGNAL IDUNA Group in the amount of EUR 1,250 thousand (previous year: EUR 1,334 thousand) and of Bâloise Holding AG in the amount of EUR 657 thousand (previous year: EUR 668 thousand).

Sales from contracts with companies of the Baloise Group in the amount of EUR 20,466 thousand (previous year: EUR 21,682 thousand), or total sales commission in the amount of EUR 29,909 thousand (previous year: EUR 31,825 thousand), are essentially generated in the Germany segment.

As of the reporting date, receivables from companies of the Baloise Group come to EUR 3,300 thousand (previous year: EUR 3,784 thousand) and corresponding liabilities amount to EUR 0 thousand (previous year: EUR 0 thousand).

Sales generated under contracts with companies of the Generali Group in the amount of EUR 33,081 thousand (previous year: EUR 33,355 thousand), or total sales commission in the amount of EUR 34,951 thousand (previous year: EUR 35,619 thousand), essentially involve the Germany and Central and Eastern Europe segments.

As of the reporting date, receivables from companies of the Generali Group come to EUR 3,341 thousand (previous year: EUR 3,927 thousand) and corresponding liabilities amount to EUR 0 thousand (previous year: 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 2013 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 2013 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, February 26, 2014

Michael Rentmeister   Oskar Heitz   Mario Freis

“What does it mean for me to be a product partner of OVB?”

“I cooperate with a reliable partner who pursues a premium-select strategy and counts on a long-term partnership.”

“I know that only with attractive quality products and the best service will I be able to develop the client potential of OVB.”

“I take advantage of OVB's fair and comprehensive financial advisory service which leads to high client satisfaction. This and its economic strength make OVB a particularly low-risk and competitive distribution partner for me.”

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, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the notes to the consolidated financial statements –, together with the consolidated management report for the financial year ended 31 December 2013. The preparation of the consolidated financial statements and the consolidated management report in accordance with the IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315a (1) HGB (German Commercial Code) is the responsibility of the Company‘s Executive Board. Our responsibility is to express an opinion on the consolidated financial statements and on the consolidated 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 Institute of Public Auditors in Germany (IDW). Those standards require that we plan and perform the audit such that misstatements and violations 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 consolidated 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 consolidated management report are examined primarily on a test basis within the framework of the audit. The audit includes an assessment of 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 Executive Board, as well as an evaluation of the overall presentation of the consolidated financial statements and the consolidated 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 IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315a (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 consolidated 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, 26 February 2014

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,

over the past financial year the Supervisory Board attended to its duties as defined by law, the Articles of Association and the rules of procedure. Within this scope, the Supervisory Board gave extensive advice to the Executive Board and consistently supervised its activities. As in the past years, the Supervisory Board particularly concerned itself in detail with the economic and financial development as well as with the strategy and planning of the Company and the Group. The Supervisory Board was always involved in decisions of essential importance.

The Executive Board informed the Supervisory Board regularly, comprehensively and in good time about all material developments of the Company orally, electronically and in writing. Its communication behaviour was always appropriate for the respective topics under discussion.

Among the focal points of reporting were

- the economic and financial development of the Group and its segments including budgeting,
- the developments relating to financial advisors and employees,
- the business and risk strategy,
- other essential concerns of the management of business operations,
- risk management, particularly the material risks the OVB Group is exposed to,
- business transactions and events of significance,
- the implementation of the Europe-wide strategy,
- the performances of the operating holdings,
- the annual report of internal audit department and
- the annual report of the Compliance Manager.

Outside the framework of meetings, the Supervisory Board was also informed about important events and transactions by the Executive Board on its own initiative. The Chairman of the Executive Board informed all members of the Supervisory Board in personal conversations during the financial year about the Company's economic and financial position and recent developments and consulted them for advice if necessary.

Reporting by the Executive Board

The Executive Board's regular reports were provided each quarter in writing including extensive documentation, analyses and assessments of the developments of profitability and assets and liabilities in comparison with the previous year and the targets from the Company's management accounting. The Company's risk position was also presented in detail by quarterly updates.

The risk reports comprised the Group's current risk position in view of profitability and assets and liabilities, distribution, structures and products, the market, competition, regulatory framework as well as operations and support.

Supervisory Board meetings and resolutions

The Supervisory Board members convened in altogether five Supervisory Board meetings in financial year 2013, two of which were attended by all of the members. No Supervisory Board member attended less than half of the meetings. However, two meetings could not be attended by one member of the Supervisory Board respectively and one meeting could not be attended by two members of the Supervisory Board. Insofar as necessary between the meetings, resolutions were made by way of circulation procedure.

Preparatory documents were provided to the members of the Supervisory Board for all of its meetings with sufficient time in advance. Quarterly reporting notwithstanding, the principle is observed that all documents must be submitted at least two weeks prior to the date of the meeting. In exceptional, duly justified cases, e.g. on account of update requirements, further documentation may be submitted at a later date.

At its meetings, the Supervisory Board particularly discussed the following topics in detail and passed corresponding resolutions if necessary:

Accounts review meeting on 22 March 2013

This meeting focused on the separate and consolidated financial statements 2012 and the dividend proposal. Another item on the agenda was the executive Board's report on relationships with affiliated companies. Upon the recommendation of the Audit Committee and after prior discussion with the auditor and the Board's own diligent examination, the Supervisory Board approved the separate and consolidated financial statements for the 2012 financial year. This was already subject of detailed reporting in the Annual Report on the previous financial year. The Supervisory Board also concerned itself with the advancement of the Executive Board remuneration system, based on a report given by the Nomination and Remuneration Committee and in consultation of an external remuneration expert. Upon the recommendation of the preparatory committee, the resolution was passed to incorporate an independent and customary long-term component in the form of a bonus account system into the variable Executive Board remuneration. The Supervisory Board also adopted the agenda for the Company's Annual General Meeting on 21 June 2013 including the resolution proposals.

Meetings held on 21 June 2013

Directly prior to the beginning of the Annual General Meeting on 21 June 2013, the members of the Supervisory Board convened for a regular meeting in full session, focusing on the Executive Board's report on the situation of the Company.

In the inaugural Supervisory Board meeting held immediately after the Company's Annual General Meeting, the Supervisory Board conducted the elections of the Chairman and the Deputy Chairman of the Supervisory Board as well as of the members of the Audit Committee and the Nomination and Remuneration Committee.

Meeting of 11 September 2013

In the Supervisory Board meeting held on 11 September 2013, the Executive Board reported again on the current situation of the Group on the basis of the distribution and financial analysis prepared as of 30 June 2013. Discussions emphasized the corporate strategy of OVB Holding AG for mergers & acquisitions prepared by the Executive Board. The Company as the Group's management holding wants to seize the strategic opportunities that become available in a consolidating industry. As a result of extensive analysis, guidelines, rules and processes were developed for application in future M&A projects. The Supervisory Board gave its approval to the strategy concept after intense debate. Another subject of discussion was an intensified monitoring of the Russian market, considered by OVB a market of the future with considerable potential if general conditions are convenient. It was also noted that the next efficiency review for the purpose of No. 5.6 of the German Corporate Governance Code would only be carried out in financial year 2014 after a review had been conducted annually over the past years. As the corporate supervisory body has consisted of new members to one third since June 2013, an efficiency review did not seem to make much sense in the year under review.

Meeting of 4 December 2013

In the meeting held on 4 December 2013, the Executive Board gave an in-depth report on the situation of the Company as well as the state of the implementation of the key measures presented in the June meeting of the previous year. Within the scope of the key measure "IT support", the present state of the existing IT structure was explained to the Supervisory Board based on a written analysis. This explanation was followed by a presentation of the options for a modernisation of the IT structure in the sense of best practice. Up to now OVB's financial advisors e.g. cannot access a single tool for client analysis but are required to research potential gaps in provision by perusing various systems. In addition to that, the comprehensive, cross-thematic advice cannot be based on IT support yet. In order to justify OVB's claim of becoming the leading system distributor of financial services in Europe in the medium term, capital expenditures for a technical platform are required, especially in the field of IT support, which can serve as the basis of a rule-oriented, comprehensive and cross-thematic advisory and sales process. After thorough discussion, the Supervisory Board noted the presented options with approval. Other focal points of debate were the presented budget 2014 and the multi-year planning derived from it.

On the committees

The Supervisory Board has established two permanent 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 of discussion and the outcome of the committee meetings in good time, in the next Supervisory Board meeting at the latest. The committee members are presented in the following overview:

Composition of the Supervisory Board committees

Audit Committee
Dr. Thomas Lange (Chairman)
Michael Johnigk Markus Jost Jan De Meulder
Nomination and Remuneration Committee
Jan De Meulder (Chairman)*
Michael Johnigk
*interim Chairman Markus Jost

Audit Committee

The Audit Committee held four regular meetings in the year 2013. Three additional conference calls were conducted. The meetings held in March and in December were also attended by the auditor for reporting purposes. For selected topics, several executives of the respective divisions were consulted as well.

Among other topics, the committee addressed
- the monitoring of the accounting process,
- the effectiveness of the internal control system,
- the monitoring of risk management,
- the results of the internal audit process and
- the audit, particularly the issue of auditor independence.

The Audit Committee discussed the half-year and quarterly financial reports of the 2013 financial year in detail prior to their respective publication.

Prior to the Supervisory Board's accounts review on 22 March 2013 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 gave a detailed report on the findings of the audits conducted and was available to the committee members for further questions.

The Audit Committee also prepared the Supervisory Board's proposal for the election of PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Düsseldorf, as auditor for financial year 2013 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.

In its declaration of auditor independence to the Audit Committee, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft 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 2013, the auditor was commissioned with the audit of the separate and consolidated financial statements 2013 as well as with the review of the half-year and quarterly financial reports by the Supervisory Board; a corresponding agreement was signed. Moreover, the written report on the internal audit for the year 2012 was also explained to the committee members.

In the committee meeting of 11 September 2013, the head of the internal audit department explained the written internal audit report for the first half-year 2013 to the committee members. The Group's risk position was also presented to the committee on the basis of the quarterly risk management report as of 30 June 2013.

In its meeting held on 4 December 2013, the Audit Committee obtained information from the Group's Chief Compliance Manager about the Group's compliance activities and their advancement in the year under review on the basis of the compliance report prepared as of the end of November 2013. Furthermore, the committee members debated the procedure and the focal points of the 2013 audit after discussion with the auditor elected by the General Meeting of shareholders.

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 potential requests for the appointment of Supervisory Board members by court order. The committee also makes suggestions for the 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 members closely examined the previous system for the remuneration of the Executive Board in the year under review. After consultation of an external remuneration expert, the committee made suggestions for an adjustment to the Supervisory Board, taking better account of the sustained performance of the OVB Group and accommodating the Group's strategic development.

Details of the Executive Board remuneration system in force as of 1 January 2013 are presented in the remuneration report for 2013. This report is part of the 2013 Annual Report of OVB Holding AG.

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 governance are constantly monitored by the Supervisory Board. In accordance with No. 3.10 of the German Corporate Governance Code, the Executive Board reports, also on behalf of the Supervisory Board, on corporate governance as it is practised at OVB. 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 annual 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.

The Supervisory Board concerned itself thoroughly with the amendment to the German Corporate Governance Code in the year under review – the version of 13 May 2013, released in the Federal Gazette on 10 June 2013 – and released another declaration of conformity during the financial year, on 26 July 2013, with respect to the effective version of the Code. Both declarations of conformity are permanently available on the Company's website.

Audit of separate and consolidated financial statements 2013

PricewaterhouseCoopers AG, Wirtschaftsprüfungsgesellschaft, Düsseldorf, has audited the separate financial statements as of 31 December 2013, prepared by the Executive Board in accordance with the provisions of the German Commercial Code (HGB) and the supplementary provisions of the German Stock Corporation Act, and the management report of OVB Holding AG for financial year 2013. The auditor issued an unqualified audit opinion. The consolidated financial statements of OVB Holding AG as of 31 December 2013 and the consolidated management report for financial year 2013 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 the consolidated financial statements and the consolidated management report as well. The auditor also confirmed the efficiency of the internal control system and ascertained that the early warning system for risks implemented by the Executive Board is suited for 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 20 March 2014. The auditor elected by the Annual General Meeting on 21 June 2013, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Düsseldorf, was also present as the corresponding items on the agenda were discussed and reported in detail on the process and the key findings of the audit, in addition to the written reports that had been received by the Supervisory Board in good time prior to the meetings. The auditor also informed about the findings with respect to the internal control and risk management system relating to the accounting process and was available to the members' queries.

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 and the consolidated financial statements prepared by the Executive Board, the management report and the consolidated management report, the Supervisory Board agreed with the auditor's findings, thus following the recommendation of the Audit Committee, and approved the separate financial statements and the consolidated financial statements. The 2013 financial statements are thus adopted in accordance with Section 172 sentence 1 AktG. Having conducted its own review, the Supervisory Board also assented to the Executive Board's proposal for the appropriation of retained earnings and the payment of a dividend of Euro 0.55 per share.

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 made the following statement:

"After our 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 21 June 2013, the terms of all Supervisory Board members expired. The election proposals prepared by the Nomination and Remuneration Committee were each approved by a large majority of the shareholders in attendance. Accordingly Michael Johnigk, Wilfried Kempchen, Jan De Meulder and Winfried Spies were confirmed in their positions on the Board. Markus Jost, Member of the Executive Board of Basler Securitas Versicherungs-AG, Bad Homburg; Basler Lebensversicherungs-AG, Hamburg; Basler Sachversicherungs-AG, Bad Homburg; Managing Director of Basler Saturn Management B.V. in its capacity as general partner of Basler Versicherung Beteiligungen B.V. & Co. KG, Hamburg, and Dr. Thomas A. Lange, Chairman of the Executive Board of NATIONAL-BANK AG, Essen, were newly elected to the Supervisory Board. In the inaugural Supervisory Board meeting held that same day, Michael Johnigk was elected Chairman and Dr. Thomas A. Lange was elected Deputy Chairman of the Supervisory Board.

Furthermore, Dr. Thomas A. Lange was elected Chairman of the Audit Committee and Jan De Meulder was elected Chairman of the Nomination and Remuneration Committee. In place of Jan De Meulder, who was absent due to illness, Markus Jost was elected interim Chairman of the Nomination and Remuneration Committee on 4 December 2013. The Supervisory Board expresses its thanks to former members Christian Graf von Bassewitz and Dr. Frank Grund, who retired from the Supervisory Board in the year under review, for the good teamwork and their commitment over many years.

Conflicts of interest and their management

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.

The Supervisory Board thanks the members of the Executive Board, the management teams and executives of the holdings and all financial advisors and employees of the OVB Group throughout Europe for their performances in the 2013 financial year.

Cologne, 20 March 2014

On behalf of the Supervisory Board

Michael Johnigk
Chairman

Corporate Governance

Practised 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 pursuant to Section 314 (1) no. 6 HGB.

Statement on corporate governance

The statement on corporate governance is part of the management report.

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

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 consults the Supervisory Board on the Company's strategic orientation in detail and discusses the strategy and its implementation with the Supervisory Board in regular intervals. 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 within this framework. 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 Board 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.

Compliance as an essential management task of the Executive Board

Compliance as a body of measures for the adherence to the law and to corporate guidelines as well as their observance by the Group companies is considered an essential task of management and supervision at OVB. Compliance principles were implemented already in financial year 2008. Moreover, a compliance management system (CMS) was introduced, based on the three pillars "Prevent – recognize – respond", subject to a continuous internal update process and constant review in consideration of changing legal requirements. With the regular advancement of OVB's CMS, an important contribution is made to the systematic expansion of prevention and control measures toward the fulfilment of the value proposition OVB has made.

The paramount goal of OVB's 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, the Executive Board is given support 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 team has made it their job to bring compliance to life and to be role models in terms of compliance.

The Chief Compliance Manager is entrusted by the Executive Board with the management, monitoring and development of the organisation of compliance. He directly reports to the Executive Board member 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 reports also find entry into OVB's risk management reporting. Furthermore, the compliance department is available to all employees and third parties in all issues of compliance for communication and advice. This holds true for any information (also anonymous information) relating to criminal acts or breaches of compliance regulations as well.

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 Chairman of the Supervisory Board coordinates the corporate 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 the strategy. The Supervisory Board also adopts or rather 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 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 General Meeting of shareholders.

The terms of the Supervisory Board members elected by the General Meeting expire as of the end of the Annual General Meeting in the year 2018 that will decide on the formal approval of the actions of the Executive Board and the Supervisory Board for financial year 2017.

The Supervisory Board has established two permanent committees to support a focused discussion of topics and the Board'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 addressed 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 addresses 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

This committee, consisting of the Chairman of the Supervisory Board and one other member, prepares the body of work for the Supervisory Board's full-session consideration and suggests suitable candidates to the Supervisory Board for its election proposals to the 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 functions with special diligence. Even outside of the framework of meetings, the Chairmen of Supervisory Board and 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. 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 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 2018)
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

Dr. Thomas A. Lange
(born 1963, on the Board since 2013, elected until 2018)
Deputy Chairman of the Supervisory Board

Chairman of the Executive Board of NATIONAL-BANK Essen

Markus Jost
(born 1961, on the Board since 2013, elected until 2018)
Member of the Executive Boards of Basler Securitas Versicherungs-AG, Bad Homburg; Basler Lebensversicherungs-AG, Hamburg; Basler Sachversicherungs-AG, Bad Homburg; Managing Director of Basler Saturn Management B.V. in its capacity as general partner of Basler Versicherung Beteiligungen B.V. & Co.KG, Hamburg

Wilfried Kempchen
(born 1944, on the Board since 2012, elected until 2018)
Businessman (ret.); former Chairman of the Executive Board of OVB Holding AG

Jan De Meulder
(born 1955, on the Board since 2010, elected until 2018) Chairman of the Executive Boards of Basler Lebensversicherungs-AG, Hamburg and Basler Sachversicherungs-AG, Bad Homburg; General Representative of Basler Leben AG Direktion für Deutschland and Basler Versicherung AG Direktion für Deutschland, Bad Homburg; Managing Director of Basler Saturn Management B.V. in its capacity as general partner of Basler Versicherung Beteiligungen B.V. & Co.KG, Hamburg; Member of the Corporate Executive Committee of Baloise Group, Basel, Switzerland

Winfried Spies
(born 1953, on the Board since 2010, elected until 2018) 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 2013 as well as their memberships in comparable corporate bodies can be found in this Report's chapter "Corporate Governance" beginning on page 103.

Objectives for the composition of the Supervisory Board

The decision of the Supervisory Board on election proposals to be made to the 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 for 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 them to assume the statutory task of supervision efficiently and to be available to the Executive Board as competent contacts and advisors 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 if and 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 26 July 2013, 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 13 May 2013, released in the Federal Gazette of 10 June 2013, 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 if and 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.

Executive Board and Supervisory Board of OVB Holding AG hereby declare in accordance with Section 161 (1) sentence 1 AktG that the recommendations of the Government Commission on the German Corporate Governance Code in the version of 13 May 2013, released in the Federal Gazette on 10 June 2013, have been and will be complied with in the future, subject to the following deviations:

Recommendations:

No. 3.8 (3) GCGC (Directors & Officers (D&O) liability insurance)
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. The members of the Supervisory Board attend to their duties responsibly and in the Company's best interest. In the opinion shared by Executive Board and Supervisory Board, a deductible is not an appropriate means of further improving the Board members' sense of responsibility.

No. 4.1.5 GCGC (consideration of diversity for executive positions)
According to the recommendations of the German Corporate Governance Code, the Executive Board shall pay attention

to the aspect of diversity in filling executive positions and aim for the adequate consideration of women. 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, the Executive Board holds the view 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.

No. 5.1.2 (1) sentence 2 GCGC (consideration of diversity for composition of the Executive Board)
The Supervisory Board of OVB Holding AG does not comply with the recommendation to aim for an adequate consideration of women in the composition of the Executive Board insofar as the Board 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 – decisively by the specialist know-how, capabilities and experiences of the candidates in their respective fields of business and area of responsibility.

No. 5.4.1 (2) GCGC (consideration of women)
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 sex. 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 (2) GCGC.

No. 5.4.5 (2) GCGC (appropriate support of the Supervisory Board members in training and further education measures)
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. 5.4.5 (2) GCGC is declared preventively.

No. 5.4.6 (1) sentence 2, (2) sentence 2 GCGC (remuneration of the Supervisory Board)
Contrary to the recommendation of the Code, the remuneration of the members of the Supervisory Board does not account for membership or chairmanship of the Supervisory Board's committees. In the opinion shared by the Company's Executive Board and Supervisory Board, the duties performed are adequately compensated by the remuneration provided for. The performance-based remuneration of the members of the Supervisory Board is not particularly oriented toward the Company's sustained development. Supervisory Board remuneration was decided by the General Meeting of shareholders; the performance-based remuneration is governed by Section 14 of the Articles of Association of OVB Holding AG and is particularly transparent and appropriate in the opinion shared by the Company's Executive Board and Supervisory Board. «

Cologne, 26 July 2013

On behalf of the Executive Board

On behalf of the Supervisory Board

Michael Rentmeister

Oskar Heitz

Mario Freis

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.

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 20 March 2013 and 26 July 2013 Executive Board and Supervisory Board released declarations of conformity pursuant to Section 161 (1) AktG (German Stock Corporation Act), reproduced in their entirety on the Company's website at www.ovb.ag/InvestorRelations/CorporateGovernance/Entsprechenserklärungen, presenting and explaining the respective deviations from the recommendations and suggestions of the Code.

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/InvestorRelations/CorporateGovernance.

Share ownership

As of the reporting date 31 December 2013, 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. 6.3 GCGC is therefore not necessary.

Corporate Governance of OVB Holding AG on the Internet

www.ovb.ag/ InvestorRelations/CorporateGovernance

- Directors´ dealings
- 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 remuneration report is part of the management report.

Executive Board remuneration

The system of Executive Board remuneration implemented at OVB aims at giving incentive to a successful management of the Company based on sustainability. The determination of the individual remuneration of the Executive Board members is exclusively the responsibility of the Supervisory Board, following preparatory work performed by its Nomination and Remuneration Committee.

The appropriateness of the amount of remuneration is regularly reviewed by the Supervisory Board. The following criteria are considered for this review: the Company's economic situation, success and prospects, the individual Board member's respective responsibilities and functions as well as personal performance, and a horizontal and vertical comparison, taking also into consideration the relation of Executive Board remuneration compared to the remuneration of next-level executives and the staff as a whole.

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 (50 and 60 per cent of the total remuneration of the Chairman of the Executive Board and the Board's other members, respectively) 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 generally granted to all members of the Executive

Board equally; the amounts paid depend on individual agreements.

Performance-based components

The performance-based component (50 and 40 per cent of the of the total remuneration of the Chairman of the Executive Board and the Board's other members, respectively) consists of an aggregate bonus of which half is determined on the basis of annual bonus targets (annual bonus) and half on the basis of long-term bonus criteria (variable performance component for sustained success). The volume of the variable performance component for sustained success is recorded in a bonus account allowing for a penalty rule and carried forward to the next year. The amount of the annual bonus depends on the extent to which certain quantitative targets (such as the performance of sales and earnings) and qualitative 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. Quantitative targets (70 per cent company-specific targets and 10 per cent individual targets) are rated at 80 per cent and qualitative targets at 20 per cent. The bandwidth of the target definition (target corridor) for the annual bonus ranges from 75 per cent to 125 per cent relating to quantitative targets and to 150 per cent relating to qualitative targets. The annual bonus is paid in the following year after the Supervisory Board has determined the target achievement levels on the basis of the adopted separate financial statements. Criteria of the variable performance component with sustained incentive effect are the performances of EBIT and sales in the Group. The assessment basis of the variable remuneration component derives from the moving average of the actuals achieved over the past two years and the achievement of the target in the current year. The variable remuneration component is respectively paid at one third of the balance in the following year. If the targets are partly met, the bonus is determined on a pro-rata basis. If the target level of 60 per cent is not reached, the accumulated bonus account balance is reduced (penalty rule).

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 Executive Board members acting in the reporting period 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 651 thousand as of the reporting date 31 December 2013 (EUR 593 thousand in the year 2012).

The Executive Board's total remuneration in 2013 was 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:

			Variable remuneration components							
in EUR'000	Fixed remuneration components		Short-term		Long-term		Fringe benefits		Total remuneration	
Executive Board	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**
Michael Rentmeister	511	509	154	176	0	201	33	38	698	924
Oskar Heitz	321	323	64	63	64	83	27	30	476	499
Mario Freis	236	255	44	63	48	60	10	17	338	395
Total	1,068	**1,087**	262	**302**	112	**344**	70	**85**	1,512	**1,818**

In addition to the remuneration listed above, a former member of the Executive Board was paid an amount of EUR 48 thousand in 2012.

Due to changes in the remuneration system as of 2013, prior-year amounts are comparable only to a limited extent. The significant increase of the variable remuneration components paid to the CEO, who assumed his position in 2012, is due to the first opportunity for the fulfilment of the decisive condition for granting the remuneration according to the previous remuneration system. This does not entail an adjustment of the contractually agreed remuneration, especially not a significant increase in remuneration.

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 is composed as follows:

- 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 consolidated net income for the year as reported in the approved consolidated financial statements of OVB Holding AG, issued with an unqualified audit opinion.

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 8.0 million, total remuneration (including reimbursements) paid to Supervisory Board members in the past financial year was roughly EUR 76.0 thousand. Based on a consolidated net income of OVB Holding AG in the amount of Euro 8.1 million, the previous year's Supervisory Board remuneration (including reimbursements) had come to roughly EUR 76.7 thousand. In accordance with the guidelines, the following fixed and variable components were paid to the members of the Supervisory Board on a pro-rata-temporis basis:

in EUR'000	**Fixed remuneration**		**Variable remuneration**		**Total**	
Supervisory Board	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**
Michael Johnigk, Chairman	10.0	10.0	6.5	6.4	16.6	16.4
Dr. Thomas A. Lange (Deputy Chairman since 21 June 2013)	0	4.0	0	3.4	0	7.4
Christian Graf von Bassewitz (Deputy Chairman until 21 June 2013)	6.4	3.5	6.5	3.0	13.0	6.5
Dr. Frank Grund (member until 21 June 2013)	5.0	2.4	6.5	3.0	11.5	5.4
Markus Jost (member since 21 June 2013)	0	2.7	0	3.4	0	6.1
Wilfried Kempchen	2.9	5.0	3.7	6.4	6.6	11.4
Jan De Meulder	5.0	5.0	6.5	6.4	11.5	11.4
Winfried Spies	5.0	5.0	6.5	6.4	11.5	11.4
Total	34.3	**37.6**	36.2	**38.4**	70.7	**76.0**

In addition to the remuneration listed above, a former member of the Supervisory Board was paid an amount of EUR 6 thousand in 2012 (EUR 3.2 thousand as fixed remuneration, EUR 2.8 thousand as variable remuneration).

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, Cham, 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, Legal Affairs, 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 Krankenversicherungs-verein 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	- Chairman of the Supervisory Board of OVB Vermögensberatung AG, Cologne; - Chairman of the Supervisory Board of SIGNAL IDUNA Vertriebspartnerservice AG, Dortmund; - Chairman of the Supervisory Board of SDV Servicepartner der Versicherungsmakler AG, Augsburg; - Member of the Supervisory Board of BCA AG, Bad Homburg

Supervisory Board	Memberships of Supervisory Boards and comparable supervisory bodies
Dr. Thomas A. Lange Deputy Chairman of the Supervisory Board (since 21 June 2013) Chairman of the Executive Board of NATIONAL-BANK AG, Essen	- Chairman of the Supervisory Board of DTB – Deutsche Biogas AG, Friesoythe (until 30 August 2013); - Chairman of the Supervisory Board of VALOVIS BANK AG, Essen; - Member of the Supervisory Board of HANSAINVEST Hanseatische Investment-GmbH, Hamburg; - Member of the Supervisory Board of OVB Vermögensberatung AG, Cologne
Markus Jost Member of the Supervisory Board Member of the Executive Boards of Basler Securitas Versicherungs-AG, Bad Homburg; Basler Lebensversicherungs-AG, Hamburg; Basler Sachversicherungs-AG, Bad Homburg; Managing Director of Basler Saturn Management B.V. in its capacity as general partner of Basler Versicherung Beteiligungen B.V. & Co.KG, Hamburg	- Chairman of the Supervisory Board of Deutscher Pensionsring AG, Hamburg; - Member of the Supervisory Board of Deutscher Ring Bausparkasse AG, Hamburg; - Member of the Supervisory Board of DRMM Maklermanagement AG, Hamburg; - Member of the Supervisory Board of ZEUS Vermittlungsgesellschaft mbH, Hamburg - Member of the Supervisory Board of OVB Vermögensberatung AG, Cologne (since 21 June 2013)
Wilfried Kempchen Member of the Supervisory Board Businessman, retired; former Chairman of the Executive Board of OVB Holding AG	
Jan De Meulder Member of the Supervisory Board Chairman of the Executive Boards of Basler Lebensversicherungs-AG, Hamburg and Basler Sachversicherungs-AG, Bad Homburg; General Representative of Basler Leben AG Direktion für Deutschland and Basler Versicherung AG Direktion für Deutschland, Bad Homburg; Managing Director of Basler Saturn Management B.V. in its capacity as general partner of Basler Versicherung Beteiligungen B.V. & Co.KG, Hamburg; Member of the Corporate Executive Committee of Baloise Group, Basel, Switzerland	- Member of the Supervisory Board of Roland-Rechtsschutz-Versicherungs-AG, Cologne - Member of the Supervisory Board of OVB Vermögensberatung AG, Cologne (since 21 June 2013) - Member of the Administrative Board of Bâloise Assurances Luxembourg S.A., Bertrange, Luxembourg; - Member of the Administrative Board of Bâloise Vie Luxembourg S.A., Bertrange, Luxembourg; - Member of the Administrative Board of Bâloise Insurance N.V., Antwerp, Belgium; - Member of the Administrative Board of Noordstarfonds N.V., Antwerp, Belgium; - Member of the Supervisory Board of Atlantic Union S.A., Athens, Greece

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 Generali Deutschland Pensor Pensionsfonds AG, Frankfurt; - Member of the Supervisory Board of OVB Vermögensberatung AG, Cologne; - Deputy Chairman of the Supervisory Board of Bank1Saar eG, Saarbrücken
Christian Graf von Bassewitz Deputy Chairman of the Supervisory Board (until 21 June 2013) 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 (until 21 June 2013); - 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 (until 21 June 2013) Lawyer	- Member of the Supervisory Board of OVB Vermögensberatung AG, Cologne (until 21 June 2013); - Member of the Supervisory Board of Roland Rechtsschutz-Versicherungs-AG, Cologne (until 30 June 2013)

Supervisory Board Committees

Audit Committee	Dr. Thomas A. Lange (Chairman), Michael Johnigk, Markus Jost, Jan De Meulder
Nomination and Remuneration Committee	Jan De Meulder (Chairman)*, Michael Johnigk *Interim Chairman: Markus Jost

Financial Calendar

26 March 2014	Publication of the annual financial statements for 2013, Annual Report 2013
14 May 2014	Results for the first quarter 2014
06 June 2014	Annual General Meeting, Cologne
13 August 2014	Results for the second quarter of 2014
12 November 2014	Results for the third quarter of 2014

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Our Annual Report is published in German and English

Key figures for the regions

Central and Eastern Europe

	Unit	2012	2013	Change
Clients (31/12)	Number	2.00 m	2.10 m	+ 5.0 %
Financial advisors (31/12)	Number	3,307	3,247	- 1.8 %
Total sales commission	Euro million	121.1	110.5	- 8.8 %
Earnings before interest and taxes (EBIT)	Euro million	11.6	10.9	- 5.9 %
EBIT margin[1]	%	9.6	9.8	+ 0.2 %-pts

1) Based on total sales commission

Germany

	Unit	2012	2013	Change
Clients (31/12)	Number	652,059	640,093	- 1.8 %
Financial advisors (31/12)	Number	1,343	1,356	+ 1.0 %
Total sales commission	Euro million	66.8	61.3	- 8.1 %
Earnings before interest and taxes (EBIT)	Euro million	7.0	6.5	- 7.2 %
EBIT margin[1]	%	10.5	10.6	+ 0.1 %-pts

1) Based on total sales commission

Southern and Western Europe

	Unit	2012	2013	Change
Clients (31/12)	Number	310,129	329,482	+ 6.2 %
Financial advisors (31/12)	Number	447	479	+ 7.2 %
Total sales commission	Euro million	26.8	33.0	+ 22.9 %
Earnings before interest and taxes (EBIT)[1]	Euro million	0.1	1.3	> 100.0 %
EBIT margin[2]	%	0.0	4.1	+ 4.1 %-pts

1) Adjustment due to application of IAS 19 revised
2) 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

Greece
OVB Hellas ΕΠΕ & ΣΙΑ Ε.Ε.
Athens
www.ovb.gr

Italy
OVB Consulenza Patrimoniale S.r.l.
Verona
www.ovb.it

Croatia
OVB Allfinanz Croatia d.o.o.
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Wals/Salzburg
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