# OVB in Europe: People create markets

Annual Report 2020

# Contents


## Key figures for the regions

| Central and Eastern Europe | Unit | 2019 | 2020 | Change |
| --- | --- | --- | --- | --- |
| Clients (31/12) | Number | 2.52 m | 2.70 m | +7.0 % |
| Financial advisors (31/12) | Number | 2,919 | 3,071 | +5.2 % |
| Brokerage income | Euro million | 122.9 | 130.4 | +6.0 % |
| Earnings before interest and taxes (EBIT) | Euro million | 11.1 | 14.2 | +28.0 % |
| EBIT margin | % | 9.0 | 10.9 | +1.9 %-pts |

| Germany | Unit | 2019 | 2020 | Change |
| --- | --- | --- | --- | --- |
| Clients (31/12) | Number | 612,982 | 609,432 | -0.6 % |
| Financial advisors (31/12) | Number | 1,295 | 1,242 | -4.1 % |
| Brokerage income | Euro million | 61.6 | 61.3 | -0.4 % |
| Earnings before interest and taxes (EBIT) | Euro million | 7.9 | 8.1 | +2.6 % |
| EBIT margin | % | 12.8 | 13.2 | +0.4 %-pts |

| Southern and Western Europe | Unit | 2019 | 2020 | Change |
| --- | --- | --- | --- | --- |
| Clients (31/12) | Number | 619,374 | 652,934 | +5.4 % |
| Financial advisors (31/12) | Number | 855 | 935 | +9.4 % |
| Brokerage income | Euro million | 73.3 | 78.9 | +7.6 % |
| Earnings before interest and taxes (EBIT) | Euro million | 4.8 | 4.2 | -13.5 % |
| EBIT margin | % | 6.6 | 5.3 | -1.3 %-pts |

# OVB profile

With almost 4 million clients, well over 5,200 financial agents and activities in 15 national markets, OVB is one of the leading financial intermediary groups in Europe.

## Key figures for the OVB Group

| Key operating figures | Unit | 2019 | 2020 | Change |
|---|---|---|---|---|
| Clients (31/12) | Number | 3.76 m | 3.96 m | +5.5 % |
| Financial advisors (31/12) | Number | 5,069 | 5,248 | +3.5 % |
| Brokerage income | Euro million | 257.8 | 270.6 | +4.9 % |

| Key financial figures | Unit | 2019 | 2020 | Change |
|---|---|---|---|---|
| Earnings before interest and taxes (EBIT) | Euro million | 14.1 | 14.9 | +5.7 % |
| EBIT margin | % | 5.5 | 5.5 | ±0.0 %-pts |
| Consolidated net income after non-controlling interests | Euro million | 11.0 | 10.5 | -4.8 % |

| Key figures for OVB shares | Unit | 2019 | 2020 | Change |
|---|---|---|---|---|
| Share capital (31/12) | Euro million | 14.25 | 14.25 | ±0.0 % |
| Number of shares (31/12) | Shares million | 14.25 | 14.25 | ±0.0 % |
| Earnings per share (undiluted/diluted) | Euro | 0.77 | 0.74 | -4.8 % |
| Dividend per share[1)] | Euro | 0.75 | 0.75 + 0.25 | +33.3 % |

[1)] 2020 proposed dividend

# OVB in Europe: People create markets

In the European Union (EU), 448 million people live in 27 member states. OVB has business operations in 15 European countries, including 13 EU markets as well as Switzerland and Ukraine. The Company thus reaches 427 million people. In line with its strategy “OVB Evolution 2022”, OVB seeks to expand its successful business model to new national markets in Europe.

OVB stands for cross-thematic and client-oriented “allfinanz” advice with a long-term horizon provided to the private households of Europe. We protect people against various risks and help them fulfill their personal wishes and goals.


Thomas Hücker, COO

- Born 1965
- More than 20 years of experience in business operations and management
- With OVB since 2013

Mario Freis, CEO

- Born 1975
- More than 25 years of experience in the distribution of financial services
- With OVB since 1995

Frank Burow, CFO

- Born 1972
- More than 20 years of experience in finance, accounting and controlling
- With OVB since 2010

# Dear shareholders,
# Ladies and gentlemen,

In 2020, its 50th anniversary year, OVB has achieved its best sales result in company history. Brokerage income gained 4.9 per cent to Euro 270.6 million. The number of clients supported by OVB grew by 5.5 per cent to close to 4 million clients in 15 national markets of Europe and the OVB sales team was expanded to 5,248 full-time financial agents. Despite the adverse effects of the COVID-19 pandemic, we continued our course for growth successfully and managed to improve all key financials, some of them considerably.

The consistent implementation of the strategy "OVB Evolution 2022", an accelerated digitization effort and the high commitment of the financial agents during the particularly challenging year 2020 built the foundation of the business success achieved in the past financial year. We managed to increase the operating result by 5.7 per cent to Euro 14.9 million.

On the occasion of our anniversary we would like to express our gratitude to you, our shareholders, for the trust you have placed in us. Because of the excellent business performance in the anniversary year 2020 and the positive outlook for the full year 2021, Executive Board and Supervisory Board decided in their meeting of 17 March 2021 to propose to the General Meeting of Shareholders the distribution of a one-off anniversary bonus of Euro 0.25 in addition to the stable dividend of Euro 0.75 per share for financial year 2020.

The protection against risks and financial provision respond to fundamental needs people have. This became very clear in the year 2020 once again. At the same time, OVB offers attractive career opportunities for entrepreneurially minded people ready to perform. The interaction of basic human needs and committed entrepreneurial spirit within the framework of the tried and tested OVB business model also lead us to the guiding motto for this Annual Report: People create markets.

Please take care and stay healthy!

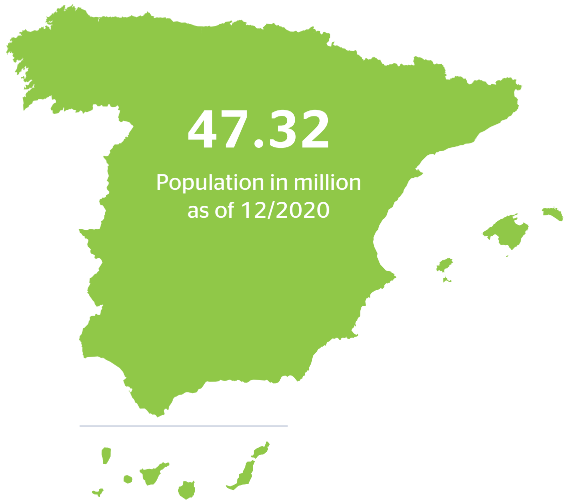
Kind regards

Mario Freis
CEO

Frank Burow
CFO

Thomas Hücker
COO

# OVB in Spain




OVB has been present in Spain since 2002. This makes Madrid based OVB Spain one of the younger operating subsidiaries. It belongs to the Southern and Western Europe segment, also including the national markets Austria, Belgium, France, Greece, Italy and Switzerland. This segment contributes some 29 per cent to the OVB Group's brokerage income. In its almost 20 years of existence, OVB Spain has developed into a fixture of the nation's financial brokerage market. At present it has 58 offices spread all over the country. With a population of more than 47 million, Spain is one of the larger countries in the European Union. Income, net financial assets and insurance premiums per capita have already reached an average level – with an upward trend. This makes Spain an interesting market for providers of financial services.

OVB Spain is one of only a few financial service providers between Barcelona, Malaga and A Coruña able to offer individual and comprehensive concepts with a large number of product options to clients, covering the important topics long-term financial planning and retirement provision. The foundation of success in these advisory intensive segments are well-trained financial agents with many years of experience. Adding to this are a constantly optimized product portfolio and high-performance client service. For these reasons, OVB Spain is also highly regarded by its product partners for quality and reliability.

*"OVB Spain is characterized by its spirit to aspire to becoming better day by day – in our services to our clients and in the implementation of modernization and digitization."*

Harald Ortner, Director General
Consejero Delegado
OVB Allfinanz España S.A.

*"We are asking the people to invest a few hours in themselves and plan ahead – and we at OVB are very happy to help."*

Manuel Alonso, Director Comercial
Consejero OVB Allfinanz España S.A.

## Key market data

**5.10%**
Insurance premiums
in % of GDP 2019

**2.3%**
Real economic growth
p.a. 2020 - 2030

**26,558**
Per capita income 2019
in Euro

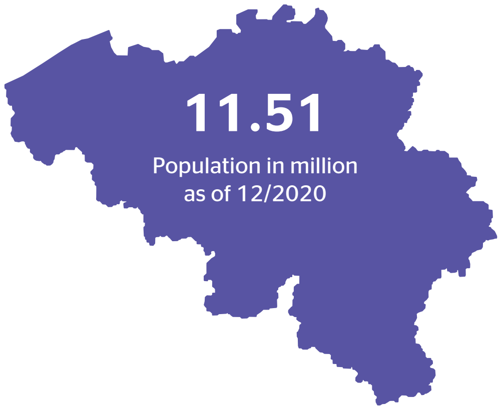
**1,321**
Insurance premiums
per capita 2019 in Euro

**34,855**
Net financial assets
per capita 2019 in Euro

In 2020, Spain was among the European countries to be hit soon and hard by the COVID-19 pandemic. Since early March 2020 already, the entire staff of the head office of OVB Spain have been working from home, thus assuring full operability early on. By mid-March, business contacts with clients and partners were switched to online communication entirely. Till spring 2021, almost no client meetings were held in-person. Within this framework, OVB Spain still managed to increase its 2020 brokerage income by close to 10 per cent over the previous year.

## Selected product partners of OVB Spain

# OVB in Belgium




Trade and the provision of services have been dominating Belgium's economic structure for centuries. Almost 80 per cent of the employed work in the services industry, generating more than three fourths of the country's economic output. This accounts for the high per capita income of the more than 11 million Belgians in excess of Euro 40,000. With net financial assets of around Euro 95,000 per resident, Belgium ranks 11th in the world. This framework makes Belgium an attractive market for providers of financial services. OVB has been present in Belgium since 2019, with no less than three distribution channels:

– By the acquisition of long-established Gent based firm Willemot NV, OVB acquired a broker with its own client portfolio.

– In addition to that, Willemot operates a platform for small and mid-sized brokers, providing to them comprehensive IT support and an all-round service offering.

– Furthermore, a sales organization is in place following the OVB business model.

Regulatory requirements for financial service providers are very strict in Belgium. In addition to that, the effects of the COVID-19 pandemic made business activity difficult temporarily. Yet with home office solutions and instruments of online communication, operability and sales capability were assured at any time. At the Willemot Academy, training courses were conducted online. The integration project BELUX, tying Willemot even closer to the OVB Group and extending over several areas like Accounting/Management Accounting, Operations, IT, Corporate Governance or Partners and Products, was continued on schedule. Against this backdrop, the business performance of OVB Belgium was highly successful in the year 2020. Both new business and existing business gained considerably and brokerage income was up year-on-year.

*"The close collaboration with OVB is the biggest opportunity for growth in our company's 180-year history and guarantees a successful development of business."*

Benoît Willemot,
Administrateur délégué,
Direction Générale Willemot NV

*"With the help of OVB, we strengthen our position in the segment Retail and SME as one of Belgium's leading insurance brokers by expanding the service portfolio for our clients and extending our reach."*

Diederik Deman, Administrateur,
Direction Générale Willemot NV

*"Belgium's multicultural population and OVB's spirit of expansion create exciting synergy effects that have come to the fore already between long-established, experienced broker Willemot and dynamic OVB."*

Mounir Jaballah, Administrateur,
Direction Générale Willemot NV

### Selected product partners of OVB in Belgium

Allianz, AG Insurance, AIG, DELA, DAS, Baloise Insurance, DKV, FWU Forward, NN, AXA, Athora, Credimo, One Life, Europ Assistance, Aedes



## Key market data

**5.96 %**
Insurance premiums in % of GDP 2019

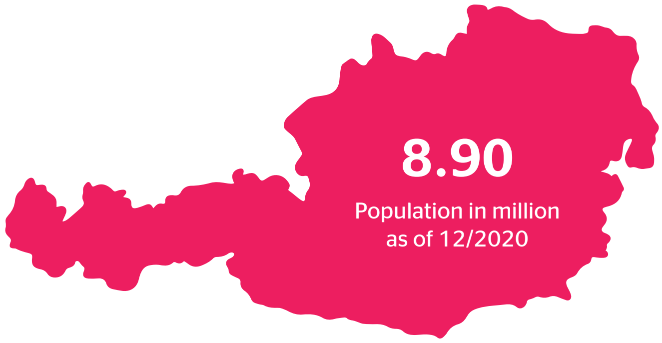
**1.8 %**
Real economic growth p.a. 2020 - 2030

**40,132**
Per capita income 2019 in Euro

**2,409**
Insurance premiums per capita 2019 in Euro

**94,804**
Net financial assets per capita 2019 in Euro

# OVB in Austria




OVB operates in 15 European countries. This stabilizes the course of business, reduces the dependence on individual national markets and opens up potential for growth in many respects. The expansion to new attractive national markets represents one of the essential targets of OVB's strategy "OVB Evolution 2022". OVB's broad European positioning is an outstanding unique selling proposition in the industry and an essential competitive advantage. The first step on this path coinciding with the hour of birth of OVB Europe was the entry into the Austrian market in the year 1992. Thus OVB Austria has almost 30 years of experience, is a fixture in the market for the brokerage of financial products and quite often defines quality standards for the whole industry.

As soon as 2006, OVB – as the first financial services provider in Austria – was certified by TÜV AUSTRIA CERT GMBH according to the norm ISO 9001. This hallmark of quality confirms the high confidence of the more than 230,000 clients in the services of OVB Austria.

### Selected product partners of OVB Austria

Allianz | helvetia | ARTS | Wiener Städtische Vienna Insurance Group | BAWAG PSK

Dialog | UNIQA | merkur Versicherung | wüstenrot | s Bausparkasse

Capital Bank | HDI | ARAG | Nürnberger Versicherung | Donau Vienna Insurance Group

VAV Versicherungen | Gothaer | Roland Sicher im Recht. | Bank Austria Finanzservice UniCredit Group | muki ... die versicherung ohne wenn und aber

## Key market data

**4.42 %**
Insurance premiums in % of GDP 2019

**2.3 %**
Real economic growth p.a. 2020 – 2030

**44,454**
Per capita income 2019 in Euro

**1,944**
Insurance premiums per capita 2019 in Euro

**59,256**
Net financial assets per capita 2019 in Euro

*"The entire team of OVB Allfinanzvermittlungs GmbH is distinguished by its great professionalism, commitment and expertise. We hold each other in high esteem and share a clear focus on target achievement. And: We all have fun at what we do."*

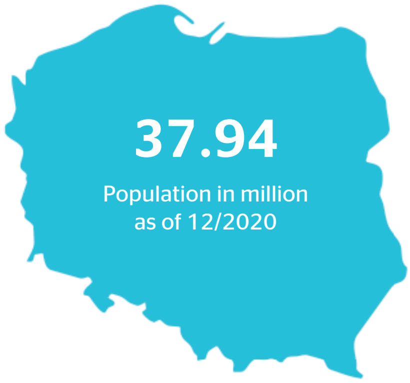
Markus Spellmeyer, Managing Director of OVB Allfinanzvermittlungs GmbH

(From left to right):
Michael Jakob, Thomas Überei, Stefanie Wimmer, Christian Duschl, Bianca Konrath-Gocumyan, Markus Spellmeyer

In seven states, OVB representatives were elected to the Economic Chamber, the financial service providers section, in order to advocate the interests of the industry. Moreover, the concept of OVB's professional training of insurance agents and investment advisers sets quality standards in the market. Even in times of the COVID-19 pandemic, OVB managed to prepare a great number of financial agents for their exams based on high-quality and efficient online training.

In the exceptional year 2020, the ongoing digitization effort of OVB Austria was given an additional boost: After the first lockdown on 16 March 2020, all employees at the head office received complete technical equipment in the shortest amount of time, assuring full operability despite working from home. The transfer of sale to digital media also went smoothly thanks to the fast and no-fuss support provided by OVB Holding AG. Digitization is no end in itself for OVB but intended to accommodate client demands. The hybrid financial advisory service combines old strengths and new ways. In 2020 OVB Austria thus achieved its best business results in ten years, reporting growth in all areas.

# OVB in Poland




In Central and Eastern Europe, OVB operates in the seven national markets Croatia, the Czech Republic, Hungary, Poland, Romania, Slovakia and Ukraine. Almost half of the OVB Group's brokerage income originates from this dynamically growing segment. OVB has been active in Poland since 1992. Warsaw based OVB Poland has since developed into one of the leading financial service providers in the country. Some 38 million people live in Poland. Their average income is still relatively low, yet Poland's economic growth is relatively strong. Moreover, market penetration with financial and insurance products is still below EU average. This advantageous market constellation provides OVB Poland with excellent growth potential for years to come.

One particular strength of OVB Poland is its high development dynamics. It begins with recruiting and instructing new financial agents. The team is distinguished by its readiness to advance personal knowledge and skills and by great ambition. "Help others to be successful and you will be successful yourself", is the motto shared by executives with their financial agents. In professional training, OVB Poland makes intensive use of the advantages of digitization – even licence exams are conducted online.

An attractive and constantly updated product portfolio is another crucial cornerstone of success in sales. OVB Poland keeps expanding its offering as an "allfinanz" service provider by adding new product partners and products, e.g. in the realms of leases and financing.

*"The financial agents, their energy, determination and focus on reaching their goals – that is the strength of OVB Poland."*

Artur Kijonka, Prezes Zarządu
OVB Poland

*"I am especially proud of how progressive OVB is, how fast we introduce new digital solutions the likes of biometric client identification or the fully digital recruiting process of new financial agents."*

Artur Pałęga, Członek Zarządu,
Dyrektor Finansowo Operacyjny
OVB Poland

## Key market data

**2.68 %**
Insurance premiums in % of GDP 2019

**3.0 %**
Real economic growth p.a. 2020 – 2030

**13,976**
Per capita income 2019 in Euro

**366**
Insurance premiums per capita 2019 in Euro

**8,757**
Net financial assets per capita 2019 in Euro

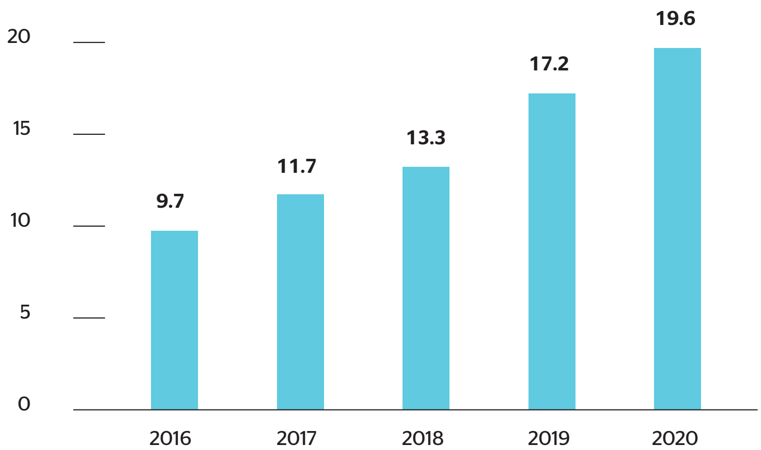
With respect to property insurance, clients are offered a price comparison platform with a transaction system. At the end of 2020, an e-commerce project was launched, enabling the clients to purchase simple insurance products directly online. This project aims at establishing a high-quality multi-channel service for clients and employees.



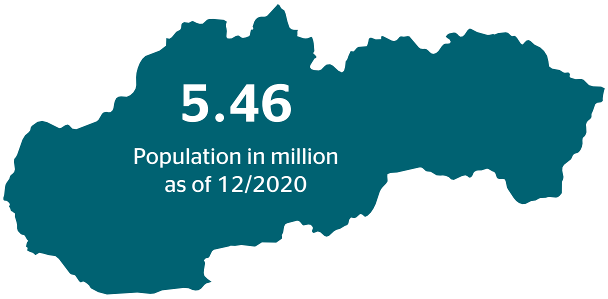
## Selected product partners of OVB Poland

Allianz, ESALIENS, COMPENSA Vienna Insurance Group, Investors, ERGO Hestia, Prudential, DAS, MetLife, Nationale Nederlanden, Signal Iduna, UNIQA, warta., Generali, Wiener Vienna Insurance Group

**Development of brokerage income**
in Euro million



# OVB in Slovakia




By the peaceful dissolution and split of Czechoslovakia, the independent Slovak Republic came into being on 1 January 1993, with Bratislava as its capital and the country's largest city. In 2004, Slovakia joined the European Union and NATO, in 2009 the eurozone. This tight European integration lead to the country's dynamic economic development with above-average economic growth. The roughly 5.5 million Slovaks have noticeably rising income at their disposal but financial and insurance products are not as widely distributed as they are in the Western European countries.

OVB has been present in Slovakia since 1993 – thus since the beginning – and has since assumed a leading position among the brokerage companies for financial products. According to a survey conducted in the year 2020, OVB is far and away the best known brand in the financial brokerage market. The full-time financial agents of OVB Allfinanz Slovensko a.s. support about 1 million clients – close to one fifth of the population. In the year 2020, OVB generated sales of more than Euro 42 million in Slovakia with roughly 120,000 signed contracts.

*"They say that you'll really get to know the person by your side in times of crisis. At OVB Slovakia, many wonderful people work in the office and on the sales force, closing ranks during the COVID-19 pandemic and giving great support to each other."*

Ing. Jaroslav Vonkomer,
predseda predstavenstva
OVB Allfinanz Slovensko a.s.

*"We are by far Slovakia's market leader – and yet our business model remains flexible and agile."*

Mgr. Robert Schmidt,
člen predstavenstva
OVB Allfinanz Slovensko a.s.

## Selected product partners of OVB Slovakia

Allianz · GENERALI · MetLife · UNIQA · ČSOB · prvá penzijná
youplus · UniCredit Bank · NN · wüstenrot · CONSEQ · DDS Tatra banky
Amundi Asset Management · Franklin Templeton Investments · ARTS · Tatra banka · Fidelity International · Európska cestovná poisťovňa
VÚB Banka · VÚB Generali · eic european investment centre · Slovenská sporiteľňa · Kooperativa Vienna Insurance Group

In particularly high demand was the product group “other provision products”, including products for covering biometric risks. Almost one fourth of new business in 2020 was accounted for by “building society saving contracts/financing” while investment funds were also highly sought after. OVB Slovakia is the top-selling subsidiary in the strong Central and Eastern Europe segment and represents an outstanding success story for the OVB Group.

Despite its market leading position, OVB Slovakia has maintained great flexibility and agility. During the COVID-19 pandemic, it profited from this entrepreneurial spirit. The effects of restrictions on personal contact accelerated the digital transformation and were accepted by financial agents and staff not as a burden but rather seized as an opportunity. By intensifying its client support, OVB Slovakia further expanded its market leadership in the year 2020.



## Key market data

**2.21 %**
Insurance premiums in % of GDP 2019

**3.5 %**
Real economic growth p.a. 2020 - 2030

**17,350**
Per capita income 2019 in Euro

**400**
Insurance premiums per capita 2019 in Euro

**6,778**
Net financial assets per capita 2019 in Euro

# Interview of the Executive Board

**Mr. Freis, 2020 was an extraordinary year. How did you perceive it and what were the relevant developments for OVB?**

**Freis:** For me personally it was first and foremost an emotional rollercoaster. For OVB, 2020 was an extraordinary year in more ways than one and we all will remember it for a long time. Actually we had planned to celebrate OVB's 50th anniversary together with everyone at OVB – half a century of successful business development with the successive expansion to currently 15 national markets of Europe. And then came the COVID-19 pandemic with its restrictions on private and public life and on economic activity, sadly very much with us even today. All the people at OVB excelled in this situation with outstanding international teamwork and great adaptability. We had to switch over from celebratory mood to crisis mode off the bat, if you will. In hindsight we managed to do that remarkably well.

**Why was OVB able to adapt itself to the new general conditions so quickly?**

**Hücker:** Since 2017 we have been pursuing our medium-term strategy "OVB Evolution 2022". One core component of this strategy is digitization. This addresses the agent's modern workplace, interaction with our clients and internal processes. When the personal contact restrictions were decreed throughout most European countries in the spring of 2020, this gave another push to our digitization effort pressed ahead with for years already. One thing was clear right at the beginning of the spreading pandemic: Now the time had come to support sales very quickly and effectively with targeted technological measures. And the outcome was that complete solutions for video advisory service and digital business transactions were available to all OVB sales subsidiaries after a very short lead time. This worked out quite well. Sales immediately relied on these technical solutions, embraced them with full conviction and put them to successful use in the day-to-day business.

**That worked very well indeed, judging from the key financials for 2020.**

**Freis:** Indeed. For OVB, 2020 has been the most successful year in terms of sales in company history. Brokerage income grew to more than Euro 270 million for the Group. The operating result gained 5.7 per cent to Euro 14.9 million. Our shareholders will benefit from

this sound performance – according to our proposal – in the form of an unchanged dividend of Euro 0.75 compared to the previous year plus an anniversary bonus of Euro 0.25. Our financial agents demonstrated a high level of activity and flexibility and have seized the opportunities of digitization with great commitment.

The entire back office team has also shown outstanding commitment. Finally, and that is the deciding factor, our clients were very open to personal online advice and accepted our digitally provided services readily and with curiosity.

**Will personal online advice be the "new normal" from now on?**

**Freis:** It will be just as normal as advising our clients in person. Online advice and online training will complement the traditional in-person consultations and training measures. Clients and financial agents will choose which way to go depending on the situation. But the past year confirmed one basic truth once again: The financial agent and his or her comprehensive advisory service, provided online or in in-person meetings, cannot be replaced by anything else.

**Burow:** There is one more thing to add here: For decades we in Europe have lived our lives in peace and security. The pandemic has upset this fundamental confidence. Many more people than before the crisis – primarily among the younger generation – think increasingly about protection against risks and financial provision. Good advice is highly regarded. This opens up additional business potential for OVB but also amplifies the great responsibility that comes with our advisory service.

**What are your expectations for financial year 2021?**

**Freis:** As discussed earlier, we anticipate the positive basic trend of our business performance to continue. Unfortunately, at present, in March 2021, we cannot assess the further effects of the pandemic with any certainty yet. Above all else, we are thinking about the macroeconomic impact of the pandemic. There is a risk that continued short-time work, the loss of jobs or the increase in insolvencies in some key target groups will cut down on financial resources for investing in risk protection and financial provision. Therefore we expect only a slight increase in brokerage income and a stable performance of the operating result in the year 2021 for the OVB Group.

**Mr. Hücker, let's get back to the strategic target of increasing digitization once more. What has been achieved so far and what are your plans for approaching the strategic horizon in 2022?**

**Hücker:** We have made good progress throughout Europe in the implementation of our vision of future digitization. Until 2022 we will now focus on introducing the agent's modern workplace in all countries. Parallel to that, we want to push our portal and business intelligence components – I'm talking about the digital,

cutting-edge and intuitive sales platform “OVB Career World” with its modules “Leadership Control” and “Personal Development”, geared to optimizing the instruction of new financial agents and above all supporting young team leaders even more systematically in their management work. A Europe-wide online portal for end clients is also on our agenda for the future.

**Expenditure requires liquid assets. Mr. Burow, what is the state of OVB’s financial position?**

**Burow:** The OVB Group is financed very solidly by tradition and has high liquidity. My predecessor Oskar Heitz saw to that, reigning corporate finance for 16 years until his retirement at the end of 2020. OVB achieved a historic high in sales in the anniversary year 2020 and its liquidity has never been stronger. OVB will advance its strategic measures even further from now on and considers investing in inorganic growth alongside spending on digitization. Apart from strong liquidity, the solid equity ratio of close to 40 per cent strengthens the confidence of clients, financial agents, product partners and shareholders. The sound balance sheet structure provides OVB with sufficient resources for further growth, targeted investments and strategic campaigns.

**“Strategic campaigns” is our cue. Mr. Freis, what national markets are currently on OVB’s agenda as targets of expansion?**

**Freis:** The transfer of the tried and tested OVB business model to new national markets is a core element of our strategy. We are clearly distinguished from the competition by our broad international positioning. Following our successful market entry in Belgium, an expansion of our business to Luxembourg appears a good choice due to its proximity. And we are currently looking into going to Slovenia intensively. For the medium term, Portugal is on our radar among other targets, one of Europe’s mid-sized countries with a population of more than 10 million, showing a very good economic performance lately and thus promising considerable business potential. Our executives in Europe are ready to start even now: “People create markets” isn’t the motto of our 2020 Annual Report for nothing!

# OVB on the capital market

## Transparency creates trust

The share of OVB Holding AG has been listed in the Regulated Market (Prime Standard) of the Frankfurt Stock Exchange since 21 July 2006. The Prime Standard represents the trading segment with the highest transparency requirements throughout Europe. Even in consideration of a free float that only amounts to 3 per cent of the share capital at present, we deliberately adhere to the stock exchange listing of the OVB share. The release of annual and quarterly financial statements in accordance with international standards of financial reporting and the detailed annotations on corporate governance in the Company are important quality features for us and bring OVB on a par with the largest domestic and international corporations.

SIGNAL IDUNA Lebensversicherung a. G.
31.67 %

SIGNAL IDUNA Krankenversicherung a. G.
21.27 %

Basler Beteiligungsholding GmbH
32.57 %

Generali CEE Holding AG
11.48 %

Free float
3.0 %

Shareholder structure of OVB Holding AG as of 31/12/2020

## German stock market ends 2020 with a gain despite the coronavirus pandemic

Following a year of strong price gains, the German stock market initially moved sideways until mid-February 2020: The index value of the Dax was 13,249 points on 30 December 2019 and its 52-week high was reached on 19 February at 13,789 points. Then stock market prices crashed worldwide. The reason for that was the dynamic spread of COVID-19 and its dramatic economic impact. Between 19 February and 18 March, the Dax dropped by 38.8 per cent to 8,442 points. Starting at that level, the German stock market managed an impressive recovery to the close of the year 2020 at 13,719 points. While another steep increase in COVID-19 infection numbers beginning in late summer resulted in a new considerable price drop in October, the foreseeable availability of a vaccine and the signals of the central banks in support of the global economy resulted in a short duration of this phase of weakness on the capital market. The Dax ended the year 2020 with a performance of more than 3.5 per cent.

The share of OVB Holding AG finished the year 2019 with a price of Euro 16.70. After a sideways movement until early March around a price of Euro 17.00, the share price went down parallel to the general stock market trend to hit bottom at Euro 14.80 on 19 March 2020. In the following phase of stock market recovery, the OVB share reached its 52-week high on 10 November 2020 at Euro 18.70. By the end of the year the share price was Euro 18.20. Due to the small free float of 3.01 per cent of the shares of OVB Holding AG, the trading volume and thus the significance of the share price are considerably limited.

## First virtual OVB General Meeting of Shareholders

The General Meeting of OVB Holding AG for the 2019 financial year took place on 10 June 2020 as originally scheduled – however, it was held as a virtual meeting for the first time due to the restrictions caused by COVID19 and based on new statutory provisions. 97 per cent of the share capital was represented at the General Meeting of Shareholders. The administration's resolution proposals were all adopted almost unanimously by the shareholders, among them the distribution of a dividend of Euro 0.75 per share, unchanged from the previous year.

Neither OVB Holding AG nor any of the consolidated companies have issued or plan to issue debt instruments. The equity ratio of OVB Holding AG amounts to an extremely solid 38.5 per cent as of the end of 2020 and is an expression of the Company's financial strength, providing the capacity for further growth and strategic initiative. The Company's non-current liabilities are insignificant at Euro 13.7 million. Current liabilities exclusively serve the transaction of business operations and liquidity is traditionally high. OVB has been reliably generating profits for its shareholders year after year.

Our clients, financial agents, employees and shareholders benefit from OVB's high level of transparency and its business stability and financial solidity.



| | | |
|---|---|---|
| WKN / ISIN Code | 628656 / DE0006286560 | |
| Stock symbol / Reuters / Bloomberg | O4B / O4BG.DE / O4B:GR | |
| Class of shares | No-par ordinary bearer shares | |
| Number of shares | 14,251,314 | |
| Share capital | Euro 14,251,314.00 | |
| Xetra price (closing prices) | | |
| Prior year-end | Euro 16.70 | (30/12/2019) |
| High | Euro 18.70 | (10/11/2020) |
| Low | Euro 14.80 | (19/03/2020) |
| Last | Euro 18.20 | (30/12/2020) |
| Market capitalisation | Euro 259 million | (30/12/2020) |

# Combined management report 2020 of OVB Holding AG

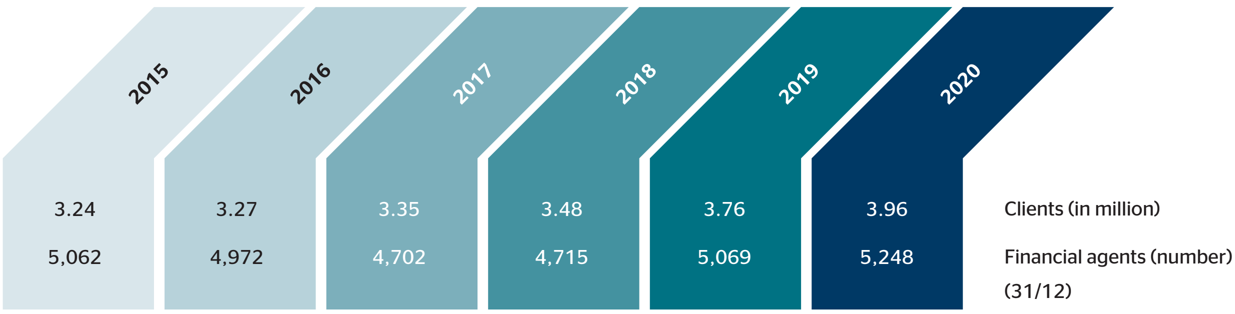
## Basic information on the Group

### Business model of the OVB Group

OVB stands for cross-thematic financial advice based on a long-term approach. Private households in Europe represent the key target group. The Company cooperates with more than 100 high-capacity product providers and fulfills its clients' individual needs with competitive products, starting at basic protection for financial security as well as asset and financial risk protection and followed by retirement provision, asset generation and wealth management.

OVB is currently active in 15 countries of Europe as an intermediary for financial products. By the end of the year under review, 5,248 full-time OVB financial agents supported 3.96 million clients. Its broad European positioning stabilizes OVB's business performance and opens up growth potential. OVB's 15 national markets are different in terms of structure, development status and size. OVB has a leading market position in many countries. The number of senior citizens in Europe rises as the number of young people is going down. Public social security systems are increasingly being overburdened. Therefore OVB continues to see considerable potential for the services it provides.

### OVB clients and financial agents




The cross-thematic advice of clients through all stages of their lives is based on a comprehensive, tried and tested approach: The identification and analysis of each client's financial situation form the basis of counselling. The financial agent particularly asks for the client's wishes and goals and then creates an individually tailored solution in consideration of personal financial resources, a solution with a long-term horizon that is both affordable and sufficiently flexible. OVB accompanies its clients over many years. Service meetings with clients are held on a regular basis in order to consistently adjust our clients' financial planning to their current situation in life. This effort results in protection and provision concepts suited to each client's demands and respective phase of life. The current COVID-19 pandemic and the corresponding restrictions for in-person client meetings have accelerated the provision of the technical conditions required for digitally supported advisory service. Thanks to targeted investments, all of OVB's operating subsidiaries have comprehensive solutions at their disposal for providing video advice and concluding business transactions digitally online.

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

OVB Group had altogether 650 employees on average in the year under review (previous year: 620 employees) in the holding company, the head offices of the operating subsidiaries and in the service companies, controlling and managing the Group.

## Control system

**Group structure**
As the management holding company, OVB Holding AG is at the top of the OVB Group. The Company determines the strategic goals and aligns business policies. Business operations are divided into regional segments. Operating subsidiaries are active in 15 European countries at present. On behalf of these subsidiaries, self-employed sales agents support and advise our clients on issues of risk protection and provision. Three service companies provide IT services in support of these core business activities. OVB Holding AG is the sole shareholder of these entities, 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 and German subsidiary OVB Vermögensberatung AG have concluded a control agreement and a profit-and-loss transfer agreement.

## Organizational chart of the OVB Group

**OVB Holding AG**

| Sales companies Central and Eastern Europe | Sales companies Germany | Sales companies Southern and Western Europe | Service companies |
|---|---|---|---|
| OVB Czech Republic | OVB Germany | OVB Austria | Nord-Soft EDV-Unternehmensberatung GmbH |
| OVB Slovakia | Advesto Germany | OVB Switzerland | Nord-Soft Datenservice Gmbh |
| OVB Poland | Eurenta Germany | OVB Group Greece | OVB Informatikai* |
| OVB Hungary | | OVB France | |
| OVB Group Croatia | | OVB Italy | |
| OVB Group Romania | | OVB Spain | |
| OVB Ukraine | | Willemot NV / Belgium | |

* indirect interest

## Management and supervision of the Group

**Executive Board**
The members of the Executive Board of OVB Holding AG have joint responsibility for managing the Group's business. As of 31 December 2020 the Executive Board had three members.

Apart from the position of CEO who is also responsible for Sales, the Executive Board members' responsibilities were divided into "Finance" and "Operations".

## Assignment of Executive Board responsibilities as of 31 December 2020

| Chairman (CEO) Sales<br>**Mario Freis** | Deputy Chairman Finance (CFO)<br>**Oskar Heitz** | Operations (COO)<br>**Thomas Hücker** |
|---|---|---|
| Corporate Development<br>Corporate Management<br>Sales<br>Training<br>Product Management<br>Marketing<br>Communication<br>Internal Auditing | Corporate Accounting<br>Risk Management<br>Management Accounting<br>Investor Relations<br>Legal Affairs<br>Tax Planning<br>Compliance<br>Data Protection<br>Anti-Money Laundering | Group IT<br>IT Security<br>Process Management<br>Human Resources |

As of 31 December 2020, Deputy Chairman and CFO Oskar Heitz went into retirement. He was succeeded in his function as CFO by Frank Burow effective 1 January 2021, previously general representative of OVB Holding AG and member of the Executive Board of German subsidiary OVB Vermögensberatung AG.

**Supervisory Board**
The Supervisory Board of OVB Holding AG had six members as of 31 December 2020, all of whom had been elected by the General Meeting of Shareholders.

| Name | Function |
|---|---|
| Michael Johnigk | Chairman of the Supervisory Board |
| Dr. Thomas A. Lange | Deputy Chairman of the Supervisory Board, Chairman of the Audit Committee |
| Maximilian Beck | Member of the Supervisory Board |
| Markus Jost | Member of the Supervisory Board, Chairman of the Nomination and Remuneration Committee |
| Wilfried Kempchen | Member of the Supervisory Board |
| Harald Steirer | Member of the Supervisory Board (since 12 March 2020) |

The Supervisory Board appoints the members of the Executive Board and supervises and advises the Executive Board on the Company's management. Detailed information on the cooperation between Executive Board and Supervisory Board as well as on corporate governance at OVB Holding AG is provided in the report of the Supervisory Board. Further information on corporate governance can be found in the corresponding statement pursuant to Sections 289 et seq. HGB (Commercial Code) on the Internet at https://www.ovb.eu/english/investor-relations/corporate-governance.

**Corporate management**

Corporate management within the OVB Group is divided into 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 to specific quantitative targets.

Transnational exchange of know-how supports the effective and networked management of the 15 sales subsidiaries. Committees of OVB Holding AG continuously coordinate market cultivation and marketing activities as well as the composition of the portfolio of partners and products with the respective OVB sales subsidiaries.

Operational management accounting supports the management of business operations. The Company's key targets and control variables are sales (brokerage income) and earnings before interest and taxes (EBIT). Apart from these monetary indicators, non-monetary indicators such as the number of financial agents and the number of clients serve as evidence of the success of business operations as well. Other key figures are constantly being monitored by the Company yet not regarded as key targets or control variables. Management accounting involves a monthly analysis of the performance of sales, brokerage expenses and other material expense items. 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 decentralized planning process conducted by individual subsidiaries and cost centre managers is then aligned with the Group's strategy in a top-down and bottom-up process. Apart from that, particularly the expenses and income budgeted for the Group are subject to a centralized evaluation process.

Budget parameters are aligned with their respective underlying measures and assumptions and made transparent for each business unit as well as for the Group as a whole. 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 budgeting are adjusted for significant events that will probably either increase in relevance or have no more relevance for the planning period. Then the planned measures are incorporated into the basic data in the shape of cost and revenues.

OVB prepares monthly target/actual deviation analyses and continuously updates material financial as well as distribution data and is thus able to respond immediately to any deviations from the budget. Within the OVB Group, medium and long-term financing of business operations is ensured by the available liquidity. OVB Holding AG as the Group's parent continuously monitors the 15 sales subsidiaries' demands for liquidity and makes liquid assets available if necessary.

## Goals and strategies

In view of predictable changes in the business environment, the markets and the legal framework of the Company's business, OVB has developed the medium-term strategy "OVB Evolution 2022", which is being implemented consistently since 2017. The strategy is oriented towards a long-term vision as a benchmark, defines strategic goals and comprises four basic cornerstones, each connected to specific strategic measures.

OVB has defined strategic goals, comprising the sustainable development of the sales organization, the expansion of the client base, increasing the business volume with the individual clients, raising the client satisfaction level, expanding online marketing activity, further efficiency improvements in back-office operations, the digitization of processes and sales support as well as an expansion to new national markets in Europe. According to "OVB Evolution 2022", four cornerstones will support the achievement of these goals:

- Realization of potential
- Digitization
- Modernization
- Expansion

With respect to "Realization of potential", great significance is attached e.g. to the ongoing development of the Europe-wide professional training system. OVB will further advance and update the professional training system across Europe, not only due to regulatory requirements but also based on the Company's own high quality standards. OVB will also keep tapping the full business potential represented by its 3.96 million existing clients systematically. There is considerable potential for cross-selling and upselling activities throughout Europe. Available resources and the demand for private provision are rising especially in the national markets of the Central and Eastern Europe segment due to above-average increases in income. With respect to "Digitization", OVB focuses primarily on its business processes, the financial agent's modern workplace (OVB EASY) as well as enhanced options for interaction between clients, financial agents and OVB. A contemporary target group approach is at the core of "Modernization". Developing and expanding social media activities within the scope of our social media strategy provides additional opportunities for acquiring both new staff and clients. "Expansion" stands primarily for the transfer of the tried and tested OVB business model to new, attractive national markets.

More than 426 million people live in the 15 countries of Europe in which OVB currently operates. Because of imperative private provision to be taken on one's own initiative and the demand for advisory service derived from that, OVB sees sound prospects for its business. In winning new financial agents, OVB counts on finding and qualifying people willing to perform for the responsible task of providing comprehensive "allfinanz" advisory service in order to fulfill the increasing demand for financial advice among the people in Europe.

# Business report

## Macroeconomic and industry-related general conditions

**Macroeconomic development**
OVB operates in 15 European countries divided into three regional segments. OVB's Central and Eastern Europe segment comprises the national markets Croatia, Czechia, Hungary, Poland, Romania, Slovakia and Ukraine; the Group generated roughly 48 per cent of its sales in these markets in the previous year. 23 per cent of OVB Group's sales were accounted for by the German market in the past financial year.

The national markets Austria, Belgium, France, Greece, Italy, Spain and Switzerland constitute the Southern and Western Europe segment, contributing some 29 per cent to OVB Group's brokerage income in 2020. With the exception of Switzerland, these countries belong to the eurozone. OVB thus generates roughly three fourths of its brokerage income outside Germany. Against this backdrop it is important to consider the macroeconomic development in Europe for an assessment of the business performance in 2020. Among the relevant factors are economic growth, the development of the job market and changes in the income situation of private households.

Macroeconomic conditions for OVB's business in Europe were altogether favourable in January and February 2020, as described in the chapter "Outlook" of the 2019 combined management report of OVB Holding AG. Starting in March 2020 the novel coronavirus which can cause the disease COVID-19 began to spread, with a dynamic increase in infections in Europe and worldwide. In order to slow down the spread of the virus, the

European governments implemented drastic measures. Among those are restrictions on the people's freedom of movement, prohibitions on gatherings of people in larger groups, travel restrictions and the temporary closing of companies and retail businesses. Economic activity in Europe largely came to a temporary standstill. In the summer of 2020, infection numbers went down, followed by relaxation of restrictions and economic recovery. Fast increasing infection numbers in the fourth quarter caused another economic slowdown by new restrictions imposed on the economic life.

The euro area was strongly affected by the impact of the COVID-19 pandemic in 2020. According to estimates of the International Monetary Fund (IMF), the economic output dropped by 7.2 per cent in this currency zone. Under the condition that comprehensive vaccination campaigns will effectively contain the spread of the virus and mutations will not cause new waves of infections, the IMF anticipates economic growth of 4.2 per cent for the euro area in the year 2021 and of 3.6 per cent in 2022. But even in 2022, the economic performance of the euro area must be expected to fall short of the level as of year-end 2019. The economic setback due to the pandemic will probably result in a further increase in unemployment figures. The total income of private households will therefore probably go down. This reduces their resources for seeing to private financial provision and risk protection and may lead to increasing cancellations affecting the contract portfolio. The effects of the pandemic will probably hit the financial services industry downstream. Public and commercial support measures such as interim financial aid or the suspension of clients' insurance premium payments currently have a positive effect on the sales performance in the financial services sector. For the medium term rising unemployment figures and an increase in insolvencies are anticipated which will probably affect credit ratings of new and existing clients alike.

**Economic development in Central and Eastern Europe**
The seven national markets of the Central and Eastern Europe segment were not able to dodge the negative effects of the COVID-19 pandemic in the year 2020. The respective macroeconomic performance dropped by 3 to 7 per cent, even close to 10 per cent in Croatia with its pronounced dependence on tourism. The further economic development in the region strongly depends on how fast and how widely vaccination campaigns will allow a return to normal economic life.

It is also of relevance to the export-oriented national economies how the economic recovery in Germany will work out.



**Economic development in Central and Eastern Europe**
Changes in real gross domestic product (GDP) in %

| | 2019 | 2020e | 2021f | 2022f |
|---|---|---|---|---|
| Croatia | 2.9 | -9.4 | 5.1 | 3.0 |
| Czech Republic | 2.3 | -6.6 | 2.5 | 5.5 |
| Hungary | 4.6 | -6.5 | 4.0 | 4.0 |
| Poland | 4.2 | -3.2 | 3.6 | 5.1 |
| Romania | 4.1 | -5.0 | 4.2 | 4.5 |
| Slovakia | 2.3 | -6.0 | 5.0 | 2.5 |
| Ukraine | 3.2 | -5.8 | 3.8 | 3.5 |

e = estimate; f = forecast
Source: Raiffeisen RESEARCH, January 2021

**Economic development in Germany**
Europe's largest national economy suffered an economic setback of more than 5 per cent in 2020 due to the pandemic. Private consumer spending and the companies' expenditures for equipment went down in particular. Owing to public support measures on a massive scale, an increase in company insolvencies and unemployment figures could still be avoided at the cost of heavily expanded public debt. How fast the vaccination of the population progresses and how soon economic activities are thus free of restrictions will prove a deciding factor for the economic development in the years 2021 and 2022.

**Economic development in the eurozone**
Changes in real gross domestic product (GDP) in %

| | 2019 | 2020e | 2021f | 2022f |
|---|---|---|---|---|
| **Eurozone** | **1.3** | **-7.2** | **4.2** | **3.6** |
| France | 1.5 | -9.0 | 5.5 | 4.1 |
| Germany | 0.6 | -5.4 | 3.5 | 3.1 |
| Italy | 0.3 | -9.2 | 3.0 | 3.6 |
| Spain | 2.0 | -11.1 | 5.9 | 4.7 |

e = estimate; f = forecast
Source: IWF, World Economic Outlook, January 2021

### Economic development in Southern and Western Europe

A few countries in Southern and Western Europe were affected by the spread of the pandemic very soon in 2020 and very seriously, namely Italy and Spain. Therefore a decrease in the economic performance is expected for these countries, especially severely for Spain in excess of 10 per cent. The virtually complete suspension of tourism primarily hit the countries in the Mediterranean and the Alps. The COVID-19 pandemic made unemployment figures in Austria soar to the highest peak since 1946.

Comprehensive public aid at national and EU level still managed to prevent existential problems for many people in 2020. As a counter-reaction to the economic collapse in the year under review, a recovery can be expected for the national markets of the region in 2021 und 2022 while the economic situation of the private households will probably remain strained.

### Industry situation

Europe's macroeconomic framework in the year 2020 was also determined very strongly by the development of the COVID-19 pandemic with respect to the sale of financial products. Advice and conclusions of contracts primarily took place digitally. The clients' requests for information on topics such as health and risk provision were increasing.

The restrictions on economic and social activity decreed for containing the pandemic in the spring and the fall caused a significant decrease in economic output. Elaborate public support measures for businesses, trade and the service industry as well as monetary policy measures of the central banks countered the threat of an even faster increase in unemployment. Still the available income of many private households went down.

Apart from that, the sale of financial products in Europe continued to face a challenging environment. While borrowers and house builders benefit from the low interest on loans, the persisting low-interest phase creates the challenge for clients willing to take provision measures that many classic investments hardly yield returns anymore. Insurance companies have adapted their product portfolios to the low-interest rate environment. Products with profit participation and guaranteed interest that yield only low returns are hardly offered anymore. Particularly retirement provision with real property and stocks are at the centre of investor interest. In demand are direct investments in funds and unit-linked life insurance or pension schemes. Unit-linked pension schemes are especially worth noting for their protective element in the form of lifelong pension payments. The investment risk attached is curtailed by modern instruments of risk management. Thus investment options remain, making it possible to generate attractive returns for the investor at limited risk. Apart from that, OVB identifies considerable growth in products protecting against biometric risk such as death, invalidity, sickness and care dependency in many countries.

OVB is certain that the demand for cross-thematic, competent and comprehensive personal advice on all kinds of financial matters is increasing: The product offering for private households is almost inscrutable and state support plans are hard to comprehend. In addition to that, financial decisions once made must be routinely reviewed and adapted, if necessary, to changing needs and situations in life.

From OVB's vantage, the market for private risk protection and provision therefore offers long-term market potential and sound opportunities for growth despite the currently challenging environment.

## Business performance

In financial year 2020, the OVB Group generated brokerage income in the amount of Euro 270.6 million. This equals a 4.9 per cent increase over the prior-year amount of Euro 257.8 million. Most national markets reported positive performances.

The number of supported clients climbed from 3.76 million clients at the end of 2019 to 3.96 million clients as of the reporting date. The OVB sales force comprised 5,248 full-time financial agents as of the reporting date (previous year: 5,069 financial agents).

The structure of new business with respect to the type of brokered financial products reflects the focus of advisory services on basic protection for financial security, asset and financial risk protection, retirement provision as well as asset generation and wealth management. Unit-linked provision products dominated the clients' demand throughout Europe in 2020. This product group's share in the new business was 33.5 per cent (previous year: 35.1 per cent). Other provision products – classic life and pension insurance policies and particularly products for the protection against biometric risks – amounted to 22.7 per cent of the new business (previous year: 21.8 per cent). Property, legal expenses and accident insurance (with a share of 14.3 per cent after 15.8 per cent), building society savings contracts/financing (with a share of 12.3 per cent after 11.7 per cent) and state-subsidized provision products (9.6 per cent of the business brokered in 2020 after 8.3 per cent in the previous year) complete the comprehensive "allfinanz" advisory approach in addition to investment funds, health insurance and real property.

**Breakdown of new business 2020 (2019)**

Unit-linked provision products
33.5 % (35.1 %)

State-subsidized provision products
9.6 % (8.3 %)

Building society savings contracts/financing
12.3 % (11.7 %)

Property, legal expenses and accident insurance
14.3 % (15.8 %)

Health insurance
2.3 % (2.9 %)

Investment funds
5.1 % (4.2 %)

Other provision products
22.7 % (21.8 %)

Real property
0.2 % (0.2 %)

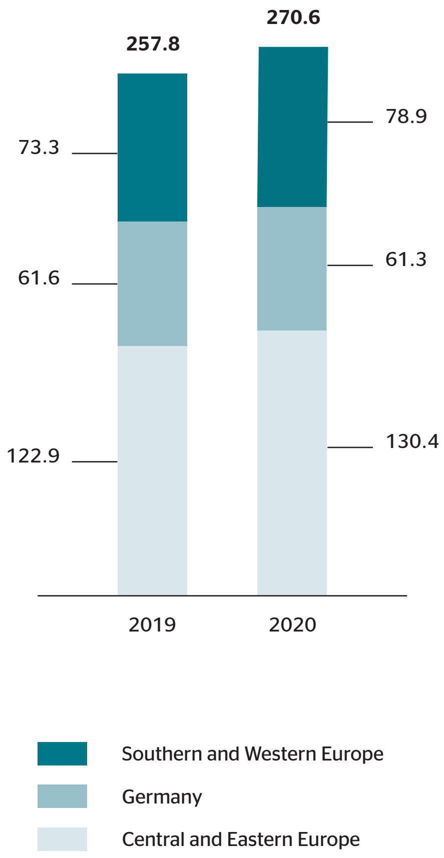
### Central and Eastern Europe segment

The Central and Eastern Europe segment comprises the seven national markets Croatia, Czech Republic, Hungary, Poland, Romania, Slovakia and Ukraine. In financial year 2020, brokerage income went up 6.0 per cent from Euro 122.9 million in the previous year to Euro 130.4 million in the year under review. Especially positive was the business performance in Romania, Poland, the Czech Republic and Slovakia.

In the 2019 combined management report, a decrease in brokerage income had been predicted in view of the spread of COVID-19.

3,071 financial agents worked for OVB in the region at year-end 2020, compared to 2,919 financial agents twelve months before. They supported altogether 2.70 million clients (previous year: 2.52 million clients). The structure of new business reflects OVB's comprehensive "allfinanz" approach: Product demand continued to focus on unit-linked provision products at 33.4 per cent of the new business in 2020 (previous year: 40.5 per cent), yet at a declining rate. Other relevant product groups were other provision products at 31.7 per cent (previous year: 27.8 per cent), property, legal expenses and accident insurance at 14.0 per cent (previous year: 12.9 per cent) and products in the category of building society savings contracts/financing at 12.4 per cent (previous year: 10.9 per cent).

**Brokerage income by region**
Euro million, figures rounded




**Germany segment**
Brokerage income of Euro 61.3 million in the Germany segment came very close to the prior-year amount of Euro 61.6 million. Due to the spread of coronavirus, a decrease in brokerage income had been predicted in the 2019 combined management report. The number of financial agents went down insignificantly from 1,295 at prior year-end by 4.1 per cent to 1,242 financial agents as of the reporting date. They supported 609,432 clients (previous year: 612,982 clients). Product demand was widely diversified: 29.0 per cent of the new business was accounted for by unit-linked provision products (previous year: 24.7 per cent). The share in new business attributed to products in the category building society savings contracts/financing dropped to 17.8 per cent (previous year: 21.0 per cent). 15.2 per cent was accounted for by other provision products (previous year: 16.1 per cent) and 14.0 per cent by property, legal expenses and accident insurance (previous year: 14.1 per cent).

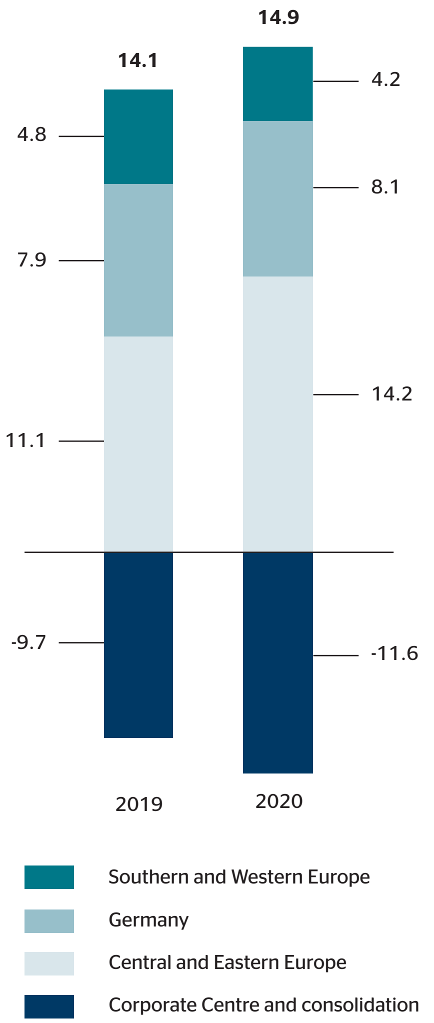
**Southern and Western Europe segment**
The Southern and Western Europe segment comprises the seven national markets Austria, Belgium, France, Greece, Italy, Spain and Switzerland. At Euro 78.9 million after Euro 73.3 million in the year before, brokerage income was increased by 7.6 per cent. Particularly strong was the growth in sales in Switzerland, Spain and Austria. In view of the spread of COVID-19, a decrease in brokerage income had been predicted in the 2019 combined management report. 935 financial agents work for OVB in this segment and thus 9.4 per cent more than as of the prior-year reporting date (previous year: 855 financial agents). They supported 652,934 clients as compared to 619,374 clients one year before. With a share in new business of 37.2 per cent (previous year: 31.9 per cent), unit-linked provision products topped the list, followed by state-subsidized provision products at 25.9 per cent (previous year: 21.1 per cent) and property, legal expenses and accident insurance with a share of 15.1 per cent (previous year: 23.5 per cent).

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

**Profit/Loss**
The OVB Group generated brokerage income of Euro 270.6 million in the 2020 financial year compared to the prior-year amount of Euro 257.8 million after a decrease had been predicted in the 2019 combined management report against the backdrop of the pandemic. In view of the COVID-19 pandemic, OVB has allocated Euro 3.9 million to its own cancellation reserve as an increasing number of contract cancellations are to be expected due to the economic impact of the pandemic in the medium term. The additional allocation to cancellation reserve affected both brokerage income as well as the operating result (EBIT). Yet sales went up 4.9 per cent compared to the previous year. In the segments Central and Eastern Europe as well as Southern and Western Europe, OVB achieved considerable sales growth while sales came close to the prior-year level in the Germany segment. In consideration of the reign of the COVID-19 pandemic that started in 2020 and has brought far-reaching restrictions on economic activity, OVB regards this performance as proof of the high stability and resilience of its business model and as a major success in a very challenging environment.

Other operating income was down 9.7 per cent in 2020 to Euro 10.2 million; the prior-year amount had come to Euro 11.2 million. Reasons for the decrease were primarily lower reimbursements from financial agents for

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




seminars and reduced contributions to costs paid by partner companies.

Brokerage expenses were up 6.7 per cent from Euro 170.1 million in the previous year to Euro 181.5 million in the year under review. Personnel expense was up 3.4 per cent from Euro 38.0 million to Euro 39.3 million. Depreciation and amortization were virtually unchanged from the previous year at Euro 6.9 million. But other operating expenses were reduced by 4.7 per cent from Euro 40.0 million in the previous year to Euro 38.1 million in the year under review. Due to the pandemic, expenses for events, seminars and travel went down, among other items.

The OVB Group generated an operating result (EBIT) of Euro 14.9 million in 2020, 5.7 per cent above the prior-year amount of Euro 14.1 million. The EBIT of the Central and Eastern Europe segment showed a dynamic increase by 28.0 per cent from Euro 11.1 million to Euro 14.2 million. Major contributions to this increased result were made by the national markets Czech Republic, Romania, Poland and Slovakia. The operating result of the Germany segment gained 2.6 per cent from Euro 7.9 million to Euro 8.1 million, attributable to a higher gross profit margin. The EBIT of the Southern and Western Europe segment went down, among other reasons due to increased expenses for digitization and a slightly changed product mix, from Euro 4.8 million by 13.5 per cent to Euro 4.2 million. The negative operating result of Corporate Centre including consolidation effects expanded from Euro 9.7 million to Euro 11.6 million. The EBIT margin of the OVB Group remained stable compared to the previous year at 5.5 per cent.

The financial result showed a loss of Euro 0.2 million in 2020, compared to a surplus of Euro 1.3 million in the previous year. This development resulted from a decrease in finance income and an increase in finance expense respectively in connection with the measurement of securities. Taxes on income went down from Euro 4.1 million in the previous year to Euro 4.0 million in the year under review.

Consolidated net income after non-controlling interests comes to Euro 10.5 million in financial year 2020. For the previous year, consolidated net income of Euro 11.0 million had been reported. Earnings per share based respectively on 14,251,314 no-par shares went down insignificantly from Euro 0.77 to Euro 0.74.

The OVB Group's total comprehensive income reached Euro 10.1 million in the reporting year after Euro 11.0 million in the year before. This development results from the decrease in consolidated net income by Euro 0.5 million, negative changes in currency translation reserve by Euro 0.3 million and a negative revaluation effect from provisions for pensions of Euro 0.2 million.

**Financial position**
The OVB Group's cash flow from operating activities was up Euro 8.5 million from Euro 21.6 million in the previous year to Euro 30.1 million in 2020. This considerable increase in cash flow is due primarily to OVB's own higher

cancellation reserve (Euro +4.1 million) and higher retained cancellation reserve from financial agents (Euro +2.3 million). Adding to that is the increase in unbilled liabilities (Euro +4.2 million) from events, earned by the financial agents in 2020 but postponed to a time period after the reporting date due to coronavirus. The positive cash flow is countered by net receivables (total OVB receivables less financial agents' share) from partner companies, higher than the previous year based on sales and reducing the cash flow to some extent.

Investing activities resulted in an insignificant inflow of cash of Euro 0.3 million in 2020 (previous year: Euro 1.8 million). Payments from the disposal of non-current financial assets in the amount of Euro 7.3 million (previous year: Euro 5.4 million) and the disposal of securities and other short-term capital investments in the amount of Euro 3.3 million (previous year: Euro 2.8 million) faced payments for spending on securities and other short-term capital investments (Euro 5.3 million; previous year: Euro 4.1 million), on non-current intangible assets (Euro 4.0 million; previous year: Euro 3.3 million) and on non-current tangible assets (Euro 2.3 million; previous year: Euro 1.9 million).

The cash flow from financing activities showed an almost equally high outflow of cash for the year under review (Euro -13.5 million) and the year before (Euro -13.2 million). The deciding factor in both years was the payment of dividends, amounting to Euro 10.9 million in 2020 and Euro 10.8 million in 2019. Adding to that were payments for the principal component of a lease liability (Euro 2.3 million; previous year: Euro 2.2 million) and for the interest component of a lease liability (Euro 0.3 million; previous year: Euro 0.2 million). The Company's cash and cash equivalents increased altogether by Euro 15.2 million from Euro 56.7 million as of 31 December 2019 to Euro 71.9 million as of 31 December 2020.

**Assets and liabilities**

The Group's total assets expanded from Euro 216.0 million at year-end 2019 by Euro 17.5 million to Euro 233.5 million as of the reporting date for the year under review.

Non-current assets went down from Euro 40.7 million to Euro 36.5 million. The deciding factor for this was a decrease in financial assets from Euro 7.5 million to Euro 0.4 million. Contrary to that, rights of use of leased assets, intangible assets and tangible assets were up. Current assets gained considerably from Euro 175.3 million to Euro 197.0 million. Cash and cash equivalents alone climbed Euro 15.2 million to Euro 71.9 million (previous year: Euro 56.7 million). Other increased items were trade receivables, receivables and other assets and other capital investments.

The equity of OVB Holding AG amounted to Euro 90.0 million at year-end 2020, hardly changed from the amount of Euro 90.6 million as of 31 December 2019. Other provisions and retained earnings were reduced. Due to the expansion of total equity and liabilities, the Company's equity ratio went down from 42.0 per cent to 38.5 per cent.

Non-current liabilities rose insignificantly from Euro 13.2 million to Euro 13.7 million, due predominantly to the recognition of lease liabilities. Current liabilities, serving primarily the financing of business operations, gained significantly from Euro 112.2 million to Euro 129.8 million. From this increase by Euro 17.6 million, more than half is accounted for by other provisions; also up were trade payables and other liabilities.

## Comparison between forecast and actual development

On 25 March 2020, the Executive Board had predicted a decrease in brokerage income and operating result for the 2020 financial year in the 2019 combined management report of OVB Holding AG, subject respectively to the further development of the COVID-19 pandemic. In the six-month financial report for 2020, the Executive Board had stated its forecast more precisely: The Board now anticipated for the full year a slight decrease in brokerage income and an operating result within the range between Euro 12.5 million and 13.0 million.

Nine months into the 2020 financial year, the Executive Board adjusted its expectations for the full year: A slight increase was predicted for brokerage income, a stable performance compared to the previous year for the operating result. Brokerage income generated by OVB Holding AG gained 4.9 per cent in the 2020 financial year and the EBIT exceeded the prior-year amount by 5.7 per cent. Thus sales and earnings forecasts were both outperformed. Brokerage income of the individual segments either increased or came close to prior-year levels year-on-year, contrary to the respective forecast of a decrease. The EBIT of the segments Central and Eastern Europe and Germany was up contrary to the forecast. The EBIT of the Southern and Western Europe segment went down as predicted. This altogether positive performance primarily resulted from providing the technological conditions throughout the Group for being able to generate sales digitally as well and enabling the financial agents to keep systematically advising their clients even during phases of lockdown. In addition to that, the sales organization was expanded in most countries. Furthermore, expenses for events, seminars and travel were down, among other items.

## Profit/Loss, financial position and assets and liabilities of OVB Holding AG

As the management holding company, OVB Holding AG is at the top of the OVB Group. It directly and indirectly holds the shares in the entities that are part of the OVB Group and performs a range of tasks for the Group involving planning, management accounting, communication, marketing, IT, compliance and risk management.

The separate financial statements of OVB Holding AG have been prepared in accordance with the provisions of the German Commercial Code (HGB) in consideration of the supplementary provisions of the German Stock Corporation Act (AktG). Provisions for large corporations apply.

Profit/Loss of OVB Holding AG as the Group's holding company is essentially determined by profits from the holdings.

### Profit/loss

| EUR'000 | 2020 | 2019 |
|---|---|---|
| Sales | 12,465 | 13,329 |
| Income from investments (in affiliated companies) | 14,579 | 13,003 |
| Profits received under a profit-and-loss transfer agreement | 8,141 | 7,759 |
| Net income | 10,563 | 10,826 |

OVB Holding AG generated investment income in the total amount of Euro 14.6 million in the reporting year (previous year: Euro 13.0 million). The profit received from German subsidiary OVB Vermögensberatung AG under profit-and-loss transfer agreement amounted to Euro 8.1 million in the year under review (previous year: Euro 7.8 million). Personnel expense for the holding company's 105 employees on average (previous year: 100 employees) increased over the reporting period from Euro 10.3 million to Euro 11.1 million.

Earnings after taxes of OVB Holding AG and net income amounted to Euro 10.6 million for financial year 2020 (previous year: Euro 10.8 million).

### Assets and liabilities and financial position

| EUR'000 | 31/12/2020 | 31/12/2019 |
|---|---|---|
| Non-current assets | 33,959 | 34,987 |
| Current assets | 58,040 | 55,996 |
| Equity | 85,111 | 85,236 |
| Provisions | 5,601 | 3,761 |
| Liabilities | 1,287 | 1,985 |

Total assets of OVB Holding AG went up from Euro 91.0 million at the end of financial year 2019 to Euro 92.0 million at the end of the year under review.

The assets of OVB Holding AG essentially comprise shares in and receivables from affiliated companies predominantly refinanced by equity. The asset structure is virtually unchanged from the previous year. The item "receivables from affiliated companies" essentially includes dividend claims and receivables from ongoing clearing transactions.

The capital structure of OVB Holding AG is characterized by a solid equity base: The Company's equity amounted to Euro 85.1 million at year-end 2020 (previous year: Euro 85.2 million). The Company's equity ratio went down insignificantly from 93.7 per cent to 92.6 per cent.

**Liquidity and dividend**
As of the reporting date, the Company has liquid assets of Euro 11.5 million at its disposal (previous year: Euro 10.3 million). The increase in liquid assets results essentially from the reclassification of long-term capital investments to short-term capital investments. In the year 2020, a dividend of Euro 0.75 per share was paid out for financial year 2019 (total volume: Euro 10.7 million).

Dividend payments are made depending on the Company's financial position and profitability. Executive Board and Supervisory Board of OVB Holding AG will propose to the General Meeting of Shareholders on 9 June 2021 to distribute a dividend of Euro 0.75 for financial year 2020, unchanged from the previous year. As of 31 December 2020, altogether 14,251,314 shares were entitled to dividend. If the resolution is adopted by the General Meeting as proposed, the dividend pay-out of OVB Holding AG for financial year 2020 will amount to Euro 10.7 million.

**Comparison between forecast and actual development**
In consideration of the potential effects of the spread of COVID-19, not conclusively assessable at the time, the Executive Board of OVB Holding AG had predicted a decrease in the 2020 operating result. Earnings after taxes went down slightly by 2 per cent from Euro 10.8 million to Euro 10.6 million. While the financial result improved from Euro 21.3 million to Euro 22.7 million due to the positive performances of the subsidiaries of OVB Holding AG, the operating result went down from Euro -10.4 million to Euro -12.1 million, essentially because of lower cost charges transferred to the subsidiaries. The positive business performances of the sales subsidiaries primarily resulted from providing the technological conditions for being able to generate sales digitally as well and enabling the financial agents to keep systematically advising their clients even during phases of lockdown.

### The Executive Board's overall statement on the Group's business performance in 2020

The OVB Group's brokerage income increased by 4.9 per cent in 2020 compared to the previous year.

Once again the OVB business model has proved its stability and potential even under challenging general conditions. Even against the backdrop of targeted investments and increased expenses within the framework of the strategy "OVB Evolution 2022" for strengthening the Company's future competitiveness, OVB managed to increase the operating result (EBIT). Thus our expectations for financial year 2020 have been exceeded.

## Report on opportunities and risks

### Opportunity management

OVB's corporate culture places great importance on entrepreneurially-minded thinking and acting. OVB's self-employed financial agents consider themselves entrepreneurs in particular. Therefore all of OVB's financial agents and employees take continuously seeking and seizing business opportunities for granted, regardless of their respective area and scope of responsibility. The OVB Group's sales subsidiaries are required to identify opportunities at the level of operations and to exploit them with the goal of achieving an above-target performance of earnings if possible. Such opportunities may arise e.g. in the context of brokerage activity or due to improved market conditions. OVB Holding AG identifies strategic opportunities. They are evaluated and measures are developed for exploiting them.

Moreover, it is 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 such 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 exposure can be caused by internal or external factors. Arising risks are meant to be detected as soon as possible in order to allow for a swift and adequate response. The objectives of risk management are the continuous advancement of the implemented early warning system, systematic preoccupation with existing and potential risks and the promotion of risk-oriented thinking and acting within the entire organization and thus a deliberate risk-taking policy based on the comprehensive knowledge of risks and risk connections. OVB pays attention to keeping a balanced ratio between opportunities and risks.

## Structure and process of risk management

The organization of risk management, the methods applied and the processes implemented are put down in writing in the Group's risk management guidance and made available to all employees who assume responsibility in this field. Standardized risk management processes make sure that Executive Board and Supervisory Board are informed in a structured way and in good time about the Group's present risk position.

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 Europe-wide strategy for business operations and the risk strategy derived from that.

All operating subsidiaries are obligated to implement and continually review an adequate risk management system based on directives defined by the Group. 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 aggregates identified individual risks into risk categories and assigns each risk to a risk management officer.

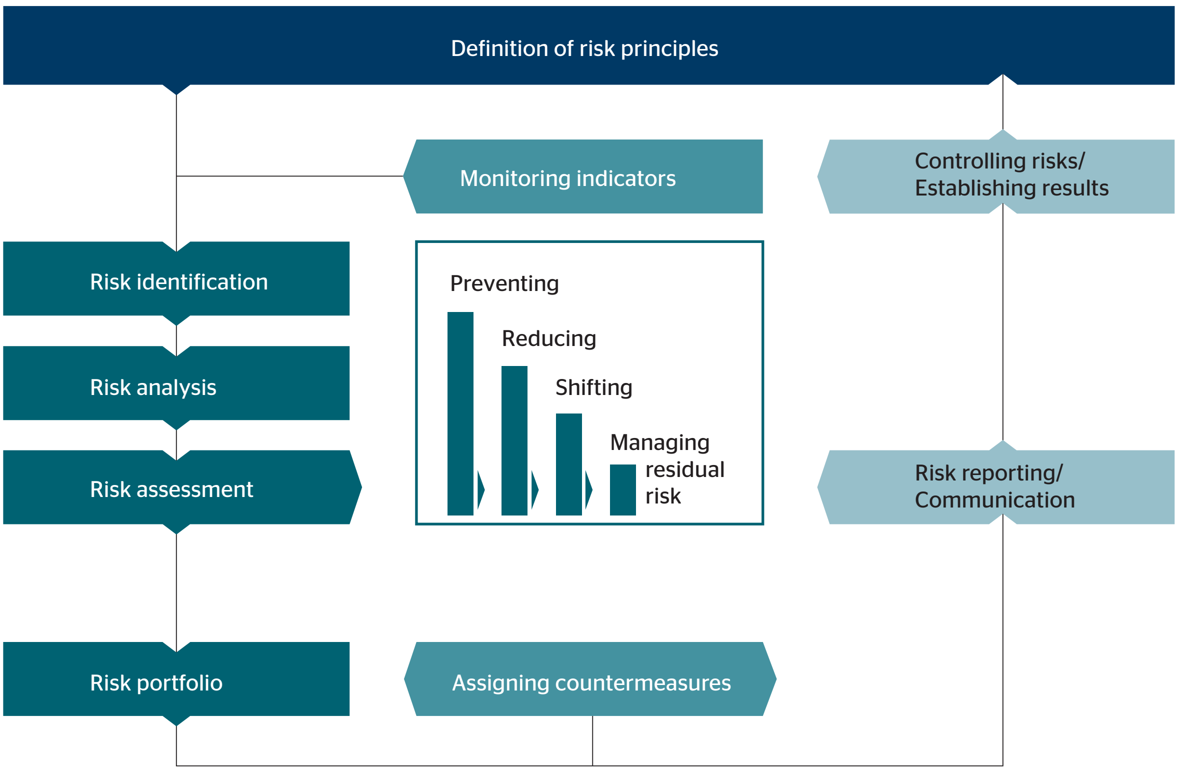
Material risks are identified, quantified and the measures taken are documented by the respective risk manager of the business divisions or rather by the decentralized risk managers of the operating subsidiaries in annual risk inventory processes.

Apart from the direct exchange of information between the Chief Risk Manager and the Executive Board, standardized risk reports are delivered to the Executive Board and the Supervisory Board, explaining OVB's current risk position. Thresholds and reporting protocols have been defined within the scope of risk reporting. Risk analyses are conducted initially at the level of the subsidiaries and the individual areas of responsibility. Routine reporting of the various divisions of the holding company and the subsidiaries is condensed to Group-wide, ongoing 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 into risks at Group level.



**OVB risk management process**



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 management accounting process supports the early detection of going-concern risks.

Further elements of the risk management system are internal auditing and compliance management, assuming monitoring and control functions throughout the Group.

As a model for the organization of risk or compliance management, OVB applies the "three lines of defense model" (TLoD). As its name suggests, the model consists of three lines of defense for avoiding mistakes and recognizing and minimizing risks and undesirable developments.

The first line of defense is effective directly at the local business sectors. The management teams of the operating subsidiaries are responsible for compliance with national provisions and regulations. For safeguarding effectiveness, suitable control measures (e.g. the four eyes principle) are to be established. "Owning" the risk, the first line of defense has the responsibility for assessing, controlling, monitoring and reducing risks.

The second line of defense serves the control and supervision of the risk management and compliance effort of the first line of defense. The paramount goal of compliance management is to avoid or rather minimize risks from non-compliance with the law, internal standards and processes by taking preventive action.

Among those measures are the definition of methods and procedures for compliance and risk management and the requirements in the form of guidance and directives, moreover risk monitoring, adherence to compliance relevant guidance and statutory provisions as well as reporting to the Executive Board. On the second line of defense, centralized measures are taken by the risk management and compliance function. At OVB, the second line of defense is called on to achieve additional transparency and safety by continuous guidance, checks and effectiveness reviews in order to control the remaining risks effectively.

The third line of defense is represented by Internal Auditing as an objective and autonomous evaluation and advisory function. Internal Auditing evaluates the first and second lines of defense through a risk-based approach and thus supports the Executive Board by providing sufficient assurance that the risks are identified, assessed and controlled effectively.

Following the three lines of defense model, risks are intended to be responded to adequately on the first two lines of defense already.

Internal Auditing 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 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 financial accounting and advises on their constant improvement.

## Development of risk management

Constant advancement of the risk management system is a key prerequisite to the option of a timely response to changing general conditions of potential direct or indirect impact on the assets, liabilities, financial position and profit/loss of OVB Holding AG.

An ongoing exchange of information with the decentralized risk managers assures that any new findings will be incorporated into risk management, thus safeguarding its advancement.

In addition to that, training measures are an essential element for constantly updating the expertise of the staff involved in these processes.

Risk management of OVB Holding AG is also subject to routine reviews conducted by Internal Auditing. Audit reviews contribute to monitoring the risk management system and produce insight based on which quality is improved and the development of risk management processes is further advanced. Apart from risk inventory, all measures for the early detection, management and control of risks were analyzed, adjusted and enhanced in response to internal and external developments within the scope of the annual review in the course of the year 2020.

In order to even better control the risks recognized and measures and rules implemented in the Group, a Corporate Governance Committee was established in the year under review. The Committee comprises representatives from Risk Management, Compliance and Internal Auditing who routinely exchange information on the existing material risks within the Group at least each quarter.

## Internal control system with respect to financial accounting

The internal control system comprises the principles, methods and measures for ensuring the effectiveness and economic efficiency of business activity, truth and fairness in financial accounting and compliance with the applicable legal regulations. Part of this system is Internal Auditing insofar as it focuses on financial accounting.

Like the internal control system of which it is a component, the risk management system with respect to financial accounting addresses the control and monitoring processes in financial accounting, particularly relating to those items in the statement of financial position that reflect the Company's risk protection.

Key features of the internal control system with respect to financial accounting:

- clear management and corporate structure: OVB Holding AG provides the centralized management of inter-divisional key functions while the Group's individual companies maintain a large degree of autonomy
- proper separation of functions and observance of the four-eye-principle as basic principles
- clear separation and assignment of responsibilities with respect to areas materially involved in financial accounting, namely Local Accounting, Tax, Group Accounting and Management Accounting
- protection against unauthorized access to any of the systems used in financial accounting
- utilization of standard software in the financial systems involved
- adequate guidance system (e.g. Group handbook, payment guidelines, project management guideline, purchasing guidelines, Code of Conduct, etc.) subject to constant updates
- adequate equipment in response to the requirements of all departments and divisions involved in the financial accounting process
- clearly defined workflows as well as documentation and tracking of all matters subject to accounting for the purpose of complete financial reporting reviewed for correctness
- ensuring that accounting records are checked for mathematical and factual correctness; payment runs shall observe the four-eye-principle
- monitoring committees (e.g. Internal Auditing and the Supervisory Board's Audit Committee) serv the purpose of compliance and reliability of internal accounting and financial reporting
- routine checks of financial accounting processes for risks by process-independent Internal Auditing

The internal control system with respect to financial accounting ensures as part of the risk management system that business matters and transactions are correctly recorded, processed, evaluated and transferred to financial accounting.

Appropriate manpower, the use of adequate software and clear statutory and corporate guidelines are the basis for a correct, consistent and continuous financial accounting process. The clear separation of areas of responsibility and various subsequent control and audit mechanisms safeguard correct and responsible financial accounting.

Thus it is assured 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 recognized, reported and measured in the separate financial statements and the consolidated financial statements and that dependable and relevant information is completely and promptly made available as a basis.

## Presentation of opportunities and risks

The following is a description of opportunities and risks that could have material beneficial or adverse effects on OVB's assets and liabilities, financial position and profit/loss. The order of the risks described is based on the respective degree of materiality for the OVB Group as derived from the risk inventory conducted in 2020. Please refer to section 4.5 of the notes to the consolidated financial statements, "Objectives and methods of financial risk management", for additional quantitative information relating to financial instruments in accordance with IFRS 7.

**Industry-specific and regulatory opportunities and risks**

OVB faces industry-specific opportunities and risks particularly in connection with changes in the markets for pension provision, health care, investments and financing. Tax and socio-political conditions, developments in the capital market and a host of new regulatory requirements all influence OVB's business.

As a major financial intermediary with business operations throughout Europe, OVB regards regulatory requirements also as an opportunity to keep improving the quality of its services.

The challenges brought about by Regulation (EU) 2016/97 (Insurance Distribution Directive, IDD) and Directive 2014/65/EU (Markets in Financial Instruments Directive, MiFID II) were identified and implemented early on. Those EU regulations define a uniform level of requirements for the brokerage of insurance and financial products within the European Union. They target increased consumer protection as well as the promotion of market integration.

Of particular relevance to OVB is the implementation of the EU regulation by the member states concerning rules of conduct, transparency provisions and professional training requirements. While this process may result in different national solutions in individual cases, uniform Group-wide, technically supported solutions safeguard adequate implementation. Standardized processes aid the financial agent in his or her daily work and provide space for comprehensive and targeted advice. OVB has a Group-wide compliance management system, created for compliance with regulatory requirements among other objectives, aiming at adequate compliance with all regulatory requirements in an ongoing process. OVB considers these requirements also as an opportunity for constant improvement.

Generally speaking, an intensifying regulation of the financial services market cannot be ruled out as the European regulations stipulate evaluation assignments. Improving investor protection by raising the bar for transparency, client information and advisory service documentation requirements can safely be expected. Not least the obligation to disclose costs and commission amounts represents a new aspect relevant to classic commission-based advisory service as well.

In this current environment, OVB constantly monitors and analyzes the national and European political decision-making processes in order to be able to evaluate the effects on its business model and the strategic positioning in the national markets early on.

OVB acts on the assumption that it will fulfill increasing regulatory requirements in a better and more efficient way than smaller market participants due to its broad European positioning, the many years of experience of its employees and its pronounced financial strength.

**Compliance risk**

Compliance risks are increasing due to regulatory measures in OVB's business environment. Acts and regulations coming into force in the recent past alone, like the Insurance Distribution Directive (IDD) and the Markets in Financial Instruments Directive (MiFID or rather MiFID II), but also the amended Anti-Money Laundering Act and the General Data Protection Regulation result in stricter monitoring of and tighter reigns on self-employed financial agents, among other aspects. Training and licensing requirements have steadily increased over the years as well, launching further training, management and monitoring activities at OVB.

The financial agents' closer management by OVB due to regulatory requirements might reduce the financial agent's freedom and independence which in turn might lead to tax and social security risks inherent in "false self-employment". The tax and social security criteria of a categorization as self-employed versus employed agent are not regulated consistently within the European Union and require an assessment on the respective national level.

**IT risk**

IT risks such as IT compliance and IT security or the provision of a high-performance IT infrastructure suited to all requirements are increasingly controlled in a centralized process by OVB Holding AG. Necessary investments in the target architecture are an ongoing task in order to advance the Company's business. The realization of complex IT projects on time and at target cost represents challenges.

By the successive introduction of a common OVB EU data processing centre, the IT infrastructure has been largely standardized through all OVB operating subsidiaries. Virtualization, back-up systems, database clustering and a defined emergency plan keep the database secure and guarantee its availability. In addition to that, a second redundant data centre site was set up for OVB's EU data processing centre in the reporting period.

The IT systems are protected by special access and authorization concepts as well as effective and continually updated anti-virus software. At the level of applications, OVB utilizes standard software from reputable providers, supplemented by proprietary Group-specific developments subject to continuous quality control. With the Europe-wide implementation of the administration and management system “my OVB”, OVB has completed the homogenization of this IT core functionality at all entities.

The risk of cyberattacks has generally gone up considerably over the past years. According to the media, not only the number of attacks on companies is increasing but also their “quality”. OVB must keep expecting professional cyberattacks, trying to spy on OVB data and processes in order to cause financial or reputational damage. In response to that, OVB has appointed a Chief Information Security Officer who faces ever new challenges to the protection of OVB's data. OVB also applies preventive measures for protection based on hardware and software for the best possible protection against these increasing risks.

IT support has made an important contribution to maintaining OVB's operability and sales capability in the current situation of the COVID-19 pandemic. Early on, OVB has ensured the location-independent implementation of business processes regarding administration and sales at all operating subsidiaries.

Thus OVB was able to perform all advisory and sales-related activities without the usually required physical presence with the client comprehensively and to provide all administrative processes – mostly by working from home. This IT support, offered predominantly by video conferencing and the wide availability of digital signatures – has worked reliably and without any restrictions since its implementation and is used intensively both by the sales force and the office staff. This form of IT support will be continued depending on the prevailing situation and is in line with our strategic IT core projects.

The relevance of IT for operability and sales capability has grown. IT risks have grown in line with this trend. By opting for market leading standard software and intensive monitoring of functionality as well as first and second level support for sales and the back office, OVB is making a major effort to mitigate these risks.

**Opportunities and risks due to the development of company-specific factors of value**

Company-specific factors of value for the business success of the OVB Group's entities are the expansion of the sales organization, the development of the number of clients and the structure and quality of the advisory and brokerage business.

OVB focuses on providing advice and support primarily to private households with average to higher income in all of the national markets in which it operates. Winning new clients and maintaining long-term client relationships are essential factors of success.

Due to the COVID-19 pandemic, income and consumer demand of the private households in Europe went down significantly in 2020. However, OVB generally recognizes demand for its services and thus sufficient potential for new business in all the countries OVB sales subsidiaries operate in due to the continuing necessity of private provision and particularly in view of the demographic trend.

The continuous development of the sales force and the long-term commitment of a sufficient number of motivated and competent financial agents are further factors for OVB's business success and future growth. The development of the number of agents is the subject of periodic reporting.

Any positive or negative trends are constantly being analyzed and assessed by management with regard to their effects.

Potential turnover of financial agents in times of a consolidating industry provides both opportunities and risks.

Based on its many years of experience, OVB finds itself capable of countering any potential turnover of agents and committing new financial agents as well. Among such measures are transparent contracts, a competitive commission model for the sales force and international career opportunities.

At the same time, the consolidated companies place great emphasis on the professional training and further education of their financial agents.

A material risk in network marketing is the risk of network loss. In the case that entire networks decide not to work for OVB anymore, there is an increased risk that high sales contributions will no longer be generated. The risk of network loss increases particularly if financial agents are dissatisfied with the processes or the commission payments. OVB monitors the risk of network loss within the operating subsidiaries and counters any emerging risks with targeted measures.

OVB has a broad portfolio of high-capacity product partners.

Financial products of more than 100 insurance companies, investment trusts , building societies and banks are brokered. On this basis it is possible to choose and realize product offerings and concepts suited to the demands of the individual client.

Risks connected to the selection of products are limited by working together with reputable and internationally experienced product providers based on partnerships with a long-term horizon and by involving external analyses.

By elaborate monitoring of the market, OVB identifies client demands and market trends, to be responded to in collaboration with the product partners with competitive products tailored to the clients' wishes. In an ongoing dialogue with its partners, OVB assures the quality and competitiveness of the product portfolio throughout Europe.

Risks from a diminishing appeal of the products are met by OVB through a continuous review of client feedback.

Based on the exchange with the financial agents, their experiences and suggestions for improvement and the expansion of the product portfolio and corresponding service performances are used by committees established for that purpose. A decrease in sales of individual products can at least partially be compensated by OVB through the sale of other products.

An essential cornerstone of OVB's corporate strategy is the premium-select strategy. Working especially close together with high-capacity product partners offers OVB the opportunity to gain market shares based on its competitive edge.

**Macroeconomic opportunities and risks**
OVB's business environment is affected by changes in the economic and political framework. OVB observes the political, regulatory and economic developments in the markets it operates in and utilizes external market analyses 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 involved in the development of new markets.

OVB's plans for further expansion depend on orderly political and legal conditions prevailing in the respective country and on an economic environment that gives rise to expectations 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 generally help mitigate risks. Accordingly the dependence of the Group's business performance on individual national markets has been reduced over the past years.

At the same time, OVB's international orientation opens opportunities for participation in particularly favourable developments in individual markets. The diversification of business activities across highly varied products designed to facilitate basic protection, asset and financial risk protection as well as retirement provision, asset generation and wealth management, tailored to the respective situation in the relevant markets, also helps offset risks at least in certain sub-segments.

Effects from United Kingdom's exit from the European Union are not to be expected. A potential economic slowdown in Europe due to "Brexit" might have a minor effect on OVB's business.

The effects of the COVID-19 pandemic have severely affected the macroeconomic development in the year 2020 worldwide. In 2021 the global economy remains impacted greatly by the development of the pandemic. OVB is directly affected by social contact restrictions for curbing infections, making in-person client advisory service difficult. However, OVB managed successfully to set up virtual instruments for client advice and support as well as for business transactions and to use them intensively throughout the Group in 2020 already.

OVB is indirectly exposed to the risk that a continuing macroeconomic slump due to the pandemic might deteriorate the financial situation of the Company's key target group, the private households, noticeably – e.g. due to job loss – so that hardly any resources remain for private risk protection and retirement provision. On the other hand it could be observed in 2020 already that the interest of private households in taking measures of financial provision has increased considerably in view of the COVID-19 pandemic.

The effects of unemployment and corresponding lower income of individual households may affect the contract and client portfolio in the future. Contrary to that, OVB holds the view that rising unemployment figures provide the opportunity to recruit new financial agents for OVB and to expand the new business.

**Risks in recruiting and HR management**
Recruiting measures are constantly being pushed forward in sales. Leadership skills of sales agents are strengthened by a Europe-wide training system. The development of human resources must also be observed constantly with respect to back office and sales force in order to be able to counteract the risk of fluctuation and undesirable developments concerning the workforce structure and personnel cost.

Some of the older operating subsidiaries have a high proportion of personnel cost and a high average age. Human resources are a key asset for OVB for keeping up its successful business operations in the market. The grooming and development of the office staff and the sales force and its professional training is a key prerequisite to OVB's growth. Increased outsourcing increases the risk of dependencies. At OVB, there are some cases of dependency in key positions on external as well as individual in-house employees within the Group.

**Reputational opportunities and risks**
Reputational risk arises from a loss of reputation either of the entire industry, of OVB itself or of one or several of its operating segments, for example among clients, business partners or in the public eye. Advising on financial products and their brokerage are activities subject to critical public scrutiny on a case-by-case basis.

OVB is particularly exposed to the risk that the public's trust in the Company might be negatively affected by media coverage e.g. with respect to claims against sales agents based on incorrect or allegedly incorrect advice or concerning products distributed by them.

Apart from that, even by providing strict internal guidance and standards human misconduct can never be completely ruled out. OVB follows and analyzes any such cases with the aim of taking preventive action to halt any damage to the Company's reputation even before it arises. Professional training standards are at least compliant with statutory requirements and are constantly being advanced and adapted to a changing legal framework. Documentation of counselling interviews and strict selection criteria for accepting new product providers and new products support this goal.

Reputational damage impede recruiting and OVB's sales performance and must be avoided by all means. In addition to in-house quality control measures, image improvement efforts will be pressed ahead with.

OVB will also have to keep focusing on the advancement of its web presence in order to seize opportunities as they arise and remain competitive.

Apart from the continuous maintenance of the Company's internet domains, the financial agents must also receive support for their own web presence. In addition to network domains, this includes the opportunities and risks of the social networks and video and photo sharing apps such as YouTube and Instagram. Within the framework of its social media strategy, OVB Holding AG addresses OVB's upgradeable presence in the new media and supports the operating subsidiaries and financial agents in creating their respective presence on the internet.

Content considered negative by the public has a direct impact on clients and the recruiting of new agents and employees. The prevention of negative content must be trained and implemented. Social media guidance must govern the compliance relevant conduct of OVB employees and financial agents in this respect. Compliance with such rules is subject to monitoring provided by the head offices of the operating subsidiaries and by OVB Holding AG.

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 consistently competent and responsible conduct. The Company's public relations effort serves that same purpose.

**Risks associated with advisory services and liability risk**
Brokerage of financial products generally takes place after previous advice and a suitability test provided to the client. The purpose of the advisory service and the suitability test is to ensure that the client receives a financial product tailored to his or her individual provision requirements and investment profile.

Potential risks associated with advisory services are meant to be curtailed by continually raising the awareness of and providing continuing education opportunities for our financial agents with a view to giving needs-specific advice and by documenting and recording client meetings as required.

With the introduction of the Financial Investment Mediation Regulation (FinVermV) in Germany and further regulatory requirements in Europe, conditions for the brokerage of financial investments have been tightened. Accordingly, all client advisory consultations and mediation meetings are recorded in accordance with the obligations under the law.

OVB closely follows all relevant regulatory efforts at national levels and on the European scale so that potential effects on the business model are recognized in good time and any required adjustments can be initiated.

**Financial risk**
*Default risk* may arise from receivables from business partners and from advance commission payments to sales agents and commission claw-back. In individual cases, commission 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 default risk by way of risk-sensitive accounts receivable management and the careful selection of its business and product partners.

Appropriate valuation allowances are made for receivables that are considered doubtful from today's perspective, also in view of the COVID-19 pandemic.

Such allowances take into account timely information on the debtor's credit rating, commission expected to be received and the age structure of receivables. The default rate of receivables is 0.11 per cent for the year under review (previous year: 0.27 per cent).

*Cancellation risk* is covered by OVB by retained cancellation reserve with respect to the financial agents and cancellation 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. Due to decreasing income of private households as a consequence of the COVID-19 pandemic, increasing risks from cancellations of contracts are to be expected.

*Issuer risk* associated with the investment of liquid assets is contained by means of strict credit rating requirements and appropriate capital investment management. OVB maintains business relationships with several banks belonging to different banking systems. OVB closely monitors the rating of these banks and considers the assessment of major rating agencies if available.

*Market risk* is the risk of losses as a result of unfavourable changes in market prices or price-affecting parameters. Market price risk includes interest rate risks, currency 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 fluctuation.

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 based on real assets are altogether of minor relevance to the consolidated companies. Had the market interest rate of relevance to capital investments been 100 basis points higher (lower) over the full year 2020, earnings would have been Euro 492 thousand higher (lower).

*Currency risk* results from OVB's international orientation. Therefore OVB constantly monitors the development in the currency markets and deliberates the necessity of additional hedging measures in particular.

*Liquidity risk* is low for 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 routinely provide insight into financial developments and the liquidity demands of the subsidiaries and the holding company derived from them.

With these measures, OVB also diversifies the risk of being sued under guarantees or letters of comfort given on behalf of consolidated companies.

**Operational risk**
OVB uses both in-house staff and external contractors as well as technical and structural facilities in order to transact its business operations.

Binding workflow rules have been defined for processing and settling business transactions. Employees entrusted with confidential information commit themselves to compliance with binding regulations and to responsible conduct in handling such data.

OVB highly regards the protection of privacy and control over one's personal data.

Therefore personal data are collected, processed and used only in compliance with applicable data protection and data security provisions. With the introduction of the General Data Protection Regulation (GDPR), generally the same standards have been in effect in all EU member states since May 2018. OVB has analyzed the obligations and risks produced by the GDPR and taken technical and organizational risk-oriented measures in developing its data protection culture already in place in order to safeguard the protection and security of personal data particularly of employees, clients, financial agents and other business partners according to applicable data protection law.

GDPR requirements have been met by the launch of local implementation projects supported by OVB Holding AG. The proper implementation has been reviewed by external experts.

In addition to the implementation of GDPR requirements, OVB constantly invests in the security of its systems.

After all, the increasing digitization not only facilitates new, innovative applications but also creates new threats, e.g. by hacker attacks. OVB contains the risk of breaches of in-house and external rules and regulations by separating management and control functions from each other. OVB protects itself against damages and potential liability risk by appropriate insurance protection.

There are precautions and conditions under data protection law to be observed in connection with the expansion of video conferencing for sales and back office responsibilities. This aspect is made allowance for by corresponding preventive and protective measures whose provision and implementation is an ongoing process.

**Litigation risk**
The management of litigation risk is coordinated by OVB's legal department. OVB guards against litigation risk by drawing on comprehensive advice both from in-house specialists and external lawyers before making business decisions and structuring business processes. The legal team's tasks also include the monitoring and evaluation of current legal disputes. Current information on legal disputes are provided to the legal department by the sales subsidiaries on a quarterly basis. Constant monitoring and assessments conducted by the legal team enable OVB to counter risks associated with potentially incorrect advice to clients or the brokerage of financial and insurance products. OVB further reduces its risk of liability in part by taking out adequate financial liability insurance which is routinely reviewed and adjusted if necessary.

Provisions were made for lawsuits. According to our assessment after consulting external legal experts, currently pending cases do not pose risks at present that might have material adverse effects on OVB's assets and liabilities, financial position and profit/loss.

**Tax risk**
A changing tax framework for individual sales subsidiaries as well as for advisory services may result in tax risk for OVB

OVB constantly monitors tax law developments as they become apparent in all of the countries in which it does business, particularly including potential regulatory intervention that would affect the tax treatment of the distribution model, and analyzes 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 any corresponding directives issued by the respective tax authorities. Adequate provisions are made for tax payments to be expected.

**Estimation risk**
Assumptions and estimates primarily concern the measurement of provisions, the collectability of receivables, the impairment of goodwill, litigation risk, depreciation and amortization, the determination of the useful lives of assets and the capitalization of deferred tax on the holding company's loss carry-forward as it is affected by imponderables in corporate planning. Changes are considered as soon as better information becomes available.

## Overall assessment of opportunities and risks

OVB's business performance is essentially influenced by industry-specific regulatory risk, risk connected to the availability and functionality of IT systems and risks from the development of Company-specific factors of value.

OVB's risk management system and the implemented reporting system make a substantial contribution to the fact that the Group's overall risk position is being controlled and made transparent.

Due to the spread of coronavirus and its potential effects on the macroeconomic situation, market conditions and growth prospects within Europe, OVB's ability to reach its financial targets might be affected. The effects on OVB's business will insofar depend on the further development of the pandemic, its duration and the market effects.

OVB has seen to risk 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 not expected at present.

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 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 might have a negative impact on the forecasts made in the following outlook report.

## Outlook

Forward-looking statements included in this outlook report are based on OVB's assessments and conclusions with respect to the information available at the time of preparing this management report.

The statements are supported by assumptions regarding future developments that have been considered for corporate planning. The occurrence of future events is subject to uncertainty so that the actual development may deviate from the statements presented in the following.

Within the context of the following forecasts, OVB assumes that the general economic conditions in the individual regions will develop in 2021 as described in the chapter "Macroeconomic and industry-related general conditions". This means that the economy of the eurozone will grow by 4.2 per cent in 2021 if elaborate vaccination campaigns effectively contain the spread of the virus and mutations will not cause new waves of infections. Against this backdrop, OVB predicts the development in 2021 as follows:

**Development in Central and Eastern Europe**
OVB anticipates for the Central and Eastern Europe segment a slight increase in brokerage income in the year 2021 and a stable operating result compared to the previous year.

**Development in Germany**
For the Germany segment, OVB expects brokerage income at prior-year level in 2021 and a slight decrease in the operating result.

**Development in Southern and Western Europe**
OVB expects for the Southern and Western Europe segment a slight increase in brokerage income and a moderate increase in the operating result in the 2021 financial year.

**Development of Corporate Centre**
For the Corporate Centre segment, OVB Holding AG anticipates the operating loss to decrease slightly in 2021.

**Development of OVB Holding AG**
Under the condition of stable profits from the holdings and a slightly improved financial and operating result of Corporate Centre, the Executive Board expects slightly improved earnings after taxes.

**Development of the Group**
One essential strength of the OVB Group is its broad international positioning over now 15 European countries. Market conditions remain altogether challenging. Despite the high demand for private risk protection and provision it cannot be ruled out that clients will act more cautiously with respect to long-term investment decisions. OVB will keep pursuing the course for growth and thus aim for further expansion of the number of financial agents and clients.

The long-term business potential in the market of private risk protection and retirement provision remains unchanged. In view of foreseeable changes in the business environment, in the markets and in the legal framework of the Company's business, OVB focuses with its strategy "OVB Evolution 2022" on the realization of potential, digitization, modernization and expansion. The goals of a sustainably expanding the sales organization and the customer base have top priority in this.

The 2021 outlook for the Group is based on assessments and conclusions with respect to information available to OVB at the time of preparing this management report and subject to uncertainty. Therefore the actual development may deviate from the following forecast. Subject to further effects of a continuing spread of coronavirus in Europe not predictable today, OVB anticipates a slight increase in brokerage income for the Group in comparison with 2020. The operating result is expected to be stable at the level of financial year 2020.

# Remuneration report

The remuneration report for the past financial year complies with the statutory provisions applicable for the reporting period. It presents the basic principles that are decisive for the determination of the remuneration of the members of Executive Board and Supervisory Board and explains the structure and amounts of Executive Board remuneration. The report also describes the basic principles and amounts of Supervisory Board remuneration.

## Executive Board remuneration policy

### Basic information

Structure and amounts of Executive Board remuneration are determined by the Supervisory Board of OVB Holding AG based on preparatory work performed by its Nomination and Remuneration Committee and routinely reviewed for appropriateness and conformity with market conditions. The Executive Board remuneration system of OVB Holding AG aims at compensating the Executive Board members appropriately according to their respective duties and scope of responsibility and directly accounting for the individual performance of each Executive Board member as well as the Company's success.

The following criteria are taken into consideration: the Company's economic situation, its success and prospects, the individual Executive Board member's responsibilities and personal performance as well as a horizontal and vertical comparison with respect to customary compensation, taking also into account the relation of Executive Board remuneration to the remuneration of top-level senior executives and the staff as a whole.

Remuneration of the Executive Board members is composed of non-performance-based and performance-based components. Non-performance-based components comprise the base salary as well as benefits in kind and other benefits. Performance-based components include short-term variable compensation (annual bonus; short-term incentive, STI) and long-term variable compensation (long-term incentive, LTI).

### Non-performance-based Executive Board remuneration

**Fixed compensation**
Members of the Executive Board receive an annual base salary paid in twelve equal installments per year.

**Fringe benefits**
These are essentially the use of a company car, an annual payment into a relief fund with congruent reinsurance coverage for the benefit of the Executive Board member and his or her surviving dependents as well as the provision of means of telecommunication and the payment of other insurance premiums generally to be granted equally to all members of the Executive Board but subject to variable amounts depending on the personal situation.

### Performance-based Executive Board remuneration

**Performance-based remuneration components**
The performance-based part of remuneration consists of an aggregate bonus of which half is based on annual targets (annual bonus) and the other half is based on long-term bonus criteria (variable long-term incentive remuneration component).

**One-year variable compensation (annual bonus; short-term incentive, STI)**
The amount of this remuneration component depends on the extent to which certain quantitative targets (such as the performance of sales and earnings) and qualitative targets (such as the successful realization of significant corporate strategic projects) have been achieved. The target figures for the annual bonus 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 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 up to 150 per cent relating to qualitative targets. The annual bonus is paid each following year after the Supervisory Board has determined the target achievement levels on the basis of the adopted separate financial statements. If the targets are partially met, the bonus is determined on a pro-rata basis.

**Multi-year variable compensation (long-term incentive, LTI)**
The total amount of the multi-year variable remuneration component is entered in a "bonus account with a penalty rule" and carried forward to the next year. Criteria for assessing the achievement of those targets with sustained incentive effect are the Group's EBIT and sales performances. The assessment basis for the year 2020 is derived from the moving average of the actuals achieved over the previous two years (2018/2019) and target achievement in the year 2020. If a target level of 60 per cent is not reached, the accumulated bonus

account balance is reduced (penalty rule). The balance in the bonus account remaining after allocation to the account or offsetting against the penalty is paid at one third of the balance respectively in the following year. 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 corresponding recommendation of the German Corporate Governance Code. For the determination of the amount of severance pay, total remuneration for the past financial year and expected total remuneration for the current financial year are taken into account. There are no pension or benefit commitments or payments of retirement annuities in favour of acting Executive Board members in the reporting period by OVB Holding AG. In the event of death, remuneration continues to be paid to the surviving dependents for a period of six months.

## Remuneration of the Executive Board members for financial year 2020

The Executive Board was granted total remuneration for the 2020 financial year in the amount of Euro 1.8 million (previous year: Euro 1.8 million). Total remuneration comprises all remuneration received for services to the parent and to subsidiaries.

The following tables show the remuneration paid for financial year 2020 and allocations for the year under review in compliance with the applicable accounting principles. Along with actually granted benefits, achievable minimum and maximum amounts are disclosed as well.

To the members of the Executive Board, remuneration was granted for the 2020 financial year as presented below (individualized disclosures):

**Benefits granted for 2020**

| | Mario Freis, CEO | | | | Oskar Heitz, CFO (until 31/12/2020) | | | |
|---|---|---|---|---|---|---|---|---|
| **EUR'000** | **2019*** | **2020*** | **2020 (min)*1** | **2020 (max)*2** | **2019*** | **2020*** | **2020 (min)*1** | **2020 (max)*2** |
| Fixed compensation | 440 | **440** | 440 | 440 | 310 | **310** | 310 | 310 |
| Fringe benefits including retirement benefits | 65 | **65** | 65 | 65 | 94 | **94** | 94 | 94 |
| **Total** | 505 | **505** | 505 | 505 | 404 | **404** | 404 | 404 |
| One-year variable compensation | 141 | **140** | - | 140 | 81 | **80** | - | 80 |
| Multi-year variable compensation | 124 | **129** | 55 | 176 | 74 | **76** | 34 | 103 |
| Bonus account (2017-2019) | 124 | **-** | - | - | 74 | **-** | - | - |
| Bonus account (2018-2020) | - | **129** | 55 | 176 | - | **76** | 34 | 103 |
| **Total variable components** | 265 | **269** | 55 | 316 | 155 | **156** | 34 | 183 |
| **Total remuneration** | **770** | **774** | **560** | **821** | **559** | **560** | **438** | **587** |

* Actuals represent the amount upon 100 per cent target achievement. Multi-year variable compensation also refers to 100 per cent target achievement. The amount stated for 2020 corresponds to the amount paid of one third of the bonus account balance as of 31/12 of the year under review (at 100 per cent target achievement).

*1 The minimum amount stated for multi-year variable compensation derives from the actuals 2018/2019 less deduction (penalty rule) for the year 2020 and corresponds to the minimum amount to be granted for 2020 of one third of the bonus account balance as of 31/12 of the year under review (at 0 per cent target achievement).

*2 The maximum amount stated for multi-year variable compensation derives from the actuals 2018/2019 plus allocation to the bonus account upon target achievement of 200 per cent and corresponds to the maximum amount to be granted for 2020 of one third of the bonus account balance as of 31/12 of the year under review.

**Thomas Hücker, COO**

| EUR'000 | 2019* | 2020* | 2020 (min)*1 | 2020 (max)*2 |
|---|---|---|---|---|
| Fixed compensation | 252 | **252** | 252 | 252 |
| Fringe benefits including retirement benefits | 67 | **67** | 67 | 67 |
| **Total** | 319 | **319** | 319 | 319 |
| One-year variable compensation | 83 | **84** | - | 84 |
| Multi-year variable compensation | 69 | **75** | 30 | 103 |
| Bonus account (2017-2019) | 69 | **-** | - | - |
| Bonus account (2018-2020) | - | **75** | 30 | 103 |
| **Total variable components** | 153 | **159** | 30 | 187 |
| **Total remuneration** | **471** | **478** | **349** | **506** |

* Actuals represent the amount upon 100 per cent target achievement. Multi-year variable compensation also refers to 100 per cent target achievement. The amount stated for 2020 corresponds to the amount paid of one third of the bonus account balance as of 31/12 of the year under review (at 100 per cent target achievement).

*1 The minimum amount stated for multi-year variable compensation derives from the actuals 2018/2019 less deduction (penalty rule) for the year 2020 and corresponds to the minimum amount to be granted for 2020 of one third of the bonus account balance as of 31/12 of the year under review (at 0 per cent target achievement).

*2 The maximum amount stated for multi-year variable compensation derives from the actuals 2018/2019 plus allocation to the bonus account upon target achievement of 200 per cent and corresponds to the maximum amount to be granted for 2020 of one third of the bonus account balance as of 31/12 of the year under review.

The following table shows the allocations for the year under review 2020 consisting of fixed compensation, fringe benefits, one-year variable compensation and multi-year variable compensation.

| | Mario Freis, CEO | | Oskar Heitz, CFO (until 31/12/2020) | | Thomas Hücker, COO | |
|---|---|---|---|---|---|---|
| **EUR'000** | **2019** | **2020** | **2019** | **2020** | **2019** | **2020** |
| Fixed compensation | 440 | **440** | 310 | **310** | 252 | **252** |
| Fringe benefits including retirement benefits | 65 | **65** | 94 | **94** | 67 | **67** |
| **Total** | 505 | **505** | 404 | **404** | 319 | **319** |
| One-year variable compensation | 141 | **139** | 81 | **78** | 83 | **82** |
| Multi-year variable compensation | 124 | **132** | 74 | **77** | 69 | **75** |
| Bonus account (2017-2019) | 124 | **-** | - | **-** | 69 | **-** |
| Bonus account (2018-2020) | - | **132** | 74 | **77** | - | **75** |
| **Total variable components** | 265 | **271** | 155 | **155** | 152 | **157** |
| **Total remuneration** | **770** | **776** | **559** | **559** | **471** | **476** |

The D&O liability insurance policy taken out for the members of the Executive Board includes the statutory deductible.

## Supervisory Board remuneration policy

Supervisory Board remuneration is governed by Section 14 of the Articles of Association of OVB Holding AG. The Chairman of the Supervisory Board receives fixed compensation of EUR 30,000 per financial year. The Deputy Chairman is granted EUR 22,500. The other members of the Supervisory Board receive an annual fixed compensation of EUR 15,000. Apart from that, work on the Committees is compensated as follows:

The members of the Audit Committee receive additional annual compensation of EUR 7,500. With respect to the Chairman of the Committee, the amount is increased to EUR 15,000.

The members of the Nomination and Remuneration Committee receive additional annual compensation of EUR 5,000. With respect to the Chairman of the Committee, the amount is increased to EUR 10,000.

If a Supervisory Board member serves on the Board or on any of the Committees only for a part of the financial year, compensation is granted pro rata temporis.

Apart from compensation, members of the Supervisory Board are reimbursed for their expenses. Any value-added tax levied on their remuneration is reimbursed as well.

Total remuneration of the members of the Supervisory Board (not including reimbursed expenses) amounted to EUR 162.1 thousand in financial year 2020 (previous year: EUR 150.0 thousand). EUR 52.5 thousand thereof (previous year: EUR 49.3 thousand) are attributable to compensation for work on the Committees of the Supervisory Board.

The following table shows Supervisory Board remuneration of all of its members in the years 2019 and 2020.

| | Fixed compensation | | Committee remuneration | | Total remuneration | |
|---|---|---|---|---|---|---|
| **(EUR'000)** | **2019** | **2020** | **2019** | **2020** | **2019** | **2020** |
| Michael Johnigk | 30.0 | 30.0 | 12.5 | 12.5 | 42.5 | 42.5 |
| Dr. Thomas A. Lange | 22.5 | 22.5 | 15.0 | 15.0 | 37.5 | 37.5 |
| Maximilian Beck | 15.0 | 15.0 | 7.5 | 7.5 | 22.5 | 22.5 |
| Markus Jost | 15.0 | 15.0 | 17.5 | 17.5 | 32.5 | 32.5 |
| Wilfried Kempchen | 15.0 | 15.0 | 0 | 0 | 15.0 | 15.0 |
| Harald Steirer | 0 | 12.1[(1)] | 0 | 0 | 0 | 12.1[(1)] |
| **Total** | **97.5** | **109.6** | **49.3** | **52.5** | **150.0** | **162.1** |

[(1)] Compensation pro rata temporis for 295 days (Supervisory Board member since 12 March 2020)

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

## Statement on corporate governance

Executive Board and Supervisory Board have released the statement on corporate governance. It is available on the internet at https://www.ovb.eu/english/investor-relations/corporate-governance.

## Separate non-financial consolidated management report

The Executive Board has released the separate non-financial consolidated management report. It is available on the internet at https://www.ovb.eu/english/investor-relations/financial-publications-and-financial-calendar.

## Disclosures pursuant to sections 289a (1), 315a (1) HGB and explanatory report

### Composition of subscribed capital

The Company's share capital was Euro 14,251,314.00 as of 31 December 2020, divided into 14,251,314 no-par value bearer shares. Each share carries the same rights and represents one vote in the General Meeting of Shareholders.

### Shareholdings in excess of 10.0 per cent of the voting rights

OVB Holding AG has been notified of the following shareholdings in excess of 10.0 per cent of the voting rights in OVB Holding AG. The following groups of shareholders are also referred to as principal shareholders.

Basler Beteiligungsholding GmbH, Hamburg, holds roughly 32.57 per cent of shares directly. This investment is attributed to Basler Sachversicherungs-Aktiengesellschaft, Bad Homburg, Basler Lebensversicherungs-Aktiengesellschaft, Hamburg, Basler Sach Holding AG, Hamburg, Basler Versicherung Beteiligungen B.V. & Co. KG, Hamburg, Bâloise Delta Holding S.a.r.l., Bartingen, Luxembourg, and Bâloise Holding AG, Basel, Switzerland, in accordance with Sections 33 (1), 34 (1) no. 1 WpHG (Securities Trading Act). Roughly 96.98 per cent of the voting rights in OVB Holding AG are attributable to Bâloise Holding AG, Basel, Switzerland, altogether in accordance with Sections 33, 34 WpHG.

SIGNAL IDUNA Lebensversicherung a. G., Hamburg, holds roughly 31.67 per cent of the shares directly. As the insurance companies of the SIGNAL IDUNA Group represent a horizontal group of companies ("Gleichordnungskonzern") for the purpose of Section 18 (2) AktG (Stock Corporation Act), SIGNAL IDUNA Lebensversicherung a. G., Hamburg, indirectly holds 52.94 per cent of the shares. SIGNAL IDUNA Krankenversicherung a. G., Dortmund, holds roughly 21.27 per cent of the shares directly.

In accordance with Sections 33 (1), 34 (2) WpHG, the shares held directly by SIGNAL IDUNA Krankenversicherung a. G. and SIGNAL IDUNA Lebensversicherung a. G. are also attributed to SIGNAL IDUNA Unfallversicherung a. G., Dortmund, so that this entity has indirect holdings of roughly 52.94 per cent of the shares. Roughly 96.98 per cent of the voting rights in OVB Holding AG are attributable to SIGNAL IDUNA Lebensversicherung a. G., Hamburg, SIGNAL IDUNA Krankenversicherung a. G., Dortmund, and SIGNAL IDUNA Unfallversicherung a. G., Dortmund, altogether according to Sections 33, 34 WpHG respectively.

Generali CEE Holding B.V., Amsterdam, The Netherlands, holds roughly 11.48 per cent of the shares directly, attributable to Assicurazioni Generali S.p.A., Trieste, Italy, according to Sections 33 (1), 34 (1) no.1 WpHG. Roughly 75.71 per cent of the voting rights in OVB Holding AG are attributable to Assicurazioni Generali S.p.A., Trieste, Italy, in accordance with Sections 33, 34 WpHG.

The free float as defined by Deutsche Börse AG amounts to roughly 3.01 per cent according to the information available to OVB Holding AG.

### Restrictions on voting rights or share assignment

Principal shareholders Basler Group, SIGNAL IDUNA Group and Generali CEE Holding B.V. have concluded a shareholder voting agreement under which the contracting parties are obligated to exercise their votes at the General Meeting of Shareholders in elections to the Supervisory Board in such a way that the candidates proposed by Basler Group, SIGNAL IDUNA Group and Generali CEE Holding B.V. will be represented on the Supervisory Board. Furthermore, two principal shareholders have committed themselves to sell their shares only if the purchaser of shares will enter into this shareholder voting agreement.

## Appointment and recall of members of the Executive Board and amendments to the Articles of Association

The Executive Board, consisting of two members or more pursuant to Section 7 (1) of the Articles of Association, is appointed and dismissed exclusively in accordance with the relevant statutory provisions (Section 84 et seq. AktG). The Supervisory Board has sole responsibility for the appointment and recall of Executive Board members, determines the number of Executive Board members and appoints them for a maximum term of five years. Executive Board members may be reappointed or their terms 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 effective upon entry in the commercial register pursuant to Section 181 (3) AktG (Stock Corporation Act). In accordance with Section 179 (2) AktG in conjunction with Section 18 (2) of the Articles of Association, resolutions passed by the General Meeting of Shareholders to amend the Articles of Association must be adopted by a simple majority of the votes cast as well as a majority of three fourths or more of the share capital represented at the vote unless provisions of the German Stock Corporation Act determine 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 authorization to issue and buy back shares

At present OVB Holding AG has neither contingent nor authorized capital. The Annual General Meeting of 10 June 2020 authorized the Company to purchase up to 300,000 treasury shares up to and including 9 June 2025. Shares may be purchased on the stock exchange or by means of a public purchase offer addressed at all shareholders. The Company may also use intermediaries to purchase 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 costs) must neither exceed nor fall below the average share price (closing auction prices for the OVB stock on the Xetra trading platform or a functionally equivalent successor system at the Frankfurt Stock Exchange) by more than 5 per cent respectively over the last ten trading days before the obligation transaction was concluded.

In case of a public purchase offer, the purchase price must neither exceed nor fall below the average share price (closing auction prices for OVB shares on the Xetra trading platform or a functionally equivalent successor system at the Frankfurt Stock Exchange) by more than 10 per cent respectively during the last ten trading days prior to the day on which the bid was announced. If significant price deviations arise after the announcement of a public purchase offer from the offered purchase price or the threshold prices of the offered purchase price range, the offer may be adjusted subject to the Supervisory Board's approval. In that case the deciding amount is determined according to the respective price on the final trading day prior to the announcement of the adjustment; the 10 per cent limit to exceeding or falling below the share price shall be applied to that amount. The volume of the offer may be limited.

If total subscription to the offer exceeds its volume, acceptance must be proportionate to the number of shares respectively offered. Privileged acceptance of smaller allotments of no more than 100 shares offered to the Company for purchase per shareholder may be provided for, subject to partial exclusion of any shareholders' rights to tender their respective shares.

Subject to the Supervisory Board's approval, the Executive Board is authorized to use the shares bought back based on the above authorization as follows:

Subject to the Supervisory Board's approval, the Executive Board may use the Company's shares bought back as (partial) consideration in connection with business combinations or for the acquisition of entities, investments in entities, business divisions or other assets.

The Executive Board may also use repurchased shares in order to fulfill the obligations under any share-based payment plans in favour of members of management, other executives, other employees or self-employed sales agents of OVB Holding AG and its domestic and foreign subsidiaries (for the purpose of Sections 15 et seq. AktG).

The Executive Board may also, subject to the Supervisory Board's approval, retire repurchased shares without requiring another resolution of the General Meeting of Shareholders. The Executive Board may elect to retire only a part of the shares bought back. Shares may be retired without causing changes to the share capital but by increasing the respective amount of the share capital allotted to the remaining shares. Above authorization to retire shares may be exercised in one amount or in several installments.

The shareholders' subscription right to the Company's treasury shares is excluded insofar as such shares are used in accordance with the authorizations described above as (partial) consideration in connection with business combinations or for the acquisition of entities, investments in entities, business divisions or other assets, or in order to fulfill the obligations under any share-based payment plans in favour of members of management, other executives, other employees or self-employed sales agents of OVB Holding AG and its domestic and foreign subsidiaries (for the purpose of Sections 15 et seq. AktG).

### 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 General Meeting of Shareholders has not authorized the Executive Board to take actions falling within the shareholders' powers so as to prevent any successful takeover bids.

The Company has not concluded any compensation agreements for the event of a takeover bid with members of the Executive Board or with employees.

## Statement of the Executive Board pursuant to Section 312 (3) AktG

With respect to business transactions or measures reportable in accordance with Section 312 AktG (Stock Corporation Act), the Company has received appropriate consideration for each business transaction and was not disadvantaged in any measure taken, or deliberately not taken, based on the circumstances known to the Company at the time the respective transaction or measure was taken or deliberately not taken.

## Responsibility statement pursuant to Section 297 (2) sentence 4 HGB

To the best of their knowledge, the legal representatives assure that the consolidated financial statements give a true and fair view of the assets and liabilities, financial position and profit/loss of the Group in accordance with the applicable reporting principles and that the consolidated management report includes a fair review of the development and performance of the business and the position of the Group together with an accurate description of the material opportunities and risks associated with the expected development of the Group.



Cologne, 25 February 2021

Mario Freis
CEO

Frank Burow
CFO

Thomas Hücker
COO

# Consolidated financial statements 2020

## Consolidated statement of financial position

### of OVB Holding AG as of 31 December 2020 according to IFRS

#### Assets

| Note | EUR'000 | 31/12/2020 | 31/12/2019 |
|---|---|---|---|
| | **A. Non-current assets** | | |
| 1 | Intangible assets | 13,156 | 12,404 |
| 2 | Rights of use of leased assets | 12,870 | 11,722 |
| 3 | Tangible assets | 4,798 | 4,324 |
| 4 | Financial assets | 449 | 7,459 |
| 5 | Deferred tax assets | 5,181 | 4,809 |
| | | **36,454** | **40,718** |
| | **B. Current assets** | | |
| 6 | Trade receivables | 37,038 | 33,331 |
| 7 | Receivables and other assets | 41,568 | 39,153 |
| 8 | Income tax assets | 550 | 950 |
| 9 | Securities and other capital investments | 45,947 | 44,255 |
| 10 | Cash and cash equivalents | 71,927 | 56,717 |
| 11 | Real property held for sale | 0 | 867 |
| | | **197,030** | **175,273** |
| | **Total assets** | **233,484** | **215,991** |

Note

## Equity and liabilities

| Note | EUR'000 | 31/12/2020 | 31/12/2019 |
|---|---|---|---|
| | **A. Equity** | | |
| 12 | Subscribed capital | 14,251 | 14,251 |
| 13 | Capital reserve | 39,342 | 39,342 |
| 14 | Treasury shares | 0 | 0 |
| 15 | Revenue reserves | 13,708 | 13,694 |
| 16 | Other reserves | -386 | 47 |
| 17 | Non-controlling interests | 537 | 538 |
| 18 | Retained earnings | 22,548 | 22,765 |
| | | **90,000** | **90,637** |
| | **B. Non-current liabilities** | | |
| 19 | Provisions | 1,947 | 1,838 |
| 20 | Other liabilities | 11,410 | 10,927 |
| 21 | Deferred tax liabilities | 360 | 403 |
| | | **13,717** | **13,168** |
| | **C. Current liabilities** | | |
| 22 | Provisions for taxes | 908 | 295 |
| 23 | Other provisions | 55,298 | 45,879 |
| 24 | Income tax liabilities | 840 | 606 |
| 25 | Trade payables | 21,159 | 17,546 |
| 26 | Other liabilities | 51,562 | 47,860 |
| | | **129,767** | **112,186** |
| | **Total equity and liabilities** | **233,484** | **215,991** |

Note

# Consolidated income statement

## of OVB Holding AG for the period from 1 January to 31 December 2020 according to IFRS

| Note | EUR'000 | 2020 | 2019 |
|---|---|---|---|
| 27 | Brokerage income | 270,563 | 257,819 |
| 28 | Other operating income | 10,158 | 11,244 |
| | **Total income** | **280,721** | **269,063** |
| 29 | Brokerage expenses | -181,460 | -170,060 |
| 30 | Personnel expenses | -39,278 | -37,997 |
| 31 | Depreciation and amortisation | -6,948 | -6,880 |
| 32 | Other operating expenses | -38,144 | -40,044 |
| | **Earnings before interest and taxes (EBIT)** | **14,891** | **14,082** |
| | Finance income | 711 | 1,627 |
| | Finance expenses | -921 | -316 |
| 33 | **Financial result** | **-210** | **1,311** |
| | **Consolidated income before income tax** | **14,681** | **15,393** |
| 34 | Taxes on income | -3,957 | -4,141 |
| 35 | **Consolidated net income** | **10,724** | **11,252** |
| 36 | Thereof non-controlling interests | -239 | -240 |
| 37 | **Consolidated net income after non-controlling interests** | **10,485** | **11,012** |
| 38 | Basic earnings per share in Euro | 0.74 | 0.77 |

Note

# Consolidated statement of comprehensive income

## of OVB Holding AG for the period from 1 January to 31 December 2020 according to IFRS

| EUR'000 | 2020 | 2019 |
|---|---|---|
| **Consolidated net income** | **10,724** | **11,252** |
| Revaluation effect from provisions for pensions | -168 | -86 |
| Deferred tax due to revaluation effect from provisions for pensions | 18 | 6 |
| **Other comprehensive income not to be reclassified to the income statement** | **-150** | **-80** |
| Change from revaluation of financial assets measured at fair value outside profit or loss | 17 | 29 |
| Change in deferred taxes on unrealised gains and losses from capital investments outside profit or loss | 3 | -3 |
| Change in currency translation reserve | -303 | -8 |
| **Other comprehensive income to be reclassified to the income statement** | **-283** | **18** |
| **Total comprehensive income before non-controlling interests** | **10,291** | **11,190** |
| Total comprehensive income attributable to non-controlling interests | -239 | -240 |
| **Total comprehensive income** | **10,052** | **10,950** |

# Consolidated statement of cash flows

## of OVB Holding AG for the period from 1 January to 31 December 2020 according to IFRS

| | EUR'000 | 2020 | 2019 |
|---|---|---|---|
| | Consolidated income before income tax | 14,681 | 15,393 |
| +/- | Depreciation, amortisation and impairment / Appreciation in value and reversal of impairment loss of non-current assets | 6,948 | 6,880 |
| - | Financial result | 210 | -1,311 |
| -/+ | Unrealised currency gains/losses | 1,427 | -42 |
| +/- | Allocation to/reversal of valuation allowances for receivables | 1,391 | 1,396 |
| +/- | Other non-cash financial items | -157 | 12 |
| +/- | Increase/decrease in provisions | 9,528 | 3,356 |
| +/- | Result from the disposal of intangible and tangible assets | 201 | 28 |
| +/- | Decrease/increase in trade receivables and other assets | -7,513 | -3,204 |
| +/- | Increase/decrease in trade payables and other liabilities | 6,548 | 2,857 |
| - | Interest paid | -78 | -83 |
| - | Income tax paid | -3,125 | -3,696 |
| | **= Cash flow from operating activities** | **30,061** | **21,586** |
| + | Payments received from disposal of tangible assets and intangible assets | 1,108 | 326 |
| + | Payments received from disposal of financial assets | 7,250 | 5,361 |
| + | Payments received from disposal of securities and other short-term capital investments | 3,300 | 2,808 |
| - | Payments for expenditure on tangible assets | -2,343 | -1,927 |
| - | Payments for expenditure on intangible assets | -3,961 | -3,272 |
| - | Payments for expenditure on financial assets | -240 | -273 |
| + | Payments-in from/Payments for acquisition of subsidiary | 0 | 2,269 |
| - | Payments for expenditure on securities and other short-term capital investments | -5,265 | -4,116 |
| + | Other finance income | 229 | 244 |
| + | Interest received | 219 | 338 |
| | **= Cash flow from investing activities** | **297** | **1,758** |
| - | Dividends paid | -10,928 | -10,813 |
| - | Payments on the principal of the lease liability from financing activities | -2,266 | -2,154 |
| - | Payments on the interest of the lease liability from financing activities | -280 | -219 |
| | **= Cash flow from financing activities** | **-13,474** | **-13,186** |
| | **Overview:** | | |
| | Cash flow from operating activities | 30,061 | 21,586 |
| | Cash flow from investing activities | 297 | 1,758 |
| | Cash flow from financing activities | -13,474 | -13,186 |
| | **= Net change in cash and cash equivalents** | **16,884** | **10,158** |
| | Exchange rate changes in cash and cash equivalents | -1,674 | 46 |
| | + Cash and cash equivalents at end of the prior year | 56,717 | 46,513 |
| | **= Cash and cash equivalents at the end of the period** | **71,927** | **56,717** |

# Consolidated statement of changes in equity

## of OVB Holding AG as of 31 December 2020 according to IFRS

| EUR'000 | Subscribed capital | Capital reserve | Statutory reserve | Other revenue reserves | Revaluation reserve | Reserve from provisions for pensions |
|---|---|---|---|---|---|---|
| **31/12/2019** | **14,251** | **39,342** | **2,562** | **11,132** | **30** | **-669** |
| Consolidated profit | | | | | | |
| Treasury shares | | | | | | |
| Corporate actions | | | | | | |
| Dividends paid | | | | | | |
| Change in revaluation reserve | | | | | 17 | |
| Allocation to other reserves | | | 14 | | | |
| Change in currency translation reserve | | | | | | |
| Revaluation effect from provisions for pensions | | | | | | -168 |
| Consolidated net income | | | | | | |
| | | | | | | |
| **31/12/2020** | **14,251** | **39,342** | **2,576** | **11,132** | **47** | **-837** |

## of OVB Holding AG as of 31 December 2019 according to IFRS

| EUR'000 | Subscribed capital | Capital reserve | Statutory reserve | Other revenue reserves | Revaluation reserve | Reserve from provisions for pensions |
|---|---|---|---|---|---|---|
| **31/12/2018 (IAS 17)** | **14,251** | **39,342** | **2,539** | **11,132** | **1** | **-583** |
| Change of accounting policy IFRS 16 | | | | | | |
| **01/01/2019 (IFRS 16)** | **14,251** | **39,342** | **2,539** | **11,132** | **1** | **-583** |
| | | | | | | |
| Consolidated profit | | | | | | |
| Treasury shares | | | | | | |
| Corporate actions | | | | | | |
| Dividends paid | | | | | | |
| Change in revaluation reserve | | | | | 29 | |
| Allocation to other reserves | | | 23 | | | |
| Change in currency translation reserve | | | | | | |
| Revaluation effect from provisions for pensions | | | | | | -86 |
| Consolidated net income | | | | | | |
| | | | | | | |
| **31/12/2019** | **14,251** | **39,342** | **2,562** | **11,132** | **30** | **-669** |

| Deferred tax on unrealised gains/losses | Currency translation reserve | Total income recognised directly in equity | Retained profits brought forward | Consolidated net income after non-controlling interests | Total compre-hensive income | Equity of the shareholders of OVB Holding AG | Non-controlling interests | Total |
|---|---|---|---|---|---|---|---|---|
| **163** | **523** | | **11,753** | **11,012** | | **90,099** | **538** | **90,637** |
| | | | 11,012 | -11,012 | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | -10,688 | | | -10,688 | -240 | -10,928 |
| 3 | | 20 | | | 20 | 20 | | 20 |
| | | | -14 | | | | | |
| | -303 | -303 | | | -303 | -303 | | -303 |
| 18 | | -150 | | | -150 | -150 | | -150 |
| | | | | 10,485 | 10,485 | 10,485 | 239 | 10,724 |
| | | | | | | | | |
| **184** | **220** | **-433** | **12,063** | **10,485** | **10,052** | **89,463** | **537** | **90,000** |



| Deferred tax on unrealised gains/losses | Currency translation reserve | Total income recognised directly in equity | Retained profits brought forward | Consolidated net income after non-controlling interests | Total compre-hensive income | Equity of the shareholders of OVB Holding AG | Non-controlling interests | Total |
|---|---|---|---|---|---|---|---|---|
| **160** | **531** | | **13,032** | **9,616** | | **90,021** | **423** | **90,444** |
| | | | -184 | | | | | -184 |
| **160** | **531** | | **12,848** | **9,616** | | **89,837** | **423** | **90,260** |
| | | | | | | | | |
| | | | 9,616 | -9,616 | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | -10,688 | | | -10,688 | -125 | -10,813 |
| -3 | | 26 | | | 26 | 26 | | 26 |
| | | | -23 | | | | | |
| | -8 | -8 | | | -8 | -8 | | -8 |
| 6 | | -80 | | | -80 | -80 | | -80 |
| | | | | 11,012 | 11,012 | 11,012 | 240 | 11,252 |
| | | | | | | | | |
| **163** | **523** | **-62** | **11,753** | **11,012** | **10,950** | **90,099** | **538** | **90,637** |

# Notes to the consolidated financial statements for financial year 2020

## I. General information

### 1. General information on 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 the commercial register at the Local Court of Cologne (Amtsgericht) under registration number 34649, section B. The Company's business is the management of entities involved particularly in providing advisory and brokerage services in connection with capital investments, building society savings contracts and insurance contracts as well as in providing advisory and brokerage services in relation to real property of all kinds.

The consolidated financial statements of OVB Holding AG for the financial year from 1 January to 31 December 2020 are scheduled for publication on 23 March 2021 pursuant to a resolution of the Executive Board with the approval of the Supervisory Board.

### 2. Significant events in the reporting period

The reporting period was affected by the spread of the coronavirus pandemic.

As of the reporting date, the coronavirus pandemic has impacted OVB with respect to individual items in the statement of financial position, in particular the measurement of receivables from financial agents, the measurement of the contract asset according to IFRS 15 and the assessment of the future cancellation behaviour of policyholders and connected to that the measurement of provisions for cancellation and the measurement of financial instruments.

#### Cancellation risk

OVB expects the recession caused by the coronavirus pandemic to affect unemployment and the income situation of private households and thus the willingness and capability to see to private financial provision, which in turn might have an effect on the cancellation behaviour of policyholders. Against this backdrop, OVB successively increased its estimate of the anticipated cancellation rate with respect to the degree of severity of the pandemic in the course of the year under review based on a management estimate. Thus provisions for cancellation risk went up by EUR 3.9 million to EUR 20.4 million as of 31/12/2020.

#### Contract asset

In line with the increase in provisions for cancellation risk, the flat markup to the cancellation rate also lead to a decrease in contract assets and provisions from subsequent commission (IFRS 15) with a net effect on earnings of EUR 0.5 million.

#### Receivables from financial agents

Valuation allowances for receivables from financial agents were increased by a flat markup of altogether EUR 0.4 million due to the higher probability of default OVB expects because of the coronavirus pandemic.

### 3. Summary of basic principles of financial accounting

As the listed parent which makes use of an organized market within the meaning of Section 2 (5) WpHG (Securities Trading Act), OVB Holding AG has prepared its consolidated financial statements pursuant to Section 315e HGB (Commercial Code) 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 2020 as well as the interpretations released by the IFRS Interpretations Committee [formerly: International Financial Reporting Interpretations Committee (IFRIC)] and the Standing Interpretations Committee (SIC) have been taken into account. Supplementary trade law requirements under Section 315e (1) HGB have also been complied with.

The separate IFRS financial statements of the subsidiaries included in the consolidated financial statements of OVB Holding AG are based on consistent accounting and valuation principles. The IFRS financial statements have the same reporting date as the consolidated financial statements and were reviewed by independent auditors, provided those entities permanently provide brokerage services or assume material functions within the Group.

The consolidated financial statements are prepared in euro. 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 the individual case when single values are added up.

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

## 3.1 Mandatory accounting standards

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

**Standards applied for the first time and amended standards**

- **Interest Rate Benchmark Reform – Phase 1**
  In the course of the interest rate benchmark reform of 26 September 2019, amendments were made to IFRS 9, IAS 39 and IFRS 7, addressing the accounting treatment of hedges (hedge accounting). Amendments are effective as of 1 January 2020. Application does not result in material effects on the consolidated financial statements.

- **Revised conceptual framework**
  The conceptual framework has been revised and now particularly includes a new chapter on the measurement of assets and liabilities, guidance on the reporting of profit/loss, revised definitions of the terms "asset" and "liability" as well as clarifications of the relevance of faithful representation and the principle of prudence in the context of the purpose of IFRS accounting. References to the newly revised conceptual framework in the respective standards have been updated as well. Amendments are effective as of 1 January 2020. Application does not result in material effects on the consolidated financial statements.

- **IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (amendments)**
  Amendments to IAS 1 and IAS 8 were released in October 2018 and include a more narrow definition of the term "material". Furthermore, the amendments were aimed at aligning the term with the conceptual framework and other standards. Amendments are effective as of 1 January 2020. Application does not result in material effects on the consolidated financial statements.

- **IFRS 3 Business Combinations (amendments)**
  Based on the amendment to IFRS 3, the definition of a business from now on not only requires the availability of economic resources (inputs) but also a substantial process used for producing the performance (outputs). Amendments are effective as of 1 January 2020. Application does not result in material effects on the consolidated financial statements.

- **IFRS 16 Leases (amendments)**
  In view of the coronavirus pandemic, the IASB released an amendment on 28 May 2020, facilitating the assessment of rent concessions as lease modifications. If lease payments are deferred or waived by the lessor due to the coronavirus crisis, the lessee is permitted to make use of this facilitation and account for the corresponding leases regardless of any modification. Amendments are effective as of 1 June 2020. OVB has not drawn on any rent concessions linked to the coronavirus pandemic and therefore there are no effects on the consolidated financial statements.

- **IFRS 4 Insurance Contracts (amendments)**
  The amendment to IFRS 4 concerns the prolongation of the temporary exemption from applying IFRS 9 until 1 January 2023 and is effective as of 1 January 2021. No material effects on the consolidated financial statements will result from these amendments.

- **Interest Rate Benchmark Reform – Phase 2**
  In its phase 2 adopted on 27 August 2020, the interest rate benchmark reform encompasses further amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 concerning the accounting treatment of hedges (hedge accounting). Amendments are effective as of 1 January 2021. No material effects on the consolidated financial statements will result from these amendments

**Standards released but not yet subject to mandatory application**

The following standards have been released but are not subject to mandatory application or may only be adopted for future periods after they have been EU endorsed.

- **IAS 16 Property, Plant and Equipment (amendments)**
  The amendment addresses the previously permissible deduction of proceeds from the sale of items produced from the cost of the item before bringing it to the condition required for its intended operation. Proceeds must be recognized in profit or loss upon the amendment's entry into force as of 1 January 2022. Application will not result in material effects on the consolidated financial statements.

- **IAS 37 Provisions, Contingent Liabilities and Contingent Assets (amendments)**
  The amendment to IAS 37 addresses the assignment and entry of the cost of fulfilling a contract, meant to help in the assessment whether there are onerous contracts deviating from the standard the entity has established. Amendments are effective as of 1 January 2022. Application will not result in material effects on the consolidated financial statements.

- **IFRS 3 Business Combinations (amendments)**
  The standard's references are aligned with the conceptual framework 2018 and amendments on the application of IAS 37 and IFRIC 21 as well as the non-recognition of contingent assets upon acquisition are added. Amendments are effective as of 1 January 2022. No material effects on the consolidated financial statements will result from these amendments.

- **Improvements to IFRS**
  Within the framework of its project intended to introduce minor improvements to standards and interpretations (Annual Improvements Process), the IASB has released its most recent collection of "Annual Improvements to IFRSs 2018 – 2020 Cycle", resulting in minor amendments to four standards altogether. These amendments address IAS 41, IFRS 1, IFRS 9 and IFRS 16 and are effective as of 1 January 2022. No material effects on the consolidated financial statements will result from these amendments.

- **IAS 1 Presentation of Financial Statements (amendments)**
  The standard will clarify the classification of liabilities as current or non-current liabilities in its future version. The amendment is effective as of 1 January 2023. No material effects on the consolidated financial statements will result from this amendment.

- **IFRS 17 Insurance Contracts**
  The introduction of new standard IFRS 17 governs the basic principles for recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 upon its entry into force. It aims for a better presentation of insurance contracts in the statement of financial position for the reader of financial statements, enabling him or her to evaluate the effects on the reporting entity's assets and liabilities, financial position and profit/loss as well as its cash flows. The new standard is effective as of 1 January 2023. It will have no material effects on the consolidated financial statements.

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

## 3.2 Principles of consolidation

The consolidated financial statements for the financial year ended 31 December 2020 incorporate OVB Holding AG and the subsidiaries under its control. Control applies if OVB has the power to control the entity (more than 50 per cent of the voting rights) and the right to claim the entity's variable returns as well as the ability to use its decision-making authority to influence the amounts of variable returns (influence on financial or distribution policy).

The consolidated financial statements include 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 when 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.

OVB Holding AG applies the acquisition method for the accounting treatment of business combinations.

The following subsidiaries have been included in the consolidated financial statements of OVB Holding AG:

| Consolidated entities | Interest in per cent 2020 | Equity in EUR'000 31/12/2020 | Net income in EUR'000 31/12/2020 |
|---|---|---|---|
| Nord-Soft EDV-Unternehmensberatung GmbH, Horst | 50.40 | 1,059 | 482 |
| Nord-Soft Datenservice GmbH, Horst | 50.40 | 25 | 0 |
| OVB Informatikai Kft., Budapest | 100 | 33 | -10 |
| OVB Vermögensberatung AG, Cologne* | 100 | 19,141 | 0 |
| Advesto GmbH, Cologne | 100 | 2 | -25 |
| Eurenta Holding GmbH Europäische Vermögensberatung, Cologne | 100 | -1,326 | -47 |
| OVB Allfinanz a.s., Prague | 100 | 3,711 | 2,806 |
| OVB Allfinanz Slovensko a.s., Bratislava | 100 | 4,651 | 3,121 |
| OVB Allfinanz Polska Społka Finansowa Sp. z.o.o., Warsaw | 100 | 2,389 | 1,861 |
| OVB Vermögensberatung A.P.K. Kft., Budapest | 100 | 2,618 | 2,342 |
| TOB OVB Allfinanz Ukraine, Kiev | 100 | 190 | 23 |
| S.C. OVB Allfinanz România Broker de Asigurare S.R.L., Cluj | 100 | 1,008 | 663 |
| OVB Imofinanz S.R.L., Cluj | 100 | 3 | 3 |
| OVB Allfinanz Croatia d.o.o., Zagreb | 100 | 428 | 65 |
| OVB Allfinanz Zastupanje d.o.o., Zagreb | 100 | 486 | 163 |
| OVB Allfinanzvermittlungs GmbH, Wals near Salzburg | 100 | 4,026 | 903 |
| OVB Vermögensberatung (Schweiz) AG, Hünenberg | 100 | 1,191 | 427 |
| OVB-Consulenza Patrimoniale SRL, Verona | 100 | 1,938 | 103 |
| OVB Allfinanz España, S.A., Madrid | 100 | 3,433 | 1,963 |
| OVB (Hellas) Allfinanz Vermittlungs GmbH & Co. KG, Bankprodukte, Athens | 100 | 154 | -156 |
| Eurenta Hellas Monoprosopi Eteria Periorismenis Efthynis Asfalistiki Praktores, Athens | 100 | 54 | -113 |
| OVB Hellas Allfinanz Vermittlungs GmbH, Athens | 100 | -4 | -1 |
| OVB Conseils en patrimoine France Sàrl, Strasbourg | 100 | 462 | -99 |
| Willemot Bijzonder Verzekeringsbestuur NV, Gent | 100 | 586 | 87 |
| Verzekeringskantoor Louis Vanheule BVBA, Dendermonde | 100 | 13 | -11 |

* Profit and loss transfer agreement applies

The interest in each subsidiary equals the respective voting rights share.

Equity and net income for the period attributable to non-controlling shareholders are reported separately in the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income and the consolidated statement of changes in equity. Assets and liabilities of consolidated entities with non-controlling shareholders are as follows:

| | Nord-Soft EDV-Unternehmensberatung GmbH | | Nord-Soft Datenservice GmbH | |
|---|---|---|---|---|
| **EUR'000** | **31/12/2020** | **31/12/2019** | **31/12/2020** | **31/12/2019** |
| Non-current assets | 290 | 298 | 0 | 0 |
| Current assets | 1,223 | 1,150 | 150 | 124 |
| Non-current liabilities | 40 | 39 | 0 | 0 |
| Current liabilities | 414 | 349 | 125 | 99 |

Non-current assets of Nord-Soft EDV-Unternehmensberatung GmbH essentially include own-use property with a book value of EUR 194 thousand as of 31 December 2020 (31 December 2019: EUR 222 thousand). Sales generated with third parties in the year under review amount to EUR 1,231 thousand for Nord-Soft EDV-Unternehmensberatung GmbH (31 December 2019: EUR 1,163 thousand) and EUR 399 thousand for Nord-Soft Datenservice GmbH (31 December 2019: EUR 328 thousand).

## 3.3 Changes to the scope of consolidation

A business combination is the effect of OVB assuming control over one or more entities by transaction or another business event. For any case of business combinations, the acquisition method is to be applied. The acquisition cost of an acquired subsidiary is measured according to the fair value of the consideration, i.e. the total of transferred assets, assumed liabilities, issued equity instruments and contingent consideration. Incidental transaction costs are generally recognized as expense. Recognizable assets and assumed liabilities as well as contingent liabilities are measured at fair value in the full amount regardless of the amount of OVB's investment. Applicable are the respective values as of the time control over the subsidiary was assumed. The measurement of any goodwill is determined by the positive difference between the acquisition's transaction cost less the fair value of the acquired net assets.

In the third quarter of 2020, OVB SW services s.r.o., Prague, was deconsolidated. In September 2020, the entity was liquidated by court order of the Commercial Court of Prague.

## 3.4 Foreign currency translation

### 3.4.1 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 subsequently translated at the respective closing exchange rates and any translation differences of the reporting period or any prior period are recognized in the income statement through 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 as of the item's first-time recognition.

### 3.4.2 Foreign entities

Separate financial statements 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 and economically independent as well as independently organized, are translated at the closing exchange rate of the reporting date while expenses and income are translated at average annual exchange rates and equity items are translated at historical exchange rates. Translation differences are recognized in equity outside profit or loss and reported under other comprehensive income.

The exchange rates of relevance to the consolidated financial statements have performed against the euro as follows:

| EUR | Closing rate 31/12/2020 | Closing rate 31/12/2019 | Change in% | Average rate 2020 | Average rate 2019 | Change in% |
|---|---|---|---|---|---|---|
| CHF | 0.923839 | 0.921238 | 0.28 | 0.934162 | 0.898946 | 3.92 |
| CZK | 0.038079 | 0.039336 | -3.20 | 0.037789 | 0.038939 | -2.95 |
| HUF | 0.002745 | 0.003020 | -9.11 | 0.002847 | 0.003073 | -7.35 |
| HRK | 0.132332 | 0.134150 | -1.36 | 0.132465 | 0.134630 | -1.61 |
| PLN | 0.218534 | 0.234937 | -6.98 | 0.224962 | 0.232564 | -3.27 |
| RON | 0.205230 | 0.208740 | -1.68 | 0.206462 | 0.210445 | -1.89 |
| UAH | 0.028534 | 0.037245 | -23.39 | 0.032364 | 0.034362 | -5.81 |

# 4. Summary of essential accounting policies and valuation methods

## 4.1 Historical cost convention and fair value

Generally speaking, the amortized acquisition cost of assets and liabilities constitutes the maximum reportable value.

However, securities of the categories "Fair value through profit & loss" (FVPL) and "Fair value through other comprehensive income" (FVOCI) are exceptions to this rule as they are recognized at fair value. According to IFRS 13, 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 securities corresponds to the listed market price in an active market if applicable (level 1 according to IFRS 13). If no such market prices in an active market are available, fair value is determined according to an appropriate valuation model. An assessment of fair value according to the Company's estimates is not applied in the year under review (level 3 according to IFRS 13). Unrealized gains or losses of FVOCI securities are generally recognized in equity outside profit or loss. If such a security is disposed of, the cumulative gains or losses previously recognized directly in equity are then reclassified to the income statement through profit or loss. An exception to this is the disposal of securities classified as equity instruments. Cumulative gains or losses are reclassified within equity pursuant to IFRS 9.B5.7.1.



## 4.2 Financial instruments

Financial assets and liabilities are recognized in the consolidated statement of financial position only when an entity of the OVB Group becomes a contracting party with respect to the contractual provisions of the respective financial instrument. Recognition thus takes place as of the settlement date.

Classification according to measurement categories is based on the identification of the business model under which contractual cash flows are collected as well as an assessment of the terms of the cash flows by way of the SPPI test (Solely Payment of Principal and Interest). The OVB Group's financial instruments can be categorized as follows:

**Amortized Cost (AC)**
Financial instruments measured at amortized cost are recognized at fair value upon addition. Insofar as future impairment is anticipated, it is considered for measurement unless immaterial. No-interest or low-interest bearing financial instruments with terms of more than one year are measured at present value. Subsequent to first-time recognition, such financial instruments are measured at amortized cost. That is the amount at which a financial asset was valuated upon first-time recognition, less repayments, plus or less the cumulative amortization of any difference between the originally assigned value and the amount repayable at final maturity based on the effective interest method, and less any valuation allowances for expected credit loss.

**Fair Value through Profit or Loss (FVPL)**
Financial instruments measured at fair value through profit or loss are recognized at fair value upon addition. Gains or losses resulting from subsequent measurement are to be recognized in profit or loss.

**Fair Value through Other Comprehensive Income (FVOCI)**
Debt instruments (business model: hold and sale; cash flow conditions compliant) and equity instruments (by designation) measured at fair value outside profit or loss are recognized at fair value upon addition. Gains or losses resulting from subsequent measurement are to be recognized in equity outside profit or loss. Upon disposal of debt instruments, gains or losses included in revaluation reserve are to be recognized in the income statement. With respect to equity instruments, there is no reclassification of the revaluation reserve through profit or loss but rather within equity outside profit or loss. Interest income, valuation allowances and foreign exchange gains are recognized in the income statement through profit or loss.

### 4.2.1 Impairment and reversal of impairment loss of financial assets

As of each reporting date, expected credit losses are considered for valuation allowances for financial assets/contract assets measured at amortized cost. Present values of classical default scenarios are multiplied by the corresponding probability of occurrence. The initial effective interest rate is applied for discounting.

*Stage transfer*
Upon first-time assessment of future credit loss, impairment equals expected credit losses within the next 12 months. If a significant increase in credit risk compared to the initial assessment materializes at a later reporting date, impairment equals expected credit losses over the entire remaining term of the asset.

*Simplified approach*
For trade receivables without significant financing component, expected credit losses are determined collectively for a group of assets with the same credit risk characteristics and recognized as a risk provision item over the asset term pursuant to IFRS 9.5.5.15.

## 4.3 Recognition of sales

OVB generally recognizes sales at the time the agreed performances have been provided to the client (satisfaction of performance obligation). In case of uncertainty with respect to the recognition of sales, the date of actual cash inflow is taken into account. In the event that commissions are refunded to a product partner when 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 charged or rather credited to sales. Considering potential refunds of commissions already received in case of cancellation, sales represent variable consideration for the purpose of IFRS 15 due to the element of uncertainty in the amounts of revenue.

Sales from subsequent commission are recognized as contract asset under “Receivables and other assets”. Subsequent commission is estimated on the basis of the most probable amount at which a significant cancellation of recorded sales is deemed highly improbable. Corresponding brokerage expenses to be handed on to the sales force are included in provisions from subsequent commission.

OVB recognizes new business commission, policy service commission and dynamic commission as sales.

OVB is paid new business commission for the successful brokerage of an insurance policy. Settlement follows either a discounted, partially discounted or pro-rata approach. With respect to partially discounted and pro-rata new business commission received in the categories unit-linked provision products, other provision products, property, legal expenses and accidence insurance, investment funds and health insurance, sales are recognized at an earlier point in time for the sales portion attributable to the successful brokerage of the contract yet settled only in later reporting periods; in doing that, assumptions are made with respect to the probable term in consideration of future contract cancellations.

OVB is paid policy service commission for the policy holder's continuous support. The performance is thus rendered over a certain period of time so that sales are to be recognized over that time period accordingly.

OVB is paid dynamic commission for premium raises over the contract term. Dynamic commission is recognized as of the point in time the policy holder's withdrawal period with respect to the premium raise has expired.

## 4.4 Discretionary decisions

All of the necessary estimates and assessments in connection with accounting treatment and valuation in accordance with IFRS comply with the respective accounting standard. Estimates are continually reviewed and are based on experience as to future events. Estimates also consider all events with historical origins known as of the reporting date that have an effect on future periods.

In preparing the consolidated financial statements, assumptions have been made and estimates applied with an effect on the disclosure and amount of assets and contingent liabilities entered in the statement of financial position.

The following is an explanation of the most relevant forward-looking assumptions and other material sources of estimate uncertainty as of the reporting date which entail the estimation 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, amounts of depreciation/amortization or rather the determination of the useful lives of assets, especially of intangible assets, and valuation of leases. Actual values may deviate in the individual case from the assumptions and estimates made. Changes are recognized at the time superior information becomes available.

For making provisions, 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 to the most probable value. For the calculation of provisions for cancellation risk, 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 straight-line 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. The book value of provisions for cancellation risk can be found under position 23, "Other provisions", in the notes to the consolidated statement of financial position.

Receivables are recognized at amortized 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 a homogeneous 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 book value of receivables can be found under positions 6 and 7 in the notes to the consolidated statement of financial position.

The annual impairment tests of goodwill are based on multi-year budget figures that are generally subject to uncertainty inherent in the budgeting process. Impairment testing requires an estimate of the value in use of the respective cash-generating unit. For the determination of value in use, estimates of expected future cash flows are required. In addition to that, required parameters for determining the value in use are defined. These parameters essentially involve the risk-free interest rate and a risk premium. The book value of goodwill can be found under position 1 in the notes to the consolidated statement of financial position.

For the accounting treatment of leases under contracts with indefinite terms in accordance with IFRS 16, all aspects available as of the reporting date that provide an economic incentive for the exercise of options for renewal or cancellation are considered in order to determine the useful life correctly.

For the capitalization 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 realizable future income may vary from the budget figures. The book value of deferred tax assets can be found under position 5 in the notes to the consolidated statement of financial position.

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

## 4.5 Objectives and methods of financial risk management

The objectives of capital management are based on OVB's financial strategy, components of which are safeguarding liquidity in day-to-day operations and guaranteeing access to the capital market at any time. Measures for reaching the targets of capital management are dividend policy, equity transactions, providing liquid assets for acquisitions and avoiding interest-bearing debt. 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 the Company's profits to the shareholders. There is still no need for either short-term or long-term outside financing. Our financial management is oriented towards the high degree of equity financing determined in our financial strategy. The capital structure of OVB Holding AG is distinguished by a solid equity ratio of 38.6 per cent (31 December 2019: 41.9 per cent). The Group utilizes various financial instruments that are a direct result of its business activities. The material risks to which the Group is exposed in connection with financial instruments include liquidity risk, currency risk, credit risk and interest rate risk. By means of the risk management system implemented by the Company's management, risks are routinely analyzed and promptly reported. The risk management system identifies gross exposure, i.e. the risks that will materialize if no measures are taken by the Company, and net risk, i.e. the residual risk that remains if appropriate measures are taken. The risk report is delivered at regular intervals; reports are given directly to the Company's management in case of increased individual risks. The Company's management decides on strategies and procedures for managing individual types of risk explained below in the respective sub-sections.

The following table shows the book values of all financial assets included in the consolidated financial statements according to IFRS 9.

| **EUR'000** | | **31/12/2020** | **31/12/2019** |
|---|---|---|---|
| Financial assets | AC | 449 | 7,459 |
| Trade receivables | AC | 37,038 | 33,331 |
| Receivables and other assets | | 41,568 | 39,153 |
| Receivables | AC | 18,889 | 19,192 |
| Other assets | – | 2,968 | 2,380 |
| Contract asset (IFRS 15) | – | 19,711 | 17,581 |
| Securities and other capital investments | | 45,947 | 44,255 |
| Securities | FVPL | 24,456 | 24,735 |
| Securities | FVOCI | 6,320 | 6,302 |
| Other capital investments | AC | 15,171 | 13,218 |
| Cash and cash equivalents | AC | 71,927 | 56,717 |

AC = Amortized Cost / FVPL = Fair Value through Profit or Loss / FVOCI = Fair Value through Other Comprehensive Income

All book values of financial assets with the exception of securities measured at fair value correspond to an adequate approximation of fair value. Aggregated to valuation categories pursuant to IFRS 9, book values of financial instruments can be presented as follows:

| EUR'000 | | Book value 2020 | Amortized cost | Acquisition cost | Change in value outside profit or loss | Change in value through profit or loss |
|---|---|---|---|---|---|---|
| Financial assets | AC | 143,474 (previous year: 129,917) | 143,474 (previous year: 129,917) | - | - | -21,169 (previous year: -20,729) |
| Financial assets | FVPL | 24,456 (previous year: 24,735) | - | 24,763 (previous year: 24,742) | - | -307 (previous year: -7) |
| Financial assets | FVOCI | 6,320 (previous year: 6,302) | - | 6,273 (previous year: 6,264) | 47 (previous year: 38) | - |
| Financial liabilities | AC | 82,304 (previous year: 74,333) | 82,304 (previous year: 74,333) | - | - | - |

AC = Amortized Cost / FVPL = Fair Value through Profit or Loss / FVOCI = Fair Value through Other Comprehensive Income

The Company's current financial liabilities fall under the category “financial liabilities (AC)” measured at amortized cost. The category “financial assets (AC)” includes all of the Company’s financial receivables, loans reported as non-current financial assets, fixed-term deposits and liquid assets with a maturity of more than three months reported as other short-term capital investments, short-term loans and cash and cash equivalents. For improved comparability with the following tables, the book values shown for each asset category are the net carrying amounts, i.e. after consideration of impairment. Depending on their classification as debt instruments or equity instruments and the terms of contractual cash flows according to IFRS 9, securities are classified either as financial assets measured at fair value through profit or loss (FVPL) or outside profit or loss (FVOCI).

Financial assets were not reclassified for the purpose of IFRS 7.12B in the reporting year or in the previous year.

Financial assets with a total book value of EUR 749 thousand (31 December 2019: EUR 1,574 thousand) were pledged as collateral. Collateral is granted to individual product partners for protection against discount risk. The amount is based on the respective business volume of previous reporting periods.

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

| | | | From subsequent measurement | | | Net result |
|---|---|---|---|---|---|---|
| EUR'000 | | From interest and similar income | At fair value | Valuation allowance / Appreciation in value | from disposal | Total |
| Financial assets | AC | 227 (previous year: 341) | - | -1,194 (previous year: -1,078) | -88 (previous year: -200) | -1,055 (previous year: -937) |
| Financial assets | FVPL | 153 (previous year: 175) | -301 (previous year: 937) | - | - (previous year: 0) | -148 (previous year: 1,112) |
| Financial assets | FVOCI | - (previous year: 0) | 17 (previous year: 29) | - | - | 17 (previous year: 29) |
| Financial liabilities | AC | -357 (previous year: -302) | - | - | 662 (previous year: 1,371) | 305 (previous year: 1,069) |
| Total | | 23 (previous year: 214) | 17 (previous year: 29) | -1,495 (previous year: -141) | 574 (previous year: 1,171) | -881 (previous year: 1,273) |

Foreign currency effects included in net result are immaterial and therefore not reported separately. Net result includes EUR 17 thousand (31 December 2019: EUR 29 thousand) recognized outside profit or loss in equity.

OVB reports the above-mentioned expenses and income included in net result under the financial result with the exception of:

- valuation allowances for receivables allocated to financial assets measured at amortized cost that are reported under distribution expenses as essentially receivables from sales agents are concerned,
- income from cancelled obligations allocated to other operating income and
- adjustments to the fair value of financial instruments outside profit or loss that are recognized directly in equity.

The net result from valuation allowances for financial assets measured at amortized cost consists of expenses for valuation allowances and income from appreciation in value.

Total interest income from financial assets amounted to EUR 380 thousand in the year under review (31 December 2019: EUR 517 thousand). Total interest expense for financial liabilities was EUR 357 thousand (31 December 2019: EUR 302 thousand).

### 4.5.1 Credit risk

The consolidated companies are exposed to default risk relating to receivables from sales agents. OVB counters these risks by retaining securities, running an active accounts receivable management at the respective subsidiaries and practicing a careful selection of financial agents. Credit risk relating to product partners is curtailed by a restrictive selection process.

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 amortized cost. That is the amount at which a financial asset was initially valuated, less repayments, plus or less the cumulative amortization of any premium/discount and less any allowances for impairment.

The maximum default risk in the category “financial assets (AC)” is equivalent to the carrying amount of EUR 143,474 thousand (31 December 2019: EUR 129,917 thousand) and to receivables from third parties arising in case of the utilization of guarantees if applicable (cf. IV. Other information). Securities held as collateral for this purpose come to EUR 2,966 thousand (31 December 2019: EUR 3,256 thousand) so that the residual risk amounts to EUR 140,508 thousand (31 December 2019: EUR 120,661 thousand). No material terms and conditions were renegotiated in the year under review.

The maximum amount of exposure in the category “financial assets (FVPL)” as of 31 December 2020 is equivalent to the carrying amount of EUR 24,456 thousand (31 December 2019: EUR 24,735 thousand).

The maximum amount of exposure in the category “financial assets (FVOCI)” as of 31 December 2020 is equivalent to the carrying amount of EUR 6,320 thousand (31 December 2019: EUR 6,301 thousand).

For the monitoring of risks associated with receivables from financial agents and receivables from employees, please refer to the explanatory notes on valuation allowances for other receivables.

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.

Financial assets subject to valuation allowances as of the reporting date can be broken down as follows:

| EUR’000 | | Gross amount | Valuation allowance | Book value (net) |
|---|---|---|---|---|
| Financial assets | AC | 28,586<br>(previous year: 26,654) | -21,370<br>(previous year: -20,529) | 7,216<br>(previous year: 6,125) |
| Financial assets | FVOCI | 0<br>(previous year: 0) | 0<br>(previous year: 0) | 0<br>(previous year: 0) |

With regard to receivables, other assets and non-current financial assets that were neither impaired nor overdue, there are no circumstances as of the reporting date to suggest that the respective debtors will not meet their payment obligations.

### 4.5.2 Currency risk

Currency risks arise as a result of financial instruments denominated in a currency other than the functional currency.

In the context of business operations, the individual consolidated companies process and settle transactions almost exclusively in their respective functional currency. Material financial instruments (liquid assets, receivables, interest-bearing securities or debt capital instruments held, interest-bearing and non-interest-bearing liabilities) are also held almost exclusively in the functional currency. Immediately after the end of each financial year, the subsidiaries largely transfer their profits to the parent company.

The Group generates 35 per cent of consolidated sales (31 December 2019: 33 per cent) in functional currencies other than the euro. Translation differences from changes in exchange rates compared to the previous year were EUR 3,704 thousand in consolidated sales and EUR 350 thousand in consolidated net income. Changes in exchange rates between functional currencies and the euro may have an impact on consolidated net income and the consolidated statement of financial position. Exchange rates are constantly monitored and foreign currency on hand is continuously revalued in order to make allowance for currency risks arising from changes in exchange rates.

### 4.5.3 Interest rate risk

The Group is exposed to interest rate risks in the form of potential interest rate fluctuations. Interest rate risks are presented by way of sensitivity analyses in accordance with IFRS 7. They show the effects of changes in market interest rates on interest income and expense, other income components and, if applicable, on equity. For the sensitivity analysis with respect to fixed-interest securities, information on changes in prices at corresponding changes in market interest rates is taken into consideration (basis point value).

As of the reporting date, the Company had variable-interest assets valued at EUR 49,412 thousand (31 December 2019: EUR 53,863 thousand) and variable-interest liabilities of EUR 213 thousand (31 December 2019: EUR 223 thousand). If market interest rates for the full year 2020 had been 100 basis points higher (lower), net income would have been EUR 492 thousand (31 December 2019: EUR 536 thousand) higher (lower).



### 4.5.4 Liquidity risk

The Group constantly monitors the risk of a potential liquidity squeeze by means of a liquidity planning report. This report is prepared weekly or monthly 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.

### 4.5.5 Tax risk

Tax risk may result in particular from tax audit risks and risks from fiscal court proceedings. Tax risk especially comprises tax on wages and value-added tax for participation of office staff and business partners in incentives and events. There is also the latent income tax risk concerning the acceptance of cross-border cost allocation. These risks are reported in accordance with the general principles of recognition of liabilities if more reasons speak in favour of utilization than against it as of the reporting date.

# 5. Consolidated Assets

## 5.1 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 recognized as disposals.

### 5.1.1 Intangible assets

Intangible assets include both purchases and in-house developments of software, purchased client portfolios, purchased trademarks and goodwill.

The following conditions must be met for the capitalization of in-house developments of intangible assets:

- Identifiability of the intangible asset, i.e. the asset can be separated from the Company and sold, transferred, licensed, let or swapped
- Completion of the intangible asset is technically feasible to a degree that it can be used or sold
- Intent 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 or production cost
- Availability of adequate technical, financial and other resources toward the completion of development and the intangible asset's use or sale
- Probability is provided that the asset generated in-house will yield future economic benefit

In accordance with IAS 38.21, software development costs are capitalized in the OVB Group if inflow of an economic benefit attributable to the created software is probable and the cost can be determined reliably. If these criteria for capitalization are not met, the expenditure on the item is recognized in the income statement through profit or loss for the year it is incurred.

Software and other intangible assets (not including goodwill) are initially valuated at cost including incidental transaction costs.

Software and other intangible assets (not including goodwill) are then measured at cost less cumulative amortization and impairment as of subsequent reporting dates.

Intangible assets with indefinite useful lives are tested annually for impairment according to IAS 36.

Unless special circumstances call for a different approach, amortization of intangible assets with definite useful lives is calculated under the straight-line method on the basis of the following useful lives:

| | Estimated useful lives |
|---|---|
| Software | 3 – 10 years |
| Other intangible assets | 3 – 10 years |
| Purchased client portfolios | indefinite |
| Goodwill | indefinite |

In the year 2010 a CRM system was introduced at several of the OVB Group's subsidiaries. The software is gradually amortized over 10 years, according to its introduction at the respective subsidiary, in application of the straight-line method. The software package's introduction period extends over seven years. As the individualized national market modules are introduced subsequently and the software is constantly updated, the total amortization period for this asset will come to 17 years due to the scheduled introduction period throughout the Group.

Advance payments for software are measured at face value.

Due to the introduction of IFRS 3, existing goodwill was recognized at its value as of 31 December 2004 and amortization was discontinued after that date. The assigned value is deemed the new cost. Instead of amortization under 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 respective asset ("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 tests are the entities forming the basis of the goodwill or divisions of these entities. These scheduled impairment tests are conducted regularly on the basis of recent multi-year budgeting. Within the framework of the most recent impairment tests, the value in use was determined as the recoverable amount. OVB applies a DCF procedure for determining value in use. 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 changes in the values of intangible assets over the financial year. There were no restrictions on disposal or pledges.

### 5.1.2 Tangible assets

Tangible assets are initially valuated at cost including incidental transaction costs.

Tangible assets are subsequently measured at cost less cumulative depreciation and impairment plus any reversal of impairment loss as of the following reporting dates.

Gains or losses upon asset disposal are determined by comparing sale proceeds with the carrying amount and recognized in profit or loss as other operating income.

The estimated useful life is determined on the basis of anticipated physical wear and tear, technological obsolescence and legal and contractual restrictions. Impairment beyond that results in recognition of impairment loss.

Non-current tangible assets are depreciated under the straight-line method over the following useful lives:

| | Estimated useful lives |
|---|---|
| Own-use property | 25 – 50 years |
| Machinery, equipment, furniture, vehicles, others | 4 – 10 years |
| IT equipment | 3 – 5 years |
| Tenant fixtures and fittings | 5 – 13 years |

### 5.1.3 Financial assets

Financial assets relate to loans to office staff and sales agents granted at market interest rates as well as an acquired bonded loan. Measurement is based on amortized cost less impairment if applicable.

### 5.1.4 Leases

Leases with terms of more than 12 months not to be classified as low-value leases are subject to the lessee's accounting treatment according to IFRS 16. The right of use is depreciated over the lease term and the corresponding liability with interest component is amortized accordingly by the monthly lease payments (please also refer to chapter 2.1). OVB's leases are primarily real property and vehicle lease agreements.

Depreciation of the right of use is recognized through profit or loss under the item 31, "Depreciation and amortization".

Interest from recognition of lease liabilities is disclosed under the item 33, "Financial result".

### 5.1.5 Impairment

Non-financial assets are reviewed for impairment within the meaning of IAS 36 according to risk management guidance if 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 diminished. Impairment loss is recognized as soon as it is determined in the context of impairment testing 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, if it is not, for the cash-generating unit the asset belongs to.

Goodwill recognized in the statement of financial position is reviewed for its future economic benefit in accordance with the methods described under note 4.1.1. The future economic benefit is determined on the basis of the recoverable amount. Impairment loss is recognized in profit or loss if the recoverable amount is lower than the carrying amount of the respective cash-generating unit.

## 5.2 Current assets

### 5.2.1 Receivables and other assets

Receivables and other assets are recognized at amortized cost less any necessary valuation allowance. Valuation allowances are determined on the basis of individual risk assessment and past experience.

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

### 5.2.2 Securities

Securities are categorized according to the business model under which they are held and the terms of contractual cash flows. Thus securities can be designated as financial assets subject to subsequent measurement either at amortized cost (AC), at fair value through profit or loss (FVPL) or at fair value through other comprehensive income (FVOCI) outside profit or loss. Upon first-time recognition financial assets are valuated at fair value plus incidental transaction costs.

Subsequent to first-time recognition, securities of the category “financial assets (AC)” are measured at amortized cost under the effective interest method. Premiums and discounts are allocated over the financial asset’s remaining term at constant effective interest.

Changes in fair value of securities measured at fair value through profit or loss are recognized directly in the income statement. In the category “financial assets (FVOCI)”, changes in fair value are recognized in equity under the revaluation reserve and reclassified through profit or loss only when the gain or loss has been realized.

### 5.2.3 Cash and cash equivalents

Cash and short-term deposits recognized in the statement of financial position include cash on hand, bank balances and short-term deposits with original terms to maturity of less than three months. These items are recognized at face value.

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

# 6. Consolidated equity and liabilities

## 6.1 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.

### 6.1.1 Non-current provisions

**Provisions for pensions**
The Group has pension plans for employees in Switzerland and Belgium. The calculation of provisions for pensions is based on the project unit credit method in accordance with IAS 19. Future obligations are measured on the basis of actuarial estimates. Such estimates take into account currently expected mortality and disability rates. With respect to Switzerland, staff turnover rates are taken into consideration in addition to that. 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 and comes to 0.15 per cent for Switzerland (31 December 2019: 0.10 per cent) and 0.48 per cent for Belgium (31 December 2019: 1.00 per cent).

**Provisions for employee benefits**
Provisions for long-term benefits due to employees are particularly provisions for anniversary benefits that do not fall due within 12 months of the reporting date. They are generally measured at the present value of expected future cash flows. The discount interest rate is oriented towards the interest rate applicable to long-term first-class corporate bonds.

## 6.2 Current liabilities

### 6.2.1 Provisions for taxes / Tax liabilities

Provisions are made for the income taxes of the individual entities based on the respective applicable domestic taxation if certain facts or circumstances are in dispute between the reporting entity and the respective tax authority.

Taxes on income from current and previous periods that have been assessed but not yet paid are stated as tax liabilities.

Deferred tax liabilities are reported under tax deferrals.

### 6.2.2 Other provisions

**Cancellation risk**
Provisions for cancellation risk are made for discounted commission relating to events after the reporting date as commission must be repaid in full or in part 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 consistent process implemented in the Group. The expected non-current portion of the provision is subject to discounting. The discount rate applied, appropriate to the term to maturity, is 0.00 per cent like the previous year.



**Unbilled obligations**
Provisions are made for unbilled obligations if the amount of the obligation can only be estimated because the billable quantities and/or prices are unknown. This item primarily relates to unsettled accounts with financial agents. If specific details cannot be provided in the individual case, the provisions are measured at the average share of commission usually attributable to the sales force. Provisions are reviewed as of each reporting date and adjusted in accordance with the best available estimate at the time.

**Litigation**
Provisions are set aside for litigation in each case where OVB is the defendant in pending court proceedings as of the reporting date. The provision reflects the probable outcome of the legal dispute with due regard to the associated litigation risk. Provisions are reviewed as of each reporting date and adjusted in accordance with the best available estimate at the time.

**Obligations to employees**
Current provisions are recognized 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 available estimate at the time.

**Costs for financial statements / Audit cost**
Entities of the OVB Group have the obligation under commercial law and tax law to prepare separate annual financial statements in accordance with the applicable domestic provisions as well as consolidated financial statements and, if the business meets certain quantitative requirements, to have their financial statements audited. This item also includes the anticipated cost of the audit of the 2020 consolidated financial statements.

**Other obligations**
Other obligations arise from accounts that are outstanding, particularly for goods and services that were supplied before the reporting date but have not yet been settled. Such provisions are recognized at expected settlement amounts.

### 6.2.3 Other liabilities

**Trade payables**
Trade payables are recognized at settlement amounts.

**Loans**
Interest-bearing bank loans are recognized at the disbursed amount at the time the loan is received. This amount usually equals the valued amount. Loans are subsequently appreciated in value up to the amount to be repaid by applying the effective interest method.

# 7. Consolidated income statement

The consolidated income statement has been prepared in application of the total cost method.

## 7.1 Income/Expenses

Please refer to chapter 4.3 for the recognition of sales.

The offsetting expense items are recognised on an accrual basis.

## 7.2 Financial result

The financial results essentially comprises interest expenses and interest income from deposits with banks, accrued interest on lease liabilities and the other financial result from the performance of securities held. Finance expense and finance income are recognized on an accrual basis.

## 7.3 Taxes on income

Actual income tax expense is calculated on the basis of earnings for the period as reported in the separate financial statements of the individual entities. 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 tax is calculated on the basis of the internationally recognized liability method. According to this method, deferred tax items are recognized for all temporary and quasi-temporary differences between the book values of an asset or liability according to IFRS and its tax base as reported by the individual entity as well as for consolidation transactions. Furthermore, deferred tax assets are recognized for the future benefit of tax loss carry-forwards. However, a deferred tax asset will be recognized for accounting and valuation differences and for tax loss carry-forwards only to the extent that realization is reasonably assured. Calculation was based on the budgeted medium-term earnings of the respective entities. Deferred taxes are measured on the basis of the respective expected domestic income tax rate.

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

If the temporary difference arising from first-time recognition of an asset or a liability does not affect taxable earnings, no deferred taxes are recognized unless the temporary difference arises in connection with a business acquisition.

Items are generally recognized 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 deferred tax on these items is recognized 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 and the matter involves income taxes levied by the same taxing authority.

## 8. Explanatory notes and information on segment reporting

The principal business activity of OVB's operating subsidiaries consists of advising clients in structuring their finances and broking various financial products offered by insurance companies, banks, building societies and other enterprises in this context. It is not feasible to break down the services provided to clients by product type. Within the consolidated companies there are no identifiable and distinctive key sub-activities at group level. In particular it is not possible to present assets and liabilities based on the brokered products. For this reason, the individual entities are each categorized as single-product companies. Consequently segment reporting is based exclusively on geographic aspects as corporate governance and internal reporting to group management are also structured solely according to these criteria. In this regard, the operating subsidiaries represent operating segments for the purpose of IFRS 8, aggregated in three reportable segments. All entities not involved in brokerage service operations represent the segment "Corporate Centre". For this categorization, the criteria for aggregation defined by IFRS 8.12 have been complied with. Internal reporting to the Company's management is a condensed presentation of the income statement compliant with IFRS, presented more elaborately in segment reporting. The earnings of the entities are monitored separately by the Company's management in order to measure and assess profitability. Segment assets and segment liabilities are not disclosed in the presentation of segment reporting compliant with IFRS 8.23 as that disclosure is not part of internal reporting.

The segment "Central and Eastern Europe" 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; S.C. 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 and TOB OVB Allfinanz Ukraine, Kiev. Material contributions to the brokerage income of the "Central and Eastern Europe" segment are generated by OVB Allfinanz Slovensko a.s., Bratislava, at EUR 42,177 thousand (31 December 2019: EUR 41,005 thousand), OVB Allfinanz a.s., Prague, at EUR 33,632 thousand (31 December 2019: EUR 31,385 thousand) and OVB Vermögensberatung A.P.K. Kft., Budapest at EUR 25,250 thousand (31 December 2019: EUR 25,608 thousand).

The segment "Germany" comprises OVB Vermögensberatung AG, Cologne; Advesto GmbH, Cologne, and Eurenta Holding GmbH, Cologne. In this segment brokerage income is primarily generated by OVB Vermögensberatung AG, Cologne, at EUR 61,221 thousand (31 December 2019: EUR 61,489 thousand).

The segment "Southern and Western Europe" includes the following companies: OVB Allfinanzvermittlungs GmbH, Wals near Salzburg; OVB Vermögensberatung (Schweiz) AG, Hünenberg; OVB-Consulenza Patrimoniale SRL, Verona; OVB Allfinanz España S.A., Madrid; OVB (Hellas) Allfinanz Vermittlungs GmbH & Co. KG, Bankprodukte, Athens; OVB Hellas Allfinanzvermittlungs GmbH, Athens; OVB Conseils en patrimoine France Sàrl., Strasbourg; Eurenta Hellas Monoprosopi EPE Asfalistiki Praktores, Athens; Willemot Bijzonder Verzekeringsbestuur NV, Gent and Verzekeringskantoor Louis Vanheule BVBA, Dendermonde.

The segment "Corporate Centre" includes OVB Holding AG, Cologne; Nord-Soft EDV-Unternehmensberatung GmbH, Horst; Nord-Soft Datenservice GmbH, Horst; OVB Informatikai Kft., Budapest and OVB SW Services s.r.o., Prague (liquidated as of 9 September 2020). The entities 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.

The separate segments are presented in segment reporting after the elimination of inter-segment interim results and consolidation of expenses and income. Intra-group dividend distributions are not taken into account.

Reconciliations of segment values to corresponding consolidated data are made directly in the consolidation column in segment reporting. Recognition, disclosure and measurement of the consolidated values in segment reporting correspond to the values 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. For intra-group allocations, an appropriate additional overhead charge is levied on the individual cost items incurred.

Please refer to the disclosure of related-party transactions for information about key product partners.

# Segment reporting 2020

## of OVB Holding AG according to IFRS

| 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 | 130,358 | 61,328 | 78,877 | 0 | 0 | 270,563 |
| - New business commission | 112,005 | 39,072 | 58,587 | 0 | 0 | 209,664 |
| - Policy service commission | 12,773 | 18,824 | 15,778 | 0 | 0 | 47,375 |
| - Dynamic commission | 1,150 | 4,075 | 1,640 | 0 | 0 | 6,865 |
| - Other brokerage income | 4,430 | -643 | 2,872 | 0 | 0 | 6,659 |
| Other operating income | 2,800 | 2,550 | 2,646 | 2,226 | -64 | 10,158 |
| Income from inter-segment transactions | 4 | 1,171 | 12 | 12,498 | -13,685 | 0 |
| **Total segment income** | **133,162** | **65,049** | **81,535** | **14,724** | **-13,749** | **280,721** |
| **Segment expenses** | | | | | | |
| Brokerage expense | | | | | | |
| - Current commission for sales force | -82,727 | -37,411 | -46,403 | 0 | 0 | -166,541 |
| - Other commission for sales force | -7,875 | -2,522 | -4,522 | 0 | 0 | -14,919 |
| Personnel expenses | -9,203 | -6,423 | -11,361 | -12,291 | 0 | -39,278 |
| Depreciation/amortisation | -1,637 | -1,107 | -1,976 | -2,228 | 0 | -6,948 |
| Other operating expenses | -17,521 | -9,512 | -13,084 | -11,865 | 13,838 | -38,144 |
| **Total segment expenses** | **-118,963** | **-56,975** | **-77,346** | **-26,384** | **13,838** | **-265,830** |
| **Earnings before interest and taxes (EBIT)** | **14,199** | **8,074** | **4,189** | **-11,660** | **89** | **14,891** |
| Interest income | 133 | 108 | 25 | 31 | -8 | 289 |
| Interest expenses | -68 | -175 | -106 | -18 | 9 | -358 |
| Other financial result | 0 | -128 | 1 | -14 | 0 | -141 |
| **Earnings before taxes (EBT)** | **14,264** | **7,879** | **4,109** | **-11,661** | **90** | **14,681** |
| Taxes on income | -2,518 | 102 | -1,277 | -153 | -111 | -3,957 |
| Non-controlling interests | 0 | 0 | 0 | -239 | 0 | -239 |
| **Segment result** | **11,746** | **7,981** | **2,832** | **-12,053** | **-21** | **10,485** |
| **Additional disclosures** | | | | | | |
| Capital expenditures for intangible and tangible assets | 2,100 | 550 | 796 | 2,858 | 0 | 6,304 |
| Material non-cash expenses (-) and income (+) | -423 | -1,196 | -1,942 | -14 | 0 | -3,575 |
| Impairment expenses | -855 | -1,245 | -938 | -326 | 44 | -3,320 |
| Reversal of impairment loss | 433 | 768 | 182 | 42 | 0 | 1,425 |

# Segment reporting 2019

## of OVB Holding AG according to IFRS

| 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 | 122,941 | 61,584 | 73,294 | 0 | 0 | 257,819 |
| - New business commission | 103,929 | 38,158 | 49,843 | 0 | 0 | 191,930 |
| - Policy service commission | 12,686 | 18,642 | 15,606 | 0 | 0 | 46,934 |
| - Dynamic commission | 1,176 | 4,199 | 2,751 | 0 | 0 | 8,126 |
| - Other brokerage income | 5,150 | 585 | 5,094 | 0 | 0 | 10,829 |
| Other operating income | 2,844 | 2,942 | 3,418 | 2,046 | -6 | 11,244 |
| Income from inter-segment transactions | 52 | 1,178 | 137 | 13,230 | -14,597 | 0 |
| **Total segment income** | **125,837** | **65,704** | **76,849** | **15,276** | **-14,603** | **269,063** |
| **Segment expenses** | | | | | | |
| Brokerage expense | | | | | | |
| - Current commission for sales force | -77,546 | -37,058 | -41,301 | 0 | 0 | -155,905 |
| - Other commission for sales force | -7,486 | -2,859 | -3,810 | 0 | 0 | -14,155 |
| Personnel expenses | -8,914 | -6,624 | -11,091 | -11,368 | 0 | -37,997 |
| Depreciation/amortisation | -1,617 | -1,006 | -1,957 | -2,300 | 0 | -6,880 |
| Other operating expenses | -19,184 | -10,290 | -13,846 | -11,388 | 14,664 | -40,044 |
| **Total segment expenses** | **-114,747** | **-57,837** | **-72,005** | **-25,056** | **14,664** | **-254,981** |
| **Earnings before interest and taxes (EBIT)** | **11,090** | **7,867** | **4,844** | **-9,780** | **61** | **14,082** |
| Interest income | 205 | 132 | 45 | 34 | -13 | 403 |
| Interest expenses | -74 | -116 | -106 | -19 | 13 | -302 |
| Other financial result | 0 | 351 | 97 | 762 | 0 | 1,210 |
| **Earnings before taxes (EBT)** | **11,221** | **8,234** | **4,880** | **-9,003** | **61** | **15,393** |
| Taxes on income | -2,053 | -220 | -1,471 | -397 | 0 | -4,141 |
| Non-controlling interests | 0 | 0 | 0 | -240 | 0 | -240 |
| **Segment result** | **9,168** | **8,014** | **3,409** | **-9,640** | **61** | **11,012** |
| **Additional disclosures** | | | | | | |
| Capital expenditures for intangible and tangible assets | 1,125 | 402 | 1,237 | 2,435 | 0 | 5,199 |
| Material non-cash expenses (-) and income (+) | 207 | 417 | 585 | -39 | 0 | 1,170 |
| Impairment expenses | -687 | -812 | -767 | -79 | 34 | -2,311 |
| Reversal of impairment loss | 498 | 704 | 88 | 655 | 0 | 1,945 |

# II. Notes to the consolidated statement of financial position

## Schedule of Group non-current assets

### of OVB Holding AG as of 31 December 2020 according to IFRS

| | Intangible assets | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | Software | Goodwill | Other intangible assets | Total | Rights of use of leased assets |
| EUR'000 | Software purchased from external third parties | In-house software develop-ments | Payments on account for software | | | | |
| **Historical cost** | | | | | | | |
| 31/12/2019 | 34,023 | 3,950 | 515 | 11,698 | 8,876 | 59,062 | 13,927 |
| Currency translation differences | -81 | -37 | 1 | 0 | 1 | -116 | -88 |
| 01/01/2020 | 33,942 | 3,913 | 516 | 11,698 | 8,877 | 58,946 | 13,839 |
| Additions | 3,221 | 0 | 416 | 0 | 324 | 3,961 | 3,632 |
| Disposals | 681 | 10 | 0 | 0 | 0 | 691 | 46 |
| Transfers | 0 | 0 | -236 | 0 | 236 | 0 | 0 |
| **31/12/2020** | **36,482** | **3,903** | **696** | **11,698** | **9,437** | **62,216** | **17,425** |
| **Accumulated depreciation/ amortisation** | | | | | | | |
| 31/12/2019 | 25,001 | 3,861 | 357 | 9,416 | 6,609 | 45,244 | 2,205 |
| Currency translation differences | -57 | -36 | 1 | 0 | 1 | -91 | -22 |
| 01/01/2020 | 24,944 | 3,825 | 358 | 9,416 | 6,610 | 45,153 | 2,183 |
| Additions | 2,776 | 7 | 0 | 0 | 357 | 3,140 | 2,380 |
| Disposals | 689 | 0 | 0 | 0 | 0 | 689 | 8 |
| Transfers | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **31/12/2020** | **27,031** | **3,832** | **358** | **9,416** | **6,967** | **47,604** | **4,555** |
| **Accumulated impairments** | | | | | | | |
| 31/12/2019 | 0 | 67 | 0 | 920 | 427 | 1,414 | 0 |
| Currency translation differences | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 01/01/2020 | 0 | 67 | 0 | 920 | 427 | 1,414 | 0 |
| Impairments | 0 | 0 | 0 | 42 | 0 | 42 | 0 |
| Impairment loss reversal | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **31/12/2020** | **0** | **67** | **0** | **962** | **427** | **1,456** | **0** |
| **Book value 31/12/2020** | **9,451** | **4** | **338** | **1,320** | **2,043** | **13,156** | **12,870** |
| **Book value 31/12/2019** | **9,022** | **22** | **158** | **1,362** | **1,840** | **12,404** | **11,722** |

| | Land, land rights and buildings | Operating and office equipment | | | | | Tangible assets | Financial assets | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Land, land rights and buildings | Operating and office equipment | | | | | Total | Securities | Loans | Total |
| | 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 | | | | |
| | 2,158 | 6,959 | 6,814 | 0 | 2,352 | 35 | 18,318 | 7,001 | 659 | 7,660 |
| | -64 | -73 | -25 | 0 | -3 | 0 | -165 | 0 | -1 | -1 |
| | 2,094 | 6,886 | 6,789 | 0 | 2,349 | 35 | 18,153 | 7,001 | 658 | 7,659 |
| | 2 | 1,026 | 767 | 0 | 141 | 407 | 2,343 | 0 | 240 | 240 |
| | 1,244 | 351 | 169 | 0 | 0 | 276 | 2,040 | 7,001 | 248 | 7,249 |
| | 0 | -34 | 171 | 0 | 0 | -137 | 0 | 0 | 0 | 0 |
| | **852** | **7,527** | **7,558** | **0** | **2,490** | **29** | **18,456** | **0** | **650** | **650** |
| | 1,346 | 5,415 | 5,101 | 0 | 2,124 | 0 | 13,986 | 0 | 0 | 0 |
| | -36 | -49 | -20 | 0 | -3 | 0 | -108 | 0 | 0 | 0 |
| | 1,310 | 5,366 | 5,081 | 0 | 2,121 | 0 | 13,878 | 0 | 0 | 0 |
| | 46 | 584 | 669 | 0 | 74 | 0 | 1,373 | 0 | 0 | 0 |
| | 1,131 | 295 | 168 | 0 | 0 | 0 | 1,594 | 0 | 0 | 0 |
| | 0 | -30 | 30 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | **225** | **5,625** | **5,612** | **0** | **2,195** | **0** | **13,657** | **0** | **0** | **0** |
| | 0 | 8 | 0 | 0 | 0 | 0 | 8 | 0 | 201 | 201 |
| | 0 | -1 | 0 | 0 | 0 | 0 | -1 | 0 | 0 | 0 |
| | 0 | 7 | 0 | 0 | 0 | 0 | 7 | 0 | 201 | 201 |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 0 | 6 | 0 | 0 | 0 | 0 | 6 | 0 | 0 | 0 |
| | **0** | **1** | **0** | **0** | **0** | **0** | **1** | **0** | **201** | **201** |
| | **627** | **1,901** | **1,946** | **0** | **295** | **29** | **4,798** | **0** | **449** | **449** |
| | **812** | **1,536** | **1,713** | **0** | **228** | **35** | **4,324** | **7,001** | **458** | **7,459** |

# Schedule of Group non-current assets

## of OVB Holding AG as of 31 December 2019 according to IFRS

| | Intangible assets | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Software | | | Goodwill | Other intangible assets | Total | Rights of use of leased assets |
| EUR'000 | Software purchased from external third parties | In-house software develop-ments | Payments on account for software | | | | |
| **Historical cost** | | | | | | | |
| 31/12/2018 | 38,717 | 3,941 | 645 | 10,378 | 3,227 | 56,908 | 0 |
| Currency translation differences | 32 | 9 | 14 | 0 | 11 | 66 | 0 |
| Change of accounting policy IFRS 16 | 0 | 0 | 0 | 0 | 0 | 0 | 7,091 |
| 01/01/2019 | 38,749 | 3,950 | 659 | 10,378 | 3,238 | 56,974 | 7,091 |
| Change in consolidated Group | 1,742 | 0 | 0 | 1,320 | 4,712 | 7,774 | 0 |
| Additions | 2,220 | 0 | 118 | 0 | 934 | 3,272 | 6,836 |
| Disposals | 8,950 | 0 | 0 | 0 | 8 | 8,958 | 0 |
| Transfers | 262 | 0 | -262 | 0 | 0 | 0 | 0 |
| Reclassification IFRS 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **31/12/2019** | **34,023** | **3,950** | **515** | **11,698** | **8,876** | **59,062** | **13,927** |
| **Accumulated depreciation/ amortisation** | | | | | | | |
| 31/12/2018 | 29,600 | 3,852 | 344 | 9,416 | 2,806 | 46,018 | 0 |
| Currency translation differences | 23 | 9 | 13 | 0 | 11 | 56 | 0 |
| Change of accounting policy IFRS 16 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 01/01/2019 | 29,623 | 3,861 | 357 | 9,416 | 2,817 | 46,074 | 0 |
| Change in consolidated Group | 1,157 | 0 | 0 | 0 | 3,369 | 4,526 | 0 |
| Additions | 2,930 | 0 | 0 | 0 | 423 | 3,353 | 2,205 |
| Disposals | 8,709 | 0 | 0 | 0 | 0 | 8,709 | 0 |
| Transfers | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reclassification IFRS 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **31/12/2019** | **25,001** | **3,861** | **357** | **9,416** | **6,609** | **45,244** | **2,205** |
| **Accumulated impairments** | | | | | | | |
| 31/12/2018 | 0 | 67 | 0 | 913 | 166 | 1,146 | 0 |
| Currency translation differences | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Change of accounting policy IFRS 16 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 01/01/2019 | 0 | 67 | 0 | 913 | 166 | 1,146 | 0 |
| Change in consolidated Group | 0 | 0 | 0 | 0 | 261 | 261 | 0 |
| Impairments | 0 | 0 | 0 | 7 | 0 | 7 | 0 |
| Impairment loss reversal | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reclassification IFRS 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **31/12/2019** | **0** | **67** | **0** | **920** | **427** | **1,414** | **0** |
| **Book value 31/12/2019** | **9,022** | **22** | **158** | **1,362** | **1,840** | **12,404** | **11,722** |
| **Book value 31/12/2018** | **9,117** | **22** | **301** | **49** | **255** | **9,744** | **0** |

| | | | | | | Tangible assets | | | Financial assets |
|---|---|---|---|---|---|---|---|---|---|
| Land, land rights and buildings | Operating and office equipment | | | | | Total | Securi-ties | Loans | Total |
| Own-use property | Machinery, equipment, furniture, vehicles, other | IT equip-ment | Leased assets under finance lease | Tenant fixtures and fittings | Payments on account of tangible assets in progress | | | | |
| | | | | | | | | | |
| 3,360 | 6,799 | 5,496 | 181 | 1,720 | 22 | 17,578 | 12,005 | 74 | 12,079 |
| 26 | 34 | 16 | 0 | -1 | -1 | 74 | 0 | 0 | 0 |
| 0 | 0 | 0 | -181 | 0 | 0 | -181 | 0 | 0 | 0 |
| 3,386 | 6,833 | 5,512 | 0 | 1,719 | 21 | 17,471 | 12,005 | 74 | 12,079 |
| 766 | 208 | 605 | 0 | 616 | 0 | 2,195 | 0 | 669 | 669 |
| 8 | 583 | 1,299 | 0 | 22 | 15 | 1,927 | 9 | 264 | 273 |
| 0 | 666 | 602 | 0 | 5 | 0 | 1,273 | 5,013 | 348 | 5,361 |
| 0 | 1 | 0 | 0 | 0 | -1 | 0 | 0 | 0 | 0 |
| -2,002 | 0 | 0 | 0 | 0 | 0 | -2,002 | 0 | 0 | 0 |
| **2,158** | **6,959** | **6,814** | **0** | **2,352** | **35** | **18,318** | **7,001** | **659** | **7,660** |
| | | | | | | | | | |
| 2,185 | 5,234 | 4,618 | 140 | 1,559 | 0 | 13,736 | 0 | 0 | 0 |
| 14 | 32 | 17 | -1 | -1 | 0 | 61 | 0 | 0 | 0 |
| 0 | 0 | 0 | -139 | 0 | 0 | -139 | 0 | 0 | 0 |
| 2,199 | 5,266 | 4,635 | 0 | 1,558 | 0 | 13,658 | 0 | 0 | 0 |
| 154 | 197 | 475 | 0 | 491 | 0 | 1,317 | 0 | 0 | 0 |
| 128 | 528 | 586 | 0 | 75 | 0 | 1,317 | 0 | 0 | 0 |
| 0 | 576 | 595 | 0 | 0 | 0 | 1,171 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| -1,135 | 0 | 0 | 0 | 0 | 0 | -1,135 | 0 | 0 | 0 |
| **1,346** | **5,415** | **5,101** | **0** | **2,124** | **0** | **13,986** | **0** | **0** | **0** |
| | | | | | | | | | |
| 0 | 8 | 0 | 0 | 0 | 0 | 8 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 8 | 0 | 0 | 0 | 0 | 8 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 201 | 201 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **0** | **8** | **0** | **0** | **0** | **0** | **8** | **0** | **201** | **201** |
| **812** | **1,536** | **1,713** | **0** | **228** | **35** | **4,324** | **7,001** | **458** | **7,459** |
| **1,175** | **1,557** | **878** | **41** | **161** | **22** | **3,834** | **12,005** | **74** | **12,079** |

# Assets

## A Non-current assets

| | 2020: EUR'000 | 36,454 |
|---|---|---|
| | 2019: EUR'000 | 40,718 |

### 1 Intangible assets

| | 2020: EUR'000 | 13,156 |
|---|---|---|
| | 2019: EUR'000 | 12,404 |

| EUR'000 | 31/12/2020 | 31/12/2019 |
|---|---|---|
| Software | | |
| Software purchased from third parties | 9,451 | 9,022 |
| In-house software developments | 4 | 22 |
| Payments on account for software | 338 | 158 |
| Goodwill | 1,320 | 1,362 |
| Other intangible assets | 2,043 | 1,840 |
| | **13,156** | **12,404** |

Purchased software essentially relates to a group-wide uniform administration and management program as well as a software solution for sales support. The carrying amount of the administration and management program called myOVB is EUR 2,815 thousand as of 31 December 2020 (31 December 2019: EUR 3,707 thousand). The carrying amount of the sales-support software comes to EUR 3,836 thousand as of 31 December 2020 (31 December 2019: EUR 2,647 thousand).

Goodwill is subject to impairment tests in accordance with IAS 36. The risk-free discount rate applied to goodwill for the determination of its value in use is 0 per cent (31 December 2019: 0.02 per cent) according to the Svensson method (IDW) at a detailed planning horizon of five years. Furthermore, a sustainable growth rate of 1.0 per cent is assumed and a market risk premium of 5.75 per cent is applied according to the provisions of IDW S1 (interpretation FAUB).

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

Goodwill amounts to EUR 1,320 thousand altogether as of 31 December 2020 (31 December 2019: EUR 1,362 thousand) and is attributable entirely to the acquisition of Willemot NV as of 1 January 2019. There was no need for impairment for financial year 2020. Goodwill recognized in the reporting period for the Germany segment at EUR 42 thousand was written off in full due to lower expected payments received.

### 2 Rights of use of leased assets

| | 2020: EUR'000 | 12,870 |
|---|---|---|
| | 2019: EUR'000 | 11,722 |

Rights of use of leased assets are leases accounted for according to IFRS 16, concerning primarily leases of land and buildings at EUR 11,993 thousand.

### 3 Tangible assets

| | 2020: EUR'000 | 4,798 |
|---|---|---|
| | 2019: EUR'000 | 4,324 |

| EUR'000 | 31/12/2020 | 31/12/2019 |
|---|---|---|
| Land, land rights and buildings | | |
| - Own-use property | 627 | 812 |
| Other equipment, office and operating equipment | | |
| - Machinery, equipment, furniture, vehicles, others | 1,901 | 1,536 |
| - IT equipment | 1,946 | 1,713 |
| - Tenant fixtures and fittings | 295 | 228 |
| - Payments on account for tangible assets under construction | 29 | 35 |
| | **4,798** | **4,324** |

A land charge is filed for one property under the Company's own use in the amount of EUR 716 thousand (31 December 2019: EUR 716 thousand) as the bank's collateral. The land charge is not linked to any underlying values.

Depreciation of EUR 46 thousand (31 December 2019: EUR 128 thousand) was recognized for own-use property.

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

| | | |
|---|---|---|
| **4 Financial assets** | **2020: EUR'000** | **449** |
| | 2019: EUR'000 | 7,459 |

Financial assets relate to loans to office staff and sales agents granted at market interest rates and with terms to maturity of more than one year.

| | | |
|---|---|---|
| **5 Deferred tax assets** | **2020: EUR'000** | **5,181** |
| | 2019: EUR'000 | 4,809 |

Deferred tax assets can be broken down by item reported in the statement of financial position as follows:

| EUR'000 | 31/12/2020 | 31/12/2019 |
|---|---|---|
| Tangible assets and other intangible assets | 7 | 7 |
| Financial assets | 2 | 1 |
| Financial instruments and receivables | 571 | 694 |
| Other assets | 31 | 31 |
| Provisions | 5,645 | 4,681 |
| Liabilities | 6,096 | 5,990 |
| Lease liabilities less rights of use | 0 | 100 |
| Tax loss carry-forward | 81 | 361 |
| | **12,433** | **11,865** |
| Net of deferred tax liabilities | -7,252 | -7,056 |
| | **5,181** | **4,809** |

Deferred taxes are recognized for so far unused loss carry-forward to the extent that it is probable according to current planning that taxable income will be available within the budget period of five years against which unused tax loss can be offset; taxable income is assumed after the end of the planning period.

As of 31 December 2020 deferred income tax liabilities have been entered in equity outside profit or loss in the amount of EUR 21 thousand (31 December 2019: EUR 3 thousand).

Altogether, no deferred taxes were recognized for loss carry-forward in the amount of EUR 24,726 thousand (31 December 2019: EUR 22,971 thousand) for consolidated companies. This would have corresponded to deferred tax assets of EUR 7,842 thousand (31 December 2019: EUR 7,212 thousand).

Of this loss carry-forward, the amount of EUR 473 thousand (31 December 2019: EUR 608 thousand) can be utilized over a period of between 5 and 15 years. The amount of EUR 24,253 thousand (31 December 2019: EUR 22,363 thousand) can be carried forward indefinitely.

## B Current assets

| | |
|---|---|
| **2020: EUR'000** | **197,030** |
| 2019: EUR'000 | 175,273 |

### 6 Trade receivables

| | |
|---|---|
| **2020: EUR'000** | **37,038** |
| 2019: EUR'000 | 33,331 |

| EUR'000 | 31/12/2020 | 31/12/2019 |
|---|---|---|
| Trade receivables | | |
| 1. Receivables from insurance brokerage | 34,358 | 30,566 |
| 2. Receivables from other brokerage | 1,470 | 1,493 |
| 3. Other trade receivables | 1,210 | 1,272 |
| | **37,038** | **33,331** |

The risk profile of trade receivables is accommodated according to the debtor's credit rating and the amount and age of the respective receivable by valuation allowances. As experience with the Group's default risk shows no significant differences with respect to the geographic segments, valuation allowances do not distinguish between the Group's different segments anymore. The development of valuation allowances for trade receivables is as follows:

| EUR'000 | 2020 | 2019 |
|---|---|---|
| Valuation allowances as of 1 January | 317 | 15 |
| Addition to scope of consolidation as of 1 January | 0 | 160 |
| Exchange rate differences | -1 | 0 |
| Allocation (valuation allowance expense) | 0 | 153 |
| Consumption | 0 | 11 |
| Reversals | 94 | 0 |
| **Valuation allowances as of 31 December** | **222** | **317** |

Trade receivables in the amount of EUR 3,995 thousand (31 December 2019: EUR 7,121 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 and claims from retained securities (cancellation reserve) against product providers. Commission claims 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 that are not insurance companies. Those receivables do not bear interest and are generally due within 30 days.

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

### 7 Receivables and other assets

| | |
|---|---|
| **2020: EUR'000** | **41,568** |
| 2019: EUR'000 | 39,153 |

| EUR'000 | 31/12/2020 | 31/12/2019 |
|---|---|---|
| 7.1 Other receivables | 18,889 | 19,192 |
| 7.2 Other assets | 2,968 | 2,380 |
| 7.3 Contract asset (IFRS 15) | 19,711 | 17,581 |
| | **41,568** | **39,153** |

Receivables and other assets usually have remaining terms to maturity of less than one year. An exception to this are acquired claims for commission of former financial agents, valued altogether at EUR 1 thousand as of the reporting date (31 December 2019: EUR 39 thousand). Of this total, claims over EUR 1 thousand (31 December 2019: EUR 39 thousand) have terms to maturity of more than one year. With respect to mandatory disclosures pursuant to IFRS 15.113 (b), we would like to point out that the contract asset results primarily from contracts with insurance companies subject to financial supervision in the respective countries. In addition to that, a process for routine monitoring of the assets and liabilities, financial position and profit/loss of all existing product partners has been implemented. No need for impairment has so far been identified in this context. Due to the adjustment of the cancellation rate in connection with the coronavirus pandemic, the contract asset was reduced by EUR 1,602 thousand.

### 7.1 Other receivables

| EUR'000 | 31/12/2020 | 31/12/2019 |
|---|---|---|
| Other receivables | | |
| 1. Receivables from financial agents | 5,794 | 6,750 |
| 2. Receivables from employees | 122 | 136 |
| 3. Miscellaneous other receivables | 12,574 | 11,734 |
| 4. Other taxes | 399 | 572 |
| | **18,889** | **19,192** |

The risk profile of "other receivables" is accommodated according to the debtor's credit rating, the amount and age of the receivable and depending on the status as well as the date of the financial agent's exit by valuation allowances. As experience with the Group's default risk shows no significant differences with respect to the geographic segments, valuation allowances do not distinguish between the Group's different segments anymore. The development of valuation allowances for "other receivables" is as follows:

| EUR'000 | 2020 | 2019 |
|---|---|---|
| Valuation allowances as of 1 January | 20,412 | 19,868 |
| Addition to scope of consolidation as of 1 January | 0 | 264 |
| Exchange rate differences | -248 | 58 |
| Allocation (valuation allowance expense) | 2,359 | 1,825 |
| Consumption | 611 | 818 |
| Reversals | 965 | 784 |
| **Valuation allowances as of 31 December** | **20,947** | **20,413** |

Allocations to valuation allowances for "other receivables" relate to receivables from financial agents.

*1. Receivables from financial agents*

Receivables from financial agents primarily relate to advance payments of commission and claims for commission refunds. They are usually due within 30 days. Receivables from an individual former financial agent are offset against liabilities to that same financial agent if they fall due at the same time, irrespective of the legal basis on which the receivables and liabilities arose. Any resulting net receivable is recognized under "other receivables". Any resulting net liability is recognized under "trade payables". Provisions for cancellation risk with respect to active financial agents serve the purpose of covering potential future commission refund claims and are disclosed under "other liabilities".

Individual valuation allowances are made with regard to all available information concerning the credit rating of the debtor and the age structure of the receivables. Due to the large number of individual receivables due from financial agents, 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. A distinction is also made between active and former financial agents.

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

*3. Miscellaneous other receivables*
Miscellaneous other receivables include all receivables from third parties as of the reporting date that are not attributed 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 agreements concluded as of the acquisition date.

*4. Other taxes*
Other taxes only include other actual 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

| | | |
|---|---|---|
| | **2020: EUR'000** | **2,968** |
| | 2019: EUR'000 | 2,380 |

| EUR'000 | 31/12/2020 | 31/12/2019 |
|---|---|---|
| Other assets | | |
| 1. Accrued investment income | 11 | 5 |
| 2. Other accrued income | 1,405 | 1,126 |
| 3. Advertising materials and office supplies | 622 | 569 |
| 4. Payments on account | 722 | 591 |
| 5. Acquired future commission claims | 1 | 39 |
| 6. Miscellaneous other assets | 207 | 50 |
| | **2,968** | **2,380** |

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

*2. Other accrued income*
Other accrued income relates primarily to prepaid office rent for the following year and insurance premiums.

*3. Advertising materials and office supplies*
This item includes advertising materials for the sales force and other materials 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 financial agents acquired against payment and relating to the probable brokerage of contracts after the acquisition date.

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

7.3 Contract asset (IFRS 15)

The development of the contract asset resulting from premature realization of subsequent commission is as follows in the year under review:

| EUR'000 | 01/01/2020 | Allocation | Exchange rate differences | Reversal | 31/12/2020 |
|---|---|---|---|---|---|
| Contract asset | 17,581 | 2,920 | -484 | 306 | 19,711 |

## 8 Income tax assets

| | |
|---|---|
| **2020: EUR'000** | **550** |
| 2019: EUR'000 | 950 |

Income tax receivables primarily relate to income tax prepayments. Such receivables exist in particular for OVB Allfinanz Slovensko a.s., Bratislava, at EUR 207 thousand and OVB Holding AG, Cologne, at EUR 189 thousand.

## 9 Securities and other capital investments

| | |
|---|---|
| **2020: EUR'000** | **45,947** |
| 2019: EUR'000 | 44,255 |

| EUR'000 | 2020 | | | 2019 | | |
|---|---|---|---|---|---|---|
| | Securities | Other capital investments | Total | Securities | Other capital investments | Total |
| **Historical cost** | **31,027** | **15,171** | **46,198** | **31,007** | **13,218** | **44,225** |
| Revaluation reserve | 47 | | 47 | 30 | | 30 |
| Appreciation in value | 9 | | 9 | 7 | | 7 |
| Impairment | -307 | | -307 | -7 | | -7 |
| **Market value** | **30,776** | **15,171** | **45,947** | **31,037** | **13,218** | **44,255** |
| **Book value** | **30,776** | **15,171** | **45,947** | **31,037** | **13,218** | **44,255** |

Securities include interests in investment funds in the following amounts:

| | 2020 | | |
|---|---|---|---|
| Investment | Pension fund | Balanced fund | Equity fund |
| Number of investment funds | 5 | 6 | 1 |
| Fund assets as of the reporting date | Euro 0.1 - 4.9 billion | Euro 32.1 - 207.3 million | Euro 136.0 million |
| Book values as of the reporting date | Euro 12.6 million | Euro 9.2 million | Euro 2.6 million |
| Interest in the fund | 0.1 - 0.9 % | 0.5 - 14.1 % | 1.9 % |

| | 2019 | | |
|---|---|---|---|
| Investment | Pension fund | Balanced fund | Equity fund |
| Number of investment funds | 5 | 6 | 1 |
| Fund assets as of the reporting date | Euro 0.1 - 5.8 billion | Euro 29.5 - 190.3 million | Euro 165.0 million |
| Book values as of the reporting date | Euro 12.6 million | Euro 9.4 million | Euro 2.7 million |
| Interest in the fund | 0.1 - 0.9 % | 0.5 - 17.3 % | 1.7 % |

The maximum risk exposure corresponds to the book values.

In the past financial year, write-downs on securities due to negative fair value changes were recognized in profit or loss in the amount of EUR 564 thousand (31 December 2019: EUR 9 thousand). The write-downs are included in the financial result under item 33, “Investment expenses”. The reversal of impairment loss on securities is disclosed in the financial result under item 33, “Reversal of impairment loss on capital investments”.

Revaluation reserve increased by the amount of EUR 17 thousand in the past financial year (31 December 2019: EUR 29 thousand). No net losses were realized in the financial year through revaluation reserve.

Other capital investments particularly include fixed-term deposits and cash equivalents with a maturity of more than three months, short-term loans and a bonded loan of EUR 5,000 thousand with a short-term residual maturity which has a book value of EUR 5,001 thousand as of 31 December 2020 and was allocated to the item “financial assets” in the previous year. Interest-bearing investments are recognized at cost if market interest rates apply or otherwise at their present value. Bonded loans are measured at amortized cost under the effective interest method.

The item “securities and other capital investments” includes securities with a book value of EUR 9,454 thousand (31 December 2019: EUR 9,453 thousand) allocated to level 1 according to IFRS 13 and measured at market or stock market price and securities with a book value of EUR 21,321 thousand (31 December 2019: EUR 21,585 thousand) allocated to level 2 according to IFRS 13 and measured at the net asset value determined by the respective investment trust.

There were no reclassifications of financial instruments between fair-value hierarchy levels in the reporting period.

## 10 Cash and cash equivalents

| | |
|---|---|
| **2020: EUR’000** | **71,927** |
| 2019: EUR’000 | 56,717 |

| EUR’000 | 31/12/2020 | 31/12/2019 |
|---|---|---|
| Cash | 24 | 26 |
| Cash equivalents | 71,903 | 56,691 |
| | **71,927** | **56,717** |

Cash means cash on hand of the consolidated 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, checks and stamps. Cash and cash equivalents are measured at face value. Foreign currencies are translated into euros at the closing rate.

## 11 Real property held for sale

| | |
|---|---|
| **2020: EUR’000** | **0** |
| 2019: EUR’000 | 867 |

In December 2019 OVB’s Executive Board decided to sell the property held by OVB Czechia, used so far as OVB offices. A purchase agreement was signed at the beginning of March 2020. Ownership was transferred as of 1 April 2020. Sales proceeds amounted to EUR 225 thousand. Furthermore, property owned by Willemot, classified as held for sale as of 31 March 2020, was sold on 26 May 2020. Sales proceeds amounted to EUR 10 thousand.

# Equity and Liabilities

| | | |
|---|---|---|
| **A Equity** | **2020: EUR'000** | **90,000** |
| | 2019: EUR'000 | 90,637 |

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

| | | |
|---|---|---|
| **12 Subscribed capital** | **2020: EUR'000** | **14,251** |
| | 2019: EUR'000 | 14,251 |

The subscribed capital (share capital) of OVB Holding AG amounts to EUR 14,251 thousand as of 31 December 2020, is fully paid up and consists of 14,251,314 no-par value bearer shares (31 December 2019: 14,251,314 shares).

| | | |
|---|---|---|
| **13 Capital reserve** | **2020: EUR'000** | **39,342** |
| | 2019: EUR'000 | 39,342 |

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

**14 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 10 June 2020 authorized 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 in the period between 11 June 2020 up to and including 9 June 2025. Shares acquired on the basis of this authorization may also be retired. So far no use has been made of this option.



| | | |
|---|---|---|
| **15 Revenue reserves** | **2020: EUR'000** | **13,708** |
| | 2019: EUR'000 | 13,694 |

| | | |
|---|---|---|
| **16 Other reserves** | **2020: EUR'000** | **-386** |
| | 2019: EUR'000 | 47 |

Other reserves essentially comprise currency translation reserve, pension provision reserve and revaluation reserve.

Unrealized gains and losses from financial instruments are recognized in the revaluation reserve after accounting for deferred tax.

Changes in revaluation reserve, currency translation reserve and pension provision reserve over the reporting period are disclosed in the consolidated statement of changes in equity.

| | | |
|---|---|---|
| **17 Non-controlling interests** | **2020: EUR'000** | **537** |
| | 2019: EUR'000 | 538 |

Other shareholders hold non-controlling interests in Nord-Soft EDV-Unternehmensberatung GmbH in the amount of EUR 525 thousand (31 December 2019: EUR 526 thousand) and in Nord-Soft Datenservice GmbH in the amount of EUR 12 thousand (31 December 2019: EUR 12 thousand).

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

| 18 Retained earnings | **2020: EUR'000** | **22,548** |
|---|---|---|
| | 2019: EUR'000 | 22,765 |

### 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 General Meeting of Shareholders of 10 June 2020, shareholders adopted the resolution on the appropriation of the retained earnings of OVB Holding AG for financial year 2019.

On 16 June 2020, a dividend of EUR 10,688 thousand was distributed to the shareholders, equivalent to EUR 0.75 per no-par share (previous year: EUR 0.75 per no-par share).

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 2020 in accordance with Section 170 AktG (Stock Corporation Act):

| EUR | 2020 | 2019 |
|---|---|---|
| Distribution to shareholders | *10,688,485.50* | *10,688,485.50* |
| Profit carry-forward | *8,369,427.08* | *8,494,423.77* |
| **Retained earnings** | **19,057,912.58** | **19,182,909.27** |

The dividend pay-out is thus equivalent to EUR 0.75 per share (previous year: EUR 0.75 per share).

The number of shares entitled to dividend and thus the amount distributable to shareholders may change prior to the General Meeting of Shareholders due to the possible purchase of treasury shares.

| **B Non-current liabilities** | **2020: EUR'000** | **13,717** |
|---|---|---|
| | 2019: EUR'000 | 13,168 |

Initially non-current liabilities are reclassified into 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 December 2020

| EUR'000<br>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 |
|---|---|---|---|---|---|---|
| Other liabilities | 11,410 | 4,077 | 2,373 | 4,960 | 0 | 0 |

### Maturity of liabilities as of 31 December 2019

| EUR'000<br>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 |
|---|---|---|---|---|---|---|
| Other liabilities | 10,927 | 3,585 | 2,177 | 5,165 | 0 | 0 |

## 19 Provisions

| | |
|---|---|
| **2020: EUR'000** | **1,947** |
| 2019: EUR'000 | 1,838 |

| EUR'000 | 31/12/2020 | 31/12/2019 |
|---|---|---|
| Provisions for pensions | 1,455 | 1,333 |
| Long-term provisions for employee benefits | 488 | 493 |
| Other long-term provisions | 4 | 12 |
| | **1,947** | **1,838** |

| EUR'000 | 31/12/2019 | Exchange rate differ-ences | Allocation | Accrued interest | Consump-tion | Reversal | 31/12/2020 |
|---|---|---|---|---|---|---|---|
| Provisions for pensions | 1,333 | 2 | 168 | 0 | 48 | 0 | 1,455 |
| Long-term provisions for employee benefits | 493 | 0 | 61 | 3 | 69 | 0 | 488 |
| Other long-term provisions | 12 | 0 | 3 | 0 | 11 | 0 | 4 |
| | **1,838** | **2** | **232** | **3** | **128** | **168** | **1,947** |

*Provisions for pensions*

OVB Vermögensberatung (Schweiz) AG, Hünenberg, is under the obligation to pay pension benefits determined by law to six commercial employees as well as to ten financial agents. The following pension benefits are granted to the beneficiaries:

– Retirement benefits
– Pensions for surviving dependents
– Disability pension

Willemot, Gent, is under the obligation to pay pension benefits determined by law to all its employees. The following pension benefits are granted to the beneficiaries:

– Retirement benefits
– Pensions for surviving dependents

The development of provisions for pensions within the Group is as follows:

| **Pension provisions as of 31/12**<br>**EUR'000** | 2020 Switzerland | 2020 Belgium | 2020 Total | 2019 |
|---|---|---|---|---|
| **Present value of defined benefit obligations as of 1/1** | **1,814** | **2,469** | **4,282** | **3,864** |
| Exchange rate changes | 5 | 0 | 5 | 57 |
| Service cost | 135 | 183 | 318 | 287 |
| Past service cost | 0 | 0 | 0 | -47 |
| Interest expense/income | 2 | 22 | 24 | 32 |
| Gains (-) and losses (+) from revaluation: | | | | |
| - Actuarial gains and losses from changes in demographic assumptions | 0 | 0 | 0 | 0 |
| - Actuarial gains and losses from changes in financial assumptions | -46 | 152 | 106 | 250 |
| - Actuarial gains and losses from experience-based adjustments | -64 | 0 | -64 | -71 |
| Transfer | 0 | 0 | 0 | 0 |
| Contributions: | | | | |
| - Employer | 0 | 0 | 0 | 0 |
| - Plan participants | 41 | 0 | 41 | 35 |
| Pension plan payments: | | | | |
| - Current payments | -103 | -62 | -165 | -125 |
| - Compensation | 0 | 0 | 0 | 0 |
| **Present value of defined benefit obligations as of 31/12** | **1,784** | **2,764** | **4,548** | **4,282** |
| | | | | |
| **Plan assets as of 1/1** | **1,307** | **1,642** | **2,949** | **2,624** |
| Exchange rate changes | 4 | 0 | 4 | 40 |
| Contributions: | | | | |
| - Employer | 97 | 127 | 225 | 240 |
| - Plan participants | 41 | 0 | 41 | 35 |
| Expected investment income | 0 | 0 | 0 | 1 |
| Pension plan payments: | | | | |
| - Current payments | -103 | -46 | -149 | -125 |
| - Compensation | 0 | 0 | 0 | 0 |
| Interest expense/income | 1 | 17 | 19 | 21 |
| Gains (-) and losses (+) from revaluation: | | | | |
| - Income from plan assets not including interest income | -24 | 29 | 5 | 112 |
| **Plan assets as of 31/12** | **1,324** | **1,769** | **3,093** | **2,949** |
| **Provisions for pensions as of 31/12** | **460** | **995** | **1,455** | **1,333** |

The asset ceiling does not have any effect.

The actuarial expert reports were prepared by independent and qualified actuaries. The reports are based on the following actuarial assumptions:

| | 2020 Switzerland | 2020 Belgium | 2019 Switzerland | 2019 Belgium |
|---|---|---|---|---|
| Discount rate | 0.15 % | 0.48 % | 0.10 % | 1.00 % |
| Expected future salary increase | 1.00 % | 3.00 % | 1.00 % | 3.00 % |
| Expected future pension adjustment | 0.00 % | 0.00 % | 0.00 % | 0.00 % |

The expert reports are based on the underlying respective expected mortality in Switzerland and Belgium.

Current service cost is included in personnel expense. The interest expense of the defined benefit obligations is included in finance expense.

Plan assets are divided into the following investment categories:

| | 2020 Switzerland | 2020 Belgium | 2020 Total | 2019 Switzerland | 2019 Belgium |
|---|---|---|---|---|---|
| Liquid assets and fixed-term deposits | 0.4 % | 0.0 % | 0.4 % | 0.2 % | 0.0 % |
| Loans | 0.0 % | 37.7 % | 37.7 % | 0.0 % | 36.7 % |
| Government bonds | 0.0 % | 4.6 % | 4.6 % | 0.0 % | 4.1 % |
| Land charges | 2.3 % | 0.0 % | 2.3 % | 2.2 % | 0.0 % |
| Fixed-interest securities | 11.0 % | 2.8 % | 13.8 % | 12.0 % | 2.1 % |
| Shares | 15.3 % | 2.4 % | 17.7 % | 16.2 % | 2.2 % |
| Real property | 8.7 % | 7.8 % | 16.5 % | 6.6 % | 8.5 % |
| Alternative investments | 7.0 % | 0.0 % | 7.0 % | 9.2 % | 0.0 % |



For 99.6 per cent (31 December 2019: 99.8 per cent) of plan assets there are active market quotes.

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

| EUR'000 | Switzerland | Belgium |
|---|---|---|
| Discount rate | 0.25 % | 0.50 % |
| Increase in assumption | 1,712 | 2,494 |
| Decrease in assumption | 1,862 | 2,960 |
| Expected future salary increase | 0.25 % | - |
| Increase in assumption | 1,793 | - |
| Decrease in assumption | 1,774 | - |
| Expected future pension adjustment | 0.25 % | - |
| Increase in assumption | 1,825 | - |
| Decrease in assumption | 1,745 | - |

The funding of the acquired benefit claims at OVB Switzerland is provided by employer and employee at 50 per cent each with respect to the basic plan. The employer pays the contributions to the staff plan in full. Basic provision is obligatory for all employees with statutory pension insurance while participation in the staff plan is optional. The funding of the acquired benefit claims at OVB Belgium is provided by the employer. Funding of the benefits for surviving dependents including expenses and taxes incurred is provided by the employee.

Expected contributions to the pension plans for benefits after termination of employment altogether amount to EUR 254 thousand for the financial year ended 31 December 2020 (31 December 2019: EUR 233 thousand).

The weighted average term of the defined benefit obligations is 16.9 years (31 December 2019: 17.4 years).

*Long-term provisions for employee benefits*
Long-term provisions for employee benefits primarily relate to provisions set aside for anniversary bonus payments.

| **20 Other liabilities** | **2020: EUR'000** | **11,410** |
|---|---|---|
| | 2019: EUR'000 | 10,927 |

Other liabilities primarily relate to lease liabilities pursuant to IFRS 16 and equate to the present value of future lease payments.

| **21 Deferred tax liabilities** | **2020: EUR'000** | **360** |
|---|---|---|
| | 2019: EUR'000 | 403 |

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

| EUR'000 | 31/12/2020 | 31/12/2019 |
|---|---|---|
| Goodwill | 0 | 14 |
| Tangible and intangible assets | 3,372 | 3,512 |
| Financial instruments | 4,178 | 3,870 |
| Other assets | 45 | |
| Provisions | 16 | 42 |
| Liabilities | 1 | 21 |
| | **7,612** | **7,459** |
| Net of deferred tax assets | -7,252 | -7,056 |
| | **360** | **403** |

Deferred tax liabilities have no determinable terms to maturity for the most part.

| **C Current liabilities** | **2020: EUR'000** | **129,767** |
|---|---|---|
| | 2019: EUR'000 | 112,186 |

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

| **22 Provisions for taxes** | **2020: EUR'000** | **908** |
|---|---|---|
| | 2019: EUR'000 | 295 |

The development of provisions for taxes is altogether as follows:

| EUR'000 | 01/01/2020 | Exchange rate differences | Allocation | Consumption | Reversal | 31/12/2020 |
|---|---|---|---|---|---|---|
| Provisions for taxes | 295 | -7 | 830 | 210 | 0 | 908 |

## 23 Other provisions

| | |
|---|---|
| **2020: EUR'000** | **55,298** |
| 2019: EUR'000 | 45,879 |

| EUR'000 | 31/12/2020 | 31/12/2019 |
|---|---|---|
| 1. Cancellation risk | 20,393 | 16,262 |
| 2. Unbilled liabilities | 17,199 | 13,022 |
| 3. Litigation | 701 | 1,080 |
| 4. Provisions from subsequent commission (IFRS 15) | 12,776 | 11,273 |
| | **51,069** | **41,637** |
| 5. Others | | |
| - Obligations to employees | 1,848 | 1,886 |
| - Costs for financial statements/Audit cost | 697 | 538 |
| - Other obligations | 1,684 | 1,818 |
| | **4,229** | **4,242** |
| | **55,298** | **45,879** |

| EUR'000 | 01/01/2020 | Allocation | Exchange rate differences | Consumption | Reversal | 31/12/2020 |
|---|---|---|---|---|---|---|
| 1. Cancellation risk | 16,262 | 4,692 | -205 | 356 | 0 | 20,393 |
| 2. Unbilled liabilities | 13,022 | 10,165 | -205 | 5,521 | 262 | 17,199 |
| 3. Litigation | 1,080 | 172 | -16 | 102 | 433 | 701 |
| 4. Provisions from subsequent commission (IFRS 15) | 11,273 | 2,055 | -357 | 0 | 195 | 12,776 |
| 5. Others | 4,242 | 2,058 | -27 | 1,835 | 209 | 4,229 |
| | **45,879** | **19,142** | **-810** | **7,814** | **1,099** | **55,298** |

Allocations include expenses from the accumulation of interest on provisions in the amount of EUR 4 thousand (31 December 2019: EUR 7 thousand). Provisions for cancellation risk are generally recognized as current provisions due to uncertainty in respect of the time and extent of their utilization. Assuming that the clients' cancellation behaviour equals that of the recent past, the resulting non-current portion would amount to approx. EUR 8,001 thousand (31 December 2019: EUR 6,417 thousand).

Provisions for litigation essentially concern legal disputes involving clients and former financial agents. The time aspect and the exact amounts of the outflow of economic benefits of such disputes are uncertain.

Provisions from subsequent commission are made for commission not yet handed on to the sales force. Due to the adjustment of the cancellation rate in connection with the coronavirus pandemic provisions from subsequent commission were reduced by EUR 1,083 thousand.

## 24 Income tax liabilities

| | |
|---|---|
| **2020: EUR'000** | **840** |
| 2019: EUR'000 | 606 |

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

## 25 Trade payables

| | |
|---|---|
| **2020: EUR'000** | **21,159** |
| 2019: EUR'000 | 17,546 |

This item includes commission billed by financial agents unless categorized as retained security as well as bonuses accrued as of the reporting date unless already paid. Such 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 31/12/2020:

| EUR'000<br>Type of liability | Total amount | Overdue | Due daily | Less than 3 months | 3 - 6 months | 7 - 12 months | No maturity |
|---|---|---|---|---|---|---|---|
| Trade payables | 21,159 | 473 | 1,776 | 14,986 | 0 | 0 | 3,924 |

Maturity of liabilities as of 31/12/2019:

| EUR'000<br>Type of liability | Total amount | Overdue | Due daily | Less than 3 months | 3 - 6 months | 7 - 12 months | No maturity |
|---|---|---|---|---|---|---|---|
| Trade payables | 17,546 | 421 | 1,421 | 4,614 | 0 | 0 | 11,090 |

## 26 Other liabilities

| | |
|---|---|
| **2020: EUR'000** | **51,562** |
| 2019: EUR'000 | 47,860 |

Maturity of liabilities as of 31/12/2020:

| EUR'000<br>Type of liability | Total amount | Overdue | Due daily | Less than 3 months | 3 - 6 months | 7 - 12 months | No maturity |
|---|---|---|---|---|---|---|---|
| 1. Retained security | 42,789 | 1,562 | 657 | 4,000 | 143 | 256 | 36,171 |
| 2. Other tax liabilities | 1,316 | 0 | 180 | 1,048 | 0 | 3 | 85 |
| 3. Liabilities to employees | 2,878 | 0 | 203 | 1,900 | 0 | 510 | 265 |
| 4. Liabilities to product partners | 1,256 | 0 | 0 | 340 | 42 | 0 | 874 |
| 5. Liabilities to banks | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6. Other liabilities to sales agents | 40 | 0 | 0 | 40 | 0 | 0 | 0 |
| 7. Current lease liabilities | 2,308 | 0 | 0 | 577 | 580 | 1,151 | 0 |
| 8. Miscellaneous liabilities | 975 | 0 | 89 | 232 | 56 | 400 | 198 |
| | **51,562** | **1,562** | **1,129** | **8,137** | **821** | **2,320** | **37,593** |

Maturity of liabilities as of 31/12/2019:

| EUR'000<br>Type of liability | Total amount | Overdue | Due daily | Less than 3 months | 3 - 6 months | 7 - 12 months | No maturity |
|---|---|---|---|---|---|---|---|
| 1. Retained security | 40,471 | 1,518 | 243 | 3,130 | 77 | 381 | 35,122 |
| 2. Other tax liabilities | 1,454 | 9 | 324 | 759 | 0 | 3 | 359 |
| 3. Liabilities to employees | 2,758 | 0 | 498 | 1,489 | 307 | 238 | 226 |
| 4. Liabilities to product partners | 659 | 1 | 146 | 3 | 42 | 0 | 467 |
| 5. Liabilities to banks | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6. Other liabilities to sales agents | 19 | 0 | 19 | 0 | 0 | 0 | 0 |
| 7. Current lease liabilities | 1,942 | 0 | 0 | 529 | 524 | 889 | 0 |
| 8. Miscellaneous liabilities | 557 | 19 | 114 | 235 | 9 | 13 | 167 |
| | **47,860** | **1,547** | **1,344** | **6,145** | **959** | **1,524** | **36,341** |

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. Other tax liabilities*
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 recognized at expected settlement amounts.

*4. Liabilities to product partners*
Liabilities to product partners that are not affiliates generally result from the reversal of commission entries and are paid by OVB as they arise over the course of business. These liabilities are measured at face value.

*5. Liabilities to banks*
Current liabilities to banks are those with a maturity of twelve months or less from the reporting date, measured at face value.

*6. Other liabilities to sales agents*
Current liabilities to the sales force that do not result from brokerage services have been recognized as other liabilities to sales agents.

*7. Current lease liabilities*
Current lease liabilities result from first-time application of IFRS 16.

*8. Miscellaneous liabilities*
Miscellaneous liabilities comprise all liabilities that are not attributable to any of the above sub-positions. The item essentially includes liabilities from social security contributions as well as deferred income.

# III. Notes to the consolidated income statement

## 27 Brokerage income

| | |
|---|---|
| **2020: EUR'000** | **270,563** |
| 2019: EUR'000 | 257,819 |

| EUR'000 | 2020 | 2019 |
|---|---|---|
| 1. New business commission | 209,664 | 191,931 |
| 2. Policy service commission | 47,375 | 46,934 |
| 3. Dynamic commission | 6,865 | 8,125 |
| 4. Other brokerage income | 6,659 | 10,829 |
| | **270,563** | **257,819** |

All income from product partners is recognized as brokerage income. Apart from commission, this also includes bonuses and other sales-related benefits paid by product partners.

*1. New business commission*
New business commission results from the successful brokerage of different kinds of financial products.

*2. Policy service commission*
Policy service commission results from the continuous servicing of the policy holder's contracts and is collected after performances are rendered.

*3. Dynamic commission*
Dynamic commission results from contractually agreed dynamic premium adjustments of insurance policies over the contract term.

*4. Other brokerage income*
Other brokerage income comprises brokerage income resulting from bonuses and other sales-related benefits paid by product partners as well as changes in provisions for cancellation risk.

Brokerage income includes income from subsequent commission in the amount of EUR 2,409 thousand (previous year: EUR 3,501 thousand) resulting from an earlier realization of new business commission either partially discounted or paid on a pro-rata basis.

## 28 Other operating income

| | |
|---|---|
| **2020: EUR'000** | **10,158** |
| 2019: EUR'000 | 11,244 |

| EUR'000 | 2020 | 2019 |
|---|---|---|
| Refunds from financial agents | 2,971 | 3,971 |
| Income from reversal of provisions | 904 | 606 |
| Own work capitalized | 330 | 166 |
| Income from cancelled obligations | 662 | 1,371 |
| Rental income from sub-leases | 89 | 80 |
| Income from the disposal of intangible assets and tangible assets | 254 | 56 |
| Reversals of impairment loss | 1,165 | 900 |
| thereof income from written-off receivables | 109 | 119 |
| Income from currency translation | 104 | 41 |
| Partners' contributions to costs | 581 | 1,395 |
| Miscellaneous | 3,098 | 2,658 |
| | **10,158** | **11,244** |

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

Income from reversal of provisions in the year under review essentially results from the reversal of provisions for litigation, provisions for performance bonus payments and the reversal of outstanding accounts for not accepted performances.

Own work capitalized relates to the administration and management software (cf. the asset schedule).

Reversals of impairment loss primarily concern receivables from financial advisors.

Partners' contributions to costs relate to contributions made by product partners toward the cost of materials, personnel, representation, training and events as well as insurance pay-outs.

Miscellaneous income essentially includes sales generated by the service companies with third parties.

## 29 Brokerage expenses

**2020: EUR'000** **-181,460**
2019: EUR'000 -170,060

| EUR'000 | 2020 | 2019 |
|---|---|---|
| Current commission | -166,541 | -155,906 |
| Other commission | -14,919 | -14,154 |
| | **-181,460** | **-170,060** |

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

## 30 Personnel expense

**2020: EUR'000** **-39,278**
2019: EUR'000 -37,997

| EUR'000 | 2020 | 2019 |
|---|---|---|
| Wages and salaries | -32,375 | -31,446 |
| Social security | -6,418 | -6,121 |
| Expenses for retirement provision | -485 | -430 |
| | **-39,278** | **-37,997** |

## 31 Depreciation and amortization

**2020: EUR'000** **-6,948**
2019: EUR'000 -6,880

| EUR'000 | 2020 | 2019 |
|---|---|---|
| Amortization/Impairment of intangible assets | -3,190 | -3,360 |
| Depreciation of rights of use | -2,381 | -2,205 |
| Depreciation/Impairment of tangible assets | -1,377 | -1,315 |
| | **-6,948** | **-6,880** |

Depreciation and amortization in financial year 2020 are disclosed in the asset schedule.

## 32 Other operating expenses

| | |
|---|---|
| **2020: EUR'000** | **-38,144** |
| 2019: EUR'000 | -40,044 |

| EUR'000 | 2020 | 2019 |
|---|---|---|
| **Administrative expenses** | | |
| Legal, financial statement and consulting expenses | -5,211 | -4,697 |
| Facility expenses | -1,994 | -1,671 |
| Communication costs | -1,047 | -1,154 |
| IT expenses | -7,498 | -6,237 |
| Vehicle expenses | -635 | -732 |
| Rent for furniture and equipment | -69 | -76 |
| Other administrative expenses | -4,296 | -4,875 |
| | **-20,750** | **-19,442** |
| **Sales and marketing costs** | | |
| Seminars, competitions, events | -6,627 | -9,679 |
| Advertising cost, public relations | -1,974 | -2,490 |
| Write-down on/Valuation allowances for receivables | -2,447 | -2,177 |
| thereof disposal of receivables | -88 | -200 |
| Other sales and marketing costs | -1,989 | -2,116 |
| | **-13,037** | **-16,462** |
| **Miscellaneous operating expenses** | | |
| Foreign currency loss | -267 | -109 |
| Supervisory Board remuneration | -172 | -176 |
| Losses from disposal of investments | -53 | -28 |
| Other miscellaneous operating expenses | -196 | -225 |
| | **-688** | **-538** |
| **Non-income-based taxes** | | |
| Value-added tax on purchased goods/services | -3,346 | -3,238 |
| Other non-income-based tax | -323 | -364 |
| | **-3,669** | **-3,602** |
| | **-38,144** | **-40,044** |

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 materials, entertainment expenses and expenses for sales support.

Other miscellaneous operating expenses include expenses for the preparation of financial reports and the Annual General Meeting of Shareholders as well as all expenses that are not attributable to any of the above positions.

Other non-income-based tax essentially relates to taxes on wages, vehicle tax and property tax.

## 33 Financial result

| | |
|---|---|
| **2020: EUR'000** | **-210** |
| 2019: EUR'000 | 1,311 |

| EUR'000 | 2020 | 2019 |
|---|---|---|
| **Finance income** | | |
| Bank interest | 137 | 214 |
| Income from securities | 160 | 179 |
| Reversal of impairment loss on capital investments | 263 | 1,045 |
| Income from accrued interest | 69 | 65 |
| Interest income from loans | 37 | 52 |
| Other interest income and similar income | 45 | 72 |
| | **711** | **1,627** |
| **Finance expense** | | |
| Interest expense and similar expenses | -357 | -302 |
| Expenses for capital investments | -564 | -14 |
| | **-921** | **-316** |
| **Financial result** | **-210** | **1,311** |

Interest income and interest expense are recognized 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

| | |
|---|---|
| **2020: EUR'000** | **-3,957** |
| 2019: EUR'000 | -4,141 |

| EUR'000 | 2020 | 2019 |
|---|---|---|
| Current income tax | -4,489 | -3,810 |
| Deferred income tax | 532 | -331 |
| | **-3,957** | **-4,141** |

Tax expense includes foreign current taxes in the amount of EUR 4,310 thousand (31 December 2019: EUR 3,627 thousand) and foreign deferred tax assets of EUR 450 thousand (31 December 2019: EUR 294 thousand).

Current and deferred taxes are determined on the basis of domestic tax rates applicable in the respective country. Deferred taxes relating to domestic entities were calculated on the basis of a company tax rate of 15.0 per cent (31 December 2019: 15.0 per cent), the solidarity surcharge of 5.5 per cent (31 December 2019: 5.5 per cent) and an average trade tax rate of 16.625 per cent (31 December 2019: 16.625 per cent).

In addition to the amount recognized in the consolidated income statement, deferred taxes of EUR 21 thousand (31 December 2019: EUR 3 thousand) relating to items recognized outside profit or loss in equity were settled directly in equity.

The effective income tax rate applied to the result from ordinary business activities before income taxes comes to 26.84 per cent (31 December 2019: 26.90 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

| EUR'000 | 2020 | 2019 |
|---|---|---|
| Earnings before income taxes according to IFRS | 14,681 | 15,393 |
| Consolidated income tax rate | 32.45 % | 32.45 % |
| **Theoretical income tax expense in the financial year** | **-4,760** | **-4,995** |
| Taxes based on non-deductible expenses (-) / tax-free income (+) | -587 | -687 |
| Effects of other tax rates applicable to domestic and foreign operating subsidiaries | 2,597 | 2,187 |
| Prior-period income tax | -193 | -4 |
| Changes in tax effects from temporary differences and tax loss for which no deferred tax assets were recognized (-) / Capitalization of deferred tax in financial year on loss carry-forward from previous year for which no deferred tax was recognized in previous year (+) | -914 | -469 |
| Others | -96 | -173 |
| **Taxes on income** | **-3,957** | **-4,141** |

### 35 Consolidated net income

| | | |
|---|---|---|
| | **2020: EUR'000** | **10,724** |
| | 2019: EUR'000 | 11,252 |

### 36 Consolidated net income attributable to non-controlling interests

| | | |
|---|---|---|
| | **2020: EUR'000** | **-239** |
| | 2019: EUR'000 | -240 |

This item relates to consolidated net income attributable to non-controlling interests in Nord-Soft EDV Unternehmensberatung GmbH and Nord-Soft Datenservice GmbH in the amount of EUR -239 thousand (31 December 2019: EUR -240 thousand).

### 37 Consolidated net income after non-controlling interests

| | | |
|---|---|---|
| | **2020: EUR'000** | **10,485** |
| | 2019: EUR'000 | 11,012 |

### 38 Earnings per share, basic/diluted

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

| EUR'000 | 2020 | 2019 |
|---|---|---|
| **Consolidated net income after non-controlling interests** | | |
| Basis for basic/diluted earnings per share (consolidated net income for the period attributable to owners of the parent) | 10,485 | 11,012 |
| **Number of shares** | | |
| Weighted average number of shares for determination of basic/diluted earnings per share | 14,251,314 | 14,251,314 |
| **Basic earnings per share in EUR** | 0.74 | 0.77 |

Diluted earnings equal basic earnings per share as no dilutive effects materialized in the year under review.

# IV. Other information

## 1. Information on leases

Rights of use of leased assets amount to EUR 12,870 thousand as of 31 December 2020 (31 December 2019: EUR 11,722 thousand). Corresponding lease liabilities come to the total amount of EUR 13,319 thousand (31 December 2019: EUR 12,069 thousand) and are classified in the statement of financial position either as non-current (EUR 11,009 thousand / 31 December 2019: EUR 10,127 thousand) or current liabilities (EUR 2,310 thousand / 31 December 2019: EUR 1,942 thousand). Disclosure is made under the item “other liabilities” respectively.

Lease agreements signed by OVB essentially comprise real property, vehicle leases and office equipment.

The development of rights of use broken down by category of underlying assets is as follows:

| EUR’000 | 01/01/2020 | Allocation | Disposal | Depreciation | Exchange rate differences | 31/12/2020 |
|---|---|---|---|---|---|---|
| Land and buildings | 10,789 | 3,179 | -19 | -1,904 | -52 | 11,993 |
| Machinery, equipment, furniture, vehicles, others | 874 | 444 | -19 | -449 | -14 | 836 |
| IT equipment | 59 | 10 | 0 | -28 | 0 | 41 |
| | **11,722** | **3,633** | **-38** | **-2,381** | **-66** | **12,870** |

Interest expense from accrued interest on lease liabilities amounts to EUR 279 thousand (31 December 2019: EUR 219 thousand), reported under “Other finance expense”.

Expenses for short-term leases with terms of less than twelve months amount to EUR 25 thousand (31 December 2019: EUR 184 thousand), reported under “Other operating expenses”.

Expenses for low-value leases amount to EUR 32 thousand (31 December 2019: EUR 34 thousand), reported under “Other operating expenses”.

Terms to maturity of not discounted lease liabilities are as follows:

| EUR’000 | Less than 3 months | 3 - 6 months | 6 - 12 months | 1 - 3 years | 3 - 5 years | More than 5 years | Total |
|---|---|---|---|---|---|---|---|
| | 656 | 654 | 1,275 | 4,113 | 2,678 | 5,286 | 14,662 |

As of 31 December 2020 there are no renewal options from the probable exercise of which cash outflow may result for the next reporting periods (31 December 2019: EUR 394 thousand).

Income in the amount of EUR 16 thousand was generated from sub-leases (31 December 2019: EUR 48 thousand).

Terms to maturity of expected lease payments from sub-leases are as follows:

| EUR’000 | 1 year | 2 years | 3 years | 4 years | 5 years | More than 5 years | Total |
|---|---|---|---|---|---|---|---|
| | 16 | 16 | 16 | 16 | 16 | 0 | 80 |

## 2. Contingent liabilities

Contingent liabilities arise from past events that may result in future obligations. Such obligations come into being by the occurrence if uncertain future events and their settlement amounts cannot be estimated with sufficient reliability.

### Guarantees and assumed liabilities

OVB Holding AG and some of its subsidiaries have given guarantees and assumed liabilities on behalf of financial agents in the ordinary course of business. Guarantees and assumed liabilities to third parties total EUR 3,185 thousand as of the reporting date (31 December 2019: EUR 2,985 thousand). The associated risks are recognized in other provisions to the extent that they give rise to obligations whose value can be reliably estimated. No provisions had to be made as any utilization is not indicated as of the reporting date.

### Legal risk

Under contingent liabilities, OVB also reports legal risks for which a loss appears neither probable nor improbable and for which no provisions have been made. The reported amounts reflect claims filed in connection with those risks.

### Litigation risk
Several consolidated 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 agents.

This item also includes claims for damages filed by damaged investors with proceedings pending since 2004.

A reliable assessment cannot be made for the date of entry or for the potential amount of compensation payments. Depending on the outcome of legal proceedings, the evaluation of the risk of loss may prove either too low or too high. Further detailed information on these matters is not presented here as that might seriously harm OVB's legal position in respective legal proceedings.

OVB cannot rule out the possibility of corresponding individual liabilities completely and makes provisions for litigation risk of altogether EUR 1.8 million as of the reporting date.

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

### Tax and social security risk
OVB's brokerage business carries the inherent risk that working together with self-employed financial agents might be interpreted by tax authorities or social security agencies as employment, resulting in OVB's payment of taxes and social security contributions. OVB has a constant focus on this risk but cannot rule out completely due to possible changes to national legal frameworks that subsequent claims against OVB might arise. Without OVB being engaged in any notable litigation at present, from today's viewpoint retrospective payments of taxes and social security contributions might result for one operating subsidiary in the amount of up to EUR 3.7 million. Based on legal expert opinions at hand, Management deems corresponding liabilities for OVB improbable.

## 3. Average number of employees

In the year under review, the Group had a commercial staff of 650 commercial employees on average (31 December 2019: 620), of which 54 (31 December 2019: 54) filled executive positions.

## 4. Executive Board and Supervisory Board

Members of the Executive Board of OVB Holding AG are:

- Mario Freis, Chairman of the Executive Board – CEO –
  Responsible for Corporate Development, Corporate Management, Sales, Training, Product Management, Marketing, Communication, Auditing, Investor Relations
  Memberships of Supervisory Boards and comparable supervisory bodies:
  - Chairman of the Supervisory Board of OVB Vermögensberatung AG, Cologne
  - Chairman of the Supervisory Board of OVB Allfinanz a.s., Prague, Czech Republic (since 01/01/2021)
  - Member of the Supervisory Board of OVB Allfinanz Slovensko a.s., Bratislava, Slovakia

- Thomas Hücker, Member of the Executive Board, Operations – COO –
  Responsible for Group IT, IT Security, Business Process Management, Human Resources

- Oskar Heitz (until 31/12/2020), Deputy Chairman, Member of the Executive Board, Finance – CFO –
  Responsible for Corporate Accounting, Risk Management, Management Accounting, Investor Relations, Legal Affairs, Tax Planning, Compliance, Data Protection, Anti-Money Laundering Compliance
  Memberships of Supervisory Boards and comparable supervisory bodies:
  - Member of the Supervisory Board of OVB Vermögensberatung AG, Cologne (until 31/12/2020)
  - Member of the Supervisory Board of OVB Allfinanz Slovensko a.s., Bratislava, Slovakia (until 31/12/2020)
  - Member of the Supervisory Board of OVB Allfinanz a.s., Prague, Czech Republic (until 31/12/2020)

- Frank Burow (since 01/01/2021), Member of the Executive Board, Finance – CFO –
  Responsible for Corporate Accounting, Risk Management, Management Accounting, Legal Affairs, Tax Planning, Compliance, Data Protection, Anti-Money Laundering Compliance
  Memberships of Supervisory Boards and comparable supervisory bodies:
  - Member of the Supervisory Board of OVB Vermögensberatung AG, Cologne (since 11/01/2021)
  - Member of the Supervisory Board of OVB Allfinanz Slovensko a.s., Bratislava, Slovakia (since 01/01/2021)
  - Member of the Supervisory Board of OVB Allfinanz a.s., Prague, Czech Republic (since 19/01/2021)

## Members of the Supervisory Board of OVB Holding AG are:

- Michael Johnigk, Chairman of the Supervisory Board
  Business management graduate (ret.), former Member of the Executive Board of SIGNAL IDUNA Group
  Memberships of Supervisory Boards and comparable supervisory bodies:
  – Member of the Supervisory Board of BCA AG, Bad Homburg (until 27/08/2020)
  – Member of the Supervisory Board of SIGNAL IDUNA Lebensversicherung a. G., Hamburg

- Dr. Thomas A. Lange, Deputy Chairman of the Supervisory Board
  Chairman of the Audit Committee
  Chairman of the Executive Board of NATIONAL-BANK AG, Essen
  Memberships of Supervisory Boards and comparable supervisory bodies:
  – Deputy Chairman of the Advisory Board of EIS Einlagensicherungsbank GmbH, Berlin/Cologne
  – Member of the Supervisory Board of HANSAINVEST Hanseatische Investment-GmbH, Hamburg

- Maximilian Beck, Member of the Supervisory Board
  Member of the Executive Boards of Basler Lebensversicherungs-AG, Hamburg; Basler Sachversicherungs-AG, Bad Homburg; Basler Sach Holding 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
  Memberships of Supervisory Boards and comparable supervisory bodies:
  – Chairman of the Supervisory Board of ZEUS Service AG, Hamburg
  – Chairman of the Supervisory Board of Basler Vertriebsservice AG, Hamburg

- Markus Jost, Member of the Supervisory Board
  Chairman of the Nomination and Remuneration Committee
  Independent certified expert for accounting and management accounting, former Member of the Executive Board of Basler Versicherungen, Bad Homburg/Hamburg

- Wilfried Kempchen, Member of the Supervisory Board
  Businessman (ret.), former Chairman of the Executive Board of OVB Holding AG

- Harald Steirer, Member of the Supervisory Board, since 12/03/2020
  Management consultant
  Memberships of Supervisory Boards and comparable supervisory bodies:
  – Chairman of the Supervisory Board of Generali România Asigurare Reasigurare S.A., Bukarest, Romania
  – Member of the Supervisory Board of Generali Versicherung AG, Vienna, Austria

## Remuneration of Supervisory Board and Executive Board

Remuneration of the Supervisory Board amounted to EUR 162 thousand in the year under review (31 December 2019: EUR 160 thousand).

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

| EUR'000 | Mario Freis | Oskar Heitz | Thomas Hücker |
|---|---|---|---|
| Fixed remuneration | 505 (previous year: 505) | 404 (previous year: 404) | 319 (previous year: 319) |
| Variable remuneration | 271 (previous year: 265) | 155 (previous year: 155) | 157 (previous year: 152) |
| **Total remuneration** | **776 (previous year: 770)** | **559 (previous year: 559)** | **476 (previous year: 471)** |

Variable remuneration of the members of the Executive Board is based on individual targets defined for the financial year. Apart from that, variable remuneration includes long-term benefits in the amount of EUR 280 thousand (31 December 2019: EUR 267 thousand). No share-based payments were made.

## 5. Consulting expenses and audit fees

The item legal, financial statement and consulting expenses includes the fee of the auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, in the total amount of EUR 391 thousand (31 December 2019: EUR 425 thousand), thereof EUR 15 thousand for 2019. The auditor's fees comprise the following positions in the 2020 financial year:

| EUR'000 | 2020 | 2019 |
|---|---|---|
| Audit services | 356 | 385 |
| *thereof OVB Vermögensberatung AG, Cologne* | 60 | 54 |
| Other certifications | 20 | 40 |

Fees are reported net of value-added tax for the financial year in accordance with the stipulations of IDW RS HFA 36, "Notes to Financial Statements Pursuant to Sections 285 no. 17, 314 (1) no. 9 HGB on Audit Fees".

The item "audit services" includes fees for the audit of consolidated financial statements, the audit of the separate financial statements of OVB Vermögensberatung AG, Cologne, and OVB Holding AG, Cologne, the review of the quarterly and 6-month financial reports as well as the review of the electronic reproductions of the (consolidated) financial statements and the (consolidated) management report prepared for the purpose of disclosure pursuant to Section 317 (3b) HGB .

Fees for "other certifications" include the limited assurance engagement on a business assessment of the separate non-financial consolidated management report of OVB Holding AG.

## 6. Significant events after the reporting date

There are no reportable events after the reporting date.

## 7. Related party transactions

OVB has entered into agreements on the brokerage of financial products with related entities of the SIGNAL IDUNA Group, the Baloise Group and the Generali Group.

Principal shareholders as of 31 December 2020 are entities of

- the SIGNAL IDUNA Group,
- the Baloise Group and
- the Generali Group.

The SIGNAL IDUNA Group is a horizontal group ("Gleichordnungsvertragskonzern"). Its parent companies are:

- SIGNAL IDUNA Krankenversicherung a. G., Dortmund
- SIGNAL IDUNA Lebensversicherung a. G., Hamburg
- SIGNAL IDUNA Unfallversicherung a. G., Dortmund

SIGNAL IDUNA Lebensversicherung a. G., Hamburg, directly held shares in OVB Holding AG carrying 31.67 per cent of the voting rights as of 31 December 2020. SIGNAL IDUNA Krankenversicherung a. G., Dortmund, directly held shares in OVB Holding AG carrying 21.27 per cent of the voting rights as of 31 December 2020. From contracts with companies of the SIGNAL IDUNA Group, sales were generated in the amount of EUR 29,307 thousand in 2020 (31 December 2019: EUR 32,480 thousand). Receivables amount to EUR 3,549 thousand (31 December 2019: EUR 3,054 thousand).

The item securities and other capital investments includes securities of the Signal IDUNA Group in the amount of EUR 7,461 thousand (31 December 2019: EUR 7,588 thousand).

Basler Beteiligungsholding GmbH, Hamburg, directly held shares in OVB Holding AG carrying 32.57 per cent of the voting rights as of 31 December 2020. This entity is a consolidated company of the Baloise Group, whose parent is

Bâloise Holding AG, Basel. From contracts with companies of the Baloise Group, sales were generated in the amount of EUR 22,889 thousand in 2020 (31 December 2019: EUR 22,789 thousand), essentially in the Germany segment. Receivables come to EUR 3,201 thousand (31 December 2019: EUR 3,062 thousand).

The item securities and other capital investments includes securities of Bâloise Holding AG in the amount of EUR 727 thousand (31 December 2019: EUR 760 thousand).

Generali CEE Holding B.V., Amsterdam, The Netherlands, directly held shares in OVB Holding AG carrying 11.48 per cent of the voting rights as of 31 December 2020. This entity belongs to the Generali Group, whose parent is Assicurazioni Generali S.p.A., Trieste, Italy. From contracts with companies of the Generali Group, sales were generated in the amount of EUR 22,108 thousand in 2020 (31 December 2019: EUR 18,828 thousand). Receivables come to EUR 5,738 thousand (31 December 2019: EUR 6,381 thousand) and liabilities amount to EUR 10 thousand (31 December 2019: EUR 10 thousand).

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

In financial year 2012, German subsidiary OVB Vermögensberatung AG leased office space 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 36 thousand p.a. Of this total amount, EUR 30 thousand (31 December 2019: EUR 30 thousand) are rent and EUR 6 thousand (31 December 2019: EUR 4 thousand) are incidental rental costs.

D&O insurance with coverage of EUR 25,000 thousand per insured event has been taken out for the members of the Executive Board and the Supervisory Board.

Items outstanding by 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 entities of the SIGNAL IDUNA Group in financial year 2020 and in the previous years in accordance with Section 312 AktG (Stock Corporation Act).



## 8. Declaration pursuant to Section 161 AktG

The Executive Board and the Supervisory Board of OVB Holding AG have issued the declaration required under Section 161 AktG (Stock Corporation Act) for 2020 and made it permanently available to the shareholders on the website of OVB Holding AG (https://www.ovb.eu/english/investor-relations/corporate-governance.html).

## 9. Declaration pursuant to Section 114 WpHG

The financial statements represent an annual financial report for the purpose of the Second Act Amending Financial Market Regulation (Section 114 WpHG – Securities Trading Act) of 23 June 2017.

## Responsibility statement

We assure that 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 25, 2021

| | | |
|---|---|---|
| Mario Freis<br>CEO | Frank Burow<br>CFO | Thomas Hücker<br>COO |

The following copy of the auditor's report also includes a "Report on the audit of the electronic renderings of the financial statements and the management report prepared for disclosure purposes in accordance with § 317 Abs. 3b HGB" ("Separate report on ESEF conformity"). The subject matter (ESEF documents to be audited) to which the separate report on ESEF conformity relates is not attached. The audited ESEF documents can be inspected in or retrieved from the Federal Gazette.

# Independent auditor's report

**To OVB Holding AG, Cologne**

## Report on the audit of the Consolidated Financial Statements and of the Group Management Report

### Audit Opinions

We have audited the consolidated financial statements of OVB Holding AG, Cologne, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of OVB Holding AG, which is combined with the Company's management report, for the financial year from 1 January to 31 December 2020. In accordance with the German legal requirements, we have not audited the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2020, and of its financial performance for the financial year from 1 January to 31 December 2020, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

### Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

## Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

I. Measurement of receivables from financial agents

II. Provisions for cancellation risks

Our presentation of these key audit matters has been structured in each case as follows:

1. Matter and issue

2. Audit approach and findings

3. Reference to further information

Hereinafter we present the key audit matters:

**I. Measurement of receivables from financial agents**

1. In the consolidated financial statements of OVB Holding AG as at 31 December 2020, other receivables totaling € 18.5 million are reported under the balance sheet line item "Receivables and other assets". As at the balance sheet date, € 5.9 million of this amount is attributable to receivables from financial agents resulting primarily from advance commission payments and claims for commission refunds. The Company sets up specific valuation allowances taking into account the information available on the credit rating of the debtors, the age structure of the receivables and, in individual cases, based on legal opinions prepared by internal and external attorneys. Within this context, a differentiation is made between active and former financial agents. Due to the large number of individual receivables from financial agents, the Company also calculates collective specific valuation allowances based on the grouping of receivables that are considered not to be significant and that have the same opportunity and risk profile based on value-influencing factors of the respective debtors. Based on these analyses and esti- mates of the executive directors, as well as other documents, the total expenses for valuation allowances on receivables from financial agents amounted to € 2.3 million in the financial year. As this measurement of receivables, which involves to a large extent judgment of the executive directors, has a significant impact on the recognition and amount of the valuation allowances which may become necessary, and the measurements are subject to uncertainties, this matter was of particular significance during our audit.

2. During our audit we in particular evaluated the analyses and measurements carried out by the Company with respect to whether these were up to date, evaluated the measurement method used and examined and assessed the measurement. In doing so, we obtained an understanding of the underlying source data, measurement parameters and the assumptions made by the executive directors, evaluated those factors critically and assessed whether they are within an acceptable range. Furthermore, we evaluated the legal opinions prepared by the internal and external attorneys appointed by the Company on a sample basis. Based on this, we carried out additional analytical audit procedures and tests of details relating to the measurement of the receivables from financial agents. Among other things, we also evaluated the underlying amounts recorded and their recoverability on the basis of the documentation made available, and we assessed the consistent application of the measurement methods. Based on our audit procedures, we were able to satisfy ourselves that the estimates and assumptions made by the executive directors for the purpose of measuring the receivables from financial agents are sub- stantiated and adequately documented.

3. The Company's disclosures pertaining to other receivables are contained in sections 4.4, 4.2.1 and II.7 of the notes to the consolidated financial statements.

**II. Provisions for cancellation risks**

1. In the consolidated financial statements of OVB Holding AG provisions for cancellation risks in the amount of € 20.4 million are reported under the balance sheet line item "Other provisions". These provisions relate to commission received from partner companies for brokerage of financial products that is to be reimbursed by the Company, where appropriate on a pro rata basis, in the event that brokered contracts

are not redeemed, or are cancelled, within a certain liability period. The provisions are calculated based on a uniform Group-wide measurement process and are calculated by the respective subsidiary based on the country-specific measurement parameters, such as liability period, historical cancellation rates and expectations regarding the timing of the cancellations as at the balance sheet date. The portion of the provisions for cancellation risks that is likely to be non-current is discounted using a discount rate adequate to the period of the term. The calculation of the provisions for cancellation risks is to a large extent subject to the judgment of the executive directors and its related uncertain- ties. Against this background and due to the amount of this significant item in terms of its amount, this matter was of particular significance for our audit.

2. In the knowledge that estimated values result in an increased risk of accounting misstatements and that the measurement decisions made by the executive directors have a direct impact on consolidated profit/loss, we assessed the appropriateness of the carrying amounts. This in volved, among other things, assessing the structure and appropriateness of the uniform Group-wide measurement method used to calculate the provisions and evaluating its uniform application across the Group. We also compared the country-specific and product-specific liability periods used in the calculation against the relevant legal requirements. In addition, we evaluated the Company's historical cancellation rates used in the calculation and the expectations of the executive directors regarding the timing of the cancellations as at the balance sheet date. Based on our audit procedures, we were able to satisfy ourselves that the estimates and assumptions made by the executive directors for the purpose of recognizing and measur ing provisions for cancellation risks are substantiated and adequately documented.

3. The Company's disclosures pertaining to provisions for cancellation risks are contained in sections 4.4, 6.2.2 and II.23 of the notes to the consolidated financial statements.

## Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the group management report:

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB included in section "statement on corporate governance pursuant" of the group management report
- the separate non-financial group report pursuant to § 315b Abs. 3 HGB

The other information comprises further the remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or

- otherwise appears to be materially misstated.

## Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Finan- cial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

## Other legal and regulatory requirements

### Assurance Report in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes

#### Reasonable Assurance Conclusion

We have performed an assurance engagement in accordance with § 317 Abs. 3b HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the attached electronic file OVB_AG_KA+LB_ESEF-2021-03-01.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance engagement only extends to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within this reproduction nor to any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned attached electronic file and prepared for publica- tion purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned electronic file beyond this reasonable assurance conclusion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January to 31 December 2020 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above.

#### Basis for the Reasonable Assurance Conclusion

We conducted our assurance engagement on the reproduction of the consolidated financial statements and the group management report contained in the abovementioned attached electronic file in accordance with § 317 Abs. 3b HGB and the Exposure Draft of IDW Assurance Standard: Assurance in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410) and the International Standard on Assurance Engagements 3000 (Revised). Accordingly, our responsibilities are further described below in the "Group Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

#### Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error. The executive directors of the Company are also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited consolidated financial statements and audited group management report as well as other documents to be published to the operator of the German Federal Gazette [Bundesanzeiger].

The supervisory board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

### Group Auditor’s Responsibilities for the Assurance Engagement on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance engagement. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance conclusion.

- Obtain an understanding of internal control relevant to the assurance engagement on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance conclusion on the effectiveness of these con- trols.

- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version applicable as at the balance sheet date on the technical specification for this electronic file.

- Evaluate whether the ESEF documents enables a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited group management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

### Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 10 June 2020. We were engaged by the supervisory board on 3 November 2020. We have been the group auditor of the OVB Holding AG, Cologne, without interruption since the financial year 2005.

We declare that the audit opinions expressed in this auditor’s report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

## German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Michael Peters.

Düsseldorf, 1 March 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

| | |
|---|---|
| **Michael Peters** | **ppa. Nadine Keuntje** |
| (German Public auditor) | (German Public auditor) |

Michael Johnigk
Chairman of the
Supervisory Board,
OVB Holding AG

# Report of the Supervisory Board

Dear shareholders,

The financial agents and employees of OVB Holding AG performed exceedingly well under challenging conditions in financial year 2020. In the year of its 50th anniversary, the Company showed impressive operational strength despite the impact of the COVID-19 pandemic.

The Supervisory Board attended to the full scope of its duties as defined by law, the Articles of Association and the rules of procedure in the year under review. The Supervisory Board advised the Executive Board in managing the Company and supervised the Executive Board's activities based on the comprehensive written, oral and electronically transmitted reports delivered by the Executive Board. In addition to that, the Chairman of the Supervisory Board and the Executive Board, particularly the CEO, maintained an ongoing exchange on topics of strategic orientation, planning, business performance, the risk position, risk management, compliance, important individual events and transactions as well as impending decision-making. The Chairman of the Audit Committee and the CFO also exchanged relevant information routinely, comprising topis of financial accounting and the internal control system in addition to the above-mentioned matters.

The Supervisory Board was thus always informed about the economic and financial development of the Group and its segments, including planning, the business and risk strategy and other fundamental issues of business operations, risk management, here particularly the OVB Group's material risks, transactions and events of considerable importance and developments regarding financial agents and employees. In addition to the annual report prepared by Internal Auditing and the annual report of the Head of Compliance, the Supervisory Board was constantly informed by the Executive Board on compliance and other recent topics. The Supervisory Board was directly involved in all decisions of essential relevance to the Group at an early stage and discussed and debated such decisions based on the information provided by the Executive Board extensively in full session together with the Executive Board.

The Executive Board informed the Supervisory Board early on about all matters requiring the Supervisory Board's explicit agreement under law, the Articles of Association or the rules of procedure and presented them to the Supervisory Board for the adoption of resolutions in due time. There were no transactions in the financial year that as related party transactions required the Supervisory Board's approval.

The Supervisory Board always had the opportunity to scrutinize and discuss the Executive Board's reports and resolution proposals in full session and in the Committees and to offer suggestions before casting its vote on the respective resolution proposal following thorough examination and debate.

In urgent individual cases, resolutions were also adopted in writing, by electronic means or by phone with the approval of all Supervisory Board members.

All key financials were reported to the Supervisory Board by the Executive Board for each quarter. Insofar as the business performance deviated from planning and defined targets, the Supervisory Board received detailed explanation. Reasons for such deviations were analyzed by Executive Board and Supervisory Board together and appropriate counteractive measures were derived from this joint assessment. The Company's risk position was also presented in detail and analyzed on a quarterly basis. Risk reports included the current risk position of the Group in view of profit/loss and assets and liabilities, distribution, products, markets, competition, regulatory framework and operations and support.

### Meetings and topics of the Supervisory Board

In the 2020 financial year, the Supervisory Board concerned itself in six regular meetings – on 18, 22 and 25 March, 10 June, 11 September and 8 December – with the Executive Board's written and oral reports and its resolution proposals in detail. Due to the pandemic, all meetings were held by way of conference calls or video conferences with the sole exception of the Supervisory Board meeting conducted on 11 September 2020. Apart from that, the Supervisory Board requested reports and information from the Executive Board on individual topics, provided in each case exhaustively and in good time. Subjects of routine debate in full session were business planning and the business performance in the three regional segments – Central and Eastern Europe, Germany, Southern and Western Europe – and the Corporate Centre segment as well as the Group's profit/loss, financial position and assets and liabilities.

Against the backdrop of a changing regulatory framework, dealing with the topic of Executive Board remuneration became a priority of Supervisory Board work. In its sessions held in June, September and December 2020, the Supervisory Board concerned itself with the assessment of appropriateness of Executive Board remuneration as of financial year 2021, based on the preparation and suggestions provided by the Nomination and Remuneration Committee, and commissioned an independent external remuneration expert to evaluate the remuneration system of OVB Holding AG for any need of amendment.

On 18 and 25 March 2020, the Supervisory Board dealt among other things with the financial statements and the combined management report of OVB Holding AG and the Group as of 31 December 2019, the report of the Supervisory Board and the report of the Executive Board on relationships with affiliated companies for the 2019 financial year.

The Supervisory Board approved the Executive Board's proposal for the appropriation of retained earnings, determined the respective variable remuneration amounts for the members of the Executive Board for financial year 2019 based on achievement of the predefined targets and concerned itself with the agenda of the Annual General Meeting of Shareholders on 10 June 2020 including amendments to the Articles of Association.

As a matter of course, the Supervisory Board focused on the challenges and effects of the COVID-19 pandemic throughout the year under review. A special focus of debate on 22 March 2020 were the scenarios for the potential impact of the pandemic on the Company's situation presented by the Executive Board.

The Supervisory Board gave its approval to holding a virtual General Meeting of Shareholders without the physical presence of the shareholders or their proxies in accordance with Section 1 (2) of the Act on Mitigating the Consequences of the COVID-19 Pandemic in Corporate, Cooperative, Association, Foundation and Residential Property Law of 27 March 2020 in April 2020 prior to the release of the convening notice in the Federal Gazette by way of circular resolution.

In the June session immediately preceding the 2020 Annual General Meeting, the Executive Board reported among other topics about the current business and financial position after the end of the first quarter in detail, including the effects of the COVID-19 pandemic, as well as on changes involving holdings. Apart from that, final preparations were made for the impending virtual General Meeting of Shareholders.

The results of the remuneration expert's evaluation of Executive Board remuneration were discussed in depth in the September meeting in full session. Moreover, the Supervisory Board concerned itself extensively with the Executive Board's status report on the strategy "OVB Evolution 2022" and especially with the considerable progress made with digitization. Finally the current situation after the end of the first half-year 2020 and relevant measures involving holdings were discussed.

Subjects of the meeting in December 2020 were corporate governance matters in particular. Upon the proposal of the Nomination and Remuneration Committee, a resolution on the maximum remuneration of Executive Board members was adopted. Also as proposed by the Nomination and Remuneration Committee, the Supervisory Board defined the performance criteria for the variable Executive Board remuneration for financial year 2021. Apart from that, the declaration of conformity with the German Corporate Governance Code was discussed in detail. Finally, the Supervisory Board addressed the findings of its self-assessment of the effectiveness of task fulfillment by the Supervisory Board and its Committees. Also on the agenda were the key financials for the year 2021 and the multi-year planning until the year 2025 derived from that as well as the business situation and profit/loss after the close of the third quarter of 2020.

The Supervisory Board also routinely convened in the temporary absence of the Executive Board, then discussing agenda items that either concerned the Executive Board itself or internal Supervisory Board matters.

The members of the Supervisory Board take training measures required for accomplishing their tasks on their own initiative, e.g. those concerning changes to the legal framework and new promising technologies. If necessary they are supported in this by the Company. Apart from that, in-house informative events are provided for targeted qualification if required. New members of the Supervisory Board also have the opportunity to meet members of the Executive Board and other executives for an exchange of information and views on general and current topics concerning the OVB Group and thus get an overview of the Company's issues of relevance; Harald Steirer made good use of that when he took office last year.

### Individualized disclosure of participation in meetings

Due to the special circumstances created by the COVID-19 pandemic, starting in March 2020 all meetings were held either as virtual meetings or as physical meetings with the option to participate virtually. Participation of the Supervisory Board members in the meetings of the Supervisory Board and the Committees is disclosed individually as follows:

| | Participation | in % |
|---|---|---|
| **Supervisory Board** | | |
| Michael Johnigk (Chairman) | 6/6 | 100 |
| Dr. Thomas Lange (Deputy Chairman) | 6/6 | 100 |
| Maximilian Beck | 6/6 | 100 |
| Markus Jost | 6/6 | 100 |
| Wilfried Kempchen | 6/6 | 100 |
| Harald Steirer | 6/6 | 100 |
| **Nomination and Remuneration Committee** | | |
| Markus Jost (Chairman) | 10/10 | 100 |
| Michael Johnigk | 10/10 | 100 |
| **Audit Committee** | | |
| Dr. Thomas Lange (Chairman) | 7/7 | 100 |
| Maximilian Beck | 6/7 | 86 |
| Michael Johnigk | 7/7 | 100 |
| Markus Jost | 7/7 | 100 |

### Corporate Governance Code

At the Supervisory Board meeting of 8 December 2020, the Supervisory Board decided after extensive debate to release a joint declaration of conformity of Supervisory Board and Executive Board on the German Corporate Governance Code pursuant to Section 161 (1) AktG that same day, made permanently available to shareholders on the Company's website at www.ovb.eu.

### Report from the Committees

The Supervisory Board has established two standing Committees for preparing Supervisory Board resolutions and the topics to be addressed in full session.

At each Supervisory Board meeting, the Chairmen of the Committees reported on the subjects and outcomes of any preceding Committee meetings so that the Supervisory Board had a comprehensive information base for its debates at all times.

### Audit Committee

Its responsibilities include especially the supervision of financial accounting and the financial accounting process, the effectiveness and development of the internal control system, the risk management system, auditing and compliance as well as the audit. The Audit Committee prepares the resolutions of the Supervisory Board on separate financial statements, combined management report and the proposal for the appropriation of retained earnings, the consolidated financial statements and the agreements with the auditor (in particular the audit engagement, the definition of key audit matters and the fee arrangement). The Committee furnishes a reasoned proposal for the election of the auditor and takes suitable measures for determining and monitoring auditor independence. Its assessment particularly relates to the question if statutory requirements were complied with in preparing separate financial statements and consolidated financial statements and if the statements therein give a true and fair view of the assets and liabilities, financial position and profit/loss of the Company and the Group.

The Audit Committee held seven meetings in the 2020 financial year, only one of which – in September 2020 – was a physical meeting due to COVID-19. The Audit Committee concerned itself in depth with the financial statements and management reports of OVB Holding AG and the Group prepared by the Executive Board and examined and discussed the interim financial reports (6-month and quarterly reports) in consideration of the auditor's report on the reviews of these reports. At its routine meetings held in March, June, September and December, the Audit Committee debated topics of risk management, auditing and compliance.

Moreover, in the year under review the Audit Committee dealt routinely with reporting on measures for COVID-19 protection and prevention for maintaining the Group's operability and distribution capability, among other issues.

**Nomination and Remuneration Committee**

The Nomination and Remuneration Committee, responsible in particular for preparing the resolution proposals for all decisions regarding Executive Board and Supervisory Board matters to be made in full session, convened ten times in 2020. Committee members discussed matters of special importance even outside the framework of sessions, all of which were held as conference calls due to the pandemic. Special emphasis of Committee work in the year under review was placed on the assessment of appropriateness of Executive Board remuneration and preparations of necessary adjustments of the remuneration system in view of the new provisions introduced by ARUG II and the 2020 German Corporate Governance Code. After commissioning an independent remuneration expert, evaluation began by compiling an adequate peer group of companies that are comparable to OVB Holding AG in as many categories as possible and thus suitable for assessing the Executive Board remuneration's conformity with the market. The actual assessment of appropriateness was then conducted on that basis. The findings of the remuneration expert's evaluation submitted in the form of a written report in late summer were first debated extensively by the Committee. Apart from that, the Committee prepared the Supervisory Board's resolution proposals on the definition of performance criteria and targets for variable remuneration. Moreover, the Committee dealt with impending appointments to the Executive Board as well as succession planning for the Executive Board and the top level of senior executives.

**Audit of separate and consolidated financial statements**

The auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, has audited the separate financial statements and consolidated financial statements as well as the management report of OVB Holding AG integrated into the combined management report for the financial year from 1 January to 31 December 2020 and has issued an unqualified audit opinion. Separate financial statements and management report were prepared in accordance with German law. The consolidated financial statements were prepared according to the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and according to supplementary provisions under applicable German law pursuant to Section 315e (1) HGB (Commercial Code).

Separate financial statements, consolidated financial statements, the combined management report as well as the audit reports on the annual financial statements prepared by the auditor and all other financial statement documents were submitted to the members of the Supervisory Board in good time prior to the Board's meeting. All these documents were debated extensively by the Audit Committee and in the session of the Supervisory Board on 17 March 2021 respectively.

Both meetings were held in the form of video conferences due to the COVID-19 restrictions in effect. All documents were the subject of intense discussion by the Audit Committee and at the Supervisory Board meeting. The Audit Committee concerned itself in particular with the key audit matters including the audit procedures as described in the audit opinion.

The audit reports prepared by the auditor were made available to all members of the Supervisory Board and were discussed extensively at the meeting of the Audit Committee, in which all other Supervisory Board members participated as well, in the presence of the auditor's certified accountants who reported on the scope, focal points and material findings of the audit. Any material flaws of the internal control system with respect to financial accounting and the early warning system for risks were not identified. The Executive Board explained the financial statements of OVB Holding AG and the Group as well as the risk management system at this meeting. The Supervisory Board also adopted the resolution proposal to the General Meeting of Shareholders for the election of the auditor in consideration of the Audit Committee's recommendation at its 17 March 2021 meeting. This decision was based on the declaration furnished by the Audit Committee that its recommendation was free from any undue influence by third parties and that no clause restricting its choice in accordance with Art. 16 (6) of the EU Audit Regulation was imposed on the Committee.

Within the scope of discussing the financial statements at the Supervisory Board meeting of 17 March 2021, Executive Board and Supervisory Board decided in consideration of the positive outlook for the 2021 financial year as a seamless continuation of the sound performance of the year 2020 to pay special tribute to the 50-year anniversary of OVB and to propose to the General Meeting of Shareholders the distribution of an anniversary bonus of Euro 0.25 in addition to the dividend of Euro 0.75 per share for financial year 2020.

The Supervisory Board agrees with the auditor's findings based on the audit. After the final examination conducted by the Audit Committee and the Supervisory Board's own review, no objections are raised against financial statements, consolidated financial statements and combined management report. The Supervisory Board has therefore approved the 2020 separate financial statements and 2020 consolidated financial statements. The 2020 financial statements are thus adopted in accordance with Section 172 sentence 1 AktG (Stock Corporation Act). The Supervisory Board has approved the Executive Board's proposal for the appropriation of retained earnings.

Beyond the scope of the statutory audit, PricewaterhouseCoopers has also conducted a limited assurance review of the separate non-financial consolidated management report of OVB Holding commissioned by the Supervisory Board and has raised no objections on this basis against non-financial reporting and compliance with the corresponding statutory provisions. The Supervisory Board has approved this review report.

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. consideration paid by the Company for the transactions listed in the report was not inappropriately high and

3. no circumstances suggest a materially different assessment from the assessment made by the Executive Board with respect to the measures listed in the report."

The Supervisory Board has examined the Executive Board's report on relationships with affiliated companies, consulted 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.

### Changes on Supervisory Board and Executive Board

Harald Steirer, who was appointed member of the Supervisory Board of OVB Holding AG by court order of the District Court of Cologne on 12 March 2020 effective until the close of the 2020 Annual General Meeting of Shareholders, was elected to the Supervisory Board of OVB Holding AG by the Annual General Meeting of Shareholders of 10 June 2020, as proposed by the Supervisory Board, for the remaining term of the Supervisory Board, i.e. until the close of the General Meeting of Shareholders to vote on the formal approval of the actions of the Supervisory Board members for financial year 2022.

Furthermore, in March 2020 the Supervisory Board decided on the extension of the appointment of Thomas Hücker, Executive Board member for Operations (COO), and the appointment of Frank Burow as successor of Oskar Heitz, Deputy Chairman and Executive Board member for Finance (CFO), who went into retirement as of 31 December 2020, effective 1 January 2021.

### Conflicts of interest and their management

No member of the Executive Board or the Supervisory Board identified or announced any conflicts of interest of his own.

The Supervisory Board is not aware of any indications of conflicts of interest of Executive Board or Supervisory Board members subject to immediate disclosure to the Chairman of the Supervisory Board and information of the General Meeting of Shareholders.

### Acknowledgements

The Supervisory Board thanks the members of the Executive Board, the management teams and executives of the holdings and all financial agents and employees of the OVB Group for their active commitment and the constructive teamwork over the past financial year.

Cologne, 17 March 2021

On behalf of the Supervisory Board

Michael Johnigk
Chairman

# Company boards and board memberships

| Executive Board | Memberships of Supervisory Boards and comparable supervisory bodies |
|---|---|
| **Mario Freis**<br>Chairman of the Executive Board (CEO)<br><br>Responsible for Corporate Development, Corporate Management, Sales, Training, Product Management, Marketing, Communication, Auditing, Investor Relations | - OVB Vermögensberatung AG, Cologne (Chairman)<br>- OVB Allfinanz a.s., Prague, Czech Republic (Chairman; since 1 January 2021)<br>- OVB Allfinanz Slovensko a.s., Bratislava, Slovakia (Member) |
| **Frank Burow**<br>Member of the Executive Board – Finance (CFO)<br><br>Responsible for Corporate Accounting, Risk Management, Management Accounting, Legal Affairs, Tax Planning, Compliance, Data Protection, Anti-Money Laundering Compliance | - OVB Vermögensberatung AG, Cologne (Member; since 11 January 2021)<br>- OVB Allfinanz Slovensko a.s., Bratislava, Slovakia (Member; since 1 January 2021)<br>- OVB Allfinanz a.s., Prague, Czech Republic (Member; since 19 January 2021) |
| **Thomas Hücker**<br>Member of the Executive Board – Operations (COO)<br><br>Responsible for Group IT, IT Security, Business Process Management, Human Resources | |



| Supervisory Board | Memberships of Supervisory Boards and comparable supervisory bodies |
|---|---|
| **Michael Johnigk**<br>Chairman of the Supervisory Board<br><br>Business management graduate (ret.), former member of the Executive Boards of SIGNAL IDUNA Group, Dortmund/Hamburg | - BCA AG, Bad Homburg (Member; until 27 August 2020)<br>- SIGNAL IDUNA Lebensversicherung a. G., Hamburg (Member) |
| **Dr. Thomas A. Lange**<br>Deputy Chairman of the Supervisory Board<br><br>Chairman of the Executive Board of NATIONAL-BANK AG, Essen | - Advisory Board of EIS Einlagensicherungsbank GmbH, Berlin/Cologne (Deputy Chairman)<br>- HANSAINVEST Hanseatische Investment-GmbH, Hamburg (Member) |
| **Maximilian Beck**<br>Member of the Supervisory Board<br><br>Member of the Executive Boards of Basler Lebensversicherungs-AG, Hamburg; Basler Sachversicherungs-AG, Bad Homburg; Basler Sach Holding 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 | - ZEUS Service AG, Hamburg (Chairman)<br>- Basler Vertriebsservice AG, Hamburg (Chairman) |

| Supervisory Board | Memberships of Supervisory Boards and comparable supervisory bodies |
|---|---|
| **Markus Jost**<br>Member of the Supervisory Board<br><br>Independent certified expert for accounting and management accounting, former Member of the Executive Boards of Basler Versicherungen, Bad Homburg/Hamburg | |
| **Wilfried Kempchen**<br>Member of the Supervisory Board<br><br>Businessman (ret.), former Chairman of the Executive Board of OVB Holding AG | |
| **Harald Steirer**<br>Member of the Supervisory Board<br>(since 12 March 2020)<br><br>Management consultant | - Generali România Asigurare Reasigurare S.A., Bukarest, Romania (Chairman)<br>- Generali Versicherung AG, Vienna, Austria (Member) |

## Supervisory Board Committees

| | |
|---|---|
| **Audit Committee** | Dr. Thomas A. Lange (Chairman), Michael Johnigk, Maximilian Beck, Markus Jost |
| **Nomination and Remuneration Committee** | Markus Jost (Chairman), Michael Johnigk |

# Financial Calendar

**23 March 2021**
Publication of the Annual Financial Statements for 2020

**11 May 2021**
Results for the first quarter 2021, Conference Call

**09 June 2021**
Annual General Meeting

**11 August 2021**
Results for the second quarter 2021, Conference Call

**09 November 2021**
Results for the third quarter 2021, Conference Call

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