

Report of the Executive Board on the preclusion of the shareholders' subscription rights for the utilisation of own stock (Section 71 (1) no. 8 AktG in conjunction with Section 186 (3) and (4) AktG) in respect of agenda item 7:

By Section 71 (1) no. 8 AktG, the legislator has given stock corporations the opportunity to acquire their own stock on the basis of an authorisation granted by shareholders' resolution for a maximum period of five years, unless the purpose of the acquisition is trading own stock and as long as equal treatment in accordance with stock corporation law is observed. In order to improve the company's flexibility with regard to equity financing, the Executive Board is in agreement that it is advisable for the company to acquire own stock and to be able to dispose of the stock other than by a tender offer to all shareholders.

The Annual General Meeting of 3 June 2008 and the following Annual General Meeting of 12 June 2009 had already authorised the company to acquire bearer shares of the company with the Supervisory Board's consent in one or several transactions up to a maximum number of 250,000 shares until 11 December 2010 and to use them other than through sale on the stock exchange. No use has been made of this authorisation to date. Since the existing authorisation expires prior to the Annual General Meeting 2011, a new authorisation is required to allow for the acquisition of own stock and its use other than through sale on the stock exchange.

By the proposed shareholders' resolution, the company shall be enabled to use own stock thus acquired for all legal purposes under preclusion of the shareholders' subscription rights.

The authorisation applies in particular to the use of own stock directly or indirectly as consideration within the framework of business combinations and the acquisition of companies, investments in companies, or other assets. As acquisition currency, own stock is an important financial instrument. Own stock can represent a favourable financing alternative for the company, and sellers often request own stock as consideration. When determining the valuation relations, the Executive Board

will take care to ensure that the interests of shareholders are upheld and will base its calculation of the value of own stock as consideration on the stock market price of the OVB Holding AG share. With the corresponding authorisation, the company shall be enabled to transact acquisitions for which the consideration consists in shares entirely or in part expeditiously and in a flexible manner, especially without referring the matter to the General Meeting, often rendered impossible due to time issues. Using own stock for acquisitions also carries the advantage for shareholders that their voting rights are not diluted compared to the situation prior to the company's acquisition of own stock.

The company shall also be given the opportunity to acquire own stock by means of a public submission of a tender offer. In this case, every shareholder is free to decide whether he or she wishes to offer shares to the company, and if so, how many. If the quantity of shares offered to the company exceeds the number of shares requested by the company, the acceptance of the selling tenders must be allocated. This allocation is generally based on the ratio of shares offered in each case. However, it should be possible for the company to facilitate a preferential acceptance of smaller offers of up to 100 of the company's shares offered per shareholder. The objective of this option is to avoid fractional amounts when specifying the quota to be acquired and small leftover amounts as far as possible and hence simplify the technical realisation.

Finally, the authorisation opens up to the opportunity to the company to make use of the acquired stock within the scope of an employee participation scheme and to offer them for subscription to employees, executives, members of the management, and the independent sales agents of OVB Holding AG and its subsidiaries in Germany and abroad under preclusion of the shareholders' subscription rights. The issue of shares to Group employees and to the subsidiaries' independent sales agents follows the objective to commit employees and sales agents to the company and to increase their motivation through strengthened identification with the company. Participation thus serves the increase of the company's success and is therefore in the direct interest of the company.

In view of the purposes intended with the disposal of own stock, which are in the company's as well as the shareholders' interest, and the limi-

tation of its scope, the preclusion of subscription rights is objectively justified and adequate.

At present there are no concrete plans for acquisitions that involve the intended use of own stock. The Executive Board will report on each use of the authorisation at each following General Meeting.

According to Section 71 (1) no. 8 AktG, the total number of shares to be acquired must not exceed 10 percent of the share capital. This is guaranteed by the corresponding limitation of the authorisation to 300,000 shares, equalling about 2.1 percent of the existing share capital of EUR 14,251,314.00 EUR divided into 14,251,314 no-par shares.

The Executive Board shall also be authorised by the Annual General Meeting to retire own stock without another shareholders' resolution. In accordance with Section 237 (3) no. 3 AktG, the proposed authorisation provides that the Executive Board may retire the stock even without a capital decrease. By retiring the shares without a capital decrease, the remaining no-par shares' portion of the company's share capital will increase. Insofar the Executive Board is authorized, subject to the Supervisory Board's consent, to adjust the wording of the articles of association with respect to the number of no-par shares. The shareholders' other rights are not affected by a retirement of shares.

The written report of the Executive Board to the Annual General Meeting in accordance with Section 71 (1) no. 8 AktG in conjunction with Section 186 (3) and (4) AktG is available to the shareholders on the Internet at <http://www.ovb.ag/InvestorRelations/Hauptversammlung/Hauptversammlung2010> and will also be on display at the Annual General Meeting