



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

Report of the Supervisory Board

Ladies and gentlemen,

The Supervisory Board of OVB Holding AG diligently attended to its duties as defined by law, the Articles of Association and the rules of procedure in the year under review. The Supervisory Board routinely advised the Executive Board in managing the Company and supervised the Executive Board's activities closely and continuously with respect to the lawfulness, compliance, expedience and economic efficiency of the Company's management. The Supervisory Board particularly concerned itself in detail with the Company's economic and financial development as well as with strategy and planning.

The Supervisory Board extensively discussed and debated all business transactions of relevance to the Company, based on the information furnished by the Executive Board, in full session. For this purpose, the Executive Board informed the Supervisory Board comprehensively and in good time about all aspects of importance to the Company in writing, by electronic means and orally. Key topics were the economic and financial performance of the Group and its segments including corporate planning, the business and risk strategy and other substantial factors of business operations, risk management, especially the material risks the OVB Group is exposed to, significant events and business transactions, develop-

ments with respect to financial agents and employees, the annual report prepared by Internal Auditing and the annual report provided by the Chief Compliance Manager. 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. Thus the Supervisory Board always had the opportunity to scrutinize and discuss the reports and resolution proposals of the Executive Board 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 with the approval of all Supervisory Board members in writing, by electronic means or by phone.

All key financials were reported to the Supervisory Board by the Executive Board for each quarter. Insofar as the business performance deviated from planning, the Supervisory Board received detailed explanations which were then discussed by the Supervisory Board's members. 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. The Chairman of the Supervisory Board and the Chairmen of the Audit Committee and the Nomination and Remuneration Committee regularly exchanged information with the CEO and the CFO outside the framework of the meetings and were thus informed about the current business situation and material business transactions.

Meetings of the Supervisory Board

Five regular meetings were held in the 2018 financial year. Members who were not able to attend in person participated in the adoption of resolutions by way of written votes. Each Supervisory Board member attended more than half of the meetings of the Supervisory Board and the respective committees he was a member of. The members of the Executive Board also attended Supervisory Board meetings unless the Chairman of the Supervisory Board had decided otherwise.

Subjects of regular and intensive debate were business planning and business performance in the three regional segments as well as the Group's profit/loss and financial position. The Supervisory Board also concerned itself exhaustively with the corporate strategy "OVB Evolution 2022" as well as with the effects of legal changes already adopted or to be expected on product sales and commission in several countries in which OVB operates.

At its meeting of 19 March 2018, the Supervisory Board dealt with the separate and consolidated financial statements as well as the management report of OVB Holding AG combined with the group management report (combined management report) prepared by the Executive Board. By approving the 2017 separate and consolidated financial statements, the Supervisory Board followed the recommendation of the Audit Committee furnished after its detailed review. The Supervisory Board approved the Executive Board's proposal for the appropriation of retained earnings and concerned itself with the Executive Board's report on relationships with affiliated company as well as the declaration of conformity. The Supervisory Board also adopted a competency profile for the Supervisory Board and a new remuneration model for the Supervisory Board as explained in detail in the statement on corporate governance pursuant to Sections 289f, 315d HGB in the chapter on corporate governance. Also adopted were the agenda for the Annual General Meeting 2018 and the report of the Supervisory Board to the General Meeting of shareholders. Based on the established target achievements, the Supervisory Board determined the remuneration of the Executive Board members for financial year 2017.

At the meeting preceding the Annual General Meeting on 5 June 2018, the Executive Board reported in detail on the business performance of the first quarter of 2018 as well as on changes in the holdings, among other topics.

In addition to that, final preparations were made for the Annual General Meeting held that same day.

After the Annual General Meeting, the Supervisory Board convened on 5 June 2018 for its inaugural session in its new composition and carried out elections of the Chairman and Deputy Chairman of the Supervisory Board as well as elections to the Supervisory Board Committees.

The Supervisory Board meeting of 6 September 2018 was held in Warsaw (Poland).

By holding meetings at different international OVB locations, the Supervisory Board pursues the aim of gaining first-hand insight into business operations in individual national markets on location. At that meeting, the Executive Board gave a report on the current situation after concluding the first six months of 2018 and material measures involving the holdings. The Supervisory Board also addressed the Company's strategy. The status quo of the strategy's implementation, particularly with respect to the strategic cornerstones Digitization and Modernization was presented and acknowledged by the Supervisory Board.

On the agenda for the meeting of 10 December 2018 were resolution proposals concerning the acquisition of Belgian brokerage firm Willemot NV by OVB Holding AG. Moreover, the key financials for the year 2019 and the multi-year planning until the year 2023 derived from them were discussed extensively and approved. The Executive Board also reported on the business situation and profit position after the end of the third quarter of 2018. Following the report and a thorough discussion, the Supervisory Board approved the recommendations of the Nomination and Remuneration Committee for the quantitative and individual targets for Executive Board remuneration in 2019. Furthermore, the Supervisory Board informed itself about the draft of the amended German Corporate Governance Code undergoing its consultation process.

Corporate Governance Code

After extensive debate and adoption of a resolution at the Supervisory Board meeting of 19 March 2018, the Supervisory Board released the annual declaration of conformity pursuant to Section 161 (1) AktG together with the Executive Board on the same day, made permanently available on the Company's website on the internet.

Report from the committees

The Supervisory Board has established two standing committees for preparing the Supervisory Board resolutions as well as 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

The Audit Committee held seven meetings in the 2018 financial year, three of which in the shape of conference calls prior to the release of each of the interim financial reports. The Audit Committee concerned itself in depth with the financial statements and management reports of OVB Holding AG and the Group. It 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 regular meetings held in March, June, September and December, the Audit Committee discussed topics of risk management and compliance respectively. Emphasis of the March session was placed on discussions about the 2017 separate and consolidated financial statements. At the same meeting, the Audit Committee deliberated the proposal for the election of the auditor in 2018 and recommended to the Supervisory Board to propose PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, to the Annual General Meeting as auditor for the election. After the Annual General Meeting, the Audit Committee commissioned the auditor elected by the Annual General Meeting for financial year 2018, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, to perform the audit and discussed the key matters of the audit with the auditor. The Audit Committee monitored the selection, independence and qualification of the auditor. The Committee also dealt with financial accounting and the financial accounting process, the effectiveness of the internal control system, the Company's risk management system and, based on written and oral reports of the head of Internal Auditing, the effectiveness, equipment and findings of Internal Auditing as well as the Chief Compliance Officer's annual report.

Nomination and Remuneration Committee

The members of the Nomination and Remuneration Committee held three meetings in 2018, two of which in the shape of conference calls. The Committee focused on the preparation of resolution proposals to be addressed in full session with respect to all decisions pertaining to Executive Board and Supervisory Board matters. Among those were the reappointment of Oskar Heitz, Management Board member for Finance, in the year under review. The Committee also routinely examined the remuneration system and the appropriateness of the Executive Board's remuneration. At its meeting in March 2018, the Committee concerned itself with the individual target achievements of the members of the Executive Board for the payment of variable remuneration components for 2017. The Audit Committee also discussed the nomination of candidates for the new election of the Supervisory Board, recommendations for the new Supervisory Board remuneration system and the Supervisory Board's competency profile.

In September 2018, the Committee concerned itself with the projection of the bonus payments to the Executive Board members for 2018 and with the definition of targets for the Executive Board's bonus payments financial year 2019. Committee debates in December 2018 focused among other topics on further adjustments to the 2019 bonus targets for the Executive Board, a review of the Executive Board remuneration system as well as emergency and succession planning for the Executive Board and the most senior executive levels of OVB Holding AG and the subsidiaries.

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 ended 31 December 2018 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 auditor's audit reports on the annual financial statements 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 those documents were discussed intensively by the Audit Committee and by the Supervisory Board in full session, both convening on 15 March 2019. The Audit Committee particularly addressed the key audit matters including the audit procedures as described in the audit opinion. The auditor's audit reports were made available to all members of the Supervisory Board and were discussed extensively at the Supervisory Board meeting of 15 March 2019 in the presence of the auditor. The auditor's certified accountants reported on the scope, focal points and material findings of the audit and especially went into the key audit matters and the audit procedures applied. 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 Annual General Meeting for the election of the auditor in consideration of the Audit Committee's recommendation at its 15 March 2019 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.

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 2018 separate financial statements and 2018 consolidated financial statements. The 2018 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 by the payment of a dividend of Euro 0.75 per no-par share entitled to dividend and by carrying forward the remaining amount to new accounts.

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 and 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 the Supervisory Board

As of the conclusion of the Annual General Meeting held on 5 June 2018, the terms of all members of the Supervisory Board ended. The election proposals of the Supervisory Board based on suggestions furnished by its Nomination and Remuneration Committee were adopted by a large majority of the shareholders respectively. Accordingly Michael Johnnigk, Dr. Thomas A. Lange, Markus Jost, Wilfried Kempchen and Winfried Spies were confirmed in office. Maximilian Beck, member of the Executive Board of Basler Lebensversicherungs-AG, Hamburg, among other positions, was newly elected to the Supervisory Board. At the inaugural Supervisory Board meeting held immediately after the Annual General Meeting, Michael Johnnigk was appointed Chairman and Dr. Thomas A. Lange Deputy Chairman of the Supervisory Board. Furthermore, Dr. Thomas A. Lange was appointed Chairman of the Audit Committee and Markus Jost was appointed Chairman of the Nomination and Remuneration Committee. The Supervisory Board members express their gratitude to Dr. Alexander Tourneau, who stepped down from the Supervisory Board in the financial year, for the many years of working together and his commitment over the past years.

Conflicts of interest and their management

No members of the Executive Board or the Supervisory Board identified or announced any conflicts of interest of their own.

The Supervisory Board is not aware of any indications of any conflicts of interest of Executive Board or Supervisory Board members subject to immediate disclosure to the Supervisory Board and information of the General Meeting of shareholders.

Acknowledgement of commitment and achievements

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 great commitment over the 2018 financial year.

Cologne, 15 March 2019

On behalf of the Supervisory Board



Michael Johnnigk
Chairman