



Michael Johnigk
Chairman of the
Supervisory Board,
OVB Holding AG

Report of the Supervisory Board

Dear shareholders,

The Supervisory Board accompanied the Executive Board of OVB Holding AG through a very good financial year 2019. OVB continued its strategic approach with a long-term horizon and the performance of business operations was successful. With the market entry in Belgium, OVB now has a presence in 15 countries for its clients, boosting the Company's start to the year of its 50th anniversary.

It is with deep sorrow that we realize that since 21 August 2019 Winfried Spies, Supervisory Board member of many years, cannot take part in this success anymore. As an entrepreneurially minded, highly respected person he supported and participated in the Company's development with a vision based on vast experience. We are greatly indebted to him and will honour his memory.

Supervision and counselling in continuous dialogue with the Executive Board

The Supervisory Board routinely concerned itself with the situation and the performance of the Company in the 2019 financial year. In line with its responsibilities defined by law, Articles of Association and the rules of procedure, the Supervisory Board supervised and supported the Executive Board in managing the Company and gave advice in questions of corporate governance. In particular, the Supervisory Board dealt extensively with the economic and financial performance as well as with strategy and planning. The Supervisory Board was directly involved in all decisions of essential relevance to the Group.

The Executive Board informed the Supervisory Board regularly, comprehensively and in good time about all aspects of importance to the Company in writing, by electronic means and oral reports. Key topics of reporting 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, developments with respect to financial agents and employees, the annual report prepared by Internal Auditing and the annual report provided by the Head of Compliance. The Supervisory Board also received information about compliance and other recent topics on a continuing basis. 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.

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 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 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 and defined targets, the Supervisory Board received detailed explanation. Reasons for such deviations were analyzed by Executive Board and Supervisory Board together and appro-

appropriate 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. The Chairman of the Supervisory Board and the Chairman of the Audit Committee also met regularly with the CEO and the CFO outside the framework of the meetings, discussing important current topics and material business transactions and events.

Supervisory Board meetings

In financial year 2019 the Supervisory Board held four regular meetings (March, June, September and December).

Subjects of regular and intensive debate were business planning and business performance in the three regional segments, Central and Eastern Europe, Germany and Southern and Western Europe, as well as the Group's profit/loss and financial position. Furthermore, the Supervisory Board concerned itself in depth with the corporate strategy »OVB Evolution 2022« and the effects of legal changes already adopted or to be expected on product sales and commission in several countries in which OVB operates.

The Supervisory Board considers it a component of sound corporate governance to disclose its members' individual participation in Supervisory Board meetings in full session and in the Supervisory Board Committees.

Meetings of the Supervisory Board and the Committees in financial year 2019

	Attendance	in %
Supervisory Board		
Michael Johnigk (Chairman)	4/4	100
Dr. Thomas Lange (Deputy Chairman)	4/4	100
Maximilian Beck	3/4	75
Markus Jost	4/4	100
Wilfried Kempchen	4/4	100
Winfried Spies*	1/2	50
Nomination and Remuneration Committee		
Markus Jost (Chairman)	3/3	100
Michael Johnigk	3/3	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

* Winfried Spies passed away on 21 August 2019

On 15 March 2019, the Supervisory Board convened for assessing the annual financial results: It addressed the 2018 separate and consolidated financial statements as well as the management report of OVB Holding AG integrated with the consolidated management report (combined management report). With its approval of separate and consolidated financial statements, the Supervisory Board followed the recommendation of the Audit Committee issued after its in-depth examination of the documents. The Board gave its consent to the proposal of the Executive Board on the appropriation of retained earnings and approved the Executive Board's report on relationships with affiliated companies, the Supervisory Board's report as well as the declaration of conformity. Further topics were the preparation of the agenda and the resolution proposals for the General Meeting of Shareholders as well as a status report on the acquisition of Belgian brokerage firm Willemot. Based on the determined target achievements, the Supervisory Board also defined the remuneration for the members of the Executive Board for financial year 2018. Furthermore, the findings of the efficiency review based

on a comprehensive company specific questionnaire conducted in the fall of 2018 were debated. The analysis came to the conclusion that teamwork and discussions on the Supervisory Board are graded as trusting, targeted and result oriented. The work of the Supervisory Board and the implemented processes are given a high efficiency rating.

At the meeting directly preceding the General Meeting of Shareholders on 14 June 2019, the Executive Board reported in detail on the business performance of the first quarter of 2019 as well as on changes in the holdings, among other topics. In addition to that, final preparations were made for the General Meeting held that same day.

At the Supervisory Board meeting held on 6 September 2019, the Supervisory Board focused on discussing the status quo of the implementation of strategic measures. Moreover, the current situation after the end of the first 6 months of 2019 and essential measures involving holdings were dealt with.

At its meeting of 2 December 2019, the Supervisory Board debated the changes brought about by the Law on the Implementation of the Second Shareholders' Directive (ARUG II) and the draft version of a reformed German Corporate Governance Code. Also on the agenda were the key financials for the year 2020 and multi-year planning until the year 2024 derived from that, business situation and profit/loss after the end of the third quarter of 2019 and a status report on CSR reporting (Corporate Social Responsibility), applied in financial year 2019 for the first time. In addition to that, the Supervisory Board approved the quantitative and individual targets for the 2020 Executive Board remuneration after receiving the report of the Nomination and Remuneration Committee and discussing its recommendations in detail.

Corporate Governance Code

After extensive debate at the Supervisory Board meeting of 2 December 2019, the Supervisory Board decided 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 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

Responsibilities include especially the supervisions 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. It concerns itself in depth with the financial statements and the combined management report of OVB Holding AG and the Group and has 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. In its routine sessions held in March, June, September and December, the Au-

dit Committee talked about topics of risk management and compliance.

The Audit Committee held seven meetings in the 2019 financial year, three of which in the shape of conference calls prior to the release of each of the interim financial reports in May, August and November.

The Audit Committee concerned itself in particular detail with assessing the implementation of the statutory provisions under IDD (Insurance Distribution Directive), MIFID II (Markets in Financial Instruments Directive) and AMLD (Anti-Money Laundering Directive).

Nomination and Remuneration Committee

The members of the Nomination and Remuneration Committee held three meetings in 2019, one of which in the shape of a conference call. 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, including impending appointments to the Executive Board. The Committee also routinely examined the remuneration system and the appropriateness of the Executive Board's remuneration as well as succession and emergency planning of the Executive Board and the next most senior level of 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 with the consolidated management report for the financial year ended 31 December 2019 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, divided into three parts and held in the form of one video conference and two subsequent conference calls for precautionary reasons in view of the rapid spread of Coronavirus. Its first part on 18 March 2020 comprised the meeting of the Audit Committee and the auditor's report delivered to the Supervisory Board in full session. During its other parts on 22 March and 25 March 2020, the debates in full session were continued and concluded by passing the required resolutions on 25 March 2020.

All the documents were discussed intensively by the Audit Committee and at the Supervisory Board meeting

divided into three parts. 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 18 March 2020 in the presence of the auditor. The auditor's certified accountants, participating in the video conference and the conference calls as well, 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 25 March 2020 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 2019 separate financial statements and 2019 consolidated financial statements. The 2019 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 non-financial consolidated management report of OVB Holding commissioned by the Supervisory Board and raised no objections on this basis against non-financial reporting and compliance with the corresponding statutory provisions. The Supervisory Board has approved the 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 the Supervisory Board and the Executive Board

Winfried Spies, Supervisory Board member of many years, passed away on 21 August 2019. He was succeeded on the Supervisory Board by Harald Steirer as of 12 March 2020, appointed by the District Court of Cologne (Amtsgericht) to the Supervisory Board of OVB Holding AG until the close of the next General Meeting of Shareholders.

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, Executive Board member for Finance (CFO), 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 personal input in financial year 2019.

Cologne, 25 March 2020

On behalf of the Supervisory Board



Michael Johnnigk
Chairman