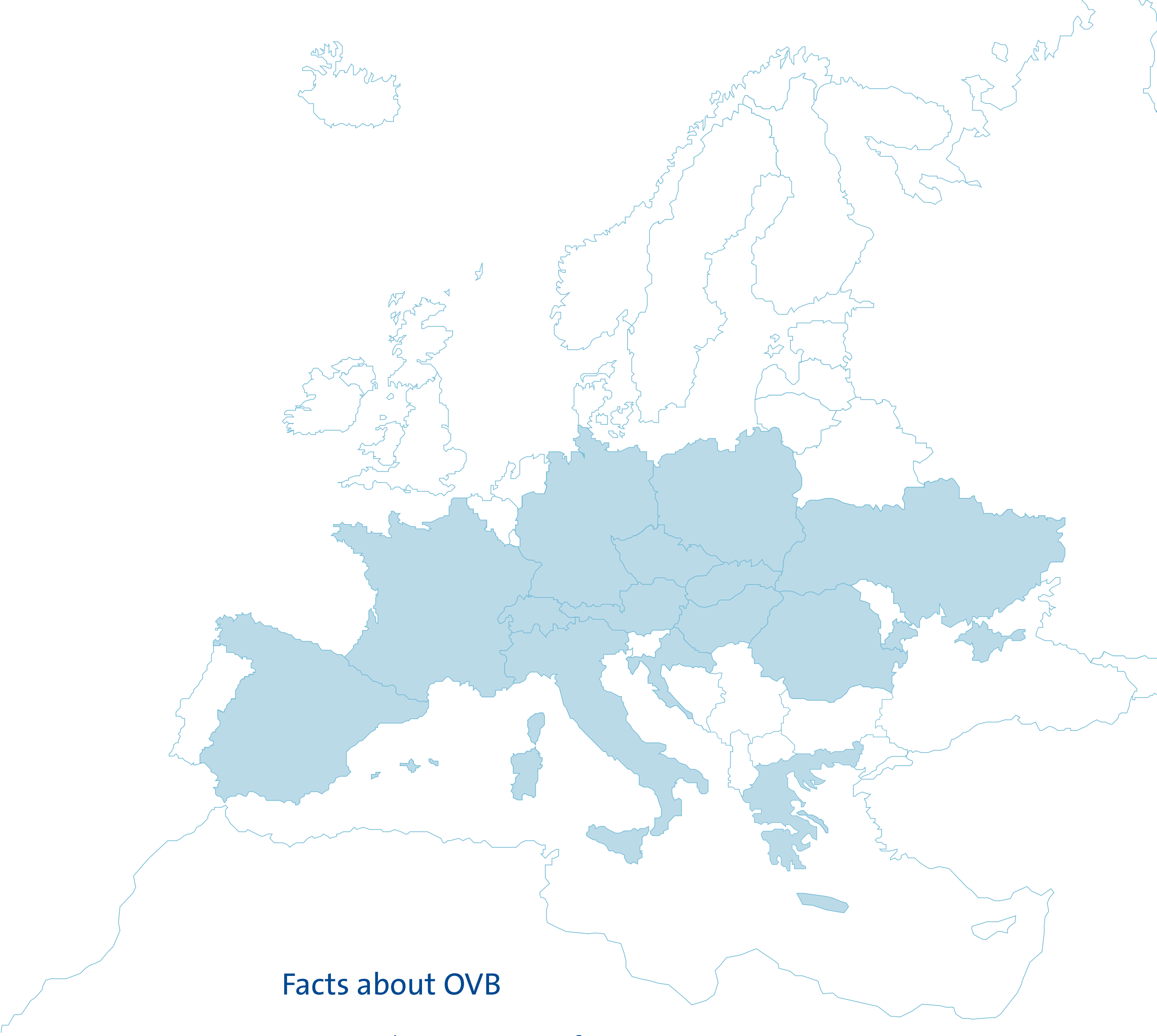
Annual Report 2011

Achieving more together

Financial Service Provider for Europe



Facts about OVB

- more than 40 years of experience
- active in 14 countries
- 2.9 million clients
- 4,900 financial advisors
- 524,000 new contracts a year
- over 100 product partners

Achieving more together

OVB advises its clients in 14 European countries on all issues of private financial provision, asset generation and asset protection. Our profitable growth is based on our ability to create noticeable and sustained added value for our clients: by comprehensive advisory service that is purposefully oriented toward our clients' individual needs.

We are proud of the benefit we offer to our clients with our integrated expert advice. Our financial advisors develop personal provision, protection and investment concepts together with our clients; the advisors receive transparent, performance-based remuneration. For our more than 100 product partners in Europe, OVB is a valuable distribution partner. Our business model unites the interests of clients, financial advisors and product partners. Together we want to achieve more.

Contents

Key figures for the OVB Group

Key operating figures

	Unit	2010	2011	Change
Clients (31/12)	Number	2.80 m	2.86 m	+2.1 %
Financial advisors (31/12)	Number	4,600	4,908	+6.7 %
New business	Number of contracts	456,165	523,733	+14.8 %
Total sales commission	Euro million	197.3	222.1	+12.6 %

Key financial figures

	Unit	2010	2011	Change
Earnings before interest and taxes (EBIT)	Euro million	4.8	6.1	+27.3 %
EBIT margin*	%	2.4	2.7	+0.3 %-pts.
Consolidated net income	Euro million	4.0	4.2	+3.8 %

*Based on total sales commission

Key figures for OVB shares

	Unit	2010	2011	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	0.28	0.29	+3.6 %
Dividend per share*	Euro	0.50	0.35	-30.0 %

*For the respective financial year; proposed dividend for 2011

Mario Freis
Member of the Executive Board,
International Sales

- Born in 1975
- 2010: Member of the Executive Board of OVB Holding AG.

Michael Rentmeister
Chairman of the Executive Board

- Born in 1965
- 2012: Chairman of the Executive Board of OVB Holding AG and Chairman of the Executive Board of OVB Vermögensberatung AG.

Oskar Heitz
Member of the Executive Board,
Finances and Administration

- Born in 1953
- 2001: Member of the Executive Board of OVB Vermögensberatung AG.
- 2004: Member of the Executive Board of OVB Holding AG.

Ladies and gentlemen, shareholders,

2011 was a good year for OVB. Our group generated total sales commission in the amount of Euro 222.1 million, a 12.6 per cent gain on the previous year. The operating income grew even stronger, by 27.3 per cent to Euro 6.1 million. The business performance in our three regional segments was quite different: Central and Eastern Europe grew dynamically and profitably, Germany achieved a moderate sales growth, Southern and Western Europe suffered a decline in sales and earnings.

We managed to increase the consolidated net income from Euro 4.0 million in 2010 to Euro 4.2 million in the year 2011. On this basis, Executive Board and Supervisory Board will propose to the Annual General Meeting on 5 June 2012 the distribution of a dividend of Euro 0.35 Euro per share for the 2011 financial year.

Our target client group – the private households of Europe – is very well aware of the necessity of private provision and risk prevention. And this is even more imperative than ever, against the backdrop of the demographic development and the difficult situation of many national budgets and the public pension and healthcare systems. The continued uncertainty caused by the euro debt crisis does not help in strengthening the confidence of private clients in long-term types of savings, however. Investment types previously regarded as secure such as government bonds have lost their shine and the artificially low interest rate level makes real asset preservation difficult. The OVB financial advisors take these concerns seriously and develop individual provision strategies together with our clients. As a one-stop financial service provider, OVB pursues an integrated approach on the basis of a choice product portfolio. Achieving more together – together with our clients, financial advisors and product partners. The creative concept for this annual report draws on this idea, too.

Ladies and gentlemen, OVB has started the 2012 financial year with fresh vigour. We want to improve ourselves every year: in advising our clients, in the cooperation with financial advisors and product partners, with respect to sales and earnings. We would be glad if you stayed with us on this journey.

Kind regards

Michael Rentmeister
Chairman of the
Executive Board

Oskar Heitz
Executive Board
Finances and Administration

Mario Freis
Executive Board
International Sales

Interview

At the beginning of the year 2012, Michael Rentmeister became Chairman of the Executive Board of OVB Holding AG. How does he see situation of the company, how does he assess its prospects, what are the goals he has defined? In the interview he makes his position clear.

■ *Mr Rentmeister, you have been on the board close to three months now. What are your impressions so far?*
The welcome I received at OVB was very warm. I used the first couple of weeks to get to know as many executives, financial advisors and staff as possible. The conduct with each other is open and trusting. I recognise many good things; we should really tap the full know-how that exists at OVB and build upon it. I am looking forward to our future teamwork. We want to continue OVB's success story together.

■ *What are the goals you have set for yourself for the year 2012?*
2011 was a good year for OVB. We managed to raise sales and earnings. It is important now to keep the momentum going through the year 2012 and to keep up our profitable growth.

■ *What is in your opinion the core element of OVB's business model?*
Most definitely: advisory service. We must support our clients continuously and increase the number of contacts. Good advice is integral, goal-oriented and covers multiple issues. OVB as integrated financial service provider has the product portfolio for this. We want to bring this offer to the clients even more systematically. Client demands and client benefit are the deciding factors. Retirement provision and risk protection are complex issues. The continuing difficult situation in the financial markets adds to that. Now more than ever does expert financial advice have a high value. We need to make that value of our services even clearer.

■ *How do you regard the future of independent financial services in competition with other forms of distribution?*
Positive – or I wouldn't have been active in this segment for decades now. Financial service providers, at least OVB, have an integrated approach. Thus we respond to our clients' demand for comprehensive advice. We offer a broad product portfolio yet not an unmanageable one. Finally, financial service providers are flexible and efficient, essential advantages in the competition.

■ *For quite some time, the financial services industry has been in rough waters for various reasons. Is there still any growth potential?*
At present OVB supports close to three million clients, 500 million people live in Europe. That sounds may a little far-fetched. But if we want to even begin to tap the potential in the 14 European countries in which OVB already operates, we have a lot to do. Financial protection

"Now more than ever does expert financial advice have a high value which we need to make even clearer."

Michael Rentmeister

in case of occupartional disability or for old age concerns everybody, but e.g. less than one third of the Germans do have occupational disability or nursing care insurance. In other countries market penetration is even lower. As I said, there is lots to do.

■ *What are the challenges you see for the industry, for OVB?*
Committed and skilled financial advisors drive our business. OVB managed to add 308 new advisors to its sales team in 2011. Before long we too will feel the effects of the demographic change, though. We will therefore continue to strengthen our profile as an attractive employer in order to commit young talent to us as our financial advisors.

■ *What is your vision for OVB in the year 2015?*
OVB is the only truly European financial service provider. On this basis, we want to become the trusted one-stop financial partner for more and more people in Europe – with the most satisfied clients, financial advisors and employees. We are working at developing and establishing the industry leading business model for financial advisors. We are strengthening the brand OVB. And our growth is sustained and profitable.

■ *Can this vision be expressed in a motto?*
Without having looked into the copyright issue – how about: "OVB Allfinanz – simply better!"

Mr Rentmeister, thank you very much for this interview.

Together with OVB

The proven and internationally oriented business model of OVB unites the interests of all parties involved:

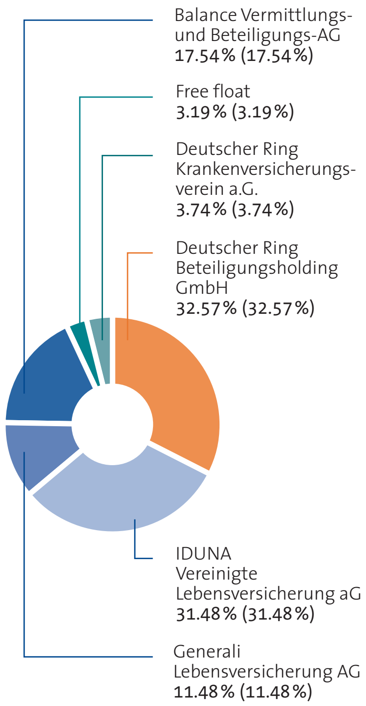
- By providing systematic, integrated financial advice we create benefit for our clients.
- OVB is a fair and reliable partner for our financial advisors.
- Our product partners appreciate OVB as a high-performance financial service provider.
- OVB offers its employees interesting challenges in an industry with a future.

"Achieving more together"

Share Performance and Investor Relations

OVB share price recovered by year-end 2011

Shareholder structure of OVB Holding AG
as of 31/12/2011 (31/12/2010)



The growing public debt crisis had a strong negative impact on the prices of financial stocks in the year 2011. This trend also affected the OVB share. Starting from its 52-week high of Euro 26.55 at the beginning of the year 2011, the OVB share price went on a decline until early October, hitting Euro 13.90. In the course of the fourth quarter, however, the share managed to recover considerably from its lows. At the end of the year, the OVB share was quoted at Euro 18.80.

The OVB share's average monthly trading volume of 7,332 shares in the year 2011 was below the average number of the year 2010 of 20,927 shares. In the fourth quarter the average trading volume increased to close to 16,600 shares per month, after about 4,200 shares in the prior-year period. The number of shares cleared and settled through the electronic trading system Xetra dropped to roughly 66 per cent; another 30 per cent were traded through Xetra specialists.

Share data

WKN / ISIN code	628656 / DE0006286560	
Stock symbol / Reuters / Bloomberg	O4B / O4BG.DE / O4B:GR	
Type of shares	No-par value ordinary bearer shares	
Number of shares	14,251,314	
Share capital	Euro 14,251,314.00	
Xetra price (closing prices)		
Beginning of year	Euro 26.00	(03/01/2011)
High	Euro 26.55	(12/01/2011)
Low	Euro 13.90	(07/10/2011)
Last	Euro 18.80	(30/12/2011)
Market capitalisation	Euro 268 million (30/12/2011)	

Together with our clients

Client demand and client benefit are the central guidelines of our financial advisory service. Satisfied clients form the basis for long-term cooperation. Our continuous support comprises all aspects of protection against risks, generation of assets and retirement provision. The integrated approach of OVB is convincing.

“Achieving more together”

Consolidated Management Report 2011

Summary

The international economy went on a considerable decline in the course of the year 2011. Particularly the euro debt crisis affected the economy and led to uncertainty in the financial markets and among retirement savers and investors. The 14 European regional markets in which OVB does business as financial service provider were impacted by these effects to varying degrees.

Total sales commission generated by OVB went up 12.6 per cent from Euro 197.3 million in the previous year to Euro 222.1 million in 2011. Growth driver was the Central and Eastern Europe segment where OVB is active in seven countries, assuming market leading positions in some of them. In this segment total sales commission gained 35.2 per cent to reach Euro 126.2 million. Total sales commission generated in Germany showed moderate growth by 2.0 per cent to Euro 72.8 million. The six countries that form the Southern and Western Europe segment of OVB suffered from macroeconomic problems, significant in part. The segment's total sales commission dropped 29.3 per cent to Euro 23.1 million.

Income from advisory and brokerage services relating to financial services and products reported as sales revenue grew from Euro 175.1 million in 2010 by 14.0 per cent to Euro 199.5 million in the year under review. Thus OVB generated an operating income of Euro 6.1 million in 2011, equivalent to a 27.3 per cent increase (previous year: Euro 4.8 million). The operating or EBIT margin, determined as the ratio of earnings before interest and taxes (EBIT) to total sales commission, came to 2.7 per cent after 2.4 per cent the year before. The EBIT contribution made by the Central and Eastern Europe segment was Euro 10.6 million (previous year: Euro 8.2 million) and the Germany segment contributed Euro 6.1 million (previous year: Euro 5.6 million). The EBIT loss recorded for the Southern and Western Europe segment grew to Euro 2.4 million (previous year: Euro -0.5 million.)

OVB altogether achieved a consolidated net income after non-controlling interests of Euro 4.2 million in the 2011 financial year, compared to Euro 4.0 million in 2010. Basic earnings per share came to Euro 0.29 after Euro 0.28 the year before, determined on the basis of 14,251,314 no-par shares respectively. Executive Board and Supervisory Board propose to the Annual General Meeting of 5 June 2012 the payment of a dividend in the amount of Euro 0.35 per share for financial year 2011. The total dividend payout would thus amount to roughly Euro 5.0 million, based on the distributable net income of OVB Holding AG.

Judged on the whole, 2011 was a good year for OVB. Sales and earnings increased, as did the number of clients and financial advisors. However, the Executive Board still sees considerable potential for growth in sales and improved earnings. The business risks remain manageable and do not jeopardise OVB's continued existence. The company's financial position continues to be solid.

The growth drivers behind the internationally oriented business model of OVB are intact for the medium and long term. Yet the macroeconomic framework of the year 2012 can be expected to affect the business performance in a negative way – at least in some countries. Still OVB has set itself the goal to increase sales and earnings in 2012 and the following years.

Business activities

Across Europe, OVB stands for long-term oriented, client-focused advisory services for private households with average or higher incomes. The company cooperates with more than 100 high-quality product providers and meets the individual requirements of its clients in the fields of pension provision, risk protection and asset generation with its portfolio of competitive products. OVB started its expansion abroad early on and is currently active in 14 European countries. About 2.86 million clients place their trust in the advisory services provided by OVB's team of some 4,900 full-time financial advisors. The professional training and further education of the advisors, the analysis of the clients' demands and the resulting product recommendations are based on the current framework of the respective markets.

OVB strives for sustained and profitable growth for the entire group, i.e. continuous growth in sales at high and increasing profitability. OVB distinguishes itself from its competitors by consistently tapping into and developing promising European markets. OVB regards early involvement in growth markets as critical for success. This is particularly true of our activities in Central and Eastern Europe, where OVB has assumed a leading position among the independent financial service providers in many of the region's markets.

OVB's many years of experience in leading the foreign subsidiaries to success is of real benefit to identifying market opportunities early on. OVB generates 67 per cent of total sales commission outside of Germany.

With respect to markets already opened, we aim at the consolidation and expansion of our market position. We constantly win new clients and utilise existing client relationships to provide even more comprehensive advice.

From OVB's viewpoint, manifold changes in the regulatory framework lead to a consolidation process in the industry. Against this backdrop, OVB's high-capacity infrastructure and its product portfolio suited to client demands make OVB an attractive partner.

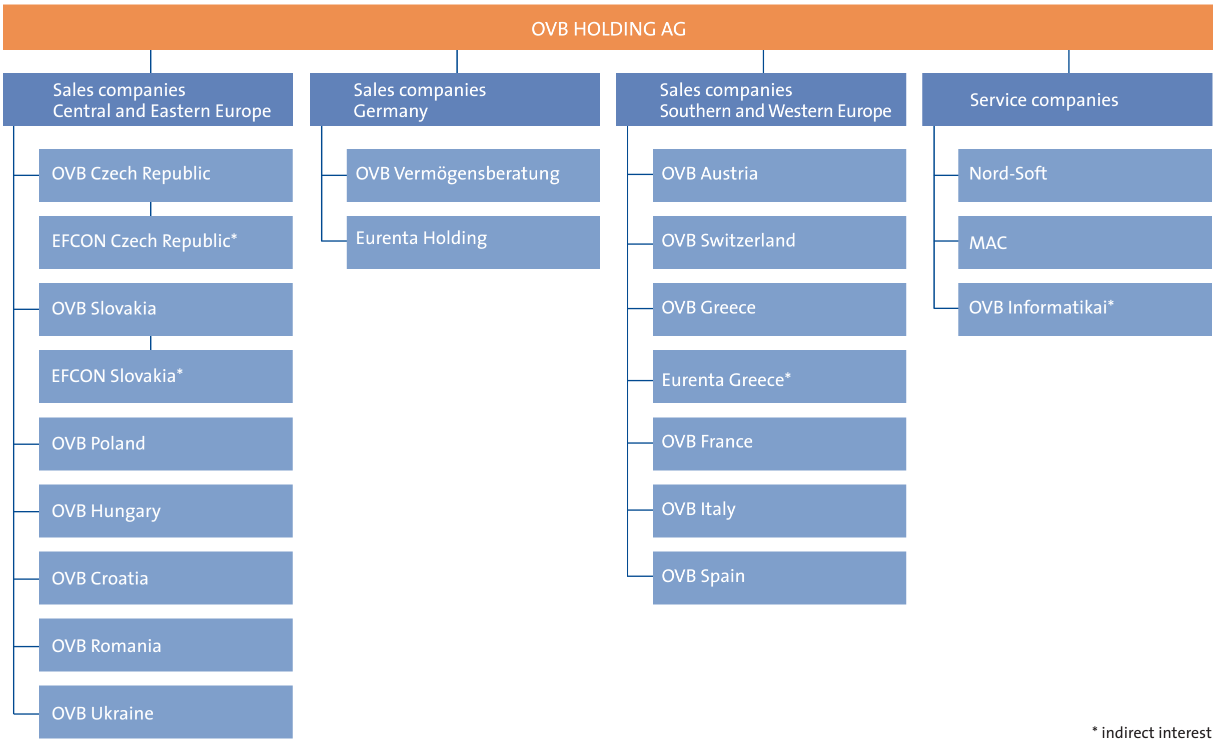
OVB's clients and financial advisors

(31/12)	2007	2008	2009	2010	2011
Clients (number in million)	2.61	2.78	2.77	2.80	2.86
Financial advisors (number)	4,765	4,862	4,664	4,600	4,908

Group structure

As management holding company, OVB Holding AG is at the top of the OVB Group. The company determines the strategic goals and safeguards the coordination of business policies. Business operations are divided in regional segments. The independent financial advisors of OVB's operating subsidiaries advise private clients in 14 European countries on financial issues and provision. Four service companies support these core business activities by providing IT services and coordinating comprehensive marketing measures. OVB Holding AG is the sole shareholder of these subsidiaries, with the exception of the two IT service providers Nord-Soft EDV-Unternehmensberatung GmbH and Nord-Soft Datenservice GmbH (50.4 per cent interest respectively). OVB Holding AG has concluded a profit and loss transfer agreement with OVB Vermögensberatung AG.

The OVB Group



Management and supervision

Executive Board

OVB Holding AG is a stock corporation under German law with a dual board management structure consisting of Executive Board and Supervisory Board.

The Executive Board, currently consisting of three members, directs the company on its own authority with the objective of continuously increasing the shareholder value.

Michael Rentmeister has been Chairman of the Executive Board since 1 January 2012; he is responsible for Corporate Development, European Marketing, European Training, Internal Auditing and Press and Public Relations. Oskar Heitz is Executive Board Member for Finance and Administration; his responsibilities primarily include Corporate Accounting, Controlling, HR, Legal, Investor Relations, Compliance, Coordination IT Europe and Data Protection. Mario Freis is responsible for Sales and Product Management in the thirteen international markets in which OVB is active.

Supervisory Board

The Supervisory Board of OVB Holding AG has six members, all of whom are elected by the Annual General Meeting.

Chairman of the Supervisory Board is Michael Johnigk, member of the Executive Boards of Deutscher Ring Krankenversicherungsverein a.G., SIGNAL Krankenversicherung a.G., IDUNA Vereinigte Lebensversicherung aG für Handwerk, Handel und Gewerbe, SIGNAL Unfallversicherung a.G., SIGNAL IDUNA Allgemeine Versicherung AG, SIGNAL IDUNA Holding AG and PVAG Polizeiversicherungs-Aktiengesellschaft. The Supervisory Board supervises and advises the Executive Board on the company's management and regularly discusses business performance, corporate planning, strategy and risks with the Executive Board. For the best possible fulfilment of its responsibilities, the Supervisory Board has established an Audit Committee as well as a Nomination and Remuneration Committee. Detailed information on the cooperation between Executive Board and Supervisory Board and on corporate governance at OVB Holding AG is provided in this Annual Report in the report of the Supervisory Board and in the chapter "corporate governance".

Corporate management

Corporate management of the OVB Group has both a strategic and an operating element. In the realm of strategic controlling, long-term planning involving a five-year planning horizon connects the corporate strategy with specific quantitative targets.

A cross-national exchange of know-how supports the efficient and integrated management of the 14 subsidiaries in various areas.

Committees of OVB Holding AG e.g. routinely coordinate marketing and market cultivation activities as well as the composition of the product portfolio and potential new products and cooperation partners together with the respective OVB subsidiaries in the regional markets.

Operational controlling supports the management of business operations. The key targets and control variables in the group are sales (total sales performance) and earnings before interest and taxes (EBIT). Total sales performance, from which sales forecasts can be derived, is recorded and analysed monthly at group level. Apart from these early monetary indicators, key figures such as the number of financial advisors, the number of existing clients and the generation and quality of new business in the individual product categories also serve as early indicators of the success of business operations.

Cost controlling involves a monthly analysis of the development of income and expenditure. These findings are incorporated into OVB's investment budget and financial planning.

Targets defined by the Executive Board establish the cornerstones of the strategic multi-annual budget and the annual operating budget with respect to sales, costs and earnings. The decentralised planning process conducted by the subsidiaries and cost centre managers is then adjusted for risks at group level by the Executive Board.

OVB prepares monthly updated projections for the full year and is thus capable of responding to deviances and adjusting the initial planning.

OVB prepares liquidity plans as part of its financial controlling in order to safeguard liquidity. Liquidity management is based on these plans and reconciles liquidity requirements with cash flows.

In the year under review, OVB Holding AG has further developed its processes for planning and controlling in order to be able to respond purposefully and swiftly to developments throughout the year.

Remuneration report

The remuneration report included in the chapter "corporate governance" of this Annual Report 2011 of OVB Holding AG is part of the management report. The remuneration report presents the governing principles of the determination of the remuneration of the members of Executive Board and Supervisory Board and explains the structure and amounts of the remuneration of Executive Board and Supervisory Board members. The remuneration report is available on the Internet at http://www.ovb.ag/Investor-Relations/CorporateGovernance

General environment

The global economic performance slowed down considerably in 2011. The reasons were manifold. The debt crisis of some euro countries not only affected the financial markets but also put the brakes on the real economy due to the necessary consolidation measures. Even some of the emerging markets – usually main drivers of global growth – tightened their monetary and financial policies in order to counter inflationary tendencies. Political unrest in the Middle East and North Africa temporarily limited the oil supply. Then there was the environmental and nuclear catastrophe in Fukushima of March 2011 as a consequence of which the economic performance of Japan went down. According to estimates of the World Bank, the real growth of the global economy slowed down from 4.1 per cent in the year 2010 to 2.7 per cent in the year 2011. In the industrialised countries, the average increase of the gross domestic product (GDP) dropped from 3.0 per cent in the previous year to 1.6 per cent in the year under review. That being stated, the economy took rather different turns in these countries.

The OVB Group generates more than half of its total sales commission in the region Central and Eastern Europe. The macroeconomic development of these countries is therefore of great significance for OVB's business performance. In 2011 two opposing trends had an impact on the economy of the countries in this region: In the first half-year catch-up effects from the preceding financial and economic crisis prevailed in many cases; over the second half-year the flagging economy of the euro area increasingly got hold of the markets of Central and Eastern Europe. More than 80 per cent of the exports of the Czech Republic go to the euro area and more than 70 per cent of respective exports of Hungary and Poland. Moreover, in the course of the general uncertainty in the financial markets the region's capital inflow from the Monetary Union went on a considerable decline. The Polish economy performed comparatively well in 2011, with a GDP increase of close to 4 per cent and strongly expanding private consumption; however, consumer prices went up noticeably as well. A slowdown in growth had to be recorded for the Czech Republic and Slovakia though, two important regional markets for OVB in this region. On the whole, however, the general economic conditions for OVB's business activities in Central and Eastern Europe were still favourable in the year under review.

Macroeconomic key data – Central and Eastern Europe

Change in %	**Real GDP**		**Private consumption**		**Consumer prices**	
	2010	**2011**	**2010**	**2011**	**2010**	**2011**
Croatia	-1.2	0.5	-0.9	0.5	1.1	2.3
Poland	3.8	3.9	3.2	3.4	2.6	4.2
Romania	-1.9	2.5	-1.6	1.2	6.1	5.9
Slovakia	4.0	3.3	-0.3	0.1	1.0	3.8
Czech Republic	2.7	1.9	0.6	-0.4	1.5	1.9
Ukraine	4.2	4.7	7.0	10.0	9.4	8.0
Hungary	1.3	1.5	-2.3	-0.4	4.9	4.0

Source: Raiffeisen RESEARCH, January 2012

The Germany segment accounts for roughly one third of the OVB Group's total sales commission. Against the backdrop of the international economic turbulence, the German economy asserted itself well in the year 2011. According to a first estimate of the Federal Statistical Office, the German gross domestic product (GDP) grew 3.0 per cent in the past year, adjusted for prices. The economic expansion took place during the first half of the year for the most part; since summer the weaker global economy and the high debt figures of the private households and public budgets negatively affected the economy in many of the industrialised nations. Growth stimuli in 2011 came primarily from within the country. Private consumer spending gained 1.5 per cent, construction investments grew by 5.4 per cent and investment in equipment climbed 8.3 per cent. Foreign trade contributed 0.8 percentage points to the economic growth. The situation of the labour market improved noticeably over the year 2011.

Contrary to that, consumer prices climbed higher than in previous years at 2.3 per cent on annual average in 2011, above all driven by energy prices which were raised by 10.0 per cent. The available income of private households went up 3.2 per cent but that gain was predominantly spent. The savings ratio of private households came to 11.0 per cent in

2011; in the second half-year it merely reached 9.6 per cent. Of the altogether positive economic situation of the private households in Germany, however, no perceptible stimulus benefited the sale of financial products in the year 2011.

OVB combines the regional markets France, Greece, Italy, Austria, Switzerland and Spain in the Southern and Western Europe segment. With the exception of Switzerland, these countries are part of the euro area.

Macroeconomic key data – Southern and Western Europe

Change in %	Real GDP		Private consumption		Consumer prices	
	2010	2011	2010	2011	2010	2011
France	1.4	1.6	1.4	0.6	1.7	2.1
Greece	-3.5	-6.1	-3.6	-5.3	4.7	3.0
Italy	1.5	0.7	1.1	0.9	1.6	2.7
Austria	2.4	3.2	1.2	1.2	1.7	3.5
Switzerland	2.7	1.8	1.7	1.1	0.7	0.4
Spain	-0.1	0.7	0.8	0.0	2.0	3.0

Source: OECD Economic Outlook, November 2011

The national economies of the euro area grew by 1.6 per cent on average in 2011. With a 3.2 per cent plus, Austria was one of the fastest growing countries, supported by the robust state of the labour market. With an increase of the GDP of 1.6 per cent, the economic growth in France was less pronounced. The national economies of Spain, Italy and especially Greece undergo a phase of economic weakness, becoming even more apparent due to structural deficits.

The unemployment rate was 16.6 per cent in Greece and 21.5 per cent in Spain on annual average 2011. Contrary to that, Switzerland proved a haven for growth and stability once again. On the whole, however, OVB's business in the group of countries that compose the Southern and Western Europe segment was negatively affected by the general economic conditions.

OVB centres its business activity on providing advice to private households with respect to private retirement provision and risk protection. The driving forces behind this growth market are undisputed and do not appear weakened in the long term: Increased life expectancy coupled with falling birth rates has triggered radical changes to social security systems. Government pay-as-you-go systems are on the retreat as the required means cannot be provided. Private and corporate pension provision must relieve the public welfare system as additional pillars.

These groundbreaking trends that support OVB's business model and strategic orientation continue to face noticeable uncertainty and cautiousness in the client target groups. According to a Postbank survey of October 2011, 43 per cent of all working professionals ask themselves the question “which private investment form still makes sense after all.”

The main concern of many German citizens is rising inflation that might devalue their savings. Reports on the banks' additional equity requirements, reduced guaranteed interest on policyholder funds and the downgrading of the ratings of leading industrialised countries add to that. This environment negatively affects the sale of financial services as a matter of course. Yet the confidence in the public pension system is flagging at the same time. The retirement provision survey of fall 2011 commissioned by J.P. Morgan Asset Management showed that only 6.3 per cent of the respondents assumed that public pension and a potential corporate pension would suffice for retirement. As tough as the sale of financial products might present itself in the current framework, as huge is the potential for competent and demand-oriented financial advice in OVB's opinion.

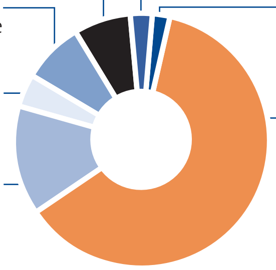
Business performance

2011 was altogether a good year for OVB Holding AG. The group's total sales commission grew by 12.6 per cent from Euro 197.3 million in the previous year to Euro 222.1 million in the year under review. Included in this amount is commission forwarded to sale agents on behalf of product partners in the amount of Euro 22.6 million (previous year: Euro 22.2 million). However, the business performances were quite different in the three regional segments: While Central and Eastern Europe grew dynamically, Germany showed moderate growth and Southern and Western Europe suffered significant losses in sales.

The number of full-time financial advisors who work for OVB increased 6.7 per cent in the course of the year from 4,600 to 4,908 sales agents. They advise and support altogether about 2.86 million clients in 14 European countries.

In the 2011 financial year, OVB's financial advisors brokered altogether 523,733 new contracts, compared to 456,165 newly concluded contracts in the previous year. The mainstay of product sales continued to be unit-linked provision products with a share in the new business of 62 per cent after accounting for 58 per cent in the previous year. Other provision products come next – primarily classic life and pension insurance policies – with a new business share of 14 per cent (previous year: 15 percent). The remaining 24 per cent share of new business is divided between property and accident insurance, the segment of building society savings contracts/financing, investment funds, health insurance and corporate pension provision products.

Breakdown of income from new business 2011 (2010)



Central and Eastern Europe

More than half of the clients, financial advisors and brokerage income of the OVB Group come from the Central and Eastern Europe segment – consisting of the regional markets Croatia, Czech Republic, Hungary, Poland, Romania, Slovakia and Ukraine. Total sales commission generated in financial year 2011 went up most dynamically on year-on-year comparison, from Euro 93.2 million by 35.3 per cent to Euro 126.2 million. Business in the year under review developed particularly well in the Czech Republic; total sales commission also grew in Hungary, Poland and Slovakia as well as – at a lower level in real terms – in Ukraine. The number of sales agents in the region gained 11.6 per cent in the course of the year 2011 from 2,890 to 3,226 financial advisors. Especially significant was the growth of the sales teams in the Czech Republic and in Poland, slightly declining in Romania and Croatia.

OVB's 1.89 million clients in the region Central and Eastern Europe focused their demand even more on unit-linked provision products in 2011; 78 per cent of the new business was accounted for by this product group (previous year: 70 per cent). Other provision products came to 8 per cent of all newly signed contracts (previous year: 12 per cent), products in the realm of building society savings contracts/financing had an unchanged share of 7 per cent in new business.

Germany

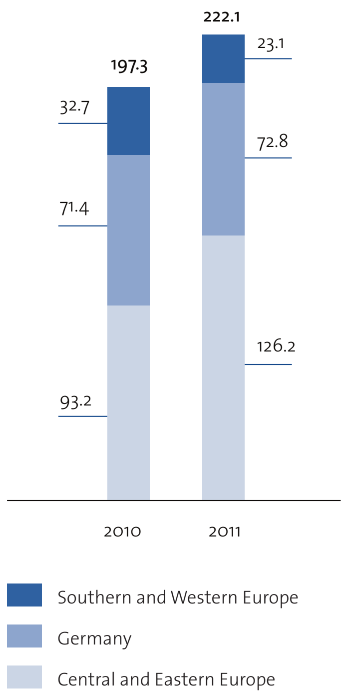
Total sales commission collected in Germany 2011 rose moderately from Euro 71.4 million by 2.0 per cent to Euro 72.8 million. The number of financial advisors who work for OVB in this market grew from 1,282 one year ago to 1,319 sales agents by the end of 2011. They support 656,113 clients as compared to 681,000 clients twelve months before. Product demand in Germany is more widely spread than for instance in Central and Eastern Europe. However, with 62 per cent of the new business unit-linked provision products also take centre stage here. 14 per cent of brokered contracts fall upon other provision products, 8 per cent are accounted for by property and accident insurance and 7 per cent by the product group building society savings contracts/financing.

Southern and Western Europe

The Southern and Western Europe segment of the OVB Group comprises six countries, showing rather diverse macroeconomic developments in 2011: Austria, France, Greece, Italy, Spain and Switzerland. This had an impact on OVB's course of business in these countries. Total sales commission of the segment dropped considerably from Euro 32.7 million by 29.3 per cent to Euro 23.1 million in the year under review. While a slight growth in sales commission could still be achieved in Italy and OVB barely held its position in Spain, sales results in the other regional markets of the segment were significantly below the prior-year amounts. The number of financial advisors who work for OVB in these six countries continued to go down in 2011 from 428 to 363 sales agents. They supported 308,298 clients by the end of the year 2011 after 306,350 clients one year before.

Product demand focused on unit-linked provision products, coming to 61 per cent (previous year: 68 per cent), followed by other provision products and the product group building society savings contracts/financing, accounting for 11 per cent each.

Total sales commission by region
Euro million, figures rounded



Financial advisors and employees

Advisory service and continuous support of our clients are the deciding factors of OVB's business success. Therefore our business model centres on the people on our sales force. OVB expects from its financial advisors high commitment as well as professional know-how and excellent social skills. We place special emphasis on the quality of client counselling, particularly so against the backdrop of continued turbulence in the financial markets and the resulting uncertainty of investors and retirement savers.

Some years ago we implemented a multi-stage system for professional training and further education which is constantly being advanced and adjusted to the changing legal framework of the respective markets. With constant training measures we safeguard the quality of the advisory service and promote the entrepreneurial competence of the sales managers.

OVB's full-time financial advisors distribute the provision and financial products of our product partners as self-employed sales agents. With respect to compensation of the financial advisors, OVB is a fair, reliable and financially strong partner. OVB sets market standards with its new business commission. Apart from that, sales agents from a certain seniority level upwards participate in the income from the contract base they have established. OVB also supports its executives in many ways and protects them against risks.

In order to have the profile of its benefits granted to the sales force reviewed by an independent party, OVB took part in the career rating of ASSEKURATA Solutions GmbH in 2011 for the first time. The good result of this rating underlines the great appeal of working for OVB as a sales agent. Contracts are fair and transparent. Also stressed is the very high level of sales support and of the documentation of counselling and support processes.

The number of full-time financial advisors who work for OVB in 14 countries of Europe increased in the course of the year 2011 from 4,600 by 6.7 per cent to 4,908 sales agents. This strong growth is primarily accounted for by the Central and Eastern Europe segment. The number of financial advisors rose moderately in Germany and decreased in the Southern and Western Europe segment.

The number of employees in the holding company, the service companies and the central administrations of our subsidiaries went down on year-on-year comparison 2010/2011 from 464 to 436 as of the reporting date. They have administrative functions or work in sales support, marketing or IT. The reduction in the number of employees reflects our continuous effort toward the optimisation of the efficiency of business processes.

Profit/loss

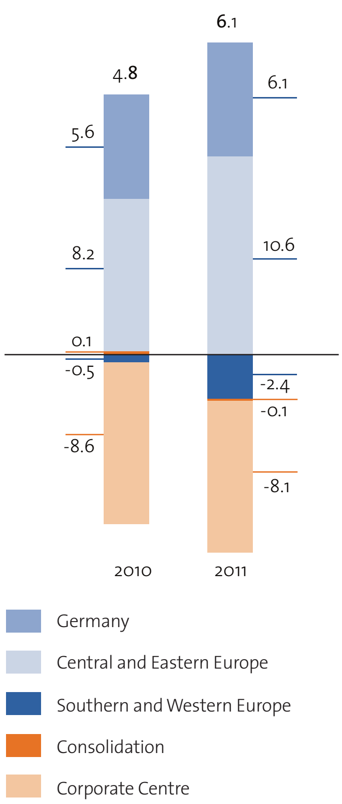
In the 2011 financial year OVB generated total sales commission of Euro 222.1 million. The gain on the previous year when Euro 197.3 million were earned amounts to Euro 24.8 million or 12.6 per cent. Included in total sales commission is commission based on so-called secondary contracts between product partners and the sales force which still exist only in the Germany segment. This share in commission came to Euro 22.6 million, almost unchanged from the previous year. Income from advisory and brokerage services relating to financial services and products reported as sales revenue was up 14.0 per cent from Euro 175.1 million in the year 2010 to Euro 199.5 million in the year under review.

Other operating income dropped 14.5 per cent compared to the previous year and reached Euro 9.6 million in 2011 (previous year: Euro 11.3 million). Primary reasons were lower releases of provisions and reduced income from the reversal of impairment loss on receivables.

Brokerage expenses climbed 19.3 per cent from Euro 112.5 million to Euro 134.2 million. In 2011 the changes in the compensation scheme for the sales force made in April 2010 had an effect on the full year while they had affected brokerage expenses in 2010 only for nine months. The group's personnel expense remained virtually constant on year-on-year comparison 2011/2010 at Euro 24.8 million.

Depreciation and amortisation went up from Euro 3.1 million to Euro 3.9 million. Other operating expenses, reduced already by 10.0 per cent in 2009 and 13.6 per cent in 2010 due to a disciplined cost management, went down in 2011 as well: At Euro 40.0 million they turned out 2.6 per cent below the prior-year value of Euro 41.1 million.

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



In the 2011 financial year the OVB Group generated a result of operations of Euro 6.1 million. These earnings before interest and taxes (EBIT) thus increased by 27.3 per cent (previous year: Euro 4.8 million). The EBIT margin, calculated on the basis of total sales commission, came to 2.7 per cent in 2011 after 2.4 per cent the year before. The Central and Eastern Europe segment made the largest contribution to earnings with Euro 10.6 million (previous year: Euro 8.2 million). The region's EBIT margin reached 8.4 per cent (previous year: 8.8 per cent). The Germany segment contributed Euro 6.1 million to the operating income (previous year: Euro 5.6 million). The EBIT margin of this segment rose from 7.8 per cent to 8.4 per cent on year-on-year comparison. These positive trends were opposed by a deterioration of the result in the Southern and Western Europe segment where the EBIT loss grew from Euro 0.5 million to Euro 2.4 million.

The financial result went down Euro 0.4 million to Euro 1.2 million on account of the low interest rate level in 2011 (previous year: Euro 1.6 million). The income tax burden climbed from Euro 2.4 million in 2010 to Euro 3.1 million in the year under review due to higher earnings. Both effects combined almost compensated the gains of the operating result so that the consolidated net income after non-controlling interests grew only slightly from Euro 4.0 million to Euro 4.2 million.

Basic earnings per share came to Euro 0.29 in 2011 after Euro 0.28 in the previous year. The calculation is based for both years on 14,251,314 no-par value shares.

Total comprehensive income of the OVB Group in financial year 2011 was Euro 3.7 million compared to Euro 4.5 million in the previous year. While changes in the currency translation reserve had a positive effect on total comprehensive income in 2010, a negative effect from this item had to be recorded in the year under review.

Executive Board and Supervisory Board will propose to the Annual General Meeting on 5 June 2012 the payment of a dividend of Euro 0.35 per share for the 2011 financial year. This would equate to a total dividend payout of roughly Euro 5.0 million, based on the distributable net income of OVB Holding AG.

Financial position and assets and liabilities

Financial management

The holding company coordinates and monitors the financing activities of the OVB Group and its operating companies. The aim is to ensure sufficient financial resources for the business operations of the subsidiaries as well as for capital expenditure. As part of a monthly reporting cycle in which all group companies are involved, we gain insight into the financial developments at the subsidiaries, on the basis of which we determine the liquidity requirements of the individual entities.

Currency risks play only a marginal part for the group as the functional currency of the subsidiaries is the respective national currency. With respect to the investment income to be collected from OVB Holding AG, OVB continuously monitors the development on the foreign exchange markets and especially assesses the necessity of additional hedging instruments to curtail currency risks.

Financial position

The OVB Group's cash flow from operating activities went up from Euro 4.5 million in 2010 to Euro 13.4 million in 2011. The deciding factor were opposing trends for provisions in these two years: A decrease by Euro 3.0 million in 2010 was followed by an increase of Euro 3.9 million, a result primarily of the growing business volume.

Cash flows from investing activities resulted in a cash inflow of 2.3 million in 2011 after an outflow of cash in the amount of Euro 12.0 million the year before. This is accounted for primarily by rearranging financial assets with different maturities according to the respective opportunities in the capital market.

The cash outflow from financing activities in the amount of Euro 7.2 million in the year under review (previous year: Euro 7.0 million) is due for the most part to the dividend distribution. Cash and cash equivalents were Euro 38.7 million as of the 2011 reporting date after Euro 30.9 million one year before .

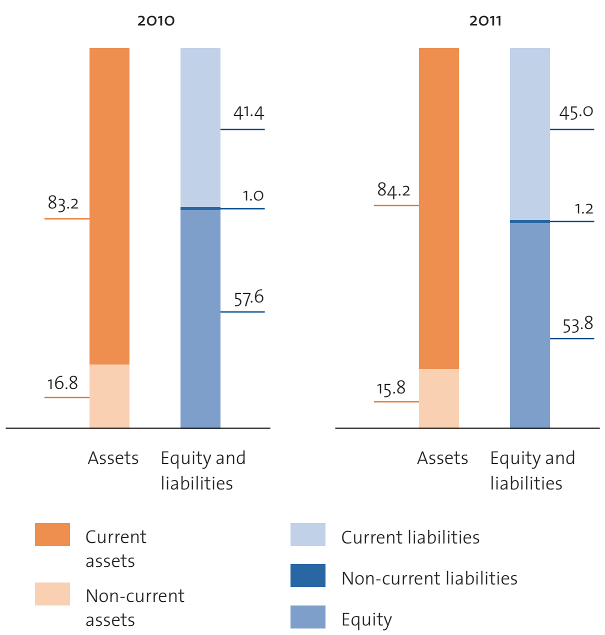
Assets and liabilities

Total assets of OVB Holding AG gained Euro 3.9 million on year-on-year comparison 2010/2011 to reach Euro 148.8 million as of the reporting date. Non-current assets lost Euro 0.9 million to come to Euro 23.4 million. The deciding factor of this development is a decrease in intangible assets in connection with write-down on goodwill of holdings. Current assets, however, climbed by Euro 4.8 million to Euro 125.4 million. The primary reason was a higher amount of cash and cash equivalents by Euro 9.1 million to Euro 40.0 million. Moreover, trade receivables gained Euro 2.7 million to come to Euro 23.0 million, accounted for by the expansion of business. Decreases in the items receivables and other assets and securities and other investments largely correspond with the increase in cash and cash equivalents within the framework of an asset swap.

Equity as recorded in the consolidated financial statements of OVB Holding AG comes to Euro 80.1 million at the end of the year 2011 after Euro 83.5 million in the previous year. The company's equity ratio declined from 57.6 per cent to 53.8 per cent on year-on-year comparison as of the reporting date. This high equity base, considering OVB's business model, underlines the company's financial strength and provides the substance for further growth.

The company's non-current liabilities in the amount of Euro 1.8 million (previous year: Euro 1.5 million) are of minor significance. Current liabilities climbed Euro 7.0 million to Euro 66.9 million. This increase is above all connected to the expansion of business in the year 2011.

Asset allocation and capital structure
In per cent, figures rounded



Report on risks and opportunities

Principals and objectives of risk management

Entrepreneurial activity is inconceivable without taking risks. For OVB risk means the threat of possible losses or missed profits. Exposures can be caused by internal or external factors. Materialised risks should be detected as soon as possible in order to allow for a swift and adequate response. The objectives of risk management are the systematic preoccupation with potential risks, the promotion of risk-oriented thinking and acting in the organisation as a whole, and thus taking risks deliberately on the basis of comprehensive knowledge of the risks and risk connections.

Structure and process of risk management

OVB's risk management is an integral part of the planning and control system. The Executive Board of OVB Holding AG is responsible for directing the corporate strategy. In collaboration with the management teams of the subsidiaries, the Executive Board determines the pan-European strategy for business operations and defines the risk policy on that basis. All of the operating subsidiaries are required to establish and continually monitor a risk management system which is based on guidelines set by the holding company yet taking into account the specific business of the respective subsidiary. An efficient controlling process with the help of corporate planning and internal reporting supports the early identification of risks that could prove fatal to the business. Corporate planning involves the assessment of potential risks before material business decisions are made while reporting is intended to ensure the appropriate monitoring of such risks in the course of business.

The organisation of risk management, the methods applied and the processes implemented are put down in writing and are available in the form of a handbook to all employees who assume responsibility in this field.

A key element of the risk management system is the in-house audit department which assumes group monitoring and controlling responsibilities. It works on behalf of the holding company's Executive Board as an independent body responsible for internal auditing across the group, not subject to any instructions or processes. It also operates autonomously with respect to reporting and the evaluation of audit findings. On the basis of its annual audit schedule, the in-house audit department regularly audits the holding company as well as the domestic and international subsidiaries with a focus on risks and controls the resolution of its audit findings. It monitors compliance with the relevant statutory requirements and assesses the risk management, control, management and monitoring systems and processes relevant to financial accounting, and advises on their continuous improvement.

Another important component of risk management is the constantly updated system for early risk detection which summarises identified individual risks under risk categories and assigns each risk to a risk management officer. Thresholds and reporting procedures were also defined within the scope of risk reporting. Risk control and risk management are subject to standardised processes.

Risk analyses are initially conducted at the level of the subsidiaries and individual divisions. The group's top risk management officer at the holding company integrates the regular reports received from the various departments of the holding company and from the subsidiaries into group-wide, ongoing and, if necessary, immediate reporting to the Executive Board and the Supervisory Board.

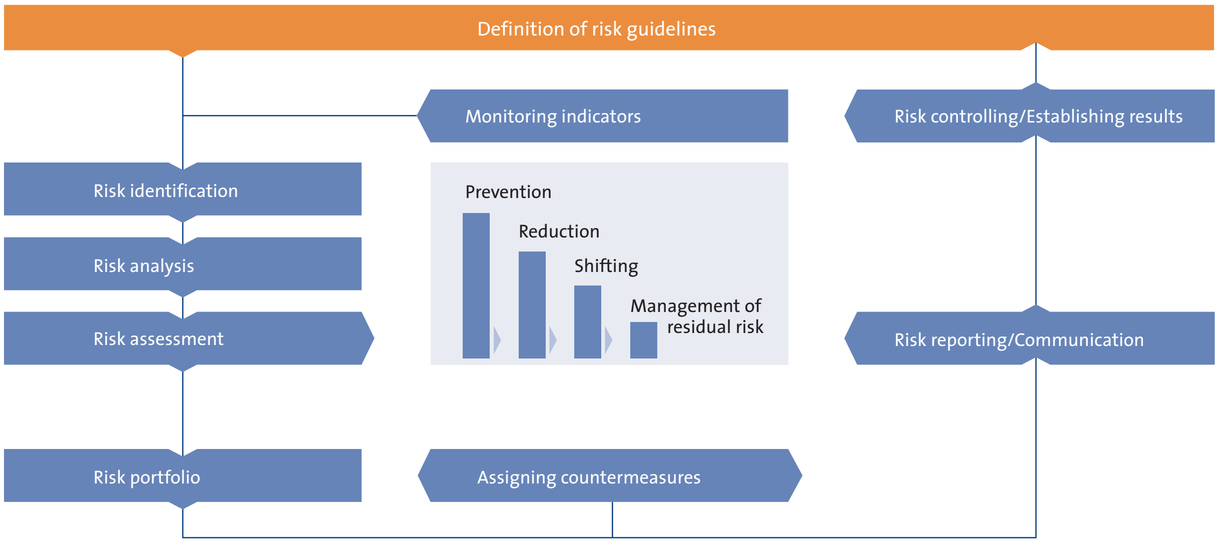
This system for early risk detection is complemented by consultations throughout the group and regular communication with the sales force managers. In urgent cases, ad hoc risks are reported directly to the group's risk management officer at the holding company, bypassing the usual reporting channels.

Development of risk management

The risk management system's constant development is a key prerequisite to the option of prompt response to changing basic conditions of potential direct or indirect impact on the assets, liabilities, the financial position and profit or loss of OVB Holding AG.

In the course of the year 2011, the risk management's reporting system was further optimised. Within the framework of aggregate risk reporting to the Executive Board, risks are arranged according to relevance and companies involved. The risk management process can be depicted as follows:

OVB risk management process



Internal control system as part of financial reporting
The internal control system comprises the principles, processes and measures for ensuring the effectiveness and economic efficiency of financial accounting, truth and fairness in accounting and compliance with the applicable legal regulations. Part of this system is the in-house audit department insofar as it focuses on financial accounting. Like the internal control system of which it is a component, the risk management system with regard to financial accounting addresses the control and monitoring processes in accounting, particularly relating to those items in the statement of financial position that are associated with the company's risk protection.

Essential features of the internal control system
The main features of the accounting-related internal control system can be described as follows:

- There is a clear management and corporate structure. OVB Holding AG provides the centralised management of inter-departmental key functions while the individual group companies maintain a large degree of autonomy at the same time.

- The functions of the departments substantially involved in the accounting process, namely Local Accounting, Tax, Group Accounting and Controlling as well as Investor Relations, are clearly separated from each other. Areas of responsibility are assigned unambiguously

- The systems used for financial accounting are protected against unauthorised access by corresponding IT measures that are continuously being updated and enhanced.

- For processing the financial systems applied, standard software is used wherever possible.

- An adequate guidance system (e.g. group handbook, payment guidance, travel expenses guidelines, etc.) has been established and is being updated constantly.

- The departments and divisions involved in the financial accounting process are adequately equipped with respect to aspects of quantity and quality.

- The clearly defined workflow as well as the documentation and backtracking of all matters subject to accounting constitute the basis of complete and reviewed financial reporting.

- OVB's accounting-related internal control system guarantees that all accounting records are checked for mathematical and factual correctness.

- Accounting data received or referred are also constantly being reviewed through spot checks conducted by independent experts. Moreover, the software runs additional plausibility checks within the scope of payment processes.

- OVB's basic principles are the separation of functions and the four-eye principle.

- Monitoring committees (e.g. the internal audit department and the Supervisory Board's Audit Committee) have been established with regard to the compliance and reliability of internal accounting and financial reporting.

- Processes of relevance to financial accounting are routinely checked by the in-house audit department, which operates independently of processes.

The accounting-related internal control and risk management system, the essential characteristics of which have been described above, ensures that business matters are correctly recorded, processed, evaluated and transferred to accounting. The adequate manpower, the use of appropriate software and clear statutory and corporate guidelines are the basis for a correct, consistent and continuous accounting process. A clear separation of areas of responsibility and various subsequent control and audit mechanisms as described above in detail safeguard correct and responsible accounting. Thus it is made sure in the individual case that business transactions are recorded, processed and documented in compliance with statutory regulations, the articles of association and internal guidance, and correctly and promptly entered in financial reporting. It is ensured at the same time that assets and liabilities are correctly stated, disclosed and measured in the separate financial statements and consolidated financial statements and that dependable and relevant information is made available completely and promptly.

Presentation of risks

In the following we provide a qualitative description of risks that could have material adverse effects on our assets, liabilities, financial position and profit or loss. Please see section 3.5 of the notes to consolidated financial statements ("Objectives and methods used in financial risk management") for quantitative information relating to financial instruments in accordance with IFRS 7.

Macroeconomic risks

Our business environment is affected by changes in the general economic and political framework. We observe the political, regulatory, financial and economic developments in the markets in which we operate and utilise resources such as external market analyses and the know-how of external experts and analysts in order to review our strategic and operational orientation in light of these developments. This particularly applies to risks associated with tapping into new markets.

Our plans for regional expansion depend on orderly political and legal conditions prevailing in the respective country and on an economic environment that clearly indicates that OVB will be able to profitably forge ahead with its business activities within a timeframe that appears reasonable given the respective market conditions.

In view of the specific risks associated with the economic development, the broad regional positioning of the OVB Group in Europe, able to compensate market risks and downturns in individual countries with opportunities in other markets, plus a broad client base help mitigate risks. The diversification of business activities across highly varied products, designed to facilitate asset generation and risk protection and tailored to the respective situation in the relevant markets, also helps offset risks, at least in certain sub-segments

Risks relating to company-specific factors of value creation

An increasing number of clients, the expansion of our team of financial advisors and low turnover within that team as well as the structure and quality of our advisory and brokerage business are key factors of the commercial success of the companies of the OVB Group.

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

Many regional markets in which OVB operates underwent a macroeconomic recovery phase in 2010 and the first half-year 2011, following the financial and economic crisis of the years before. Since summer 2011, new uncertainty resulting from the difficult debt situation of some countries of the euro area has beyond the financial markets and the banking sector increasingly been affecting the real economy as well. Negative effects on economic growth, the private households' income situation and the labour market emanate from this development.

It remains to be seen for how long this uncertainty will persist and if the euro debt crisis will tighten. Even after the second austerity package the euro countries tied up for Greece, the risk remains that the country will not be able to bear their considerably reduced debt load without the realisation of groundbreaking reforms. Overall, however, we do not expect permanent adverse effects on OVB's new business because of the existing necessity of private provision and in light of demographic trends in most countries.

The future growth of the OVB Group depends largely on the long-term commitment of a sufficient number of motivated and competent financial advisors and the provision of a low turnover rate in the sales force.

The development of the sales force is the subject of periodic reporting. Positive or negative trends are constantly being analysed and assessed by the management with regard to their effects on the business success. A tightening of the competition, the market entry of new competitors and potential trends for fluctuation in this context are monitored with close attention in order to take adequate measures in good time if necessary. By means of attractive career promotion and remuneration schemes, we seek to commit our existing sales force to us and to expand the number of financial advisors continuously. At the same time, the group places great emphasis on the professional training and further education of its financial advisors.

The industry of financial service distributors is in a phase of consolidation which might result in temporary disruptions and increased staff turnover in sales. Based on its experience of many years, OVB finds itself capable of counteracting any potential fluctuations in the sales force. If these measures do not prove their effect, a negative impact on sales and earnings is possible.

Industry-specific risks

OVB is exposed to industry-specific risks particularly in connection with changes in the markets for pension provision, health care, investments and financing. Tax and socio-political conditions, capital market influences and regulation of the broking profession play a key role here. The regulatory framework has significant influence on the competition in the market for financial services. In the year 2011 the legislator launched additional regulatory steps such as the Act to

Amend the Law for Investment Intermediaries and Capital Investments (Gesetz zur Novellierung des Finanzanlagenvermittler- und Vermögensanlagenrechts) in the German market.

We constantly monitor all efforts toward more extensive regulation of the financial services market in Europe that particularly pursue the goal of increased investor protection, and analyse their effects on our business model early on. From that analysis we derive the basis for decisions on the strategic positioning in the individual countries. In connection with the increasing regulation, the companies of the OVB Group are subjected to increased supervision by the national supervisory authorities. We meet the increasing requirements with ongoing development of compliance management.

OVB has a broad range of high-capacity partners. The company brokers financial products provided by more than 100 insurance companies, investment trusts, building societies and banks. We contain the risk associated with product selection by working only with renowned and internationally experienced product providers on the basis of long-term partnerships. We identify client requirements and market trends through extensive market research, and we then use our findings to develop competitive products tailored to our clients' needs in cooperation with our product partners. We ensure the quality and competitiveness of our product portfolio by maintaining ongoing communication with our partners.

We combat the risk of diminishing product appeal by continually monitoring client response and feedback. Established committees liaise with our financial advisors and process their experience and suggestions for improving and developing our product range and the associated support services. OVB can at least partially compensate for declining turnover of some products through higher turnover of other products.

Financial risks

Bad debt risks may arise from receivables from business partners and from advance commission payments to sales agents and commission charge-back. In individual cases, commission that has been earned but not yet received is paid to our advisors in order to bridge the gap until payment is received from our product providers. Bad debt risks are countered by way of risk-sensitive accounts receivable management and the careful selection of business and product partners. Appropriate allowances are created for receivables that are considered doubtful from today's viewpoint. Such allowances take into account timely information on the debtor's credit rating, the commission expected to be received and the age structure of receivables.

Cancellation risks are adequately covered by corresponding provisions, the amount of which is determined on the basis of commission inflow during the period of liability and the anticipated claims for commission refunds based on past experience.

We limit *issuer risks* associated with the investment of liquid assets by means of stringent credit rating requirements and adequate investment management. OVB maintains business relationships with several banks belonging to different banking systems. OVB closely monitors the standing of these banks to ensure that the funds invested are covered by adequate guarantee schemes of the respective banking groups.

With respect to shares, bonds, borrower's note loans and funds in our portfolio, we vary terms to maturity, the amounts invested and the issuers. The amount invested in the securities of a single issuer is always significantly below 10 per cent of OVB's total invested volume.

Market risks are risks of loss as a result of unfavourable changes in market prices or other price affecting parameters. Market price risks include interest rate risks, exchange rate risks and share price risks. Shares and funds may be primarily exposed to price risk as a result of market price fluctuations. Market price risks associated with investments in shares are of relatively minor significance as far as OVB's investment strategy is concerned.

Potential effects on earnings as a result of heavy price fluctuations are identified early on by monitoring and assessing our portfolio on an ongoing basis. Containing such risks may also necessitate the full liquidation of positions at short notice. Thus we assure a timely response to market changes.

Exchange rate risks are rather of minor relevance to the group. OVB constantly monitors the development on the currency markets and particularly deliberates the necessity of additional hedging measures.

OVB's *liquidity risks* are relatively low because we finance business operations from current cash flow and as liquidity reports at group and subsidiary levels assist in the management of surplus liquidity. These reports provide a regular insight into financial developments and the liquidity requirements of the subsidiaries and the holding company derived from them.

With these measures OVB also effectively diversifies its risk of being sued under guarantees or letters of comfort given on behalf of its subsidiaries.

Operational risks

OVB uses both in-house employees and contractors as well as technical and structural mechanisms in order to transact its business. Binding workflow rules have been defined for processing and settling business transactions, including provisions relating to powers of representation. Employees entrusted with confidential information commit themselves to comply with binding regulations and to handle such information responsibly.

We limit the risk of breaches of in-house and external rules and regulations by separating management from control functions. We protect ourselves from loss or damage and potential liability by means of appropriate insurance protection.

IT risks

Our IT systems are largely standardised. We use up-to-date, primarily industry-specific standard software of well-known providers in order to prevent malfunction, data loss, data manipulation and unauthorised access to our IT network. If necessary, group-specific in-house developments subject to continuous quality control are used for complementing the standard software. Back-up systems, mirror databases and a defined emergency plan keep data secure and guarantee its availability. Our IT systems are protected by special access and authorisation concepts as well as effective and continually updated anti-virus software. OVB's CRM system, which is currently being implemented, is intended to further homogenise the IT tools put to use in all companies.

Reputational risks

Advising on financial products and broking them are activities subject to critical public scrutiny from time to time. OVB's reputation could be damaged and the public’s trust in OVB could be affected if negative reports about activities of OVB’s financial advisors were published, e.g. concerning claims against them based on incorrect or allegedly incorrect advice, or in the case of negative reports about the products sold by OVB's financial advisors, irrespective of the legitimacy of any such claims or the truth of the reports. OVB follows and analyses any such discussions with the aim of taking preventive action to halt any damage to reputation before it arises. Our training standards are compliant with statutory requirements and are constantly advanced and adapted to a changing legal framework. A comprehensive documentation of counselling interviews and strict selection criteria for the inclusion of new product providers and products support this goal.

Risks associated with advisory services and liability risks

OVB's financial advisors generally arrange financial products for clients on the basis of a prior consultation. The purpose of this consultation is to ensure that the client receives a financial product that is tailored to his or her individual provision requirements and investment profile. Potential risks associated with advisory services are curtailed by continually raising the awareness of and providing continuing education opportunities for our financial advisors with a view to providing demand-specific advice and by documenting and recording client meetings in the required manner. We closely follow the public and extensive debate on the quality of financial advisory services in Europe in general as well as initiatives for additional regulation in Germany and on a European scale so that we recognize potential effects on our business model in good time and are capable of implementing all the adjustments required.

Legal risks

We guard against legal risks by drawing on comprehensive advice both from in-house specialists and external specialist lawyers and advisors before final decisions are made and in the course of structuring our business processes. The management of legal risks is coordinated by our legal department. Its tasks include the monitoring and assessment of current legal disputes. Constant monitoring and evaluation conducted by our legal department is the first step in enabling us to counter risks associated with potentially incorrect advice to clients and brokering financial and insurance products. We further reduce our risk of liability in most countries in which we do business by taking out adequate financial liability insurance.

Tax risks

OVB continually monitors tax law developments in all of the countries in which it does business, including potential regulatory intervention that would affect the tax treatment of our sales model, and analyses their potential impact on the group. In-house and external experts monitor the tax requirements applicable to the company in accordance with the relevant tax provisions and the directions issued in relation to such provisions by the respective tax authorities.

Estimation risks

Assumptions and estimates materially concern the evaluation of provisions, the collectability of receivables, goodwill impairment, legal risks, depreciation and amortisation and the determination of the useful lives of assets. The actual values may deviate in the individual case from the assumptions and estimates made. Changes are considered as of the time better information become available.

Overall assessment of risks

OVB's business performance is essentially influenced by industry-specific and financial risks. The reporting system in place assists in monitoring, managing and controlling the risks associated with our current and future development and permits a swift response.

OVB's risk position remains non-critical. No risks materialised in the year under review that carried a threat to the OVB Group's continued existence. We have made adequate provision for currently identified material risks.

We will continually develop our risk management and control system in order to increase transparency in relation to risks taken and we continue to improve our risk management capabilities.

The risks presented are not necessarily the only risks to which we are exposed. Risks we are currently unaware of or risks that we currently regard as immaterial could also have adverse effects on our business activities and a negative impact on the forecasts made in the outlook chapter below. This particularly concerns macroeconomic risks.

Opportunities for future business development

The business model and the business success of OVB have been based for years on rapidly growing demand across Europe for advisory services in the fields of provision, risk protection and asset generation.

We assume that the demand for our services and the financial and insurance products brokered by our sales force will hold up in the years ahead. The citizens have become increasingly aware of the need for private provision. Low birth rates in many countries are making it difficult to sustain pay-as-you-go social security systems and are thus boosting the trend toward private provision.

OVB recognises opportunities for greater market penetration in all of the markets in which it already operates. We intend to exploit this growth potential consistently. Apart from expanding business in markets already developed, OVB is moving into new promising markets if the general conditions appear favourable. Consolidation within the industry will offer even more business opportunities. OVB intends to play an active role in this process.

Overall assessment of the economic situation of OVB Holding AG

The Executive Board of OVB Holding AG is satisfied with the company's performance of business operations in the year 2011 for the most part. OVB's risk situation remains manageable. The group's financial position is unchanged and appears extremely solid. The growth drivers that push the internationally oriented business model of OVB are intact for the medium and long term.

Events after the reporting date

In October 2011 subsidiary OVB Vermögensberatung AG signed a contract on the regulation of future claims for commission and their payment with a former Regional Director who was on the Executive Board of OVB Holding AG as well as the Executive Board of OVB Vermögensberatung AG from 2009 to the end of the year 2011. Against a one-time payment in the amount of Euro 10.3 million, all rights to future claims for new business and policy service commission of the distribution structure of the former Regional Director were acquired. The transfer of rights and the payment of the purchase price took place in January 2012.

Outlook

The countries of Central and Eastern Europe cannot be expected to escape the international economic downturn in 2012. Most national economies are meanwhile closely linked to the euro area. The increase in Poland's total economic output could still turn out comparatively strong with 2.2 per cent as the country has a large national economy. The Ukrainian economy, dominated by agriculture, will probably grow as well, if somewhat slower at 3.5 per cent. All other countries of the region are expected to fall back to stagnation or recession in 2012; in 2013 the economy could pick up pace again. On the whole, we anticipate another stimulation of the new and existing business in the Central and Eastern Europe segment and expect a growth in sales and earnings in the one-digit percentage range in 2012. We should manage in 2013 to increase sales and earnings as well – taking into consideration among other factors probable reform plans for the social systems in countries like the Czech Republic.

After the German economy has recorded a strong growth of 3.0 per cent in 2011, prospects for 2012 are dampened at first due to the international debt crisis. The German GDP will probably gain only 0.6 per cent altogether in 2012. By the end of 2012 and through 2013, the German economy could benefit again from its high international competitiveness. The German Institute for Economic Research (DIW) regards a real economic growth of 2.2 per cent in 2013 as possible. The economic situation of Germany's private households, of great relevance to OVB's business activities, will probably turn out comparatively sound in 2012/2013. From today's viewpoint, OVB anticipates a slight growth in sales in the Germany segment for the year 2012. Continued cost discipline should affect earnings positively. It is expected to achieve earnings at about the level of the result achieved in the completed year under review. Carried by continued economic recovery and the corresponding increasing willingness among clients to make efforts for private provision, an increase in sales and earnings is expected for the year 2013.

The countries of the Southern and Western European region will probably follow the global economic pattern in 2012/2013, too: setback in 2012, recovery in 2013. The bottom line is that the macroeconomic framework for the business activities of OVB in the region Southern and Western Europe is very different: for France, Austria and Switzerland an altogether favourable economic environment can be expected for 2012/2013 while we meet considerable challenges in Italy and Spain and face significant risks in Greece. The Executive Board of OVB Holding AG pursues the goal in the Southern and Western European segment to get back to the initial sales performance again. This is intended to be achieved by winning new financial advisors by way of organic growth. The company expects a slightly improving business performance in the year 2012 altogether.

This expectation is based on the assumption that sustained further expansion of the sales effort can be achieved in a number of countries and that a temporarily declining trend in Austria can be reversed successfully by taking appropriate measures for the support of sales. The slight economic recovery predicted for the year 2013 can be expected to support the sales performance in the countries of Southern and Western Europe; on this basis the company expects to increase sales and earnings.

OVB Holding AG anticipates slightly higher revenues for the Corporate Centre segment in 2012. Due to cost discipline, profitability should continue to improve as well. This trend is expected to hold up though 2013.

One of the strengths of OVB is its broad international positioning over 14 European countries. Judging from an overall assessment, different effects on the business performance of OVB will probably originate from the economies in these 14 countries in 2012 and 2013 on balance. OVB will make every effort to set the course for growth in sales and earnings. In doing so, the company will remain true to its strategy of many years, pursuing three main objectives:

- We want to increase the penetration of the markets in which we already operate.
- We want to tap into new, promising markets in case of suitable basic conditions.
- We are a reliable partner to smaller sales organisations and individual financial advisors who want to join us.

The activities for reaching these three objectives are supported by stringent cost management and permanent endeavours for making our business processes more efficient. On this basis we expect an increase in the moderate one-digit percentage range in sales and in the upper one-digit range in earnings in the 2012 financial year. Carried by a continuing economic recovery and the corresponding rising willingness of the clients to see to private provision, we should manage to increase group sales and group earnings in 2013 over the 2012 results.

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

Composition of subscribed capital

The company's share capital was Euro 14,251,314.00 as of 31 December 2011 and is divided into 14,251,314 no-par value bearer shares. Each share carries the same rights and represents one vote in the General Meeting.

Shareholdings in excess of 10.0 per cent of the voting rights

OVB Holding AG has been notified of the following shareholdings that carry more than 10.0 per cent of the voting rights in OVB Holding AG. The following groups of shareholders are also referred to as key shareholders.

Deutscher Ring Beteiligungsholding GmbH, Hamburg, holds roughly 32.57 per cent of the shares. This investment is attributed to Basler Versicherung Beteiligungsgesellschaft mbH, Hamburg, Deutscher Ring Sachversicherungs-Aktiengesellschaft, Hamburg, Deutscher Ring Lebensversicherungs-Aktiengesellschaft, Hamburg, Bâloise Delta Holding S.a.r.l., Bartingen, Luxembourg, and Bâloise-Holding AG, Basel, Switzerland, in accordance with Sections 21, 22 (1) of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG).

IDUNA Vereinigte Lebensversicherung aG, Hamburg, holds roughly 31.48 per cent of the shares directly. As the companies of the Signal Iduna Group represent a horizontal group ("Gleichordnungskonzern") pursuant to Section 18 (2) AktG (German Stock Corporation Act), the group indirectly holds 52.76 per cent of the shares. Balance Vermittlungs- und Beteiligungs-AG, Hamburg, directly holds roughly 17.54 per cent of the shares. Deutscher Ring Krankenversicherungsverein a.G., Hamburg, directly holds roughly 3.74 per cent of the shares. In accordance with Sections 21, 22 (1) WpHG, the shares held by Balance Vermittlungs- und Beteiligungs-AG and Deutscher Ring Krankenversicherungsverein a.G. are also attributed to SIGNAL Unfallversicherung a.G., Dortmund, SIGNAL Krankenversicherung a.G., Dortmund, so that these entities have respective indirect holdings of roughly 21.28 per cent of the shares.

Generali Lebensversicherung AG, Munich, directly holds roughly 11.48 per cent of the shares, attributed to Generali Deutschland Holding AG, Cologne, Generali Beteiligungs- und Verwaltungs AG, Munich, and Assicurationi Generali S.p.A., Triest, Italy, in accordance with Sections 21, 22 (1) WpHG.

The free float as defined by Deutsche Börse AG came to roughly 3.19 per cent as of 31 December 2011, based on the information available to OVB Holding AG.

Restrictions on voting rights or share assignment

The master agreement and shareholder voting agreement between the key shareholders establishes certain restrictions on voting rights in the event of elections to the Supervisory Board.

Appointment and dismissal of members of the Executive Board and amendments to the articles of association

The Executive Board, consisting of at least two members pursuant to Section 7 (1) of the articles of association, is appointed and dismissed exclusively in accordance with the relevant statutory provisions (Sections 84 and 85 AktG (German Stock Corporation Act)). The Supervisory Board is solely responsible for appointing and dismissing Executive Board members. It determines the number of Executive Board members and appoints members for a maximum term of five years. Executive Board members may be reappointed or their term of office extended, in each case for no more than five years.

The articles of association may be amended by resolution of the Annual General Meeting. The amendments become valid upon registration with the commercial register pursuant to Section 181 (3) AktG. In accordance with Section 179 (2) AktG in conjunction with Section 18 (2) of the articles of association, resolutions passed by the General Meeting to amend the articles of association must be adopted by a simple majority of the share capital represented at the vote, unless the German Stock Corporation Act determines a larger majority as mandatory. Under Section 11 (3) of the articles of association, the Supervisory Board has the power to amend the articles of association insofar as only their wording is concerned.

The Executive Board's authorizations to issue and buy back shares

At present OVB Holding AG has neither contingent nor authorised capital. The Annual General Meeting of 11 June 2010 authorised the company to acquire a total of up to 300,000 own shares (treasury stock) up to an including 10 June 2015. The shares can be acquired on the stock exchange or by means of a public bid directed towards all shareholders. The company may also use intermediaries to acquire shares on the stock exchange, provided the intermediaries comply with the following restrictions.

If shares are purchased on the stock exchange, the purchase price per share (not including transaction cost) must neither exceed nor undercut the average share price (closing auction prices for OVB shares on the Xetra trading platform or a functionally equivalent system that supersedes Xetra at the Frankfurt Stock Exchange) over the last five trading days before the purchase obligation was assumed by more than five per cent.

In the case of a public bid, the purchase price must neither exceed nor undercut the average share price (closing auction prices for OVB shares on the Xetra trading platform or a functionally equivalent system that supersedes Xetra at the Frankfurt Stock Exchange) over the last five trading days prior to the day on which the bid was announced by more than 10 per cent. A limit may be placed on the volume of shares subject to the bid. If the offer is over-subscribed, acceptance must be proportionate to the number of shares offered, respectively. The company may give priority to shareholders seeking to sell smaller allotments of up to 100 shares in the company.

Subject to the Supervisory Board's approval, the Executive Board is authorised to use the shares bought back in accordance with the above authorisation as follows:

With the Supervisory Board's approval, the Executive Board may use the repurchased shares as (partial) consideration in connection with company mergers or in order to acquire enterprises, equity interests in enterprises, divisions of enterprises or other business assets, or in order to sell the shares on the stock exchange at a price that is not materially below the market price of the company's shares at the time of the sale.

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

The Executive Board may also, with the Supervisory Board's approval, retire the repurchased shares without requiring another resolution of the AGM.

The Executive Board may elect to retire only some of the acquired shares; the authorisation to retire shares may be exercised more than once.

The retirement of shares may be executed in such a way that the share capital does not change; rather the interest in the share capital represented by the remaining shares is increased.

The shareholders' rights to subscribe to the company's own shares are excluded, provided such shares are used in accordance with the authorisations described above.

Change of control

Public bids to acquire shares in the company are governed exclusively by law and the articles of association, including the provisions of the German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz). The shareholders have not authorised the Executive Board to take actions falling within the shareholders' powers so as to prevent any successful takeover bids.

The company has not entered into any compensation agreements with the members of the Executive Board in the event of a takeover bid.

Statement of the Executive Board pursuant to Section 312 AktG (German Stock Corporation Act)

For each reportable transaction, our company has received appropriate consideration according to the circumstances known to us at the time of the transaction.

Responsibility statement of management

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, March 5, 2012

Michael Rentmeister Oskar Heitz Mario Freis

Together with our financial advisors

Working as a financial advisor for OVB is a challenging task that requires high commitment as well as great professional and social skills. It provides independence, attractive income opportunities and the potential for long-term success at the same time. OVB supports its financial advisors on this path with all its strength.

"Achieving more together"

Consolidated financial statements 2011

Consolidated statement of financial position

of OVB Holding AG as of 31 December 2011 according to IFRS

Assets

Note	in Euro'000	31/12/2011	31/12/2010
	A. Non-current assets		
1	Intangible assets	11,577	12,847
2	Tangible assets	4,790	5,194
3	Investment property	561	570
4	Financial assets	383	520
5	Deferred tax assets	6,135	5,166
		23,446	**24,297**
	B. Current assets		
6	Trade receivables	22,958	20,208
7	Receivables and other assets	22,238	25,761
8	Income tax receivables	1,859	2,554
9	Securities and other investments	38,316	41,221
10	Cash and cash equivalents	39,980	30,854
		125,351	**120,598**
	Total assets	**148,797**	**144,895**

Equity and liabilities

Note	in Euro'000	31/12/2011	31/12/2010
	A. Equity		
11	Subscribed capital	14,251	14,251
12	Capital reserve	39,342	39,342
13	Treasury shares	0	0
14	Revenue reserves	13,646	13,593
15	Other reserves	1,386	1,808
16	Non-controlling interests	138	174
17	Retained earnings	11,297	14,317
		80,060	**83,485**
	B. Non-current liabilities		
18	Liabilities to banks	341	389
19	Provisions	1,133	931
20	Other liabilities	60	73
21	Deferred tax liabilities	280	112
		1,814	**1,505**
	C. Current liabilities		
22	Provisions for taxes	2,863	1,360
23	Other provisions	27,450	25,231
24	Income tax liabilities	111	504
25	Trade payables	8,075	8,230
26	Other liabilities	28,424	24,580
		66,923	**59,905**
	Total equity and liabilities	**148,797**	**144,895**

Note

Consolidated income statement

of OVB Holding AG for the period from 1 January to 31 December 2011 according to IFRS

	in Euro'000	2011	2010
27	Brokerage income	199,494	175,074
28	Other operating income	9,622	11,252
	Total income	**209,116**	**186,326**
29	Brokerage expenses	-134,219	-112,542
30	Personnel expenses	-24,826	-24,773
31	Depreciation and amortisation	-3,928	-3,121
32	Other operating expenses	-40,047	-41,100
	Earnings before interest and taxes (EBIT)	**6,096**	**4,790**
	Finance income	1,741	2,022
	Finance expenses	-565	-470
33	**Financial result**	**1,176**	**1,552**
	Earnings before taxes	**7,272**	**6,342**
34	Taxes on income	-3,149	-2,365
35	Consolidated net income	4,123	3,977
36	Non-controlling interests	36	28
	Consolidated net income after non-controlling interests	**4,159**	**4,005**
37	Basic earnings per share in Euro	0.29	0.28

Note

Consolidated statement of comprehensive income

of OVB Holding AG for the period from 1 January to 31 December 2011 according to IFRS

in Euro'000	2011	2010
Consolidated net income	**4,123**	**3,977**
Change in revaluation reserve	60	100
Change in deferred taxes on unrealised gains and losses from investments	-16	-12
Change in currency translation reserve	-466	423
Other comprehensive income for the period	**-422**	**511**
Non-controlling interest in total comprehensive income	36	28
Total comprehensive income	**3,737**	**4,516**

Consolidated statement of cash flows

of OVB Holding AG for the period from 1 January to 31 December 2011 according to IFRS

in Euro'000	2011	2010
Cash and cash equivalents	38,721	30,854
Net income/loss for the period (before non-controlling interests)	4,123	3,977
-/+ Increase/decrease in non-controlling interests	36	28
+/- Write-downs/write-ups of non-current assets	3,883	3,130
-/+ Unrealised currency gains/losses	169	-83
+/- Increase in/reversal of provision for impairment of receivables	4,696	3,799
-/+ Increase/decrease in deferred tax assets	-969	-189
+/- Increase/decrease in deferred tax liabilities	168	81
- Other finance income	-223	-880
- Interest income	-1,518	-1,142
+/- Increase/decrease in provisions	3,924	-2,962
+/- Increase/decrease in available-for-sale reserve	44	88
+/- Expenses/income from the disposal of intangible and tangible assets (net)	232	153
+/- Decrease/increase in trade receivables and other assets	-3,227	-2,974
+/- Increase/decrease in trade payables and other liabilities	2,024	1,447
= Cash flow from operating activities	**13,362**	**4,473**
+ Proceeds from the disposal of property, plant and equipment and tangible assets	190	179
+ Proceeds from the disposal of financial assets	344	749
- Purchases of tangible assets	-1,183	-712
- Purchases of intangible non-current assets	-1,501	-3,229
- Purchases of financial assets	-208	-707
+/- Decrease/increase in securities and other short-term investments	2,904	-10,285
+ Other finance income	223	880
+ Interest received	1,518	1,142
= Cash flow from investing activities	**2,287**	**-11,983**
- Payments to the company's owners and non-controlling interests (dividends, equity repayments, other payments)	-7,126	-7,126
+/- Increase/decrease in non-controlling interests	-36	-28
+ Proceeds from the issue of bonds and taking out (financial) loans	-49	128
= Cash flow from financing activities	**-7,211**	**-7,026**
Overview:		
Cash flow from operating activities	13,362	4,473
Cash flow from investing activities	2,287	-11,983
Cash flow from financing activities	-7,211	-7,026
= Net change in cash and cash equivalents	**8,438**	**-14,536**
Exchange gains/losses on cash and cash equivalents	-571	327
+ Cash and cash equivalents at end of the prior year	30,854	45,063
= Cash and cash equivalents at the end of the period	**38,721**	**30,854**
Income tax paid	3,118	3,098
Interest paid	149	174

Consolidated statement of changes in equity

of OVB Holding AG as of 31 December 2011 according to IFRS

EUR'000	Subscribed capital	Capital reserve	Retained profits brought forward	Statutory reserve	Other revenue reserves
Balance as at 31/12/2010	**14,251**	**39,342**	**10,311**	**2,597**	**10,997**
Consolidated profit			4,005		
Treasury shares					
Corporate actions					
Dividends paid			-7,126		
Change in available-for-sale reserve					
Transfer to other reserves			-52	52	
Change in currency translation reserve					
Net income for the period					
Balance as at 31/12/2011	**14,251**	**39,342**	**7,138**	**2,649**	**10,997**

of OVB Holding AG as of 31 December 2010 according to IFRS

EUR'000	Subscribed capital	Capital reserve	Retained profits brought forward	Statutory reserve	Other revenue reserves
Balance as at 31/12/2009	**14,251**	**39,342**	**8,961**	**2,309**	**10,997**
Consolidated profit			8,764		
Treasury shares					
Corporate actions					
Dividends paid			-7,126		
Change in available-for-sale reserve					
Transfer to other reserves			-287	287	
Change in currency translation reserve					
Net income for the period					
Balance as at 31/12/2010	**14,251**	**39,342**	**10,312**	**2,596**	**10,997**

Available-for-sale reserve / revaluation reserve	Deferred taxes on unrealised gains/losses	Currency translation reserve	Net income recognised directly in equity	Net income for the period	Total comprehensive income	Non-controlling interests	Total
260	**-40**	**1,588**		**4,005**		**174**	**83,485**
				-4,005			
							-7,126
60	-16		44		44		44
		-466	-466		-466		-466
				4,159	4,159	-36	4,123
320	**-56**	**1,122**	**-422**	**4,159**	**3,737**	**138**	**80,060**

Available-for-sale reserve / revaluation reserve	Deferred taxes on unrealised gains/losses	Currency translation reserve	Net income recognised directly in equity	Net income for the period	Total comprehensive income	Non-controlling interests	Total
160	**-28**	**1,165**		**8,764**		**202**	**86,123**
				-8,764			
							-7,126
100	-12		88		88		88
		423	423		423		423
				4,005	4,005	-28	3,977
260	**-40**	**1,588**	**511**	**4,005**	**4,516**	**174**	**83,485**

Segment reporting 2011

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	126,172	50,224	23,098	0	0	199,494
Other operating income	2,150	3,696	1,617	2,144	15	9,622
Income from inter-segment transactions	30	1,160	41	9,926	-11,157	0
Total segment income	**128,352**	**55,080**	**24,756**	**12,070**	**-11,142**	**209,116**
Segment expenses						
Brokerage expense						
- Current commission for sales force	-84,060	-22,344	-13,173	0	0	-119,577
- Other commission for sales force	-6,784	-5,709	-1,865	-284	0	-14,642
Personnel expenses	-6,602	-7,306	-3,507	-7,411	0	-24,826
Depreciation/amortisation	-1,891	-911	-434	-692	0	-3,928
Other operating expenses	-18,420	-12,709	-8,198	-11,830	11,110	-40,047
Total segment expenses	**-117,757**	**-48,979**	**-27,177**	**-20,217**	**11,110**	**-203,020**
Earnings before interest and taxes (EBIT)	**10,595**	**6,101**	**-2,421**	**-8,147**	**-32**	**6,096**
Interest income	483	449	119	629	-163	1,517
Interest expenses	-66	-177	-62	-63	152	-216
Other financial result	-11	18	74	-217	11	-125
Earnings before taxes (EBT)	**11,001**	**6,391**	**-2,290**	**-7,798**	**-32**	**7,272**
Taxes on income	-3,003	-184	3	35	0	-3,149
Non-controlling interests	0	0	0	36	0	36
Segment result	**7,998**	**6,207**	**-2,287**	**-7,727**	**-32**	**4,159**
Additional disclosures						
Capital expenditures	668	479	152	1,384	0	2,683
Material non-cash expenses (-) and income (+)	-154	101	375	-52	0	270
Impairment expenses	-2,804	-2,209	-1,741	-544	11	-7,287
Reversal of impairment loss	220	705	129	130	0	1,184

Segment reporting 2010
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	93,222	49,173	32,679	0	0	175,074
Other operating income	2,411	4,850	1,623	2,146	222	11,252
Income from inter-segment transactions	42	886	4	7,952	-8,884	0
Total segment income	**95,675**	**54,909**	**34,306**	**10,098**	**-8,662**	**186,326**
Segment expenses						
Brokerage expense						
- Current commission for sales force	-58,548	-19,554	-19,027	0	0	-97,129
- Other commission for sales force	-5,954	-7,044	-2,415	0	0	-15,413
Personnel expenses	-6,542	-7,720	-4,063	-6,448	0	-24,773
Depreciation/amortisation	-873	-1,300	-397	-551	0	-3,121
Other operating expenses	-15,527	-13,711	-8,871	-11,658	8,667	-41,100
Total segment expenses	**-87,444**	**-49,329**	**-34,773**	**-18,657**	**8,667**	**-181,536**
Earnings before interest and taxes (EBIT)	**8,231**	**5,580**	**-467**	**-8,559**	**5**	**4,790**
Interest income	313	495	100	430	-196	1,142
Interest expenses	-65	-174	-27	-22	196	-92
Other financial result	185	-69	9	377	0	502
Earnings before taxes (EBT)	**8,664**	**5,832**	**-385**	**-7,774**	**5**	**6,342**
Taxes on income	-2,378	-459	-274	746	0	-2,365
Non-controlling interests	0	0	0	28	0	28
Segment result	**6,286**	**5,373**	**-659**	**-7,000**	**5**	**4,005**
Additional disclosures						
Capital expenditures	1,000	130	370	2,485	0	3,985
Material non-cash expenses (-) and income (+)	1,321	1,342	707	-27	0	3,343
Impairment expenses	-1,007	-3,375	-1,263	-457	0	-6,102
Reversal of impairment loss	23	1,252	244	331	0	1,849

Together with our product partners

As an internationally operating integrated financial service provider, OVB works together with more than 100 renowned product partners. In arranging our product portfolio, we orient ourselves strictly toward client requirements. Together with the product suppliers we use feedback from the market for the optimisation of our range of products.

"Achieving more together"

Notes to the consolidated financial statements for financial year 2011

I. General information

1. General information on the OVB Group

OVB Holding AG (hereinafter also referred to as "OVB" or the "company") is a German stock corporation with its registered office in Cologne, Germany, at Heumarkt 1. The Company is recorded in Part B of the commercial register maintained at the Local Court (Amtsgericht) of Cologne under registration number 34649. The object of the company is to manage enterprises, specifically those involved in providing advisory and brokerage services in connection with investments, building society savings contracts and insurance contracts, and those involved in providing advisory and brokerage services in relation to real estate of all kinds.

The consolidated financial statements of OVB Holding AG for the financial year ended 31 December 2011 were released for publication on 23 March 2012 pursuant to a resolution of the Executive Board and with the consent of the Supervisory Board.

2. Basis of preparation

As a listed parent company that utilises an organised market within the meaning of Section 2 (5) of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG), OVB Holding AG, in accordance with Section 315a of the German Commercial Code (Handelsgesetzbuch – HGB), has prepared its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as applicable in the European Union, released by the International Accounting Standards Board (IASB). All International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) and the Interpretations of the International Financial Reporting Standards Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC) subject to mandatory application for financial year 2011 were taken into account. The requirements under Section 315a (1) HGB were also considered.

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

All figures in the consolidated financial statements are stated in Euros. Unless stated otherwise, all figures are rounded up or down to the nearest thousand Euros (Euro '000) in accordance with commercial rounding principles. As the figures are presented in thousand Euro increments, rounding discrepancies may arise in isolated cases when individual items are added together.

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

2.1 Mandatory accounting standards

The accounting and valuation methods applied are generally the same as those applied in the previous year and they are explained in the following under the respective items of the statement of financial position. The group applied the following new or amended IFRS Standards and Interpretations in the past financial year.

Standards applied for the first time:

- IAS 24 "Related Party Disclosures" (amended)

The revised Standard is subject to mandatory reporting for financial years beginning on or after 1 January 2011. The definition of related businesses and individuals has been clarified in order to simplify the identification of relationships with related parties and to eliminate inconsistencies in the application. The revised Standard introduces partial exemption from the disclosure of business transactions for companies under government control. In the year under review there were no effects on assets, liabilities, financial position and profit or loss or on the notes to consolidated financial statements.

Improvements to IFRS 2010

The IASB released Improvements to IFRS 2010, a collection of amendments to various IFRS. These amendments are subject to mandatory application for financial years beginning on or after 1 July 2010 or 1 January 2011, respectively.

These amendments did not have material consequences for the notes to consolidated financial statements and no effects on the OVB Group's assets, liabilities, financial position and profit or loss.

2.2 Released standards not yet subject to mandatory application

The Standards listed below have been released but are not yet subject to mandatory application or may only be applied in future reporting periods. The group makes no use of voluntary application ahead of schedule.

- IAS 1 Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income

The amendment to IAS 1 leads to changes in the arrangement of items presented under other comprehensive income. Those components designated for reclassification through profit or loss (so-called recycling) must henceforth be presented separately from components to remain in equity. This amendment only concerns the method of presentation in the financial statements and therefore has no effects on the group's assets, liabilities, financial position and profit or loss. The amendment is subject to mandatory application for financial years beginning on or after 1 July 2012.

- IAS 12 Income Taxes – Deferred Tax: Recovery of Underlying Assets

The amendment clarifies the determination of deferred taxes on investment property measured at fair value. According to rebuttable presumption, the recovery of the book value through sale is generally considered the deciding factor for the determination of deferred tax on real estate measured at fair value in accordance with IAS 40. For non-depreciable tangible assets measured according to the revaluation method, pursuant to IAS 16, sale is always to be considered. The amendment to this Standard will probably have no effects on the group's assets, liabilities, financial position and profit or loss and is subject to mandatory application for financial years beginning on or after 1 January 2012.

- IAS 19 Employee Benefits

The IASB has revised IAS 19 extensively. The new Standard provides for material changes in the recognition and measurement of expenses for defined benefit pension plans and benefits due to termination of employment. In addition, the amendment results in increased mandatory disclosures of employee benefits for many companies. The group is currently assessing the effects of the amendment to IAS 19, which is subject to mandatory application for financial years beginning on or after 1 January 2013.

- IAS 32 Financial Instruments: Presentation

The amendment to IAS 32 comprises clarifications and explanations relating to the practical aspects of offsetting financial instruments while the previous conditions for offsetting remain unchanged. At the same time, additional mandatory disclosures were defined in this context, contained in an amendment to IFRS 7. The new guidance on offsetting financial instruments explains the two criteria “legally enforceable right to set off the amounts” and “intent of simultaneous settlement” under IAS 32.42. The Standard's effects on assets, liabilities, financial position and profit or loss as well as on mandatory disclosures are currently being examined. The amendment to IAS 32 is subject to mandatory application for financial years beginning on or after 1 January 2014. The IFRS 7 disclosures are effective for financial years beginning on or after 1 January 2013.

- IFRS 7 Financial Instruments: Disclosures – Transfers of Financial Assets

The amendment to IFRS 7 comprises extensive new disclosures relating to transferred financial assets which have been derecognised in order to enable the addressee of the consolidated financial statements to comprehend potentially retained or assumed rights and obligations in the context of the transaction. Moreover, disclosures of transferred yet still fully accounted for assets are expanded in order to enable the addressee to comprehend kind and risks of the continuing commitment to those assets. The amendment is to be applied to financial years beginning on or after 1 July 2012. It only regards the notes and does not affect the the group's assets, liabilities, financial position and profit or loss.

- IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 reflects phase I of the IASB project for replacing IAS 39 and deals with the categorisation and measurement of financial assets and financial liabilities. The Standard is subject to mandatory application for financial years beginning on or after 1 January 2015. In further project phases, the IASB will concern itself with the accounting treatment of hedging relationships and the impairment of financial assets. In order to reach a comprehensive understanding of the potential effects, the group will assess the consequences of the revisions of IFRS 9 only upon completion of the other phases.

- IFRS 10 Consolidated Financial Statements

IFRS 10 supersedes the provisions of previous IAS 27 Consolidated and Separate Financial Statements on group accounting and contains issues formerly regulated in SIC 12 Consolidation – Special Purpose Entities.

IFRS 10 establishes a consistent concept of control, applicable to all kinds of companies including special purpose entities toward the determination of the basis of consolidation. Compared to the previous legal situation, the amendments to IFRS 10 require discretionary management decisions in assessing which entities are controlled within the group and whether those entities must therefore be included in consolidated financial statements by way of full consolidation. The introduction of the amended Standard will probably have no effects on the group's assets, liabilities, financial position and profit or loss. The Standard is subject to mandatory application for financial years beginning on or after 1 January 2013.

- IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 consolidates the disclosures of all investments in subsidiaries, joint ventures and associates. The new Standard provides for quantitative and qualitative statements that enable the addressee to assess the kind, the risks and the financial consequences of the investments. Corresponding disclosures are enhanced in the group's notes to consolidated financial statements. The Standard must be applied for financial years beginning on or after 1 January 2013.

- IFRS 13 Fair Value Measurement

IFRS 13 comprises consistent standards for the determination of fair value. For this purpose, the Standard defines the term of fair value and states the methods eligible for its determination. The effects the Standard will have on assets, liabilities, financial position and profit or loss are currently being examined. The Standard is subject to mandatory application for financial years beginning on or after 1 January 2013.

2.3 Principles of consolidation

The consolidated financial statements for the financial year ended 31 December 2011 incorporate OVB Holding AG and the companies it controls. Control usually applies if the parent directly or indirectly holds more than 50 per cent of the voting rights of an entity or if it can influence the financial and operating policies of an entity in such a way that it profits from the entity's activities. The equity and net income for the period attributable to non-controlling interests are reported separately in both the statement of financial position and the income statement.

The consolidated financial statements contain all assets and (contingent) liabilities as well as all expenses and income of OVB Holding AG and the subsidiaries under its control after eliminating all intra-group transactions by way of the consolidation of investments, liabilities, expenses and income as well as the elimination of interim results.

Subsidiaries are fully consolidated from the date of acquisition, i.e. the date on which OVB Holding AG assumes control. Inclusion in the consolidated financial statements by way of full consolidation ends as soon as an entity is no longer controlled by the parent company.

Apart from OVB Holding AG, the following subsidiaries have been included in the consolidated financial statements:

Consolidated subsidiaries	Shareholding in per cent 2011	Shareholding in per cent 2010	Subscribed capital in Euro'000 31/12/2011
Nord-Soft EDV-Unternehmensberatung GmbH, Horst	50.40	50.40	77
Nord-Soft Datenservice GmbH, Horst	50.40	50.40	26
OVB Informatikai Kft., Budapest	100	100	51
MAC Marketing und Consulting GmbH, Salzburg	100	100	500
EF-CON Insurance Agency GmbH, Vienna	100	100	100
OVB Vermögensberatung AG, Cologne	100	100	10,000
OVB Allfinanzvermittlungs GmbH, Salzburg	100	100	1,500
OVB Vermögensberatung (Schweiz) AG, Baar	100	100	1,177
Eurenta Holding GmbH Europäische Vermögensberatung, Cologne	100	100	75
Advesto GmbH, Cologne	100	100	100
OVB Vermögensberatung A.P.K. Kft., Budapest	100	100	134
OVB Allfinanz a.s., Prague	100	100	570
OVB Allfinanz Slovensko a.s., Bratislava	100	100	849
OVB Allfinanz Polska Społka Finansowa Sp. z.o.o., Warsaw	100	100	245
OVB Allfinanz Romania Broker de Asigurare S.R.L., Cluj	100	100	1,013
OVB Imofinanz S.R.L., Cluj	100	100	149
SC OVB Broker de Pensii Private SRL, Cluj*	100	100	n/a
OVB Allfinanz Croatia d.o.o., Zagreb	100	100	515
OVB Allfinanz Zastupanje d.o.o., Zagreb	100	100	3
OVB-Consulenza Patrimoniale SRL, Verona	100	100	100
EFCON Consulting s.r.o., Brno	100	100	37
EFCON s.r.o., Bratislava	100	100	26
OVB Allfinanz España S.L., Madrid	100	100	501
OVB (Hellas) Allfinanz Vermittlungs GmbH & Co. KG, Bankprodukte, Athens	100	100	201
OVB Hellas Allfinanz Vermittlungs GmbH, Athens	100	100	200
Eurenta Hellas Monoprosopi Eteria Periorismenis Efthynis Asfalistiki Praktores, Athens	100	100	18
OVB Conseils en patrimoine France Sàrl, Strasbourg	100	100	300
TOB OVB Allfinanz Ukraine, Kiev	100	100	1,339

* SC OVB Broker de Pensii Private SRL, Cluj was merged with OVB Allfinanz Romania S.R.L., Cluj in the financial year.

2.4 Foreign currency translation

2.4.1 Foreign currency transactions

Foreign currency transactions are generally translated at the exchange rate as of the date of the transaction. Monetary items denominated in foreign currencies (e.g. cash and cash equivalents, receivables, liabilities) are consequently translated at the rate prevailing on the transaction date, and any translation differences are recognised in profit or loss. Non-monetary items valued at historical cost continue to be translated at historical exchange rates. The historical exchange rate equals the exchange rate used when the item was first recognised.

2.4.2 Foreign entities

Annual financial statements presented in a foreign currency are translated according to the functional currency approach under IAS 21 subject to the modified closing rate method. The assets and liabilities of the consolidated foreign entities, all of which are financially independent as well as independently organised and operated, are translated at the exchange rate as of the reporting date (the closing rate) while expenses and income are translated at the average annual exchange rate. Translation differences are recognised outside profit or loss in equity.

The exchange rates of relevance for the preparation of the consolidated financial statements have developed in relation to the Euro as follows:

in EUR	Closing rate 31/12/2011	Closing rate 31/12/2010	Change in %	Average rate 2011	Average rate 2010	Change in %
CHF	0.821900	0.802300	2.44 %	0.812690	0.724690	12.14 %
CZK	0.038940	0.039630	-1.74 %	0.040740	0.039600	2.88 %
HUF	0.003212	0.003583	-10.35 %	0.003600	0.003640	-1.10 %
HRK	0.133000	0.135800	-2.06 %	0.134820	0.137530	-1.97 %
PLN	0.225800	0.252300	-10.5 %	0.244060	0.251030	-2.78 %
RON	0.231800	0.234000	-0.94 %	0.236340	0.238300	-0.82 %
UAH	0.097820	0.096040	1.85 %	0.091160	0.096170	-5.21 %

3. Summary of essential accounting policies and valuation methods

3.1 Historical cost convention

Generally speaking, the amortised acquisition cost, or historical cost, of assets and liabilities constitutes the maximum value at which they can be reported.

However, available-for-sale securities and investment property are exceptions to this rule; they are recognised at fair value. The fair value is the amount that would be recoverable on the market if an asset were traded or a debt were repaid between knowledgeable, willing and independent parties.

The fair value of available-for-sale securities corresponds with the market value in an active market. If no market price is available, fair value is determined on the basis of the requirements defined by IAS 39.48A according to a valuation model. Unrealised gains and losses are generally recognised outside profit or loss. If such a security is disposed of, the cumulative gains or losses previously recognised directly outside profit or loss are then recognised in profit or loss. If it is permanently impaired, the cumulative losses previously recognised outside profit or loss are then also recognised in profit or loss.

The fair value of investment property is determined by an independent valuer. Gains or losses derived from changes in the fair value of investment property are recognised in profit or loss in the year in which they accrue.

3.2 Financial instruments

Financial assets and liabilities are recognised in the consolidated statement of financial position only when a company 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.

Financial instruments can be divided into the following categories which particularly determine how the instruments are measured after initial recognition.

Loans and receivables

After their initial recognition in the accounts, loans and receivables are measured at amortised cost. This is the amount at which a financial asset was initially recognised, less repayments, plus or minus the cumulative amortisation of any difference between the originally assigned value and the amount repayable at maturity based on the effective interest method, and less any allowances for impairment. The interest rate applicable to the respective financial assets and liabilities is used as the effective interest rate. All future cash flows to maturity are discounted to the asset's net carrying amount.

Receivables and liabilities relating to individual financial advisors are offset if the relevant offset requirements are met, irrespective of the legal basis for such receivables and liabilities. This concerns the items in the statement of financial position 7.1 “Other receivables”, 25 “Trade payables” and 26 “Other liabilities”.

Available-for-sale financial assets

Available-for-sale financial assets are recognised at fair value. Unrealised valuation gains and losses are recognised outside profit or loss until the time of disposal, unless the conditions for impairment are fulfilled. Appreciation in the value of debt securities is recognised up to amortised cost in profit or loss while the appreciation of equity securities is generally recognised outside profit or loss through the revaluation reserve.

Financial liabilities

Financial liabilities are generally recognised at amortised cost or the expected expense required for meeting the current obligation as of the reporting date.

3.2.1 Impairment and reversal of impairment loss on financial assets

The carrying amounts of financial assets are reviewed as of each reporting date to determine whether there are substantial objective indications for impairment, so-called triggering events. In this context, objective indications for impairment include for example a debtor's significant financial difficulties, significant changes in the issuer's market or the permanent decline of the fair value of a financial asset below amortised cost. If there are such objective indications, at a second stage follows an individual evaluation that may result in the assessment of the existence of actual impairment.

If impairment was recognised in the statement of financial position in respect of any "available-for-sale" debt securities held by OVB, the impairment loss will be reversed through profit or loss in subsequent periods if the reasons for impairment no longer exist. Reversal of the impairment loss must not exceed the amortised cost that would have resulted if no impairment had been recorded. Any excess amount must be recognised in the revaluation reserve.

Impairment losses may not be reversed through profit or loss for "available-for-sale financial assets" in the form of equity securities. Changes in the fair value in subsequent periods must rather be recognised in the revaluation reserve unless further impairment must be taken into account.

3.3 Recognition of sales

Sales are generally recognised at the time that the agreed performances have been provided and the claim for payment arises against the relevant product partner. In case of uncertainty with respect to the recognition of sales, the time of actual cash inflow is taken into account. In the event that commissions are refunded to a product partner, for example if contracts are cancelled or in the event of non-payment, provisions are created based on historical figures (provision for cancellation risk). Changes in provisions for cancellation risk are recognised on account of sales.

In the case of commissions received in instalments, back payments can usually be expected in subsequent years after conclusion of the contract. Commissions received in instalments are recognised at fair value of the received or claimable amount at the time the claim for payment arises.

3.4 Discretionary decisions

All of the necessary estimates and assessments in connection with accounting and valuation in accordance with IFRS correspond with the respective Standard. Estimates are continually revised and they are based on experience as to future events. Estimates also consider all events with historical origins known as of the reporting date that have material effects on future periods.

In preparing the consolidated financial statements, assumptions have been made and estimates used which have affected the disclosure and value of assets and contingent liabilities accounted for.

The following is an explanation of the most significant assumptions as to future events and other material sources of estimate uncertainty as of the reporting date which entail a considerable risk that a substantial adjustment will have to be made to the carrying amounts of assets and liabilities within the next financial year.

These assumptions and estimates relate primarily to the measurement of provisions and legal risks, the collectability of receivables and deferred taxes on loss carry-forward, impairment of goodwill and depreciation/amortisation or rather the determination of the useful lives of assets. Actual values can deviate from the assumptions and estimates in the individual case. Changes are recognised at the time that better information becomes available.

When provisions are made, estimates of the expected expense required in fulfilment of the current obligation as of the reporting date are made annually, with reasonable regard to the risk involved. If the probability of occurrence is known for a large number of contingencies, an estimated value is determined, and if a bandwidth is known and the probability of occurrence is equally high for each item within this bandwidth, an average amount is determined. In all other cases, the best estimate corresponds with the most probable value. For the calculation of provisions for cancellation risks, historical data for cancellation rates and the probability of cancellation are considered as the basis of estimated future cancellations of contracts. Future cancellation behaviour may vary from the estimate as of the reporting date. Furthermore, periods of liability for separate product groups and current agreements with respect to liability rates are considered.

Receivables are stated at amortised cost less any necessary valuation allowance. Specific valuation allowances are calculated on the basis of individual risk assessment in consideration of all available information on the credit rating of the debtor and the age structure of the receivables. Because of the large number of receivables due from different individual sources, lump sum valuation allowances are also made on the basis of homogenous classification of non-significant receivables that share a consistent profile relating to risks and opportunities, based on an assessment of the respective debtor's value-defining factors.

The annual impairment tests of goodwill are based on multi-year budget figures which are generally subject to a certain degree of quantitative uncertainty. Impairment testing requires an estimate of the value in use of the respective cash-generating unit. For the determination of the value in use, estimates of expected future cash flows are required. Moreover, the parameters required for calculating value in use must also be stipulated. These parameters primarily include the risk-free interest rate, the risks specific to the cash-generating unit (by way of the ß factor) and the market risk premium.

For the capitalisation of deferred tax on loss carry-forward, the taxable income of future years must be estimated. This estimate is based on the multi-year budget planning of the individual group divisions. Actually recognisable future sales may vary from the budget figures.

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

3.5 Objectives and methods of financial risk management

OVB pursues a corporate policy according to which the company's shareholders participate adequately in the business success. The Executive Board has the objective to keep distributing business profits to the shareholders. The capital structure of OVB Holding AG is distinguished by a solid equity ratio of 53.8 per cent (previous year: 57.6 per cent), which is rewarded with the clients' confidence. The group utilises various financial instruments that are a direct result of its commercial activities. The material risks to which the group is exposed in connection with financial instruments include liquidity risks, currency risks, credit risks and interest rate risks. By means of the risk management system implemented by company management, risks are regularly analysed and promptly reported. The risk management system presents gross exposure, i.e. the risks that materialise if no measures are taken by the company, and net risk, i.e. the residual risk that remains after appropriate measures have been taken. The risk report is delivered at regular intervals; in case of increased individual risks reports are given directly to company management. Company management decides on strategies and procedures for managing individual types of risk explained below.

The following table shows the carrying amounts and fair values of all financial assets reported in the consolidated financial statements.

in Euro'000		Carrying amount 2011	Fair value 2011	Carrying amount 2010	Fair value 2010
Financial assets	L+R	383	383	520	520
Trade receivables	L+R	22,958	22,958	20,208	20,208
Receivables and other assets		22,238	22,238	25,761	25,761
Receivables	L+R	19,657	19,657	22,629	22,629
Other assets		2,581	2,581	3,132	3,132
Securities and other investments		38,316	38,316	41,221	41,221
Securities	AfS	6,963	6,963	15,569	15,569
Other investments	L+R	31,353	31,353	25,652	25,652
Cash and cash equivalents	L+R	39,980	39,980	30,854	30,854

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

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

in Euro'000	Carrying amount 2011	Amortised cost	Historical cost	Change in value outside profit or loss	Change in value through profit or loss
Loans and receivables	114,331 (2010: 99,863)	114,331 (2010: 99,863)	-	-	-17,053 (2010: -14,904)
Available-for-sale financial instruments	6,963 (2010: 15,569)	-	7,732 (2010: 15,943)	320 (2010: 260)	-1,089 (2010: -634)
Financial liabilities	36,840 (2010: 33,565)	36,840 (2010: 33,565)	-	-	-

The company's current liabilities fall under the category "financial liabilities", recognised at amortised cost. "Loans and receivables" include all of the company's receivables, loans reported as financial assets, fixed-term deposits and cash equivalents with a maturity of more than three months reported as other current investments, current loans and cash and cash equivalents. In order to facilitate comparison with the following tables, the carrying amount shown for each asset category is the net carrying amount, i.e. after consideration of impairment. All securities are classified as "available-for-sale financial assets".

No financial instruments were reclassified in the reporting period as described in IFRS 7.12. Financial assets with a book value of EUR 3,352 thousand (previous year: EUR 3,174 thousand) were pledged as collateral.

The fair values of the available-for-sale financial assets stated in the financial statements could be determined on the basis of existing exchange and market prices.

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

		From measurement after initial recognition			Net result	
in Euro'000	From interest and similar income	At fair value	Valuation allowance/ appreciation in value	From disposal	2011	2010
Loans and receivables	1,518 (2010: 1,142)	-	-3,314 (2010: -2,589)	-1,228 (2010: -1,002)	-3,024	-2,449
Available-for-sale financial assets	196 (2010: 361)	36 (2010: 130)	-341 (2010: -242)	23 (2010: 379)	-86	628
Financial liabilities	-218 (2010: -92)	-	-	1,707 (2010: 1,782)	1,489	1,690
Total	1,496 (2010: 1,411)	36 (2010: 130)	-3,655 (2010: -2,831)	502 (2010: 1,159)	-1,621	-131

Foreign currency effects included in the net result are immaterial and are therefore not reported separately.

OVB reports the elements of the net result under financial result, except for allowances for receivables assigned to the category loans and receivables that are reported under distribution expenses as essentially receivables from sales agents are concerned, income from the cancellation of statute-barred liabilities that are reported under other operating income and adjustments to the fair value of available-for-sale financial instruments outside profit or loss, recognised outside profit or loss.

The net result from allowances for loans and receivables consists of allowances and income from the reversal of impairment loss.

Total interest income from financial assets amounted to EUR 1,636 thousand in the year under review (previous year: EUR 1,417 thousand). Total interest expense for financial liabilities was EUR 218 thousand (previous year: EUR 92 thousand).

For the qualitative statements relating to the type of risks carried by financial instruments required under IFRS 7.31-7.42, please refer to the management report (chapter "Financial risks", starting on page 24).

3.5.1 Credit risks

The group is exposed to default risks relating to receivables from sales agents. The group counters these risks by retaining securities, an efficient accounts receivable management at the respective group companies and the careful selection of financial advisors. Credit risk relating to product partners is curtailed by restrictive selection. Appropriate risk provisions have been made for receivables associated with a "triggering event" upon which impairment loss has been identified.

Cancellation risks are adequately covered by corresponding provisions. With respect to the group's other financial assets such as cash, cash equivalents and financial assets, the maximum credit risk in the event of counterparty default is the carrying amount of these instruments. Subsequent to their initial recognition, they are measured at amortised cost. This is the amount at which the financial asset was initially recognised, less repayments, plus or minus the cumulative amortisation of any premium/discount and less any allowances for impairment.

The maximum amount of exposure in the category "loans and receivables" is equivalent to the carrying amount of EUR 114,331 thousand (2010: EUR 99,863 thousand). Securities held as collateral for this purpose come to EUR 2,457 thousand (2010: EUR 1,803 thousand), so that the residual risk amounts to EUR 111,874 thousand (2010: EUR 98,060 thousand). No material terms and conditions were renegotiated in the year under review.

The maximum amount of exposure in the category "available-for-sale financial assets" as of 31 December 2011 is equivalent to the carrying amount of EUR 6,963 thousand (2010: EUR 15,569 thousand).

The credit quality of financial assets not including assets that are either overdue or impaired is determined on the basis of the subsidiaries' management assessment within a scale from "AAA" to "lower than BBB", according to Standard & Poor's ratings, as follows:

in Euro'000	AAA	AA	A	BBB	Lower than BBB	No rating	Total
Loans and receivables	4,912 (2010: 7,424)	7,163 (2010: 14,025)	70,187 (2010: 52,008)	769 (2010: 464)	137 (2010: 126)	14,002 (2010: 9,510)	97,170 (2010: 83,557)
Available-for-sale financial assets	0 (2010: 0)	0 (2010: 3,142)	3,053 (2010: 2,155)	0 (2010: 0)	0 (2010: 0)	0 (2010: 5,075)	3,053 (2010: 10,372)

For the monitoring of risks associated with receivables from financial advisors and receivables from employees, please see the explanatory notes on the impairment of other receivables.

Assets overdue yet not impaired as of the reporting date amount to EUR 30 thousand.

Prior-year assets can be broken down according to time overdue as follows:

in Euro'000	Up to 6 months	6 – 12 months	1 – 3 years	3 – 5 years	More than 5 years	Total
Loans and receivables	1,452	255	305	0	0	2,012

There were no receivables as of the reporting date whose conditions had been renegotiated in the year under review that would otherwise have been overdue or impaired.

The individually impaired financial assets as of the reporting date can be broken down as follows:

in Euro'000	Gross amount	Impairment loss	Carrying amount (net)
Loans and receivables	34,184 (2010: 29,198)	-17,053 (2010: -14,904)	17,131 (2010: 14,294)
Available-for-sale financial assets	4,996 (2010: 5,951)	-1,086 (2010: -754)	3,910 (2010: 5,197)

The companies of the OVB Group do not hold securities as collateral or other credit enhancements in respect of financial assets that were overdue but not impaired as of the reporting date or financial assets that were individually impaired as of the reporting date.

With regard to receivables, other assets and financial assets that were neither overdue nor impaired, no circumstances existed as of the reporting date to suggest that the respective debtors would not meet their payment obligations.

3.5.2 Currency risks

Currency risks within the meaning of IFRS 7 arise as a result of financial instruments of a monetary nature which are denominated in a currency other than the functional currency.

In the course of operations, the individual group companies process and settle transactions almost exclusively in their respective functional currency. Major non-derivative monetary financial instruments (cash and cash equivalents, receivables, interest-bearing securities or debt capital instruments held, interest-bearing and non-interest-bearing liabilities) are also denominated almost exclusively in the functional currency. Immediately after the end of a financial year, the subsidiaries largely distribute their profits to the parent company so that corresponding currency risks are low. OVB's currency risk from current operations is therefore considered low altogether.

The group generates 49 per cent (2010: 39 per cent) of consolidated sales in functional currencies other than the Euro. Changes in exchange rates between these currencies and the Euro can have an impact on consolidated net income and the consolidated statement of financial position. The rates of exchange between the Euro and these functional currencies are monitored in order to make allowance for currency risks arising from exchange rate fluctuations.

3.5.3 Interest rate risks

The group is exposed to interest rate risks due to 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, 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 27,991 thousand (2010: EUR 33,849 thousand) and variable-interest liabilities of EUR 1,360 thousand (2010: EUR 6 thousand). If market interest rates for the full year 2011 had been 100 basis points higher (lower), net income would have been EUR 266 thousand (2010: EUR 338 thousand) higher (lower). For fixed-income securities in the amount of EUR 626 thousand (2010: EUR 7,983 thousand), any increase (decrease) in market interest rates by 100 basis points would have decreased (increased) the total market price by approx. EUR 6 thousand (2010: EUR 80 thousand).

3.5.4 Liquidity risks

The group continuously monitors the risk of a strained liquidity situation by means of a liquidity planning report. This report is prepared weekly and takes into account the terms to maturity of financial investments and financial assets (e.g. receivables, other financial assets) as well as anticipated cash flows from operating activities. No liquidity shortfalls were identified at any time during the reporting period.

4. Group assets

4.1 Non-current assets

Tangible and intangible non-current assets with a low cost base were written off in full in the year of acquisition and recognised as disposal.

4.1.1 Intangible assets

Intangible assets include both purchased and internally developed software, purchased trademarks and goodwill.

The following conditions must be met for the capitalisation of internally generated intangible assets:

- An intangible asset must be identifiable, i. e. it can be separated from the company and sold, transferred, licensed or swapped
- Completion of the intangible asset is technically feasible in order to allow its use or sale
- Intention to complete and use or sell the intangible asset
- Ability to use or sell the intangible asset and to restrict access of third parties to ist benefit

- Reliable determination of acquisition and production cost
- Adequate technical, financial and other resources are available for the completion of the development and the intangible asset's use or sale
- Probability that the internally generated asset will bring about future economic benefits

In accordance with IAS 38.21-38.23, development costs of software are capitalised in the OVB Group if inflow of an economic benefit attributable to the self-created software is probable and if the cost can be measured reliably. If these criteria for capitalisation are not met, the expenditure on the item is recognised in profit or loss in the year it is incurred.

Software and other intangible assets (not including goodwill) are recognised at acquisition cost less cumulative amortisation and cumulative impairment.

Unless special circumstances make impairment necessary, the amortisation of other intangible assets is calculated using the straight-line method on the basis of the following useful lives:

	Expected useful life
Software	3 – 10 years
Other intangible assets	3 – 10 years
Goodwill	No amortisation (IFRS 3)

In 2010 a CRM system was introduced to several subsidiaries of the OVB Group. The software is gradually amortised over 10 years, according to its introduction at the respective subsidiary, using the straight-line method. The total period of the software's introduction will probably range from March 2010 to June 2013. As the individualised national market modules are introduced subsequently and the software is constantly updated, the total amortisation period for this asset will come to 13.3 years due to the scheduled introduction period throughout the group of 3.3 years.

Payments on account of software are measured at nominal value.

Goodwill derived from the acquisition of enterprises is defined as the excess of the cost of an acquisition less equity over the fair value of the target's assets and liabilities at the time of the acquisition. Until 31 December 2004 goodwill was amortised through profit or loss using the straight-line method over its useful life, provided there was no impairment.

Due to the adoption of IFRS 3, existing goodwill was recognised at its value as of 31 December 2004 and amortisation was discontinued after this date. The assigned value is deemed the new cost. Instead of scheduled amortisation using the straight-line method, goodwill is subject to so-called impairment testing in accordance with IAS 36 at least once a year. Impairment testing involves justifying the value assigned to the asset concerned ("impairment only approach"). Impairment testing for the period entails testing the relevant cash-generating units for impairment. Cash-generating units for the purpose of goodwill impairment testing are the companies forming the basis of the goodwill. This scheduled impairment testing is conducted in the fourth quarter on the basis of current figures for assets, liabilities, financial position and profit or loss and multi-year budget figures. OVB applies a DCF procedure. If there are indications of impairment, new tests have to be carried out during the reporting period independently of the mandatory annual impairment test.

The asset schedule shows how the value of intangible assets has changed over the financial year. There were no restrictions on disposal or pledges.

4.1.2 Tangible assets

Tangible assets are stated at historical cost less cumulative depreciation and impairment plus any reversal of impairment loss.

Gains or losses on asset disposals are determined by comparing proceeds with the carrying amount. Resulting gains or losses are recognised in profit or loss.

The estimated useful life is determined based on anticipated physical wear and tear, technological obsolescence and legal and contractual restrictions.

Tangible assets are depreciated using the straight-line method over the following useful lives:

	Useful lives
Own-use property	25 – 50 years
Machinery, equipment, furniture, vehicles, other	4 – 10 years
IT equipment	3 – 5 years
Tenant fixtures and fittings	5 – 13 years
Leased property	3 – 5 years

4.1.3 Investment property

Investment properties are capitalised at cost plus transaction costs, representing the investment's market value at the time of acquisition. Investment property is capitalised only if it is probable that future economic benefits associated with the property will flow to the enterprise and if the cost of the property can be reliably measured.

In accordance with IAS 40, investment property is not subject to depreciation.

Investment property is re-measured at fair value on subsequent reporting dates (fair value model). Unless there are reasons to suggest that a revaluation should be conducted substantially earlier, revaluations are carried out at least once a year by an independent valuer.

The best evidence of fair value is usually provided by current market prices for similar property with respect to location and condition. In the absence of market prices or market prices for comparable properties, the company values the property based on the DCF method. This method takes into account local and regional conditions (e.g. rental income, location, vacancy rates, age, condition, etc.). The valuer must take into account the uncertainty of the market with regard to an assessment of these conditions in determining the discount factors. The market value does not include a deduction for future cost to sell.

During the reporting period rental income of EUR 26 thousand was generated from investment property (previous year: EUR 30 thousand). This income was offset by directly attributable operating expenses of EUR 30 thousand (previous year: EUR 25 thousand).

Impairment of EUR -9 thousand was recorded in respect of investment property in the year under review (previous year: EUR -1 thousand).

4.1.4 Financial assets

Financial assets relate to loans granted to employees at market rates. They are recognised at amortised cost less valuation allowance for impairment if applicable.

4.1.5 Lease agreements

Lease agreements where the lessee has substantially all the risks and rewards incident to ownership are classified as finance leases. The lessee depreciates the capitalised leased asset over the shorter of the lease term or the life of the asset. Any liabilities under the lease agreement are recognised accordingly and discounted by the interest rate implicit in the lease.

If these criteria are not met, the lease is classified as an operating lease. OVB is currently the lessee under both operating and finance lease agreements.

Rental income under operating leases is recognised in profit or loss under the item "other operating income".

4.1.6 Impairment

Non-financial assets are tested for impairment within the meaning of IAS 36.1 as part of risk management whenever so-called triggering events indicate that the asset's carrying amount may not be recoverable (impairment test). Such indications or triggering events would include, for example, changes in market value, changes in market and business environment, changes in market interest rates or substantial indications in the company's internal reporting that the ability to use the asset has changed for the worse or that the asset's earning capacity has been diminished. Impairment loss is recognised as soon as it is determined in the context of the impairment test that an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's net selling price and value in use. The net selling price is the amount obtainable by selling the asset under market conditions less cost to sell. The value in use is the cash or present value of estimated future cash flows expected to arise from the continued use of an asset and from its disposal at the end of its useful life. The recoverable amount is determined for each asset individually if possible or otherwise for the cash-generating unit the asset belongs to.

Goodwill recognised in the statement of financial position is tested with respect to its future economic benefit in accordance with the methods described under note 4.1.1. In this regard, the future economic benefit is determined on the basis of the recoverable amount. Impairment is recorded in profit or loss if the recoverable amount is lower than the carrying amount of the respective cash-generating unit.

4.2 Current assets

4.2.1 Receivables and other assets

Receivables and other assets are recognised at amortised cost less any necessary impairment. Impairment loss is determined based on a risk assessment for each item and on past experience.

4.2.2 Securities

Pursuant to IAS 39, securities are classified "at fair value through profit or loss", as "held-to-maturity", "available-for-sale" or as "loans and receivables".

Given the incidental nature of OVB's investments, only such securities are purchased that can be sold at any time. All securities and other investments are classified as "available-for-sale".

Financial assets are measured at fair value plus transaction costs upon their first-time recognition.

"Available-for-sale" financial assets are measured at fair value in subsequent periods, provided the fair value can be reliably determined. Changes in the market value of "available-for-sale" financial assets are recognised in the revaluation reserve in equity and recognised in profit or loss only as gains or losses are realised. A loss is deemed realised even without the sale of the security if there are internal or external indications or triggering events for the identification of impairment (IAS 39.58 in conjunction with 36.12).

Premiums and discounts are attributed directly to their respective financial assets and allocated over the remaining term with a constant effective interest rate. Financial assets are written down if there are objective indications of impairment.

4.2.3 Cash and cash equivalents

Cash and short-term deposits in the statement of financial position include cash-in-hand, bank balances and short-term deposits with an original term to maturity of less than three months. These items are recognised at nominal value. If the offsetting requirements are fulfilled, current liabilities to banks are offset against cash equivalents.

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

5. Group liabilities

5.1 Non-current liabilities

Non-current liabilities are those that fall due more than twelve months after the reporting date or the payment of which OVB can postpone by at least twelve months from the reporting date as well as liabilities paid outside the ordinary course of business.

5.1.1 Non-current provisions

Provisions for pensions

The calculation of provisions for pensions is based on the project unit credit method in accordance with IAS 19. Future obligations are valued on the basis of an actuarial estimate. The actuarial valuation takes into account current mortality, disability and staff turnover rates. Actuarial gains and losses are recognised using the "corridor approach". Actuarial gains and losses are reported as income or expense if the net cumulative unrecognised actuarial gains and losses for each individual plan as of the end of the previous reporting period exceeded 10 per cent of the greater amount of the defined benefit obligation or the fair value of plan assets at that time. The 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 or government bonds.

Provisions for employees

Provisions for benefits due to employees in the long term are particularly provisions for anniversary benefits that do not fall due within 12 months of the reporting date. They are generally stated at the present value of estimated future cash flows. The discount interest rate is oriented toward the interest rate applicable to long-term first-class corporate or government bonds and comes to 5.0 per cent (previous year: 4.75 per cent).

5.2 Current liabilities

5.2.1 Provisions for taxes / Tax liabilities

If certain facts or circumstances are disputed between the reporting entity and the respective tax authority, provisions are created for the income taxes of the individual companies based on the applicable respective domestic tax rate.

Taxes on income from current and previous periods not yet paid are recorded as tax liabilities.

Deferred tax liabilities are recognised under tax deferrals.

5.2.2 Other provisions

Cancellation risks

Provisions for cancellation risks are made for discounted commission relating to events after the reporting date because commission must be wholly or partially repaid if a product partner claims a commission refund on the basis of contracts that have been cancelled. Cancellation risks also include the refund of bonuses that are paid on discounted commissions. The amount of the provision is determined by the respective subsidiary based on nationally specific aspects (period of liability, the subsidiary's historical cancellation rates, the expected timing of cancellations, etc.) as of each reporting date according to an uniform process implemented in the group. The probable non-current portion of the provision is subject to discounting. The discount rate applied is 3.4 per cent.

Unbilled liabilities

Provisions are created for unbilled liabilities if the amount of the liability can only be estimated as the billable quantities and/or prices are unknown. This item primarily relates to unsettled accounts with financial advisors. If specific details cannot be provided in the individual case, the provisions are valued at the average share of commission usually attributable to staff. The provisions are reviewed as of each reporting date and adjusted in accordance with the best estimate at the time.

Legal claims

Provisions are set aside for legal claims if OVB is the defendant in any pending court proceeding as of the reporting date. The provision reflects the probable outcome of the dispute with due regard to the associated risk. The provisions are reviewed as of each reporting date and adjusted in accordance with the best estimate at the time.

Liabilities to employees

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

Costs relating to annual financial statements/audit costs

Companies of the OVB Group are subject to the obligation under commercial and tax law to prepare annual financial statements in accordance with the applicable domestic provisions and consolidated financial statements and, if the entity exceeds a certain size, to have the financial statements audited. This item also includes the anticipated cost of the audit of the consolidated financial statements.

Other obligations

Other obligations arise where accounts are still outstanding, particularly for goods and services that were supplied before the reporting date but have not yet been billed. These provisions are recognised at the present value of the expected settlement amount.

5.2.3 Other liabilities

Trade payables

Trade payables are recognised at their settlement amount.

Loans

Interest-bearing bank loans are recognised at the time the loan was received at the disbursed amount. This amount is usually equivalent to the valued amount. Loans are subsequently appreciated in value up to the amount to be repaid using the effective interest method.

6. Consolidated income statement

The consolidated income statement was prepared using the total cost method.

6.1 Income / Expenses

Please refer to chapter 3.3 for the recognition of sales.

The offsetting expense items are recognised on an accrual basis.

6.2 Financial result

Finance expense and income are recognised on an accrual basis.

6.3 Taxes on income

Actual income tax expense is calculated based on the earnings before taxes reported in the financial statements of the individual companies. Earnings before taxes are adjusted for tax-free and non-deductible items. The tax rates applicable as of the reporting date are applied in order to calculate income tax.

Deferred taxes are calculated on the basis of the internationally recognised liability method. According to this method, deferred tax items are recognised for all temporary differences between the carrying amount of an asset or liability according to IFRS and its tax base as reported by the individual company, as well as for selected consolidation transactions. In addition, deferred tax assets are recognised for the future benefit of tax loss carry-forwards and unused tax credits. However, a deferred tax asset will be recognised for accounting and valuation differences and for tax loss carry-forwards and unused tax credits only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The calculation was based on the budgeted medium-term earnings of the respective companies. Deferred taxes are calculated based on the respective expected domestic income tax rate.

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

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

These items are generally recognised as tax income or expense in the income statement. An exception to this rule are items that are recognised outside profit or loss in equity, in which case the deferred tax is also recognised outside profit or loss.

Deferred tax assets can be offset against deferred tax liabilities in accordance with IAS 12.74 if the entity has the legal right to settle on a net basis, the matter involves income taxes levied by the same taxing authority and the entity intends to realise the asset and settle the liability at the same time.

7. Explanatory notes and information on segment reporting

The principal business activities of OVB's operating subsidiaries consist of advising clients in structuring their finances and in broking various financial products offered by insurance companies and other enterprises. It is not feasible to break down the service provided to clients by product type. Within the group companies, there are no identifiable and distinctive key sub-activities at group level. For this reason, the individual companies are each categorised as single-product companies. Segment reporting is consequently based exclusively on geographic lines, since corporate governance and the internal reporting to group management are also structured according to these criteria. In this regard, the operating group companies represent operating segments for the purpose of IFRS 8 and have been aggregated in three reportable segments in accordance with the criteria for aggregations provided by IFRS 8.12. All companies not involved in brokerage service operations are aggregated in the Corporate Centre segment. Compliant with IFRS, internal reporting to company management is a condensed presentation of the statement of financial position and the income statement, which is presented more elaborately in segment reporting. The companies' earnings are monitored separately by company management in order to be able to measure and assess profitability. Due to the Improvements to International Financial Reporting Standards adopted by the European Union by Commission Regulation No. 243/2010 of 23 March 2010, segment assets are not disclosed in the presentation of segment reporting compliant with IFRS 8.23 as this disclosure is not part of internal reporting.

The "Central and Eastern Europe" segment includes OVB Vermögensberatung A.P.K. Kft., Budapest; OVB Allfinanz a.s., Prague; OVB Allfinanz Slovensko a.s., Bratislava; OVB Allfinanz Polska Społka Finansowa Sp. z o.o., Warsaw; OVB Allfinanz Romania Broker de Asigurare S.R.L., Cluj; OVB Imofinanz S.R.L., Cluj; OVB Allfinanz Croatia d.o.o., Zagreb; OVB Allfinanz Zastupanje d.o.o., Zagreb; EFCON Consulting s.r.o., Brno; EFCON s.r.o., Bratislava; TOB OVB Allfinanz Ukraine, Kiev and SC OVB Broker de Pensii Private S.R.L., Cluj.

The "Germany" segment comprises OVB Vermögensberatung AG, Cologne and Eurenta Holding GmbH, Cologne.

The "Southern and Western Europe" segment includes the following companies: OVB Allfinanzvermittlungs GmbH, Salzburg; OVB Vermögensberatung (Schweiz) AG, Baar; OVB-Consulenza Patrimoniale SRL, Verona; OVB Allfinanz España S.L., Madrid; OVB (Hellas) Allfinanz Vermittlungs GmbH & Co. KG, Bankprodukte, Athens; OVB Hellas GmbH, Athens; OVB Conseils en patrimoine France Sàrl., Strasbourg and Eurenta Hellas Monoprosopi EPE Asfalistiki Praktores, Athens.

The "Corporate Centre" segment includes OVB Holding AG, Cologne; Nord-Soft EDV-Unternehmensberatung GmbH, Horst; Nord-Soft Datenservice GmbH, Horst; OVB Informatikai Kft., Budapest; MAC Marketing und Consulting GmbH, Salzburg; Advesto GmbH, Cologne and EF-CON Insurance Agency GmbH, Vienna. The companies of the Corporate Centre segment are not involved in broking financial products but concern themselves primarily with providing services to the OVB Group. The range of services comprises particularly management and consulting services, software and IT services as well as marketing services.

Corresponding with the presentation in internal reporting to the Executive Board, the separate segments are presented in segment reporting after consolidation of investments, intra-segment liabilities and expense and income as well as the elimination of interim results. Intra-group dividend distributions are not taken into account. Reconciliations of segment items to corresponding group items are made directly in the consolidation column in segment reporting. Recognition, disclosure and measurement of the consolidated items in segment reporting correspond with the items presented in the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity. As far as intra-group allocations are concerned, an appropriate additional overhead charge is levied on the individual cost items incurred.

Please refer to the disclosures on related-party transactions for information about important product partners.

II. Notes to the consolidated statement of financial position

ASSETS

A Non-current assets

2011: Euro'000	**23,446**
2010: Euro'000	24,297

1

1 Intangible assets

2011: Euro'000	**11,577**
2010: Euro'000	12,847

in Euro'000	31/12/2011	31/12/2010
Software		
Software purchased from external third parties	10,006	9,722
Self-created software	100	237
Payments on account of software	0	106
Goodwill	810	1,871
Other intangible assets	661	911
	11,577	**12,847**

The purchased software relates to a uniform customer relationship management (CRM) program for introduction throughout the group. Transaction cost was capitalised in 2011 in the additional amount of EUR 425 thousand (previous year: EUR 700 thousand), based on intra-group performances (own work capitalised). The carrying amount of the CRM system is EUR 9,044 thousand as of 31 December 2011 (previous year: EUR 8,357 thousand).

Goodwill is recognised in accordance with IFRS 3. The discount rate applied for the determination of the value in use of goodwill is 4.5 per cent (previous year: 4.5 per cent).

The goodwill of EFCON Consulting s.r.o., Brno, and EFCON s.r.o., Bratislava, in the Central and Eastern Europe segment, capitalised in the consolidated financial statements, were written off in full in the 2011 financial year. Valuation allowances in the total amount of EUR 1,049 thousand were made as there was only low client demand in 2011 for the products brokered under this second brand.

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

2

2 Tangible assets

2011: EUR'000	**4,790**
2010: EUR'000	5,194

in Euro'000	31/12/2011	31/12/2010
Land, land rights and buildings		
- Own-use property	1,882	1,991
Other equipment, office and operating equipment		
- Machinery, equipment, furniture, vehicles, other	2,140	2,189
- IT equipment	402	557
- Assets under finance lease	47	66
- Tenant fixtures and fittings	319	388
- Payments on account of tangible assets under construction	0	3
	4,790	**5,194**

A land charge on real property for EUR 575 thousand (previous year: EUR 575 thousand) serves as security for one own-use property.

Depreciation of EUR 103 thousand (previous year: EUR 104 thousand) was recorded in respect of own-use property.

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

Finance lease

The reported item of leased assets that are required to be allocated to the group in accordance with IAS 17 amounts to EUR 47 thousand as of 31 December 2011 (previous year: EUR 66 thousand). The total amount of minimum lease payments due within one year is EUR 20 thousand (previous year: EUR 27 thousand) and the amount due in between one and five years combined is EUR 46 thousand (previous year: EUR 66 thousand).

There were no future minimum lease payments under non-cancellable finance leases that are payable for more than five years.

The finance leases relate to vehicles. Once the lease agreement has expired, there is an option to purchase the assets. There are no other options.

3

3 Investment property

2011: EUR'000	**561**
2010: EUR'000	570

in EUR'000	2011	2010
Rental income from investment properties	26	30
Operating expenses not including impairment	-30	-25
Net gains or losses from adjustment to fair value	-9	-1

Investment property relates to land in Hamburg, Germany, on which an office building has been erected. The value of this property decreased in the year under review by EUR 9 thousand. Rental income was reduced by EUR 4 thousand to EUR 26 thousand due to increased vacancy.

The fair value attributable in this case is the market value determined by an independent valuer. The most recent independent valuation was prepared as of 13 December 2011.

4

4 Financial assets

2011: EUR'000	**383**
2010: EUR'000	520

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

5

5 Deferred tax assets

2011: EUR'000	**6,135**
2010: EUR'000	5,166

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

in EUR'000	31/12/2011	31/12/2010
Goodwill	16	32
Tangible and intangible assets	18	24
Financial assets	12	202
Financial instruments	234	63
Other assets	38	123
Provisions	1,349	1,059
Liabilities	1,668	1,549
Tax loss carry-forwards	3,484	3,111
	6,819	**6,163**
Net of deferred tax liabilities	-684	-1,182
There is also a deferred tax asset based on supplementary tax statements in the amount of	0	185
	6,135	**5,166**

Deferred tax liabilities of EUR 16 thousand (previous year: EUR 12 thousand) were offset against equity outside profit or loss as of 31 December 2011.

Deferred taxes of EUR 2,208 thousand on unused loss carry-forwards of OVB Holding AG were recognised in previous years due to the profit and loss transfer agreement concluded between OVB Vermögensberatung AG, Cologne and OVB Holding AG, Cologne, and due to the formation of a consolidated group for tax purposes ("steuerliche Organschaft") in 2008. In the year under review, the capitalised amount was increased by EUR 372 thousand to EUR 2,580 thousand based on updated 5-year budget planning.

Deferred taxes of EUR 484 thousand on unused loss carry-forwards were recognised for Eurenta Holding GmbH Europäische Vermögensberatung, Cologne. This equals an increase of EUR 276 thousand compared to the previous year.

Deferred taxes are recognised for previously unused loss carry-forwards to the extent that it is probable according to current planning that taxable income will be available in the future.

All in all, no deferred taxes were recognised for loss carry-forwards of EUR 25,857 thousand (previous year: EUR 24,980 thousand) for group companies. This would have corresponded with deferred tax assets of EUR 7,357 thousand (previous year: EUR 6,674 thousand).

Of the loss carry-forwards, EUR 5,125 thousand (previous year: EUR 3,881 thousand) can be used over a period of 5 to 15 years. EUR 20,732 thousand (previous year: EUR 21,099 thousand) can be carried forward indefinitely.

B Current assets

2011: EUR'000	**125,351**
2010: EUR'000	120,598

6

6 Trade receivables

2011: EUR'000	**22,958**
2010: EUR'000	20,208

in EUR'000	31/12/2011	31/12/2010
Trade receivables		
1. Receivables from insurance brokerage	20,086	16,863
2. Receivables from other brokerage	774	821
3. Other trade receivables	2,098	2,524
	22,958	**20,208**

Changes in impairment recognised on trade receivables are as follows:

in EUR'000	2011	2010
Impairments as of 1 January	223	189
Exchange rate differences	0	2
Allocated (impairment expense)	152	72
Used	31	9
Reversed	17	31
Impairments as of 31 December	**327**	**223**

Trade receivables in the amount of EUR 2,170 thousand (previous year: EUR 2,981 thousand) have remaining terms to maturity of more than one year.

1. Receivables from insurance brokerage

Receivables from insurance brokerage relate primarily to claims for commission against product providers. They do not bear interest and are generally due within 30 days.

2. Receivables from other brokerage

Receivables from other brokerage relate primarily to claims for commission against product providers that do not qualify as insurance companies. They do not bear interest and generally fall due within 30 days.

3. Other trade receivables

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

7

7 Receivables and other assets

2011: EUR'000	**22,238**
2010: EUR'000	25,761

in EUR'000	31/12/2011	31/12/2010
7.1 Other receivables	19,657	22,629
7.2 Other assets	2,581	3,132
	22,238	**25,761**

Schedule of Group non-current assets

of OVB Holding AG as of 31 December 2011

						Intangible assets
			Software	Goodwill	Other intangible assets	Total
in Euro'000	Purchased software from external third parties	Self-created software	Payments on account of software			
Historical cost						
31/12/2010	25,477	4,402	416	11,287	2,547	44,129
Currency translation differences	-14	-41	8	-16	7	-56
01/01/2011	25,463	4,361	424	11,271	2,554	44,073
Change in consolidated Group	0	0	0	0	0	0
Additions	1,484	16	0	0	5	1,505
Disposals	19	299	106	0	64	488
Transfers	-3	0	0	0	0	-3
31/12/2011	**26,925**	**4,078**	**318**	**11,271**	**2,495**	**45,087**
Accumulated depreciation/amortisation						
31/12/2010	15,755	4,165	310	9,416	1,636	31,282
Currency translation differences	-11	-41	8	0	7	-37
01/01/2011	15,744	4,124	318	9,416	1,643	31,245
Change in consolidated Group	0	0	0	0	0	0
Additions	1,197	85	0	0	255	1,537
Disposals	19	298	0	0	64	381
Transfers	-3	0	0	0	0	-3
31/12/2011	**16,919**	**3,911**	**318**	**9,416**	**1,834**	**32,398**
Accumulated impairments						
31/12/2010	0	0	0	0	0	0
Currency translation differences	0	0	0	-4	0	-4
01/01/2011	0	0	0	-4	0	-4
Change in consolidated Group	0	0	0	0	0	0
Impairments	0	67	0	1,049	0	1,116
Impairment loss reversal	0	0	0	0	0	0
Disposals	0	0	0	0	0	0
31/12/2011	**0**	**67**	**0**	**1,045**	**0**	**1,112**
Book value 31/12/2011	**10,006**	**100**	**0**	**810**	**661**	**11,577**
Book value 31/12/2010	**9,722**	**237**	**106**	**1,871**	**911**	**12,847**

						Tangible assets	Investment property	Financial assets
					Operating and office equipment	Total		Loans
Own-use property	Machinery, equipment, furniture, vehicles, other	IT equipment	Leased assets under finance lease	Tenant fixtures and fittings	Payments on account of tangible assets in progress			
3,372	6,898	4,817	75	1,722	6	16,890	1,101	520
-34	-44	1	0	-9	0	-86	0	-3
3,338	6,854	4,818	75	1,713	6	16,804	1,101	517
0	0	0	0	0	0	0	0	0
17	862	295	0	6	0	1,180	0	208
0	667	924	0	0	6	1,597	0	343
0	35	-43	0	10	0	2	0	0
3,355	**7,084**	**4,146**	**75**	**1,729**	**0**	**16,389**	**1,101**	**382**
1,381	4,709	4,260	9	1,334	3	11,696	498	0
-11	-28	1	0	-3	0	-41	0	0
1,370	4,681	4,261	9	1,331	3	11,655	498	0
0	0	0	0	0	0	0	0	0
103	756	273	19	69	0	1,220	9	0
0	529	747	0	0	3	1,279	0	0
0	36	-43	0	10	0	3	0	0
1,473	**4,944**	**3,744**	**28**	**1,410**	**0**	**11,599**	**507**	**0**
0	0	0	0	0	0	0	33	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	33	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**	**0**	**0**	**0**	**33**	**0**
1,882	**2,140**	**402**	**47**	**319**	**0**	**4,790**	**561**	**382**
1,991	**2,189**	**557**	**66**	**388**	**3**	**5,194**	**570**	**520**

7.1 Other receivables

in EUR'000	31/12/2011	31/12/2010
Other receivables		
1. Receivables from financial advisors	15,498	18,270
2. Receivables from employees	220	150
3. Miscellaneous other receivables	3,481	4,130
4. Other taxes	458	79
	19,657	**22,629**

Changes in impairment recognised on other receivables are as follows:

in EUR'000	2011	2010
Impairments as of 1 January	14,681	11,851
Exchange rate differences	-93	103
Allocated (impairment expense)	4,059	3,984
Used	1,141	29
Reversed	780	1,228
Impairments as of 31 December	**16,726**	**14,681**

Allocations to impairment of other receivables relate to receivables from financial advisors, recognised as provision against risk with regard to all available information concerning the credit rating of the debtors and the age structure of the receivables.

Other receivables of EUR 119 thousand (previous year: EUR 295 thousand) have remaining terms to maturity of more than one year.

1. Receivables from financial advisors

Receivables from financial advisors primarily relate to advance commission payments and claims for commission refunds. Receivables from financial advisors usually fall due within 30 days. Receivables from individual financial advisors are offset against liabilities to those financial advisors if they fall due at the same time, irrespective of the legal basis on which the receivables and liabilities arose. If the receivables exceed the liabilities, the relevant amount is recorded under other receivables. If liabilities exceed receivables, the relevant amount is reported under trade payables. Provisions for cancellation risk are not included in the netting calculation because their purpose is to cover future commission refund claims.

Individual valuation allowances are recognised with regard to all available information concerning the credit rating of the debtors and the age structure of the receivables. A distinction is also made between current and former employees. Due to the large number of receivables due from different financial advisors, lump sum valuation allowances are also made up to a certain amount based on receivables categories which are determined based on an assessment of the respective debtor's value-defining factors.

2. Receivables from employees

Receivables from employees generally relate to receivables arising as a result of current loans.

3. Miscellaneous other receivables

Miscellaneous other receivables include all receivables from third parties as of the reporting date that are not allocated to any other item in the statement of financial position.

4. Other taxes

Other taxes include only other current tax assets e. g. for overpaid income tax, value-added tax and property tax, that can be determined exactly or for which there is a tax assessment notice.

7.2 Other assets

	2011: EUR'000	**2,581**
	2010: EUR'000	3,132

in EUR'000	**31/12/2011**	**31/12/2010**
Other assets		
1. Accrued investment income	315	166
2. Prepaid expenses	502	652
3. Advertising and office supplies	775	872
4. Payments on account	714	983
5. Miscellaneous assets	275	459
	2,581	**3,132**

1. Accrued investment income

Accrued investment income includes accrued income from financial assets and current investments.

2. Prepaid expenses

Prepaid expenses relate primarily to prepaid office rent for the following year, prepaid insurance premiums and commission of the following financial year that has already been paid but not yet billed.

3. Advertising and office supplies

Advertising and office supplies include advertising material for the sales force and other material used in sales and administration.

4. Payments on account

This item primarily relates to short-term advance payments for incentive events.

5. Miscellaneous assets

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

8

8 Income tax receivables

	2011: EUR'000	**1,859**
	2010: EUR'000	2,554

Income tax receivables primarily relate to prepayments of income tax. Such receivables have been recognised in particular for OVB Allfinanz a.s., Prague, and OVB Holding AG, Cologne.

9

9 Securities and other investments

2011: EUR'000	**38,316**
2010: EUR'000	41,221

in EUR'000	2011		2010	
	Securities	Other investments	Securities	Other investments
Historical acquisition cost	**7,732**	**31,353**	**15,943**	**25,652**
Revaluation reserve	320		260	
Impairment	-1,089		-754	
Market value	**6,963**	**31,353**	**15,449**	**25,652**
Deferred interest claims from securities	0	0	120	0
Book value	**6,963**	**31,353**	**15,569**	**25,652**

In the past financial year write-downs on securities were recognised in profit or loss in the amount of EUR 343 thousand (2010: EUR 242 thousand). The write-downs are included in the financial result in "investment expenses" under item 33. The reversal of impairment charges on securities is also disclosed in the financial result, item 33, under "reversal of impairment loss on investments".

The revaluation reserve increased by the amount of EUR 60 thousand in the past financial year (2010: EUR 100 thousand). Furthermore, net gains of EUR 24 thousand (2010: net losses of EUR 4 thousand) were realised.

Other investments particularly include fixed-term deposits and cash equivalents with a maturity of more than three months as well as short-term loans. Interest-bearing investments are recognised at cost if market interest rates apply or otherwise at present value.

10

10 Cash and cash equivalents

2011: EUR'000	**39,980**
2010: EUR'000	30,854

in EUR'000	31/12/2011	31/12/2010
Cash	45	151
Cash equivalents	39,935	30,703
	39,980	**30,854**

Cash means the cash-in-hand of the group companies as of the reporting date in domestic and foreign currencies. Cash equivalents are assets that can be immediately converted to cash. They include bank balances in domestic and foreign currencies with maturities of three months or less, cheques and stamps. Cash and cash equivalents are recognised at nominal value and foreign currencies are stated in euros at the closing rate of the reporting date.

EQUITY AND LIABILITIES

A Equity		
	2011: EUR'000	**80,060**
	2010: EUR'000	83,485

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

11 **11 Subscribed capital**

	2011: EUR'000	**14,251**
	2010: EUR'000	14,251

The subscribed capital (share capital) of OVB Holding AG amounts to EUR 14,251 thousand as of 31 December 2011 and consists of 14,251,314 no-par value ordinary bearer shares (previous year: 14,251,314 shares).

12 **12 Capital reserve**

	2011: EUR'000	**39,342**
	2010: EUR'000	39,342

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

13 **13 Treasury shares**

OVB Holding AG did not hold any of its own shares in the year under review. There were no transactions in ordinary shares or options on ordinary shares of the company in the period between the reporting date and the date of preparing the consolidated financial statements.

The Annual General Meeting of OVB Holding AG on 11 June 2010 authorised the Executive Board to acquire, subject to the Supervisory Board's approval, up to a total of 300,000 of the company's bearer shares in one or several transactions up to and including 10 June 2015. Shares acquired on the basis of this authorisation may also be retired.

14 **14 Revenue reserves**

	2011: EUR'000	**13,646**
	2010: EUR'000	13,593

15 **15 Other reserves**

	2011: EUR'000	**1,386**
	2010: EUR'000	1,808

Other reserves essentially comprise currency translation reserve and the available-for-sale reserve / revaluation reserve.

Unrealised gains and losses from financial instruments are recognised in the revaluation reserve after accounting for deferred taxes.

Changes in revaluation reserve and currency translation reserve over the reporting period are shown in the statement of changes in equity

16 **16 Non-controlling interests**

	2011: EUR'000	**138**
	2010: EUR'000	174

Other shareholders hold non-controlling interests in Nord-Soft Datenservice GmbH and Nord-Soft EDV-Unternehmensberatung GmbH.

Changes from the previous year represent the pro rata share in the loss of the Nord-Soft companies for the year under review.

17

17 Retained earnings

2011: EUR'000	**11,297**
2010: EUR'000	14,317

Distributable profits and dividends

Distributable amounts relate to the retained earnings of OVB Holding AG, determined in accordance with German commercial law.

At the Annual General Meeting of 10 June 2011, the shareholders adopted the resolution on the appropriation of the retained earnings of OVB Holding AG for financial year 2010.

In financial year 2011 a dividend of EUR 7,126 thousand was distributed to the shareholders, equivalent to EUR 0.50 per no-par value share. The dividend was paid out to the shareholders of OVB Holding AG on 11 June 2011.

In accordance with Section 170 AktG (German Stock Corporation Act), the Executive Board of OVB Holding AG proposes the following appropriation of the retained earnings as reported in the financial statements of OVB Holding AG as of 31 December 2011:

in EUR	2011
Distribution to shareholders	4,987,959.90
Profits carried forward	5,452,095.65
Retained earnings	**10,440,055.55**

The dividend payout is thus equivalent to EUR 0.35 per share (previous year: EUR 0.50 per share).

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

B Non-current liabilities

2011: EUR'000	**1,814**
2010: EUR'000	1,505

Non-current liabilities are reclassified as current liabilities if the remaining term to maturity is less than twelve months.

The following liabilities schedule shows non-current liabilities broken down by remaining term to maturity:

Maturity of liabilities as of 31/12/2011

in Euro'000 Type of liability	Total amount	1 year to less than 3 years	3 to less than 5 years	5 years and more	No maturity	Secured amount
Liabilities to banks	341	120	221	0	0	122
Other liabilities	60	60	0	0	0	0

Maturity of liabilities as of 31/12/2010

in Euro'000 Type of liability	Total amount	1 year to less than 3 years	3 to less than 5 years	5 years and more	No maturity	Secured amount
Liabilities to banks	389	146	243	0	0	168
Other liabilities	73	73	0	0	0	0

18

18 Liabilities to banks

2011: EUR'000	**341**
2010: EUR'000	389

in EUR'000	**31/12/2011**	**31/12/2010**
The item "*liabilities to banks*" includes other long-term bank loans to set up the businesses of subsidiaries in the amount of:	218	221
and for financing own-use property in the amount of:	123	168
	341	**389**
Repayments on the first loan were:	3	30
Repayments on the second loan were:	46	42

19

19 Provisions

2011: EUR'000	**1,133**
2010: EUR'000	931

in EUR'000	**31/12/2011**	**31/12/2010**
Provisions for pensions	799	761
Long-term provisions for employees	299	151
Other long-term provisions	35	19
	1,133	**931**

in Euro'000	**01/01/2011**	**Exchange rate differences**	**Allocated**	**Used**	**Released**	**31/12/2011**
Provisions for pensions	761	4	38	4	0	799
Long-term provisions for employees	151	0	152	4	0	299
Other long-term provisions	19	0	27	11	0	35
	931	**4**	**217**	**19**	**0**	**1,133**

Interest rate effects included in allocations are immaterial.

Provisions for pensions

OVB Holding AG is under the obligation to pay pension benefits. The following pension benefits are granted to the beneficiary:

- a retirement pension from the age of 65
- disability pension
- widow's pension of 60 per cent
- orphan's pension of 10 per cent

An employee's pension expectancy is equivalent to 10 per cent of the employee's last monthly salary.

OVB Vermögensberatung (Schweiz) AG, Baar, has a statutory obligation to pay pension benefits to six commercial employees. The following pension benefits are granted to the beneficiaries:

- retirement benefits
- pension for surviving dependents
- disability pension

OVB Allfinanzvermittlungs GmbH, Salzburg, has an obligation to grant pension benefits by way of settlement obligation to twelve employees if they reach the statutory retirement age or take early retirement in accordance with the relevant statutory provisions, or if they leave the service of the company for good cause (disability or inability to work), or in the event of their death.

Provisions for pensions can be broken down by subsidiary as follows:

in EUR'000	31/12/2011	31/12/2010
OVB Holding AG	459	436
OVB Vermögensberatung (Schweiz) AG, Baar	168	168
OVB Allfinanzvermittlungs GmbH, Salzburg	172	157
	799	**761**

Provisions for pensions – OVB Holding AG

The actuarial assessment prepared by Mercer Human Resources Consulting GmbH is based on the following actuarial assumptions:

	31/12/2011	31/12/2010
Discount rate	5.0 %	4.75 %
Expected increases in future salaries	0.0 %	0.0 %
Expected future pension adjustments	2.0 %	2.0 %
Expected inflation rate	2.0 %	2.0 %

The following expenses and income were reported for financial year 2011 based on the actuarial assessment:

in EUR'000	31/12/2011	31/12/2010
Service cost	0	0
Interest expense	22	20

The obligation accounted for in the statement of financial position comes to Euro 459 thousand as of 31 December 2011. This amount comprises a calculated present value of the defined benefit obligation (DBO) of EUR 476 thousand and actuarial loss of EUR 17 thousand not yet recognised.

Changes in defined benefit obligations (in EUR'000)	2011	2010
Defined benefit obligation at the beginning of the reporting period	436	416
Interest expense	23	20
Current service cost	0	0
Benefits paid	0	0
Refund for loss not yet recognised	0	0
Defined benefit obligation at the end of the reporting period	459	436

Provisions for pensions – OVB Vermögensberatung (Schweiz) AG, Baar

The actuarial assessment prepared by Helvetia Consulta Gesellschaft für Vorsorgeberatung AG is based on the following actuarial assumptions:

	31/12/2011	31/12/2010
Discount rate	2.5 %	3.0 %
Expected increases in future salaries	2.2 %	2.2 %
Expected future pension adjustments	0.25 %	0.5 %
Expected inflation rate	1.3 %	1.2 %

The following expenses and income were reported for financial year 2011 based on the actuarial assessment:

in EUR'000	31/12/2011	31/12/2010
Service cost	61	211
Interest expense	15	32

The obligation accounted for in the statement of financial position comes to EUR 168 thousand as of 31 December 2011. This amount comprises a calculated present value of the defined benefit obligation (DBO) of EUR 549 thousand less plan assets of EUR 430 thousand and an as yet unrecognised actuarial gain of EUR 49 thousand.

in EUR'000	2011	2010
Changes in defined benefit obligations		
Defined benefit obligation at the beginning of the reporting period	479	818
Effect of exchange rate changes on obligation 31/12/2010-31/12/2011	12	158
Interest expense	15	32
Service cost	61	211
Benefits paid	-5	-74
Other deposits	0	0
Actuarial gain/loss	-13	-84
Adjustment/Release	0	-582
Defined benefit obligation at the end of the reporting period	549	479
Changes in asset value		
Fair value of plan assets at the beginning of the reporting period	353	587
Effect of exchange rate changes on plan assets 31/12/2010-31/12/2011	9	113
Employer contributions	44	64
Employees	19	44
Expected investment income	13	28
Other deposits	0	0
Benefits paid	-5	-74
Actuarial gain/loss	-3	-11
Adjustment/Release	0	-398
Fair value of plan assets as of 31 December	430	353

Provisions for pensions – OVB Allfinanzvermittlungs GmbH, Salzburg

The actuarial assessment prepared by Mercer Human Resources Consulting GmbH is based on the following actuarial assumptions:

	31/12/2011	31/12/2010
Discount rate	5.0 %	4.75 %
Expected increases in future salaries	1.5 %	1.5 %

The following expenses and income were reported for financial year 2011 based on the actuarial assessment:

in EUR'000	31/12/2011	31/12/2010
Service cost	12	11
Interest expense	7	7

The obligation accounted for in the statement comes to EUR 172 thousand as of 31 December 2011. This equals the calculated present value of the defined benefit obligation (DBO) of EUR 172 thousand.

Changes in defined benefit obligations (in EUR'000)	2011	2010
Defined benefit obligation (DBO) at the beginning of the reporting period	157	126
Interest expense	7	7
Current service cost	12	11
Benefits paid	-12	-2
Actuarial gain/loss	8	15
Expected present value of DBO at the end of the reporting period	172	157

Provisions for pensions reported for OVB Allfinanzvermittlungs GmbH, Salzburg, are provisions for settlement obligations.

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

in EUR'000	2011	2010
Provisions for pensions according to IAS 19 as of 01/01	761	720
Exchange rate differences	4	40
+ pension expense for the financial year (OVB Holding)	23	20
+ income from the release of provisions for pensions (OVB Switzerland)	-4	-50
+ pension expense for the financial year (OVB Austria)	15	31
Provisions for pensions according to IAS 19 as of 31/12	799	761
Assumed interest rate	5.0 % (OVB Holding)	4.75 % (OVB Holding)
	2.5 % (OVB Switzerland)	3.0 % (OVB Switzerland)
	5.0 % (OVB Austria)	4.75 % (OVB Austria)

Pension benefits of EUR 5 thousand were paid at OVB Vermögensberatung (Schweiz) AG, Baar, in the 2011 financial year. OVB Allfinanzvermittlungs GmbH, Salzburg, paid EUR 12 thousand in pension benefits in the 2011 financial year. No pension benefits are paid at OVB Holding AG yet.

Financing of the defined benefit pension plans:

in EUR'000	31/12/2011	31/12/2010
Present value of allocated commitment	1,197	1,102
Unrecognised actuarial gains/losses	32	12
Plan assets	430	353
Provisions for pensions	799	761

Actuarial gains and losses are recognised using the "corridor method".

Long-term provisions for employees

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

20

20 Other liabilities

2011: EUR'000	**60**
2010: EUR'000	73

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

21

21 Deferred tax liabilities

2011: EUR'000	**280**
2010: EUR'000	112

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

in EUR'000	31/12/2011	31/12/2010
Goodwill	263	445
Tangible and intangible assets	22	254
Financial instruments	375	290
Other assets	3	10
Provisions	294	268
Liabilities	7	27
	964	**1,294**
Net of deferred tax assets	-684	-1,182
	280	**112**

C Current liabilities

2011: EUR'000	**66,923**
2010: EUR'000	59,905

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

22

22 Provisions for taxes

2011: EUR'000	**2.863**
2010: EUR'000	1.360

in EUR'000	31/12/2011	31/12/2010
Income tax provisions	2,427	1,017
Other tax provisions	436	343
	2,863	**1,360**

The provisions for taxes have changed as follows altogether:

in Euro'000	01/01/2011	Exchange rate differences	Allocated	Used	Released	31/12/2011
Provisions for taxes	1,360	-16	2,521	1,002	0	2,863

23

23 Other provisions

	2011: EUR'000	**27,450**
	2010: EUR'000	25,231

in EUR'000	31/12/2011	31/12/2010
1. Cancellation risk	11,680	10,471
2. Unbilled liabilities	12,054	11,687
3. Legal claims	1,291	675
	25,025	**22,833**
4. Others		
- Liabilities to employees	1,036	947
- Costs relating to annual financial statements / Audit cost	694	627
- Other obligations	695	824
	2,425	**2,398**
	27,450	**25,231**

in Euro'000	01/01/2011	Exchange rate differences	Allocated	Used	Released	31/12/2011
1. Cancellation risks	10,471	-124	2,073	740	0	11,680
2. Unbilled liabilities	11,687	-226	11,651	10,629	429	12,054
3. Legal claims	675	-3	827	208	0	1,291
4. Others	2,398	-11	2,140	2,037	65	2,425
	25,231	**-364**	**16,691**	**13,614**	**494**	**27,450**

Allocations include expenses from the accumulation of interest on provisions in the amount of EUR 82 thousand. Provisions for cancellation risk are generally recognised as current provisions due to uncertainty in respect of the time and extent of their usage. Assumed that the clients' cancellation behaviour equals that of the recent past, the resulting non-current portion would amount to EUR 3,476 thousand (previous year: EUR 3,120 thousand).

24

24 Income tax liabilities

	2011: EUR'000	**111**
	2010: EUR'000	504

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

25

25 Trade payables

	2011: EUR'000	**8,075**
	2010: EUR'000	8,230

This item includes commission billed by financial advisors unless categorised as retained security as well as bonuses accrued as of the reporting date but not yet paid. Liabilities are stated 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 31/12/2011:

in Euro'000 Type of liability	Total amount	Overdue	Due daily	Less than 3 months	3 – less than 6 months	6 – 12 months	No maturity
Trade payables	8,075	288	813	2,416	2,529	0	2,029

Maturity of liabilities as of 31/12/2010:

in Euro'000 Type of liability	Total amount	Overdue	Due daily	Less than 3 months	3 – less than 6 months	6 – 12 months	No maturity
Trade payables	8,230	239	563	2,936	1,839	146	2,507

26

26 Other liabilities

2011: EUR'000	**28,424**
2010: EUR'000	24,580

Maturity of liabilities as of 31/12/2011:

in Euro'000 Type of liability	Total amount	Overdue	Due daily	Less than 3 months	3 – less than 6 months	6 – 12 months	No maturity
1. Retained security	23,126	528	396	651	6,831	2,682	12,038
2. Liabilities based on other taxes	937	0	428	497	12	0	0
3. Liabilities to employees	1,690	0	10	1,497	82	0	101
4. Liabilities to product partners	803	0	21	7	0	146	629
5. Liabilities to banks	1,260	0	1,260	0	0	0	0
6. Other liabilities to sales agents	50	0	0	0	0	0	50
7. Miscellaneous liabilities	558	9	160	298	79	0	12
Total	28,424	537	2,275	2,950	7,004	2,828	12,830

Maturity of liabilities as of 31/12/2010:

in Euro'000 Type of liability	Total amount	Overdue	Due daily	Less than 3 months	3 – less than 6 months	6 – 12 months	No maturity
1. Retained security	21,767	205	172	696	7,049	2,911	10,734
2. Liabilities based on other taxes	943	0	182	761	0	0	0
3. Liabilities to employees	1,050	0	40	686	39	0	285
4. Liabilities to product partners	177	0	48	128	0	0	1
5. Liabilities to banks	32	0	6	26	0	0	0
6. Other liabilities to sales agents	97	0	0	0	0	0	97
7. Miscellaneous liabilities	514	9	141	345	16	0	3
Total	24,580	214	589	2,642	7,104	2,911	11,120

There are no liabilities with terms to maturity of more than 12 months.

1. Retained security

Retained security includes provisions for cancellation risk set aside on account of financial advisors. This security is retained in order to cover anticipated commission refund claims.

2. Liabilities based on other taxes

Tax liabilities only include other actual tax liabilities that can be exactly determined or that have already been assessed.

3. Liabilities to employees

Payments due to employees in the short term for services rendered, such as holiday pay, bonuses or premiums and benefits paid to employees following the termination of employment are reported under this item at estimated settlement amounts.

4 . Liabilities to product partners

Liabilities to non-affiliated product partners generally result from the reversal of commission entries and are paid by OVB as they arise during the course of business. These liabilities are stated at nominal value.

5. Liabilities to banks

Current liabilities to banks are those with a maturity of less than twelve months from the reporting date. They are measured at nominal value.

6. Other liabilities to sales agents

This item includes current liabilities to the sales force that are not related to brokerage services.

7. Miscellaneous liabilities

Miscellaneous liabilities comprise all liabilities that are not attributable to any of the above positions. This item essentially includes liabilities from social security contributions and deferrals.

III. Notes to the consolidated income statement

27

27 Brokerage income

2011: EUR'000	**199,494**
2010: EUR'000	175,074

All income from product partners is recognised as brokerage income. Apart from commission, it also includes bonuses and other benefits paid by product partners. To provide for the case of reimbursements of commission to product partners upon contract cancellation/default, corresponding provisions are created on the basis of past experience (provisions for cancellation risk). Changes in provisions for cancellation risk are credited or charged on account of sales.

28

28 Other operating income

2011: EUR'000	**9,622**
2010: EUR'000	11,252

in EUR'000	2011	2010
Refunds from financial advisors	3,486	3,695
Income from the release of provisions	495	1,536
Own work capitalised	425	700
Income from the cancellation of expired liabilities	1,707	1,782
Rental income from sub-leases	110	37
Income from the disposal of intangible and tangible assets	55	14
Reversals of impairment loss	963	1,466
Income from currency translation	246	161
Other	2,135	1,861
	9,622	**11,252**

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

Own work capitalised relates to CRM software (cf. the asset schedule).

Other income relates to grants paid by product partners toward the cost of materials, personnel, representation, training and events, as well as insurance payouts.

Reversals of impairment loss primarily concerns receivables from financial advisors of OVB Vermögensberatung AG, Cologne, in the Germany segment and OVB Allfinanz a.s., Prague, and OVB Allfinanz Polska Społka Finansowa Sp. z o.o., Warsaw, in the Central and Eastern Europe segment.

29

29 Brokerage expenses

2011: EUR'000	**-134,219**
2010: EUR'000	-112,542

in EUR'000	2011	2010
Current commission	-119,578	-97,129
Other commission	-14,641	-15,413
	-134,219	**-112,542**

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

30

30 Personnel expense

2011: EUR'000	**-24,826**
2010: EUR'000	-24,773

in EUR'000	2011	2010
Wages and salaries	-20,821	-20,743
Social security	-3,727	-3,758
Expenses for retirement provision	-278	-272
	-24,826	**-24,773**

31

31 Depreciation and amortisation

2011: EUR'000	**-3,928**
2010: EUR'000	-3,121

in EUR'000	2011	2010
Amortisation of/Write-down on intangible assets	-2,688	-1,632
Depreciation of tangible assets	-1,240	-1,489
	-3,928	**-3,121**

Depreciation and amortisation in the 2011 financial year are shown in the asset schedule.

32

32 Other operating expenses

2011: EUR'000	**-40,047**
2010: EUR'000	-41,100

in EUR'000	2011	2010
Administrative expenses		
Legal, audit and advisors' costs	-4,807	-4,332
Facility expenses	-2,780	-2,699
Communication costs	-1,363	-1,412
IT expenses	-1,743	-1,582
Vehicle expenses	-629	-738
Rent for furniture and equipment	-163	-196
Other administrative expenses	-4,282	-3,804
	-15,767	**-14,763**
Sales and marketing costs		
Seminars, competitions, functions	-8,742	-11,616
Advertising cost, public relations	-2,635	-2,113
Write-downs on / Allowances for receivables	-5,505	-5,058
Other sales and marketing costs	-3,512	-3,558
	-20,394	**-22,345**

in EUR'000	2011	2010
Other operating expenses		
Foreign currency loss	-138	-296
Supervisory Board remuneration	-125	-123
Losses from disposal of investments	-288	-167
Miscellaneous expenses	-589	-973
	-1,140	**-1,559**
Non-income-based taxes		
Value added tax on purchased goods/services	-2,432	-2,025
Other non-income-based taxes	-314	-408
	-2,746	**-2,433**
	-40,047	**-41,100**

Other administrative expenses essentially relate to travel expenses, expenses for insurance, fees and contributions, money transfer costs and office supplies.

Other sales and marketing costs particularly relate to cost of material, entertainment expenses and sales support expenses.

Miscellaneous expenses concern among others expenses for financial reports and the Annual General Meeting as well as all expenses that are not attributable to any of the above positions.

Other non-income-based taxes essentially relate to taxes on representation expenses, vehicle tax and property tax.

Operating lease

The total amount of future minimum lease payments under non-cancellable operating leases can be broken down as follows:

in EUR'000	31/12/2011	31/12/2010
Up to one year	2,120	2,266
Over one year up to five years	878	2,036
	2,998	**4,302**

There were no future minimum lease payments under non-cancellable operating leases payable for more than five years. The present value of minimum lease payments under operating leases is EUR 2,923 thousand (previous year: EUR 4,137 thousand).

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

in EUR'000	2011	2010
Amount of minimum lease payments	2,441	2,437
Contingent rent	5	90
	2,446	**2,527**

Payments were made under operating leases for the following commodities: vehicles, telephone equipment, photocopiers and other operating and office equipment as well as office space. The terms of these leases range between 3 and 36 months. Contingent rent essentially includes payments for contract provisions that consider actual use of photocopiers and extra mileage for vehicles.

33

33 Financial result

2011: EUR'000	**1,176**
2010: EUR'000	1,552

in EUR'000	**2011**	**2010**
Finance income		
Bank interest	1,018	581
Income from securities	225	876
Reversal of impairment charges on investments	2	0
Income from investment property (net)	-4	4
Interest income from loans	38	36
Other interest income and similar income	462	525
	1,741	**2,022**
Finance expense		
Interest expense and similar expenses	-216	-92
Investment expenses	-349	-378
	-565	**-470**
Financial result	**1,176**	**1,552**

Interest income and expense are recognised on an accrual basis.

Income from securities primarily relates to interest credits.

34

34 Taxes on income

2011: EUR'000	**-3,149**
2010: EUR'000	-2,365

in EUR'000	**2011**	**2010**
Actual income taxes	-4,081	-2,495
Deferred income taxes	932	130
	-3,149	**-2,365**

Tax expenses include foreign current taxes in the amount of EUR 3,562 thousand (previous year: EUR 2,500 thousand) and foreign deferred tax income of EUR 537 thousand (previous year: deferred tax expenses of EUR 174 thousand).

Actual and deferred taxes are determined based on the domestic tax rates applicable in the respective country. Deferred taxes for domestic companies were calculated on the basis of a company tax rate of 15.0 per cent (previous year: 15.0 per cent), the solidarity surcharge of 5.5 per cent (previous year: 5.5 per cent) and an average trade tax rate of 16.625 per cent (previous year: 15.75 per cent).

In addition to the amount recognised in the consolidated income statement, deferred taxes of EUR 16 thousand (previous year: EUR 12 thousand) which relate to items recognised outside profit or loss in equity were settled outside profit or loss in equity.

The effective income tax rate applied to the pre-tax result from ordinary business activities comes to 43.3 per cent (previous year: 37.3 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 German combined income tax rate of currently 32.45 per cent.

Reconciliation statement

in EUR'000	2011	2010
Earnings before taxes on income according to IFRS	7,271	6,342
Consolidated income tax rate	32.45 %	31.58 %
Theoretical income tax expense in the financial year	**-2,360**	**-2,003**
Taxes based on non-deductible expenses (-) / tax-free income (+)	-1,331	-660
Effect of other tax rates applicable to domestic and foreign operating subsidiaries	1,489	1,072
Income taxes unrelated to the accounting period	-391	92
Change in tax effect from temporary differences and tax losses on which no deferred tax assets were recognised (-) / Capitalisation of deferred taxes in financial year on loss carry-forward from previous year on which no deferred taxes were recognised in the previous year (+)	-253	-913
Other	-303	47
Taxes on income	**-3,149**	**-2,365**

35

35 Consolidated net income

2011: EUR'000	**4,123**
2010: EUR'000	3,977

36

36 Net income attributable to non-controlling interests

2011: EUR'000	**36**
2010: EUR'000	28

This item relates to non-controlling interests in Nord-Soft EDV Unternehmensberatung GmbH and Nord-Soft Datenservice GmbH, both of which have their registered offices in Germany.

37

37 Earnings per share

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

in EUR'000	2011	2010
Net income		
Basis for basic/diluted earnings per share (net income for the period attributable to owners of the parent)	4,159	4,005

	2011	2010
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	0.29	0.28

Basic earnings per share equal diluted earnings as no dilutive effects materialised in the year under review.

IV. Other information

Contingent liabilities

Guarantees and assumed liabilities

OVB Holding AG and some of its subsidiaries have given guarantees and assumed liabilities on behalf of financial advisors in the ordinary course of business. The associated risks are recognised in "other provisions" to the extent that they give rise to obligations the value of which can be reliably estimated. Guarantees and assumed liabilities to third parties totalled EUR 4,037 thousand as of the reporting date (previous year: EUR 3,628 thousand).

Litigation risks

Some group companies are currently involved in various legal disputes arising from the ordinary course of business, primarily in connection with the settlement of accounts for brokerage services provided by financial advisors.

Management holds the view that contingent liabilities arising from such legal disputes are adequately covered by provisions and that no material effects on the assets and liabilities of the group will result beyond that.

Average number of employees

The group employed an average of 436 (previous year: 464) commercial staff in the year under review of which 57 (previous year: 60) worked in a managerial capacity.

Disclosures relating to the Executive Board and the Supervisory Board

Members of the Executive Board of OVB Holding AG:

- Michael Rentmeister, Chairman (since 01/01/2012)
- Oskar Heitz, Executive Board Member for Finance and Administration
- Mario Freis, Executive Board Member for International Sales
- Wilfried Kempchen, Chairman (until 31/12/2011)

Members of the Supervisory Board of OVB Holding AG:

- Michael Johnigk, (Chairman of the Supervisory Board); Member of the Executive Boards of Deutscher Ring Krankenversicherungsverein a.G., Hamburg; SIGNAL Krankenversicherung a. G., Dortmund; IDUNA Vereinigte Lebensversicherung aG für Handwerk, Handel und Gewerbe, Hamburg; SIGNAL Unfallversicherung a. G., Dortmund; SIGNAL IDUNA Allgemeine Versicherung AG, Dortmund; SIGNAL IDUNA Holding AG, Dortmund; PVAG Polizeiversicherungs-Aktiengesellschaft, Dortmund
- Marlies Hirschberg-Tafel, (Deputy Chairwoman and Member of the Supervisory Board since 1 September 2011); Member of the Executive Boards of Deutscher Ring Krankenversicherungsverein a.G., Hamburg; SIGNAL Krankenversicherung a.G., Dortmund; IDUNA Vereinigte Lebensversicherung aG für Handwerk, Handel und Gewerbe, Hamburg; SIGNAL Unfallversicherung a.G., Dortmund; SIGNAL IDUNA Allgemeine Versicherung AG, Dortmund; SIGNAL IDUNA Holding AG, Dortmund; PVAG Polizeiversicherungs-Aktiengesellschaft, Dortmund
- Jens O. Geldmacher, (Deputy Chairman and Member of the Supervisory Board until 30 May 2011); until his retirement: Member of the Executive Boards of Deutscher Ring Krankenversicherungsverein a.G., Hamburg; SIGNAL Krankenversicherung a. G., Dortmund; IDUNA Vereinigte Lebensversicherung aG für Handwerk, Handel und Gewerbe, Hamburg; SIGNAL Unfallversicherung a. G., Dortmund; SIGNAL IDUNA Allgemeine Versicherung AG, Dortmund; SIGNAL IDUNA Holding AG, Dortmund; PVAG Polizeiversicherungs-Aktiengesellschaft, Dortmund
- Christian Graf von Bassewitz, banker (ret.), Düsseldorf
- Winfried Spies, Chairman of the Executive Boards of Generali Versicherung AG, Munich, Generali Lebensversicherung AG, Munich, Generali Beteiligungs- und Verwaltungs AG, Munich
- Dr. Frank Grund, Chairman of the Executive Boards of Basler Versicherungen, Bad Homburg; Deutscher Ring Lebensversicherung-AG, Hamburg; Deutscher Ring Sachversicherungs-AG, Hamburg
- Jan De Meulder, Head of International, Corporate Executive Committee, Bâloise Group, Basel, Switzerland

Remuneration of Supervisory Board and Executive Board

Total remuneration of the Supervisory Board in the year under review was EUR 65 thousand (previous year: EUR 62 thousand).

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

in EUR'000	Wilfried Kempchen	Oskar Heitz	Mario Freis
Fixed remuneration	474 (2010: 596)	300 (2010: 311)	249 (2010: 235)
Variable remuneration	310 (2010: 270)	165 (2010: 104)	112 (2010: 83)
Upon termination of employment relationship	700		
Total remuneration	**1,484 (2010: 866)**	**465 (2010: 415)**	**361 (2010: 318)**

The variable remuneration of Executive Board members is based on individual targets defined for the financial year.

No remuneration was paid to former members of the Executive Board or the Supervisory Board in the year under review. No benefits arising from the termination of an employment contract in accordance with IAS 24.16(d) were paid. No other long-term benefits or share-based remuneration were granted in the year under review.

- Pension commitments of OVB Holding AG to a former member of management come to EUR 459 thousand as of the reporting date (2010: EUR 436 thousand). No pension benefits were paid in the year under review.

Cost of advisors and audit costs

The cost of advisors and audit costs include the fee of the auditor, PricewaterhouseCoopers AG, Düsseldorf, totalling EUR 404 thousand (previous year: EUR 395 thousand). The auditor's fees comprise the following items in the 2011 financial year:

in EUR'000	2011	2010
Audit cost	271	296
Cost of preparing audit opinion and assessment services	88	89
Cost of tax advice	0	0
Cost of other services	45	7

Events after the reporting date

Apart from the facts and circumstances presented, there have been no reportable events after the reporting date.

Related party transactions

Transactions between the company and its subsidiaries, regarded as related parties, were eliminated as intra-group transactions through consolidation and are not discussed in these notes.

Principal shareholders are as of 31/12/2011:

- the Signal Iduna Group
- the Bâloise Group
- the Generali Group

The Signal Iduna Group represents a horizontal group ("Gleichordnungsvertragskonzern"). Its parent companies are:

- SIGNAL Krankenversicherung a. G., Dortmund
- IDUNA Vereinigte Lebensversicherung aG für Handwerk, Handel und Gewerbe, Hamburg
- SIGNAL Unfallversicherung a. G., Dortmund
- Deutscher Ring Krankenversicherungsverein a.G., Hamburg.

As of 31 December 2011 IDUNA Vereinigte Lebensversicherung aG für Handwerk, Handel und Gewerbe held shares in OVB Holding AG carrying 31.48 per cent of the voting rights. Balance Vermittlungs- und Beteiligungs-AG, part of the horizontal group, held shares in OVB Holding AG carrying 17.54 per cent of the voting rights as of 31 December 2011. Deutscher Ring Krankenversicherungsverein a.G. held shares in OVB Holding AG carrying 3.74 per cent of the voting rights as of 31 December 2011.

As of 31 December 2011 Deutscher Ring Beteiligungsholding GmbH held shares in OVB Holding AG carrying 32.57 per cent of the voting rights. This company is a group company of the Bâloise Group, whose parent is Bâloise Holding AG.

As of 31 December 2011 Generali Lebensversicherung AG held shares in OVB Holding AG carrying 11.48 per cent of the voting rights. This company is a group company of the Generali Group, whose parent is Generali Deutschland Holding AG.

In connection with the changes on the Executive Board, an arrangement was signed in October 2011 by subsidiary OVB Vermögensberatung AG on the regulation of future claims for commission and their payment. Against a one-time payment in the amount of EUR 10.3 million, all rights to future claims for new business and policy service commission of the distribution structure of the retired member of the Executive Board were acquired. The transfer of the rights and the payment of the purchase price took place in January 2012. The acquisition results in a corresponding increase in the item "other assets" in 2012.

The item "brokerage expenses" includes commission paid to members of management in key positions in the amount of EUR 2,331 thousand (previous year: EUR 2,254 thousand).

As of the reporting date there are receivables from members of management in key positions in the amount of EUR 1 thousand (previous year: EUR 0 thousand) and liabilities to them in the amount of EUR 700 thousand (previous year: EUR 0 thousand).

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

From contracts with companies of the SIGNAL IDUNA Group, sales were generated in the amount of EUR 7,272 thousand (previous year: EUR 6,249 thousand), or total sales commission in the amount of EUR 13,734 thousand (previous year: EUR 11,846 thousand), principally in the Germany segment.

As of the reporting date, receivables from and liabilities to companies of the SIGNAL IDUNA Group come to:

in EUR'000	31/12/2011	31/12/2010
Receivables	870	753
Liabilities	0	0

Sales from contracts with companies of the Bâloise Group in the amount of EUR 19,814 thousand (previous year: EUR 21,912 thousand), or total sales commission in the amount of EUR 31,791 thousand (previous year: EUR 34,502 thousand), are essentially generated in the Germany segment.

As of the reporting date, receivables from and liabilities to companies of the Bâloise Group come to:

in EUR'000	31/12/2011	31/12/2010
Receivables	3,142	1,935
Liabilities	0	0

Sales generated under contracts with companies of the Generali Group in the amount of EUR 35,502 thousand (previous year: EUR 30,604 thousand), or total sales commission in the amount of EUR 37,678 thousand (previous year: EUR 32,862 thousand), essentially involve the segments Germany and Central and Eastern Europe.

As of the reporting date, receivables from and liabilities to companies of the Generali Group come to:

in EUR'000	31/12/2011	31/12/2010
Receivables	4,995	4,193
Liabilities	0	0

The terms and conditions of brokerage contracts concluded with related parties are similar to the terms and conditions of contracts OVB has concluded with suppliers of financial products that are not related parties.

D&O insurance with coverage of EUR 10,000 thousand per insured event has been taken out for the members of the Executive Board and the Supervisory Board.

The outstanding items at the end of the financial year are not secured, do not bear interest and are settled by payment. No guarantees are given on account of receivables from or liabilities to related parties.

OVB Holding AG has reported on the contract relationships with companies of the Bâloise Group and the SIGNAL IDUNA Group in financial year 2011 and in previous years in accordance with Section 312 AktG (German Stock Corporation Act). In its audit report, the auditor has provided the following statement:

“On the basis of our mandatory audit and evaluation, we confirm that

1. the factual disclosures contained in the report are correct,
2. the consideration paid by the company for the transactions listed in the report was not unreasonably high,
3. no circumstances suggest a materially different assessment from the Executive Board’s assessment with respect to the measures listed in the report.”

Statement pursuant to Section 161 AktG (German Stock Corporation Act)

The Executive Board and the Supervisory Board of OVB Holding AG have issued the statement required under Section 161 AktG for 2011 and made the statement permanently available to the shareholders on the website of OVB Holding AG (www.ovb.ag).

Statement pursuant to Section 37v WpHG (German Securities Trading Act)

The financial statements constitute an annual financial report within the meaning of the German Transparency Directive Implementation Act (“Transparenzrichtlinie-Umsetzungsgesetz”) of 22 December 2011 (Section 37v WpHG).

Responsibility statement of the Executive Board

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, 5 March 2012

Michael Rentmeister | Oskar Heitz | Mario Freis

Applied accounting standards and regulations (as of 31 December 2011)

For financial year 2011 the OVB Group applies the following IAS/IFRS Standards as adopted by Commission Regulation (EC) No. 1126/2008 of 03/11/2008[3/6], amended by Commission Regulation (EC) No. 149/2011 of 18/02/2011, and other accounting provisions:

Standard / Interpretation[1/4]	Subject / Explanatory notes[2]	Version applied
IFRS 3	Business Combinations	2010
IFRS 7	Financial Instruments: Disclosures (amended)	2010
IFRS 8	Operating Segments (new)	2009
IAS 1	Presentation of Financial Statements (new)	2009
IAS 7	Statement of Cash Flows (amended)	2009
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	2008
IAS 10	Events After the Reporting Period	2008
IAS 12	Income Taxes (amended)	2008
IAS 16	Property, Plant and Equipment (amended)	2008
IAS 17	Leases	2009
IAS 18	Revenue (amended)	2009
IAS 19	Employee Benefits (amended)	2009
IAS 21	The Effects of Changes in Foreign Exchange Rates (amended)	2010
IAS 23	Borrowing Costs (amended)	2008
IAS 24	Related Party Disclosures (amended)	2010
IAS 27	Consolidated and Separate Financial Statements (amended)	2008
IAS 32	Financial Instruments: Presentation (amended)	2008
IAS 33	Earnings Per Share (amended)	2008
IAS 34	Interim Financial Reporting (amended)	2010
IAS 36	Impairment of Assets (amended)	2008
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	2008
IAS 38	Intangible Assets (amended)	2009
IAS 39	Financial Instruments: Recognition and Measurement (amended)	2010
IAS 40	Investment Property (amended)	2008

International Financial Reporting Interpretation Commitee (IFRIC)

IFRIC 10	Interim Financial Reporting and Impairment	2007
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (amended)	2009

German Accounting Standards ("Deutscher Rechnungslegungs-Standard" – DRS)[5]

DRS 15	Lageberichterstattung (Preparation of Management Reports) (amended 2010)	January 2010

Provisions relating to capital markets

WpHG	Wertpapierhandelsgesetz (German Securities Trading Act); esp. Sections 37v through 37z WpHG	Effective version
GCGC in conjunction with Section 161 AktG (German Stock Corporation Act)	German Corporate Governance Code	26/05/2010
FWBO	Frankfurter Wertpapierbörsenordnung (Frankfurt Stock Exchange Rules and Regulations)	28/11/2011

Key

1) Not all existing Standards and other provisions as of the reporting date have been listed but only those of relevance to the group.

2) Date from which the provision is subject to mandatory application according to IFRS; earlier voluntary application is often permitted. An express reference is contained in the notes if the group voluntarily applies a provision earlier than required.

3) Section 315a (1) HGB (German Commercial Code) in conjunction with the so-called IAS Regulation (Regulation (EC) No. 1606/2002) requires the group to apply the IFRS adopted by the European Union. The stated date is the date of endorsement by the EU Commission (respective publication in the Official Journal takes place shortly thereafter).

With respect to the date of application of the IFRS Standards adopted by EU law, the dates set forth in the Standards generally apply (see column "version applied"). If an IFRS is adopted by the EU after the reporting date but before the "date the financial statements are signed", the respective provision can still be applied in the financial statements (EU Commission clarification at the ARC meeting of 30/11/2005).

4) IFRS: An umbrella term for all accounting provisions released by the International Accounting Standards Board (IASB) but also a term for accounting provisions newly resolved by the IASB since 2003. Accounting provisions resolved through 2002 will continue to be published as International Accounting Standards (IAS). Only if existing International Accounting Standards are fundamentally changed will they be renamed IFRS.

5) DRS are applied to the extent that they govern matters that are required to be taken into account under Section 315a HGB (German Commercial Code) and that are not already governed by IFRS.

6) On 3 November 2008 the European Commission adopted the consolidated version of all International Financial Reporting Standards (IFRS) in effect in the European Union. This version includes all previously adopted IFRS including the amendments adopted on 15 October 2008 so that companies only have to refer to said Regulation from now on. This version supersedes 18 previous separate Regulations and it also supersedes Regulation (EC) No. 1725/2003 of 29/09/2003 as well as all amendments adopted until 15/10/2008.

Together with our employees

Planning, directing, documenting, controlling, communicating – the tasks of our employees in central administrations and service companies are manifold and contribute to OVB's success to a large degree. Due to their great commitment we constantly improve the efficiency of our workflow.

"Achieving more together"

Auditor’s report

We have audited the consolidated financial statements prepared by OVB Holding AG, Cologne, comprising the statement of financial position, the income statement and the statement of comprehensive income, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from 1 January to 31 December 2011. The preparation of the consolidated financial statements and the group management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB (“Handelsgesetzbuch”: German Commercial Code) is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company´s Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion. Our audit has not led to any reservations.

In our opinion based on the findings of our audit the consolidated financial statements comply with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Düsseldorf, 5 March 2012

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Christian Sack	ppa. Ralf Scherello
Wirtschaftsprüfer	Wirtschaftsprüfer
(Certified Public Accountant)	(Certified Public Accountant)

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

Report of the Supervisory Board

In the 2011 financial year, the Supervisory Board performed its tasks and exercised its duties as assigned by law, the articles of association and the rules of procedure with great attention. The board's responsibilities particularly included discussions and decision making with respect to the group's strategic development, various other issues and transactions that required approval, work in the committees, monitoring compliance with the German Corporate Governance Code, the review of the financial statements of OVB Holding AG and the group as well as decisions on personnel changes to the company's boards.

Cooperation of Supervisory Board and Executive Board

The Supervisory Board supervised the Executive Board and gave advice in the company's management, and it convinced itself the compliance of management activity.

The Executive Board attended to its duties of providing information to the Supervisory Board regularly, in good time and comprehensively in written and oral reports in the year under review. The reports contained all relevant information on strategy development, corporate planning, business performance and the group's situation including the risk position, the risk management system and compliance. Deviations of the business performance from the approved plans were reported, accounted for and debated. The Supervisory Board discussed all essential business transactions with the Executive Board, in particular the group's further development. As explained below in detail, the Supervisory Board was involved in all decisions of fundamental importance to the company directly and in good time. The Supervisory Board passed the resolutions required according to law or articles of association.

Those transactions that required the Supervisory Board's approval or were of special relevance were discussed in depth prior to the adoption of a resolution with the Executive Board either by the Supervisory Board in full session or by the Supervisory Board committees. Even outside its meetings, the Executive Board was informed extensively of intentions and plans of urgency for the company and made its decision, if required, in writing. Outside the meetings of the Supervisory Board in full session and of its committees, particularly the Chairman of the Supervisory Board and the Chairman of the Audit Committee were in continuous contact with the Executive Board and were thus kept up-to-date about material events with potential effects on the business situation and the group's prospects.

Duties and responsibilities of the committees

The Supervisory Board has established two standing committees for the support of its work: the Audit Committee and the Nomination and Remuneration Committee. The respective committee members are presented in a separate overview in the chapter “Corporate Governance”.

The four members of the Audit Committee support the Supervisory Board in attending to its supervisory function. They especially concern themselves with issues of accounting and financial reporting as well as the effectiveness of the internal control system, the risk management system, internal auditing and compliance. The Audit Committee also discusses the half-year and quarterly reports with the Executive Board prior to their publication.

The Nomination and Remuneration Committee, made up of two members, suggests suitable candidates for the Supervisory Board's election proposals to the Annual General Meeting or for appointment by court order and deals with the composition of the Executive Board and questions of its members' remuneration in preparing the Supervisory Board's decisions made in full session.

There were four regular Supervisory Board meetings and one extraordinary meeting in the 2011 financial year. Five resolutions were passed in writing by way of the circulation procedure. The Audit Committee held four regular meetings and three conference calls in 2011; the Nomination and Remuneration Committee had a total of six meetings. No Supervisory Board member attended less than half of the meetings. Average attendance in the sessions was 94 per cent.

Audit Committee activity
The Committee's sessions centred on discussions of the separate and the consolidated financial statements of OVB Holding AG, the supervision of the financial accounting process, the effectiveness of the internal control system and internal audit system and the audit itself, especially the auditor's independence. Regular topics discussed were also risk management and its development and compliance measures in the OVB Group.

Prior to the Supervisory Board's accounts review in March 2011, the Audit Committee focused on the separate and the consolidated financial statements of OVB Holding AG, the audit reports provided by the auditor and the Executive Board's proposal for the appropriation of retained earnings. The auditor's certified accountants gave a detailed report on the audits they had conducted. Another subject dealt with in this Audit Committee meeting was the internal audit division's annual report.

In its meeting of September 2011, the Committee elaborated the scope, the process and the focal points of the 2011 audit with the auditor appointed by the Annual General Meeting. The Committee also discussed the results of the internal examinations of the group audit division for the first half-year 2011.

In December 2011, the Audit Committee was informed in detail about the status quo of compliance in the group and the annual audit programmes for internal group audits in the years 2012 to 2014.

Nomination and Remuneration Committee activity
The six meetings of the Nomination and Remuneration Committee held in the year under review primarily dealt with succession planning for the Chairman of the Executive Board and the selection of candidates.

The contractual provisions, especially the structure and the amount of the remuneration paid to the successor, were debated in detail. The development of the remuneration parameters of the members of the Executive Board were supervised as well. Moreover, the particulars of the termination agreement with Wilfried Kempchen, who retired from his position as Chairman of the Executive Board at the end of the year 2011, were discussed.

With Mrs Marlies Hirschberg-Tafel, the Nomination and Remuneration Committee also made a suggestion to the Supervisory Board for the succession of Mr Jens O. Geldmacher, who retired from the Supervisory Board as of 30 May 2011.

With respect to these various issues, the Committee prepared respective recommendations for the Supervisory Board.

Topics discussed in full session
The performances of sales and earnings of the group and its segments as well as developments regarding financial advisors and employees were the subjects of regular discussions in the Supervisory Board's full-session meetings. The financial position, medium-term corporate planning, the implementation of the pan-European strategy and the performances of the operating subsidiaries were also regularly addressed in the meetings. The activities of Audit Committee and Nomination and Remuneration Committee were the subject of regular reports given in the meetings.

In its accounts review meeting of 25 March 2011, the Supervisory Board discussed the separate and the consolidated financial statements for the 2010 financial year as well as the auditor's findings and approved the financial statements and the consolidated financial statements after in-depth discussion. The Supervisory Board also approved the Executive Board's proposal for the appropriation of retained earnings. Another item on the agenda was the Executive Board's report on relationships with affiliated companies. Furthermore, the Supervisory Board adopted the agenda for the company's Annual General Meeting on 10 June 2011 together with the proposed resolutions.

On 2 May 2011 the Supervisory Board convened for an extraordinary meeting. The debate centred on the Executive Board's detailed report on the recent developments of the individual operating subsidiaries. The focal issue was the strategic development of the separate entities. Based on comprehensive analysis, the Executive Board presented the cornerstones of its national strategies and the measures intended for each country. Following in-depth discussion, the Supervisory Board approved the strategic concept in general.

In the Supervisory Board meeting held right before the Annual General Meeting on 10 June 2011, the Executive Board gave a report to the Supervisory Board on the current business performance. The Supervisory Board also concerned itself in full session with an expansion of the product portfolio in individual countries.

It also followed the recommendation made by the Nomination and Remuneration Committee to apply for the appointment of Mrs Marlies Hirschberg-Tafel as successor of Mr Jens. O. Geldmacher, who had retired from the Supervisory Board, by court order.

In the meeting held by the Supervisory Board on 2 September 2011, Mr Michael Rentmeister was elected to the Executive Board for five years effective 1 January 2012 as Mr Wilfried Kempchen's successor and appointed Chairman of the Executive Board. The Supervisory Board also discussed the results of the efficiency review it had subjected itself to. In addition, the Executive Board reported on the current situation of the group. Having been appointed to the Supervisory Board by court order effective 1 September, Mrs Marlies Hirschberg-Tafel was elected Deputy Chairwoman of the Supervisory Board.

Subject of the Supervisory Board meeting held on 2 December 2011 was the current business performance of the individual subsidiaries once again. Issues of detailed discussions also were corporate planning 2012 presented by the Executive Board and resolutions on personnel changes to equity investments. Upon the recommendation of the Nomination and Remuneration Committee, the Supervisory Board approved the basic parameters of updated provisions for the remuneration of the Executive Board in general.

Corporate governance

The recommendations of the German Corporate Governance Code and the options for their implementation by OVB Holding AG were regularly discussed in the meetings of the Supervisory Board and its committees. Subjects of in-depth discussion were particularly those recommendations that deal with specific targets for the composition of the Supervisory Board, especially with regard to adequate consideration of female board members.

The update of the corporate governance principles of OVB Holding AG jointly developed and decided by Supervisory Board and Executive Board as well as the annually updated version of the declaration of compliance in accordance with Section 161 AktG (German Stock Corporation Act) were made permanently available at the website of OVB Holding AG on 25 March 2011. In the declaration of compliance, the company comments not only on the recommendations but also on the suggestions provided by the German Corporate Governance Code. The declaration on the Code's suggestions is voluntary. In accordance with No. 3.10 of the German Corporate Governance Code, the Executive Board reports on corporate governance, also on behalf of the Supervisory Board, in the corporate governance report, to be found on pages 92 to 99 of the Annual Report.

Audit of separate and of consolidated financial statements 2011

PricewaterhouseCoopers AG, Wirtschaftsprüfungsgesellschaft, Düsseldorf, appointed auditor by shareholders' resolution at the Annual General Meeting of 10 June 2011 and retained by the Supervisory Board, has audited the financial statements and the management report of OVB Holding AG for the year ended 31 December 2011, prepared in accordance with the German Commercial Code (HGB), and the consolidated financial statements and the consolidated management report for the year ended 31 December 2011, prepared in accordance with the International Financial Reporting Standards IFRS as applicable in the European Union, and issued an unqualified audit opinion.

The financial statements and consolidated financial statements, the management report and the consolidated management report, the Executive Board's proposal for the appropriation of retained earnings and the audit reports prepared by the auditor were submitted to the members of the Supervisory Board in good time. The Audit Committee conducted a thorough preliminary review of these documents and discussed them in its meeting of 23 March 2012 which was also attended by the auditor.

In addition to the audit reports supplied in writing, the auditor gave an oral report to the Committee on the key findings of its audit and was available to the Committee members for further information. The Audit Committee informed the Supervisory Board in its subsequent full-session meeting about this preliminary review of the audit documents, the auditor's findings and the auditor's additional explanations.

After concluding its own review and receiving the recommendations of the Audit Committee, the Supervisory Board agrees with the auditor's findings as there were no objections to the financial statements or the consolidated financial statements. The Supervisory Board approves the financial statements for 2011 which are thus deemed adopted. The consolidated financial statements for 2011 are also approved. Furthermore, the Supervisory Board agreed with the Executive Board's proposal for the appropriation of retained earnings of the 2011 financial year on the basis of its own review.

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. The auditor made the following audit statement in the audit report:

"On the basis of our mandatory audit and evaluation, we confirm that

1. the factual disclosures contained in the report are correct,
2. the consideration paid by the company for the transactions listed in the report was not unreasonably high,
3. no circumstances suggest a materially different assessment from the Executive Board's assessment with respect to the measures listed in the report."

The Supervisory Board has reviewed the Executive Board's report on relationships with affiliated companies and the corresponding audit report prepared by the auditor and approves of the auditor's findings. After concluding its own review, the Supervisory Board states that there were no objections to the Executive Board's concluding statement of its report on relationships with affiliated companies.

Personnel changes to Supervisory Board and Executive Board

On 30 May 2011, Mr Jens O. Geldmacher retired from the Supervisory Board and his position as the Board's Deputy Chairman in the course of changing between companies effective immediately. The Local Court (Amtsgericht) of Cologne appointed Mrs Marlies Hirschberg-Tafel new Member of the Supervisory Board as of 31 August 2011. The Supervisory Board thanks Mr Geldmacher for the good cooperation and his commitment to the company over the past years.

As of the end of the financial year, Mr Wilfried Kempchen, on the Executive Board since July 2009, completed his work as Chairman of the Executive Board of OVB Holding AG. During this time he navigated OVB through the financial and economic crisis with a steady hand and strengthened distribution domestically and abroad.

The Supervisory Board thanks Mr Kempchen, who can look back on a successful career of 41 years working for OVB, for his great dedication. He made an outstanding contribution to the company.

Mr Michael Rentmeister was elected to the Executive Board effective 1 January 2012 and appointed its Chairman.

The Supervisory Board expresses its thanks to the acting members of the Executive Board, the management teams and executives of the associates and all financial advisors and employees of the OVB Group for their commitment and performances in the 2011 financial year.

Cologne, 23 March 2012

On behalf of the Supervisory Board

Michael Johnigk
Chairman

Corporate Governance Report

Good corporate governance is of great significance to OVB Holding AG. Executive Board and Supervisory Board feel committed to safeguard the company's continued existence and a sustained increase in shareholder value through responsible corporate management with a long-term horizon.

In the following chapter the Executive Board reports – also on behalf of the Supervisory Board – on corporate governance at OVB Holding AG in accordance with No. 3.10 of the German Corporate Governance Code. The chapter also includes the statement on corporate governance pursuant to Section 289a HGB (German Commercial Code) and the remuneration report

Statement on corporate governance

Working methods of Executive Board and Supervisory Board

OVB Holding AG has a dual board system consisting of Executive Board and Supervisory Board. The third corporate body is the Annual General Meeting. Both Boards cooperate closely for the benefit of the company and maintain an intensive and open dialogue on a regular basis.

Direction and management – the Executive Board

The Executive Board of OVB Holding, currently consisting of three members, directs the group on its own authority. Its tasks include the definition of business targets and the group's strategic orientation, the control and supervision of the operating business units and the establishment and monitoring of an efficient risk management system. The Executive Board manages business operations in compliance with the legal provisions, the articles of association and the Executive Board's rules of procedure.

The members of the Executive Board jointly assume the responsibility for corporate management. Overall responsibility of all Executive Board members notwithstanding, the individual members manage the responsibilities assigned to them within the scope of Executive Board resolutions on their own authority. The specific scope and content of the areas of responsibility assigned to the members of the Executive Board derives from a distribution-of-business plan which is part of the rules of procedure.

The Executive Board's information and reporting obligations are stipulated in detail in its rules of procedure, which also provide for the proviso of the Supervisory Board's approval with respect to transactions of essential importance. Such transactions include e.g. decisions or measures that substantially affect the company's assets, liabilities, financial position and profit or loss.

The Executive Board decides all matters of fundamental importance and in all cases required by law or under other binding provisions in full session. The Executive Board's rules of procedure provide for a catalogue of measures that require the Executive Board's consideration and decision making in full session.

Executive Board meetings are held regularly – at least once a month. They are convened by the Chairman of the Executive Board. Furthermore, any member may call for the convening of a meeting. Insofar as not required otherwise by law, the Executive Board decides by simple majority. In case of a tie of votes, the Chairman has the casting vote.

The Executive Board reports to the Supervisory Board on all relevant aspects of corporate planning and strategic development, the business performance and the group's position regularly, timely and comprehensively. The Executive Board's regular reports to the Supervisory Board also include statements on the risk position, risk management and the subject of compliance.

Appointed Members of the Executive Board of OVB Holding AG are at present:

Michael Rentmeister
(born 1965, on the Board since 1 January 2012, appointed until 31 December 2016)
Chairman of the Executive Board,
OVB Holding AG and OVB Vermögensberatung AG

Oskar Heitz
(born 1953, on the Board since 2001, appointed until 31 December 2015)
Member of the Executive Board, Finance and Administration,
OVB Holding AG and OVB Vermögensberatung AG

Mario Freis
(born 1975, on the Board since 2010, appointed until 31 December 2012)
Member of the Executive Board, International Sales, OVB Holding AG

Supervision of corporate management – the Supervisory Board

The Supervisory Board supervises and advises the Executive Board and appoints and dismisses its members. Essential decisions of the Executive Board require the Supervisory Board's approval. The Supervisory Board also coordinates the company's strategic orientation with the Executive Board and regularly discusses the status of the implementation of the corporate strategy with the Executive Board. The Chairman of the Supervisory Board coordinates the body's work and chairs the meetings. Maintaining constant exchange with the Executive Board, the Supervisory Board is always informed about the business policy, corporate planning and the strategy. The Supervisory Board approves the separate and consolidated financial statements as well as the management report and consolidated management report of OVB Holding AG based on its own examination and in consideration of the audit reports provided by the auditor. Within the framework of its report, the Supervisory Board informs the shareholders about its work.

According to Section 10 (1) of the articles of association, the Supervisory Board consists of six members all of which are elected by the Annual General Meeting.

The terms of members of the Supervisory Board elected by the Annual General Meeting expire as of the end of the Annual General Meeting in the year 2013 that will decide on the formal approval of the actions of the Executive Board and the Supervisory Board for financial year 2012.

The Supervisory Board has established two standing committees to effectively support the work in full session: the Audit Committee and the Nomination and Remuneration Committee. Within their respective scope of responsibility, the committees prepare the resolutions of the Supervisory Board as well as the topics to be dealt with in full session. In each following Supervisory Board meeting a report is given on the committees' work. Completing the rules of procedure of the Supervisory Board, there are separate rules of procedure for the Audit Committee as well as the Nomination and Remuneration Committee.

Audit Commitee

Members of the Audit Committee are Michael Johnigk, Christian Graf von Bassewitz, Dr. Frank Grund and Jan De Meulder. Dr. Frank Grund is the committee's Chairman. In preparing resolutions for the Supervisory Board, the Audit Committee particularly addresses the diligent examination of the separate and consolidated financial statements as well as issues of financial accounting, risk management, compliance, the required independence of the auditor and commissioning the audit assignment to the auditor. The committee resolves the determination of focal points of the audit and the conclusion of a fee agreement with the auditor. The Audit Committee also discusses the quarterly and half-year financial reports with the Executive Board prior to publication.

Nomination and Remuneration Commitee

Members of the Nomination and Remuneration Committee are Michael Johnigk and Dr. Frank Grund. Michael Johnigk is the committee's Chairman. The Nomination and Remuneration Committee prepares the body of work for full-session consideration and suggests suitable candidates to the Supervisory Board for its election proposals to the Annual General Meeting. It also concerns itself with the composition of the Executive Board and its succession planning and with issues relating to the remuneration of Executive Board members.

Each Supervisory Board member discloses any conflict of interest resulting from his or her involvement in the Supervisory Board without delay to the Supervisory Board. The Supervisory Board informs on any arising conflict of interest and its management in its report to the Annual General Meeting.

The Supervisory Board of OVB Holding AG consists of the following members at present:

Michael Johnigk
(born 1953, on the Board since 2001, elected until 2013)
Chairman of the Supervisory Board

Member of the Executive Boards of Deutscher Ring Krankenversicherungsverein a.G., Hamburg; SIGNAL Krankenversicherung a.G., Dortmund; IDUNA Vereinigte Lebensversicherung aG für Handwerk, Handel und Gewerbe, Hamburg; SIGNAL Unfallversicherung a.G., Dortmund; SIGNAL IDUNA Allgemeine Versicherung AG, Dortmund; SIGNAL IDUNA Holding AG, Dortmund; PVAG Polizeiversicherungs-Aktiengesellschaft, Dortmund

Marlies Hirschberg-Tafel
(born 1949, on the Board since 2011, appointed by court order until the Company's Annual General Meeting on 5 June 2012) Deputy Chairwoman of the Supervisory Board

Member of the Executive Boards of Deutscher Ring Krankenversicherungsverein a.G., Hamburg; SIGNAL Krankenversicherung a.G., Dortmund; IDUNA Vereinigte Lebensversicherung aG für Handwerk, Handel und Gewerbe, Hamburg; SIGNAL Unfallversicherung a.G., Dortmund; SIGNAL IDUNA Allgemeine Versicherung AG, Dortmund; SIGNAL IDUNA Holding AG, Dortmund; PVAG Polizeiversicherungs-Aktiengesellschaft, Dortmund

Christian Graf von Bassewitz
(born 1940, on the Board since 2006, elected until 2013)
Retired banker, former general partner of Bankhaus Lampe KG

Dr. Frank Grund
(born 1958, on the Board since 2010, elected until 2013)
Chairman of the Executive Boards of Basler Versicherungen, Bad Homburg; Deutscher Ring Lebensversicherungs-AG, Hamburg; Deutscher Ring Sachversicherungs-AG, Hamburg

Jan De Meulder
(born 1955, on the Board since 2010, elected until 2013)
Head of International, Corporate Executive Committee, Baloise Group, Basel, Switzerland

Winfried Spies
(born 1953, on the Board since 2010, elected until 2013)
Chairman of the Executive Boards of Generali Versicherung AG, Munich; Generali Lebensversicherung AG, Munich; Generali Beteiligungs- und Verwaltungs- AG, Munich

An overview of the members of the Executive Board, the Supervisory Board and the Supervisory Board committees of OVB Holding AG in the 2011 financial year as well as their memberships of comparable corporate bodies can be found in this annual report beginning on page 100.

Declaration of compliance

Section 161 AktG (German Stock Corporation Act) requires the executive board and the supervisory board of German listed stock corporations to state annually to what extent the German Corporate Governance Code were, and are, complied with and which of the Code's recommendations were, or are, deviated from, and for what reason.

In their respective sessions held on 20 and 23 March 2012, Executive Board and Supervisory Board of OVB Holding AG adopted the following declaration in accordance with Section 161 AktG:

Executive Board and Supervisory Board of OVB Holding AG declare that the recommendations of the Government Commission on the German Corporate Governance Code in the currently effective version of 26 May 2010, released by the Federal Ministry of Justice on 2 July 2010, have been complied with since the issue of the last declaration of compliance on 25 March 2010, and will be complied with in the future, subject to the following deviations:

Recommendations:
Directors & Officers (D&O) liability insurance (No. 3.8 GCGC)
OVB Holding AG has so far not provided for a deductible in the D&O liability insurance policy taken out for the members of the Supervisory Board. In the opinion shared by Executive Board and Supervisory Board, a deductible would not have any noteworthy advantages with respect to the Supervisory Board members' fulfilment of their duties.

Tasks and responsibilities of the Executive Board (No. 4.1.5 GCGC)
The Executive Board of OVB Holding AG pursues the goal of promoting women and aims at having more women

assume executive positions. Women are represented in the executive hierarchies of the group companies both in Germany and abroad. However, OVB Holding AG holds the opinion that the aspect of diversity which includes the consideration of women is not a deciding criterion for filling executive positions. For the benefit of the company, the right choice much rather depends on management and leadership qualities, expert knowledge in response to the respective executive areas and responsibilities and professional experience. Against this backdrop, OVB Holding AG declares a deviation from No. 4.1.5 GCGC.

Composition of the Executive Board (No. 5.1.2 sentence 2 GCGC)
The Supervisory Board does not comply with the recommendation to aim for an adequate consideration of women in the composition of the Executive Board insofar as it is feels committed to be guided in the composition of the Executive Board in the interest of the company and its shareholders – as it was in the past – exclusively by the qualification of the candidates and as it does not attach principal decision-making relevance to their gender in this context.

Definition of specific goals for the composition of the Supervisory Board (No. 5.4.1 (2) and (3) GCGC)
In the composition of the Supervisory Board, the aspect of diversity is generally taken into account.

In the interest of the company, the Supervisory Board will be governed in its election proposals to the Annual General Meeting by the knowledge, capabilities and expert experience of the candidates to be suggested and not by their gender. Fixed targets to be reached at a specific point in time have not been determined, however, leading in effect to a deviation from No. 5.4.1 (3) GCGC.

Appropriate support of the Supervisory Board members in training and further education measures (No 5.4.1 (4) sentence 2 GCGC)
Supervisory Board members shall be supported adequately by the company in taking measures for training and further education required for fulfilling their tasks. The company generally supports the members of the Supervisory Board in taking necessary measures for training and further education yet has not adopted any formal procedures or guidance. Therefore a deviation from No. 5.4.1 (4) sentence 2 GCGC is declared preventively.

Remuneration of the Supervisory Board (No. 5.4.6 GCGC)
Committee chairmanship or membership is not taken into account in determining the remuneration of Supervisory Board members. The duties performed are adequately compensated by the remuneration provided for.

Suggestions:
Proxies (No. 2.3.3 GCGC)
The proxy nominated by the Executive Board is only available up to and including the day before the Annual General Meeting but not during the event.

Annual General Meeting on the Internet (No. 2.3.4 GCGC)
There are no plans for making it possible to follow the Annual General Meeting by using new communication media (e.g. the Internet) as suggested by the Code. However, the minutes, the presentation and the written version of the speech delivered by the Chairman of the Executive Board are made available on the Internet after the Annual General Meeting.

Independence of the chairman of the audit committee (No. 5.3.2 GCGC)
The Chairman of the Audit Committee is Dr. Frank Grund, who is a member of the Executive Board of one of the principal shareholders of OVB Holding AG.

Formation of other committees (No. 5.3.4 GCGC)
Apart from the responsibilities delegated to the Audit Committee and the Nomination and Remuneration Committee, the Supervisory Board has not delegated any other subjects to be dealt with by one or more other committees. Due to the Supervisory Board's size, the Board does not consider the formation of other committees necessary but rather deals with the issues in the Supervisory Board's regular meetings in full session

Remuneration of the Supervisory Board (No. 5.4.6 GCGC)
Apart from a share in net income for the year, the performance-based remuneration of Supervisory Board members does currently not include any long-term components.

Cologne, 23 March 2012

On behalf of the Executive Board

On behalf of the Supervisory Board

Michael Rentmeister

Oskar Heitz

Mario Freis

Michael Johnigk

Detailed information on this subject is also available on our website. Among other documents, the current declaration of compliance and the declarations of the previous years are available there.

Essential corporate governance practices

Compliance as an essential management task of the Executive Board

Compliance with the statutory provisions is a prerequisite for good corporate governance. In addition to that, business, company and group internal guidelines safeguard an increase in transparency, efficiency and compliance of the processes of business activity. The Group's management defines the basic principles and makes the essential decisions. Moreover, compliance principles have been implemented and a compliance management system has been introduced. The Chief Compliance Manager (CCM) is entrusted by the Executive Board with the management, monitoring and development of the organisation of compliance. He directly reports to the Executive Board Member for Finance and Administration. The management teams of the subsidiaries are responsible for compliance with the respective national regulations and provisions. Compliance standards were implemented in the course of the 2008 financial year. Apart from the implementation and observation of all group-internal compliance guidelines, the subsidiaries are responsible for processing compliance relevant incidents, the continuous analysis of workflow with respect to potential compliance risks and the regular training and counselling of the employees.

Based on regular reports given by the chief compliance manager, the Executive Board, the Audit Committee of the Supervisory Board and the Supervisory Board in full session are informed about the developments in this field.

Additional information on corporate governance at OVB Holding AG

Implementation of the German Corporate Governance Code

Executive Board and Supervisory Board of OVB Holding AG concerned themselves thoroughly with compliance with the provisions of the German Corporate Governance Code once again in the year under review. Following intense discussion, as of 23 March 2012 Executive Board and Supervisory Board released the declaration of compliance pursuant to Section 161 (1) AktG (German Stock Corporation Act), reproduced in its entirety in this chapter. The declaration of compliance indicates six deviations from the recommendations of the GCGC. Moreover, there are five deviations from the suggestions of the GCGC. The respective deviations are presented and explained in the declaration of compliance.

OVB Holding AG has also developed voluntary corporate governance principles which are routinely reviewed and adjusted. They are also available on the website of OVB Holding AG (www.ovb.ag > Investor Relations > Corporate Governance).

Directors' dealings

In order to guarantee that potential insider information is handled in compliance with the law, OVB Holding AG maintains an insider directory, including all individuals whose access to information that might have the quality of insider information is indispensable. In addition to that, directors' dealings are recorded and announcements of such reportable transactions are released on the Internet at www.ovb.ag > Investor Relations > Corporate Governance without delay.

Share ownership

As of the reporting date 31 December 2011, no member of the Executive Board or the Supervisory Board held directly or indirectly more than 1 per cent of the shares issued by the company. Even combined, the members of the Executive Board and the Supervisory Board hold an interest of less than 1 per cent in the company's share capital. A disclosure of share ownership as required by No. 6.6 GCGC is therefore not necessary.

Corporate governance of OVB Holding AG on the Internet

www.ovb.ag > Investor Relations > Corporate Governance

- Directors´ dealings
- Corporate governance principles
- Statements on corporate governance and corporate governance reports
- Declarations of compliance
- Executive Board and Supervisory Board of OVB Holding AG
- Articles of association of OVB Holding AG
- Information on the committees

Remuneration report*

This remuneration report is an integral part of the management report. The remuneration report outlines the basic components of OVB Holding AG's remuneration system in accordance with Section 315 (2) no. 4 HGB (German Commercial Code) and states the individual remuneration paid to the members of Executive Board and Supervisory Board out of the total remuneration reported in accordance with Section 314 (1) no. 6 HGB. The presentation is based on the recommendations and suggestions of the German Corporate Governance Code, complies with the Act on the Disclosure of Executive Board Remuneration (Gesetz über die Offenlegung der Vorstandsvergütung – VorstOG) and considers the Act on the Appropriateness of Executive Board Remuneration (Gesetz zur Angemessenheit der Vorstandsvergütung – VorstAG).

Executive Board remuneration

In accordance with the Act on the Appropriateness of Executive Board Remuneration (VorstAG) and a corresponding provision in the rules of procedure of the Nomination and Remuneration Committee, the Supervisory Board decides in full session on the determination of the individual Executive Board members' remuneration, based on the Nomination and Remuneration Committee's preparatory work.

The remuneration paid to the Executive Board members reflects their respective responsibilities and functions, the remuneration structure of the company as a whole and the customary amount of remuneration paid in the financial services industry. The company's financial situation is taken into account as well. The remuneration of the Executive Board members is composed of non-performance-based and performance-based components. The non-performance-based components consist of a fixed annual basic remuneration, paid monthly in fixed rates, and fringe benefits as remuneration in kind, essentially usage of company cars. The performance-based component consists of an aggregate bonus of which more than half is determined on the basis of long-term bonus criteria; the lesser portion is based on annual bonus targets. The amount of the bonus depends on the extent to which certain company-specific operating ratios (such as the performance of sales and earnings) and personal targets (such as the successful realisation of significant projects in terms of corporate strategy) have been achieved. The target figures are determined and evaluated each year in advance on the basis of the budget prepared by the Executive Board and adopted by the Supervisory Board. Company-specific targets, especially profitability components, are rated at up to 80 per cent and individual targets at up to 30 per cent. If the targets

** Part of the management report*

are fully met, the short-term bonus components of the contractually agreed maximum target bonus are paid at first. If the targets are partly met, the bonus is determined on a pro-rata basis and does not apply at all if the lowest target is not met. With respect to the long-term bonus components, the target achievement of the current financial year must be reaffirmed once again – for the purpose of sustainability – in the following year. If the targets are met or exceeded in the following year as well, these components are paid out after completion of the two-year period.

So-called change-of-control clauses are not included in the contracts of employment. The contracts provide for a severance pay cap in case of premature termination of the Executive Board contract without good cause, compliant with the recommendation under No. 4.2.3 of the German Corporate Governance Code. For the determination of the amount of severance pay, the total remuneration for the past financial year and, if applicable, the probable total remuneration for the current financial year would be taken into account.

There are no pension or benefit commitments or retirement annuities to be paid to currently acting Executive Board members by OVB Holding AG. In the event of death, the remuneration continues to be paid to the surviving dependents for a period of six months. The pension obligations to a former member of management amount to Euro 476 thousand as of the reporting date 31 December 2011 (EUR 436 thousand in the year 2010).

The total remuneration paid to the Executive Board in 2011 was approx. Euro 2.3 million. The Executive Board's total remuneration covers all remuneration received for services to the parent and to subsidiary companies. The following table shows the remuneration paid to the individual members of the Executive Board, broken down into the respective components:

in Euro	Basic remuneration (not performance-based)		Variable remuneration (performance-based)		Fringe benefits	Benefits due to termination of employment	Total	
Executive Board	**2010**	**2011**	**2010**	**2011**			**2010**	**2011**
Wilfried Kempchen	596,307.48	473,859.92	269,999.45	249,844.00	60,000.00	700,000.00	866,306.93	1,483,703.92
Oskar Heitz	311,193.89	299,721.48	103,500.00	138,488.25	26,503.90	-	414,693.89	464,713.63
Mario Freis	234,860.14	249,165.69	82,800.00	100,413.00	11,268.12	-	317,660.14	360,846.81
Total	**1,142,361.51**	**1,022,747.09**	**456,299.45**	**488,745.25**	**97,772.02**	**700,000.00**	**1,598,660.96**	**2,309,264.36**

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

Supervisory Board remuneration

The Supervisory Board's remuneration is governed by Section 14 of the articles of association of OVB Holding AG and comprises in accordance with the recommendations of the German Corporate Governance Code:

- a fixed annual remuneration

The fixed annual remuneration is Euro 5,000 per Supervisory Board member. The Chairman of the Supervisory Board receives 2 times and the Deputy Chairman receives 1.5 times that amount.

- a variable component

The variable component consists of a payment of 0.8 per mil of the net income for the year as reported in the consolidated financial statements of OVB Holding AG, issued with an unqualified audit opinion and formally adopted.

Supervisory Board members are also reimbursed for out-of-pocket expenses incurred in connection with their work. No additional remuneration is paid for committee memberships. Based on the consolidated financial statements of OVB Holding AG, issued with an unqualified audit opinion and formally adopted, stating net income for the year of Euro 4.2 million, total remuneration (including reimbursements) paid to Supervisory Board members in the past financial year was roughly EUR 55 thousand. Based on a consolidated net income of OVB Holding AG in the amount of Euro 4.0 million, the previous year's Supervisory Board remuneration came to roughly Euro 56 thousand (including reimbursements). In accordance with the guidelines, the following fixed and variable components were paid to the members of the Supervisory Board on a pro-rata-temporis basis:

in Euro	Fixed remuneration		Variable remuneration		Total	
Supervisory Board member	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**
Michael Johnigk, Chairman	7,424.66	10,000.00	3,203.92	3,326.92	10,628.58	13,326.92
Marlies Hirschberg-Tafel, Deputy Chairwoman (until 11 June 2010, since 1 September 2011)	2,219.18	2,506.85	1,422.01	1,112.00	3,641.19	3,618.85
Jens O. Geldmacher, Deputy Chairman (until 30 May 2011)	7,500.00	3,082.19	3,203.92	1,367.23	10,703.92	4,449.42
Christian Graf von Bassewitz	5,000.00	5,000.00	3,203.92	3,326.92	8,203.92	8,326.92
Dr. Frank Grund (since 29 June 2010)	2,547.95	5,000.00	1,632.68	3,326.92	4,180.63	8,326.92
Jan De Meulder (since 29 June 2010)	2,547.95	5,000.00	1,632.68	3,326.92	4,180.63	8,326.92
Winfried Spies (since 1 January 2010)	5,000.00	5,000.00	3,203.92	3,326.92	8,203.92	8,326.92
Wolfgang Fauter (until 11 June 2010)	4,438.36	-	1,422.01	-	5,860.37	-
Total	**36,678.10**	**35,589.04**	**18,925.06**	**19,113.84**	**55,603.16**	**54,702.87**

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

Company Boards and Board Memberships

Executive Board	Memberships of Supervisory Boards and comparable supervisory bodies:
Michael Rentmeister Chairman of the Executive Board (since 1 January 2012) Responsible for Corporate Development, European Marketing, European Training, Auditing, Press and Public Relations	- Chairman of the Administrative Board of OVB Vermögensberatung (Schweiz) AG, Baar, Switzerland (since 1 January 2012); - Member of the Supervisory Board of OVB Allfinanz Slovensko a.s., Bratislava, Slovakia (since 1 January 2012); - Member of the Supervisory Board of OVB Allfinanz a.s., Prague, Czech Republic (since 1 January 2012)
Oskar Heitz Member of the Executive Board Finance and Administration Responsible for Corporate Accounting, Finance, Tax, Controlling, HR, Legal, Investor Relations, Compliance, Coordination IT Europe, Data Protection	
Mario Freis Member of the Executive Board International Sales Responsible for International Sales, European Product Management	- Member of the Supervisory Board of OVB Allfinanz Slovensko a.s.; Bratislava, Slovakia; - Member of the Administrative Board of OVB Vermögensberatung (Schweiz) AG, Baar, Switzerland (until 31 December 2011)
Wilfried Kempchen Chairman of the Executive Board (until 31 December 2011)	**At the time of his retirement from the Executive Board, Mr Kempchen was a member of the following Supervisory Boards and comparable supervisory bodies:** - Chairman of the Administrative Board of OVB Vermögensberatung (Schweiz) AG, Baar, Switzerland (until 31 December 2011); - Member of the Supervisory Board of OVB Allfinanz Slovensko a.s., Bratislava, Slovakia (until 31 December 2011); - Member of the Supervisory Board of OVB Allfinanz a.s., Prague, Czech Republic (until 31 December 2011)

Supervisory Board	Memberships of Supervisory Boards and comparable supervisory bodies:
Michael Johnigk Chairman of the Supervisory Board Member of the Executive Boards of Deutscher Ring Krankenversicherungsverein a.G., Hamburg; SIGNAL Krankenversicherung a.G., Dortmund; IDUNA Vereinigte Lebensversicherung aG für Handwerk, Handel und Gewerbe, Hamburg; SIGNAL Unfallversicherung a.G., Dortmund; SIGNAL IDUNA Allgemeine Versicherung AG, Dortmund; SIGNAL IDUNA Holding AG, Dortmund; PVAG Polizeiversicherungs-Aktiengesellschaft, Dortmund	- Deputy Chairman of the Supervisory Board of DEURAG Deutsche Rechtsschutzversicherung AG, Wiesbaden; - Chairman of the Supervisory Board of SIGNAL IDUNA Vertriebspartnerservice AG, Dortmund; - Deputy Chairman of the Supervisory Board of ALLWEST Allgemeine Westfälische Sterbekasse, Dortmund; - Deputy Chairman of the Supervisory Board of SDV Servicepartner der Versicherungsmakler AG, Augsburg; - Member of the Supervisory Board of ADLER Verwaltungs-AG, Hamburg (until 18 July 2011); - Member of the Supervisory Board of ADLER Versicherung AG, Dortmund; - Deputy Chairman of the Supervisory Board of SIAM SIGNAL IDUNA ASSET MANAGEMENT GmbH, Hamburg (until 15 November 2011); - Member of the Supervisory Board of SIGNAL IDUNA Online GmbH, Hamburg (until 15 November 2011); - Deputy Member of the Administrative Board of IKK Classic, Körperschaft des Öffentlichen Rechts, Dortmund (until 31 July 2011); - Member of the Supervisory Board of BCA AG, Bad Homburg (since 12 August 2011)
Marlies Hirschberg-Tafel Deputy Chairwoman of the Supervisory Board (since 1 September 2011) Member of the Executive Boards of Deutscher Ring Krankenversicherungsverein a.G., Hamburg; SIGNAL Krankenversicherung a. G., Dortmund; IDUNA Vereinigte Lebensversicherung aG für Handwerk, Handel und Gewerbe, Hamburg; SIGNAL Unfallversicherung a. G., Dortmund; SIGNAL IDUNA Allgemeine Versicherung AG, Dortmund; SIGNAL IDUNA Holding AG, Dortmund; PVAG Polizeiversicherungs-Aktiengesellschaft, Dortmund	- Chairwoman of the Supervisory Board of SIGNAL IDUNA Pensionskasse AG, Hamburg; - Chairwoman of the Supervisory Board of ALLWEST Allgemeine Westfälische Sterbekasse, Dortmund; - Chairwoman of the Supervisory Board of Pensionskasse SIGNAL Versicherungen (since 20 June 2011); - Deputy Chairwoman of the Supervisory Board of OVB Vermögensberatung AG, Cologne (since 1 July 2011); - Member of the Supervisory Board of Deutscher Ring Bausparkasse AG, Hamburg (since 27 September 2011); - Member of the Supervisory Board of SDV Servicepartner der Versicherungsmakler AG, Augsburg; - Member of the Supervisory Board of SIAM SIGNAL IDUNA ASSET MANAGEMENT GmbH, Hamburg (since 16 November 2011); - Member of the Supervisory Board of SIGNAL IDUNA Online GmbH, Hamburg (since 16 November 2011)
Christian Graf von Bassewitz Member of the Supervisory Board	- Deputy Chairman of the Supervisory Board of Deutscher Ring Krankenversicherung a.G., Hamburg; - Member of the Supervisory Board of Aareal Bank AG, Wiesbaden; - Member of the Supervisory Board of Bank für Sozialwirtschaft AG, Cologne; - Member of the Supervisory Board of OVB Vermögensberatung AG, Cologne; - Member of the Supervisory Board of Sozietät Chorvs AG; Düsseldorf; - Member of the Supervisory Board of SIGNAL IDUNA Holding AG, Dortmund; - Member of the Supervisory Board of SIGNAL IDUNA Allgemeine Versicherung AG, Dortmund

Supervisory Board	Memberships of Supervisory Boards and comparable supervisory bodies:
Dr. Frank Grund Member of the Supervisory Board Chairman of the Executive Boards of Basler Versicherungen, Bad Homburg; Deutscher Ring Lebensversicherungs-AG, Hamburg; Deutscher Ring Sachversicherungs-AG, Hamburg	- Chairman of the Supervisory Board of AVETAS Versicherungs-AG, Bad Homburg (until 18 October 2011); - Chairman of the Supervisory Board of DRMM Maklermanagement AG, Hamburg (until 23 September 2011); - Chairman of the Supervisory Board of Deutscher Ring Bausparkasse AG, Hamburg; - Member of the Supervisory Board of OVB Vermögensberatung AG, Cologne; - Member of the Supervisory Board of Roland Rechtsschutz-Versicherungs-AG, Cologne; - Member of the Supervisory Board of Atlantic Union S.A., Athens, Greece
Jan De Meulder Member of the Supervisory Board Head of International, Corporate Executive Committee, Baloise Group, Basel, Switzerland	- Chairman of the Supervisory Board of Basler Securitas Versicherungs-AG, Bad Homburg (since 24 February 2011, previously Deputy Chairman); - Chairman of the Supervisory Board of Deutscher Ring Lebensversicherungs-AG, Hamburg (since 25 February 2011, previously Deputy Chairman); - Chairman of the Supervisory Board of Deutscher Ring Sachversicherungs-AG, Hamburg (since 25 February 2011, previously Deputy Chairman); - Member of the Supervisory Board of OVB Vermögensberatung AG, Cologne; - Member of the Administrative Board of Mercator Verzekeringen N.V., Antwerp, Belgium; - Member of the Administrative Board of Baloise Life (Liechtenstein) AG, Balzers, Lichtenstein; - Vice President of the Administrative Board of Bâloise Assurances Luxembourg S.A., Bertrange, Luxembourg; - Vice President of the Administrative Board of Baloise Vie Luxembourg S.A., Bertrange, Luxembourg; - Member of the Supervisory Board of Basler Versicherungs-Aktiengesellschaft, Vienna, Austria; - Member of the Supervisory Board of Basler Osiguranje Zagreb d.d., Zagreb, Croatia; - Member of the Administrative Board of Nordstarfonds, Gent, Belgium; - Member of the Supervisory Board of Avéro Schadeverzekering Benelux N.V., Brussels, Belgium (from 6 January until 6 June 2011); - Chairman of the Supervisory Board of Neživotno osiguranje "Basler" a.d.o., Belgrad, Serbia
Winfried Spies Member of the Supervisory Board Chairman of the Executive Boards of Generali Versicherung AG, Munich; Generali Lebensversicherung AG, Munich; Generali Beteiligungs- und Verwaltungs-AG, Munich	- Chairman of the Supervisory Board of Volksfürsorge AG Vertriebsgesellschaft für Vorsorge- und Finanzprodukte, Hamburg; - Chairman of the Supervisory Board of Europ Assistance Versicherungs-AG, Munich; - Chairman of the Supervisory Board of Pensionskasse der Angestellten der Thuringia Versicherungs-AG, Munich; - Member of the Supervisory Board of Generali Deutschland Schadenmanagement GmbH, Cologne; - Member of the Supervisory Board of OVB Vermögensberatung AG, Cologne; - Member of the Supervisory Board of Generali Deutschland Pensor Pensions-fonds AG, Frankfurt; - Member of the Supervisory Board of Bank1Saar eG, Saarbrücken

Supervisory Board	Memberships of Supervisory Boards and comparable supervisory bodies:
Jens O. Geldmacher Deputy Chairman of the Supervisory Board (until 30 May 2011) Member of the Executive Boards of Deutscher Ring Krankenversicherungsverein a.G., Hamburg; SIGNAL Krankenversicherung a. G., Dortmund; IDUNA Vereinigte Lebensversicherung aG für Handwerk, Handel und Gewerbe, Hamburg; SIGNAL Unfallversicherung a. G., Dortmund; SIGNAL IDUNA Allgemeine Versicherung AG, Dortmund; SIGNAL IDUNA Holding AG, Dortmund; PVAG Polizeiversicherungs-Aktiengesellschaft, Dortmund – until 30 May 2011 respectively	**At the time of his retirement from the Supervisory Board, Mr Geldmacher was a member of the following Supervisory Boards and comparable supervisory bodies:** - Chairman of the Supervisory Board of SIGNAL IDUNA Vertriebspartnerservice AG, Dortmund (until 30 May 2011); - Chairman of the Supervisory Board of SDV Servicepartner der Versicherungsmakler AG, Augsburg (until 30 May 2011); - Deputy Chairman of the Supervisory Board of OVB Vermögensberatung AG, Cologne (until 30 May 2011); - Member of the Supervisory Board of BCA AG, Bad Homburg (until 30 May 2011); - Member of the Supervisory Board of Deutscher Ring Bausparkasse AG, Hamburg (until 30 May 2011)

Supervisory Board Committees

Audit Committee	Dr. Frank Grund (Chairman), Christian Graf von Bassewitz, Michael Johnigk, Jan De Meulder
Nomination and Remuneration Committee	Michael Johnigk (Chairman), Dr. Frank Grund

Financial Calendar

27 March 2012	Publication of the annual financial statements for 2011, Annual Report 2011
09 May 2012	Results for the first quarter of 2012
05 June 2012	Annual General Meeting, Cologne
09 August 2012	Results for the second quarter of 2012
08 November 2012	Results for the third quarter of 2012

Contact

OVB Holding AG
Investor Relations
Heumarkt 1 · 50667 Cologne
Tel.: +49 (0) 221/20 15 -288
Fax: +49 (0) 221/20 15 -325
E-Mail: ir@ovb.ag

OVB Holding AG
Media and Public Relations
Heumarkt 1 · 50667 Cologne
Tel.: +49 (0) 221/20 15 -153
Fax: +49 (0) 221/20 15 -138
E-Mail: presse@ovb.ag

Imprint

Published by OVB Holding AG · Heumarkt 1 · 50667 Cologne · Tel.: +49 (0) 221/20 15 -0 · Fax: +49 (0) 221/20 15 -264 · www.ovb.ag **Concept and editing** PvF Investor Relations · Hauptstraße 129 · 65760 Eschborn **Design** Sieler Kommunikation und Gestaltung GmbH · Schubertstraße 14 60325 Frankfurt am Main **Printing and processing** DFS Druck Brecher GmbH · Rheinische Allee 5 · 50858 Cologne

Our Annual Report is published in German and English

Key figures for the regions

Central and Eastern Europe

	Unit	2010	2011	Change
Clients (31/12)	Number	1.81 m	1.89 m	+ 4.5 %
Financial advisors (31/12)	Number	2,890	3,226	+11.6 %
Total sales commission	Euro million	93.2	126.2	+35.3 %
Earnings before interest and taxes (EBIT)	Euro million	8.2	10.6	+28.7 %
EBIT margin*	%	8.8	8.4	-0.4 %-pts.

*Based on total sales commission

Germany

	Unit	2010	2011	Change
Clients (31/12)	Number	681,100	656,113	-3.7 %
Financial advisors (31/12)	Number	1,282	1,319	+2.9 %
Total sales commission	Euro million	71.4	72.8	+2.0 %
Earnings before interest and taxes (EBIT)	Euro million	5.6	6.1	+9.3 %
EBIT margin*	%	7.8	8.4	+0.6 %-pts.

*Based on total sales commission

Southern and Western Europe

	Unit	2010	2011	Change
Clients (31/12)	Number	306,350	308,298	+0.6 %
Financial advisors (31/12)	Number	428	363	-15.2 %
Total sales commission	Euro million	32.7	23.1	-29.3 %
Earnings before interest and taxes (EBIT)	Euro million	-0.5	-2.4	–
EBIT margin*	%	-1.4	-10.5	-9.1 %-pts.

*Based on total sales commission

Financial Service Provider for Europe

Germany
OVB Holding AG
Cologne
www.ovb.ag

OVB Vermögensberatung AG
Cologne
www.ovb.de

Eurenta Holding GmbH
Bonn
www.eurenta.de

France
OVB Conseils en patrimoine
France Sàrl
Entzheim
www.ovb.fr

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

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

Croatia
OVB Allfinanz Croatia d.o.o.
Zagreb
www.ovb.hr

Austria
OVB Allfinanzvermittlungs GmbH
Salzburg
www.ovb.at

Romania
OVB Allfinanz Romania
Broker de Asigurare S.R.L
Cluj-Napoca
www.ovb.ro

Switzerland
OVB Vermögensberatung
(Schweiz) AG · Baar
www.ovb-ag.ch

Slovakia
OVB Allfinanz Slovensko a.s.
Bratislava
www.ovb.sk

Poland
OVB Allfinanz Polska Społka
Finansowa Sp. z.o.o.
Warsaw
www.ovb.pl

Spain
OVB Allfinanz España S.L.
Madrid
www.ovb.es

Czech Republic
OVB Allfinanz a.s.
Prague
www.ovb.cz

Ukraine
TOB OVB Allfinanz Ukraine
Kiev
www.ovb.ua

Hungary
OVB Vermögensberatung A.P.K. Kft.
Budapest
www.ovb.hu

OVB